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THE BREAKING NEWS OF 2025

During all the last year, Carbon4 Finance selected the three or four main news per week in sustainable finance and submitted it with a poll on LinkedIn. This summary is based on a weekly review of published news by Carbon4 Finance, with selections informed by voting results when applicable and consolidated in this document. This paper does not take into consideration the entire amount of news in the sustainable finance ecosystem and should not be considered as the only source of information. To read more about 2026 news, follow us on LinkedIn.

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January 2025

1 Update from the European Commission

Ursula von der Leyen announced the upcoming presentation of an "omnibus" legislative package aimed at simplifying EU rules on sustainable finance and corporate due diligence. The proposal includes lighter reporting obligations, particularly for SMEs, and a stronger focus on investment in clean technologies and infrastructure.
It forms part of a broader effort to boost European competitiveness, including the creation of a "28th regime" for high-growth companies.

2 2024 Study: CAC 40 & Environmental Risks

Actionnaires pour le climat has updated its 2023 analysis, assessing the resilience of CAC 40 companies to rising carbon and water costs by 2030 based on asset impairment.
Depending on the scenario, 9 to 29 companies could be affected, with a central scenario estimating asset write-downs at $536bn, depending on assumptions around carbon pricing, discount rates, Scope 3 emissions, and water costs.

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What were the **key news in sustainable finance in 2025?**

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February 2025

1 UN Climate Pledge

Nearly 95% of countries did not meet the February 10 deadline to submit updated 2035 climate pledges, representing about 83% of global emissions and nearly 80% of the global economy.

COP30 in Brazil in November 2025 will be an important milestone, with a new submission deadline set for September 2025.

Existing submissions largely remain inconsistent with the 1.5°C target.

2 EU to Set 2040 Climate Goal

The European Commission plans to propose a new climate goal this quarter to reduce emissions by 2040 compared to 1990 levels. The target will also set the foundation for the 2035 goal, which countries must submit to the UN as part of their Paris Agreement commitments.

Key takeaways:

- 2030 Target: The EU is already committed to a 55% emissions reduction
- 2040 Target: 90% emissions reduction by 2040
- Path to 2050: Aligns with the European Green Deal and Climate Law

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March 2025

1 Omnibus package

The European Commission has proposed measures to simplify EU rules:

- CSRD: Fewer companies covered, some reporting delayed to 2028.
- Taxonomy: Reduced data requirements, simplified DNSH, voluntary reporting for new CSRD companies.
- CSDDD: Obligations delayed, focus on direct partners, eased SME requirements.
- CBAM: Small importers exempt, simplified rules, scope extension proposed.

Proposals are now under review by the European Parliament and Council.

PCAF Guidance on Avoided Emissions Reporting 2

The Partnership for Carbon Accounting Financials (PCAF) is preparing to release guidance on the reporting of avoided emissions for financial institutions.

Key aspects of the forthcoming guidance include:

- Counterfactual Scenarios: Recommending a conservative and realistic approach for comparisons
- Data Quality & Assurance: Establishing standards for reliable data and calculation methods
- Annual Updates: Encouraging yearly clarifications on the delivery of expected avoided emissions

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April 2025

1

EU Parliament pauses CSRD and CS3D

On April 3rd, 2025, the European Parliament gave the green light to the "stop the clock" mechanism, effectively pausing the implementation of the CSRD and CS3D directives to allow for further revisions.

With 531 votes in favor, this decision sets the stage for continued negotiations on necessary adjustments.

Political groups will need to work closely together to find a balanced compromise, all while keeping the green transition on track.

2

International shipping at the IMO

From April 7-11, 176 IMO members meet in London to aim for carbon-neutral shipping by 2050, a sector emitting 3% of global GHGs.

Key issues: carbon tax, Singapore's carbon market compromise, global fuel standards, and the Carbon Intensity Indicator (CII).

3

NZBA shift to "well below 2°C"

The Net Zero Banking Alliance (NZBA) has updated its framework: banks can now align with pathways aiming for "well below 2°C," while still working toward 1.5°C. Approved April 15, 2025, the change offers more flexibility, though some civil society groups worry it may weaken climate ambition.

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May 2025

1

Toward Safer High Seas?

On April 24, the European Commission proposed a directive to bring the BBNJ treaty into EU law. The treaty aims to create high-seas marine protected areas, needs 60 ratifications to take effect (21 so far), and the EU plans to ratify it before the UN Ocean Conference in June. The directive now goes to the European Parliament and Council for review.

2

ESMA consults on rules for ESG Rating Providers

European Securities and Markets Authority (ESMA)'s new consultation paper outlines draft technical standards for ESG rating providers under the EU's 2024 Regulation, focusing on transparency, separation of activities, and disclosure requirements. Stakeholders, including ESG data providers, are invited to submit feedback by 20 June 2025. Key areas include authorisation processes, conflict-of-interest safeguards, and enhanced public/rated entity disclosures

3

Green Bond Market's creation in Nepal

Nepal has officially entered the green bond market with Nepal Infrastructure Bank and NMB Bank issuing debut green bonds to finance renewable energy and clean transport projects. These issuances, approved by the Securities Board of Nepal, mark a significant step in aligning the country's capital markets with global climate finance trends.

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June 2025

1

Overview of Sustainable Finance labels

As the the European market for ESG-labeled investment funds is undergoing its first slowdown since 2019, amid tightening criteria and increasing regulatory overlap, the number of labeled funds in Europe are declining due to stricter label criteria and growing alignment with EU regulations like SFDR. Labels are updating their frameworks to emphasize credible transition plans, ESG risk assessment, and active shareholder engagement. While the EU taxonomy is being integrated selectively, divergences remain-particularly on issues like nuclear energy inclusion.

2

Japan Expands GX Finance

Japan's GX Acceleration Agency is exploring transition finance opportunities across Asia, aiming to support decarbonisation in fossil fuel–reliant economies through cross-border investment.
With nearly $20bn in sovereign transition bonds issued, Japan is positioning itself as a regional leader.
The Agency is preparing to announce its first supported projects. International partnerships and knowledge sharing are central, with interest from countries like China and South Korea.

3

Banking on Climate Chaos

According to this new report, in 2024, the world's 65 largest banks poured $869 billion into fossil fuels - $429 billion of it into fossil fuel expansion.
Despite climate pledges, most banks increased their fossil financing, deepening the climate crisis. This report calls for urgent regulation, as voluntary commitments have clearly failed.

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July 2025

1

Singaporean banks publish their first nature-risk report

Singapore's major banks (DBS, OCBC, UOB) and the Monetary Authority of Singapore launched a study linking nature-related risks-especially in the palm oil sector-to credit risk. While impacts were found to be limited, upstream players face greater exposure to biodiversity loss and climate-related pressures. The initiative calls for better integration of nature-related risks into financial analysis.

2

ICMA Nature Bonds new guide & updates

At its Annual General Meeting, the Executive Committee, supported by the ICMA, published a new guide on Sustainable Bonds for Nature, along with several updates. This guide complements the existing Principles, with the option of using the secondary designation "Nature Bond" in addition to "Sustainable Bond." It also highlights the potential of sustainability-linked bonds to include nature-related performance indicators.

3

European Commission's Nature Credits

The European Commission has released a roadmap towards nature credits to incentivise private investments into actions that protect and preserve nature, and reward those who undertake these actions and invest in them. A call for feedback is open until 30 September 2025, alongside a call for expression of interest to join a new expert group.

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August 2025

1

PRA consultation on climate risk rules for banks and insurers

In its response to the PRA's consultation on strengthening banks' and insurers' climate risk management rules, the Earth Capital Nexus initiative warned that omitting nature-related risks would breach the regulator's statutory objectives. It stressed that with central banks like the ECB and France's ACPR treating biodiversity loss as macro-critical, the PRA must act to keep UK firms competitive and aligned with global standards.

2

Rethinking Plastic Talks

The second part of INC-5 on plastic pollution ended without agreement on August 15 in Geneva after 10 days of talks among 184 countries. While strong measures had broad support, negotiations stalled, prompting questions about the process. The next session will be scheduled later, with some countries suggesting adjustments.

3

Biodiversity Fund Update

Launched in February 2025 at COP16 in Rome, the Cali Fund aims to raise $1-10 bn annually for biodiversity through voluntary contributions from companies using digital sequence information (DSI). Five months in, no contributions have been made, and NGOs warn this could delay support for Indigenous and biodiversity-rich nations.

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September 2025

1 Real Estate Asset Managers Lag on Paris Agreement Targets

A ShareAction study finds only 1 of 16 major real estate asset managers aligns with Paris Agreement decarbonization standards. Danish firm Nrep scores highest, while Blackstone, Greystar, and Praemia lag. Limited transparency, vague commitments, and scarce scope 3 emissions data highlight the sector's slow move toward carbon neutrality.

2 ESAs report on PAI disclosures under SFDR

The European Supervisory Authorities (EBA, EIOPA, ESMA) released their fourth annual review of voluntary SFDR PAI disclosures, noting steady improvements in scope and quality. Larger firms report in more detail, while smaller ones often use generic ESG language. The ESAs issued recommendations to guide supervision and the upcoming SFDR review.

3 Climate extremes cost EU €43bn in 2025, study finds

Extreme heat, droughts, and floods are projected to cause €43 bn in EU macroeconomic losses in 2025 (0.26% of GVA), rising to €126 bn by 2029 (0.78%). France faces €10.1 bn this year and €34 bn by 2029. The study notes that economic damage continues to grow in the years following events.

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October 2025

1

U.S. court challenges SEC over climate disclosure rules

A U.S. federal appeals court has ordered the SEC to either defend, amend, or repeal its climate reporting rules. The 2024 regulation, requiring companies to disclose climate risks and emissions, has been left in limbo after the SEC withdrew its defense earlier this year. The court's decision highlights growing uncertainty around the future of mandatory climate disclosures in the U.S., with businesses and investors awaiting clarity.

2

Coral reef collapse

A new study reported by Le Monde warns that widespread coral reef collapse could be Earth's first irreversible climate tipping point. Over 90% of coral ecosystems face mass bleaching, threatening marine biodiversity and coastal economies. Even with 1.5°C warming, recovery will be limited without steep emissions cuts and stronger local protections.

3

European businesses call for a 'nature-positive competitiveness' agenda

At a European Commission forum in October 2025, leaders called on the EU to embed biodiversity and circular-bioeconomy goals into industrial strategy, linking competitiveness with ecological resilience. The discussions highlighted growing integration of nature and climate considerations into corporate sustainability, with implications for investors and regulators.

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Novembre 2025

1

EU Parliament cuts sustainability reporting rules

The European Parliament has voted in favour of measures to ease certain corporate sustainability reporting and due diligence obligations. Supporters argue that the move will simplify compliance and make sustainability regulation more practical for businesses, particularly small and medium-sized enterprises. Critics, however, caution that these changes could weaken transparency standards and slow progress towards the EU's sustainable finance and climate objectives.

2

COP30 concludes with the adoption of the "Belém Package"

At COP30 in Belém, Brazil, 195 Parties approved the "Belém Package", reaffirming global commitment to climate action and equity. Key outcomes include a tripling of adaptation finance for vulnerable countries, a just transition framework, and 59 voluntary indicators to track progress on the Global Goal on Adaptation across water, food, ecosystems, and health sectors. NGOs are critical of the outcome, while other stakeholders prefer to see it as a rescue of multilateralism.

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December 2025

1

EU Deforestation Regulation (EUDR): one-year postponement

In response to operational challenges raised by companies and several Member States, the EU agrees on a one-year delay to allow smoother preparation and more realistic implementation of the deforestation regulation.

- Application postponed to 30 Dec 2026 (+6 months for small operators).
- Simplified obligations & removal of certain printed products from scope.
- Impact assessment due 30 Apr 2026.

2

CSRD & CS3D Omnibus: final simplification agreement.

The goal was to lower regulatory burden, clearer, proportionate rules. It resulted in higher thresholds, simpler reporting, restructured due diligence.

New thresholds: for CSRD (1,000 employees + €450M turnover) and for CS3D (5,000 employees + €1.5B turnover).

CS3D introduces simplified, quantitative reporting with voluntary sector standards and an EU digital portal, excludes listed SMEs and financial holdings, removes climate plans and harmonised civil liability obligations, sets transposition by 26 July 2028 with application in 2029, and caps sanctions at 3% of global turnover.

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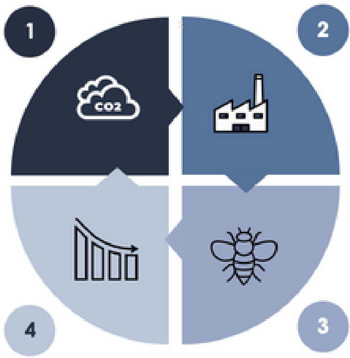
Assessment of transition risks (CIA)

Carbon footprint
Scope 1, 2 & 3
Emission Savings
Climate scenario alignment



Assessment of physical risks (CRIS)

7 climate Hazards
3 IPCC Scenarios
2 time-horizons

Web platform & Datafeed

Issuer Analysis
Portfolio performance

Assessment of Biodiversity risks and Impacts (BIA-GBS™)

MSA.Km2
Scope 1, 2 & 3
10 Terrestrial and Aquatic pressures

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