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## Sustainable Finance News Wrap-Up

- **In focus:** *The delay to the IMO Net Zero Framework deal last week, following a relentless US campaign to stop what Trump has referred to as a "global green scam tax on shipping", represents a significant turnaround for an agreement that was provisionally reached in April. The delay creates renewed uncertainty for a shipping sector where many had hoped the deal would create regulatory clarity and even the playing field in terms of decarbonization. It also points to a broader issue – namely the increasing politicisation of sustainability matters in global politics. The Trump Administration has long accused financial institutions of being "climate cartels" that hike prices for consumers through what it deems as anti-competitive climate policies. The US campaign against the NZF deal suggests that this narrative could now increasingly be making its way into global sustainability politics, with the NZF last week and EU's CSDDD this week being in Washington's sights.*
- **In brief:**
  - *APG invests €300 million in European battery storage leader Return.*
  - *Sustainability a top three priority for business leaders.*
  - *Global renewable power capacity is expected to double between now and 2030, according to report by the International Energy Agency (IEA).*
  - *The earth has reached its first catastrophic tipping point.*
  - *The EU Parliament rejects proposal to reduce sustainability reporting scope*

## ***In focus: IMO deal delay reflects rising sustainability politicisation***

Last Friday, a simple majority of nations at the UN's International Maritime Organization's (IMO) 2<sup>nd</sup> extraordinary session of the Marine Environment Protection Committee (MEPC/ES.2) voted to postpone the decision on implementing a Net Zero Framework (NZF) for global shipping by one year. This marked a significant turnaround for a deal that was provisionally approved in April and expected to be confirmed now in October. In the eleventh hour, the vote called by Saudi Arabia was the culmination of a relentless US campaign to scupper the deal and stop what Trump called "the global green scam tax on shipping".

### Summary of votes for IMO Net Zero Framework

Vote for provisional deal (April 2025)	Vote to delay deal (October 2025)
For deal: 63 countries (including China, India, UK, EU countries, Brazil, South Korea, Japan, Norway)	Against delay: 49 countries (including most EU countries)
Against deal: 16 countries (including US, Saudi Arabia, Russia, Iran)	For delay: 57 countries (including China, Russia, Saudi Arabia)
Abstained: 25 countries (including Egypt, Australia)	Abstained: 21 countries (including Greece, Cyprus, Japan, South Korea)

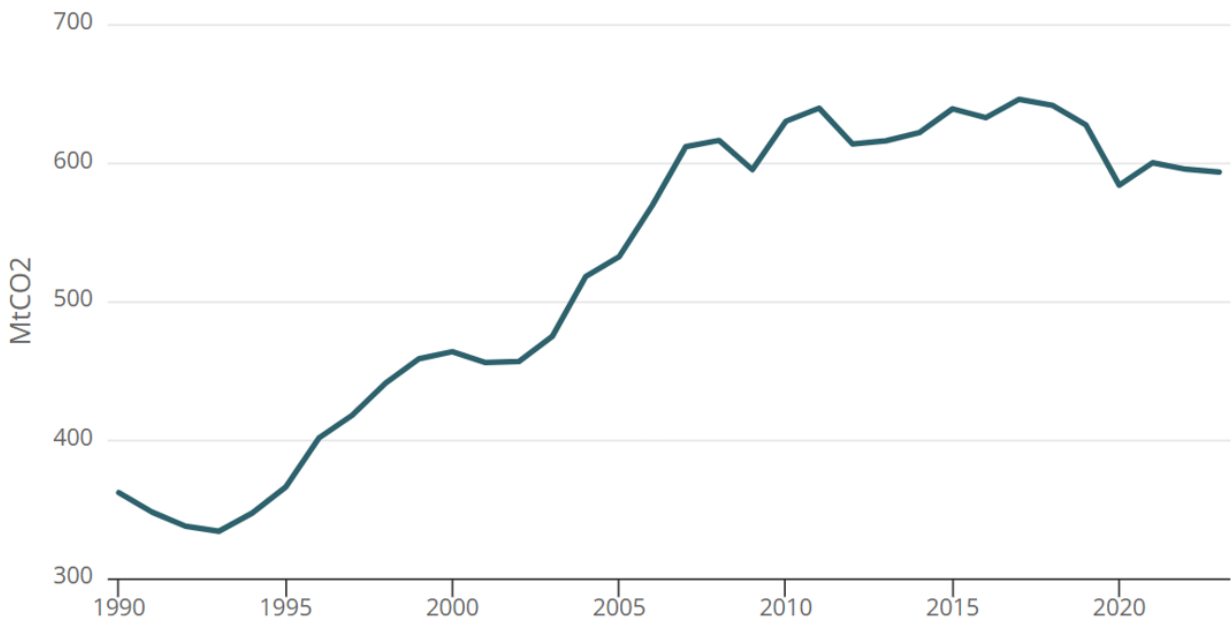
54 votes needed for majority. Source: Reuters, IMO, EU, FT.

### Kick the container down the road: The contents of the deal and what now?

Notably, shipping emissions represent about 3% of global greenhouse gas (GHG) emissions, equivalent to Germany's emissions, but is not regulated under the Paris Agreement. It is in this light the NZF approval was particularly important to shipping climate efforts, it would make emissions reductions legally binding towards net zero in 2050 and amend the MARPOL Annex VI.

The NZF would have introduced a regulatory architecture on the IMO's non-binding revised GHG strategy from July 2023. That strategy established absolute well-to-wake emission reduction targets of 20% ("minimum") to 30% ("striving") by 2030 and 70% to 80% by 2040 compared to 2008. The NZF would introduce GHG fuel intensity (GFI) targets, requiring ships of >5000 gross tonnage to reduce emissions intensity on a well-to-wake basis year-on-year. As targets get stricter, the logic is that the global shipping fleet would increasingly shift to lower-emission energy sources.

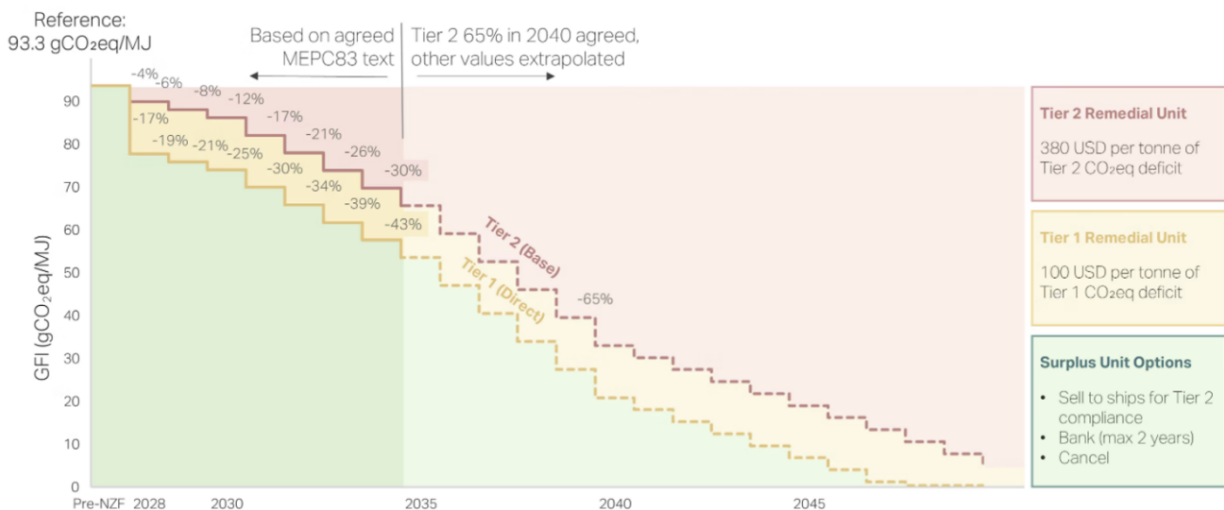
### GHG emissions from global shipping by years, million tonnes



Source: Energi & Klima

The provisional deal from April set lower and upper target bounds for GHG emission intensity. Companies that fail to meet the lower target – intended to be 4% lowered intensity by 2028 and 30% by 2035 compared to a pre-NZF baseline (see chart below) – would have to buy tier 2 “remedial units” of USD380/ton CO<sub>2e</sub>. These are intended to give a high penalty to drive fuel switching. Then tier 1 RUs at a relatively lower price of USD100/ton CO<sub>2e</sub> would have to be purchased by those failing to meet the upper bound of 17% lower intensity by 2028 and 43% by 2035. Those reducing intensity more than the upper bound target can sell surplus units (SUs) to tier 2 compliance, bank the units for own compliance for two years or voluntarily cancel them.

### GHG Fuel Intensity (GFI) reduction pathways outlined in April provisional agreement



Source: Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping

What would have been the first global pricing mechanism for any industrial sector will now have to wait at least one year. This leads to renewed uncertainty for the maritime industry, with shipowners requiring regulatory clarity around the incentives on offer to inform newbuild strategies and fuel choices therein. While the EUs ETS scheme and Fuel EU Maritime fuel standard incentivises decarbonisation for shipping companies active in EU waters, a global NZF would have been a crucial additional signal for decarbonisation investment that would have helped levelling the playing field globally.

In the wake of the postponement, IMO Secretary General Arsenio Dominguez called for continued good-faith diplomacy. He further noted that IMO already this week had started working on issues raised during the meeting. These include details around items such as NZF implementation and fund management. Another element that had been criticised during the meeting were the details around what fuels should constitute green alternatives to fossil fuels. Dominguez also noted that lessons would be learned from last week's heated meeting. It now remains to be seen if the coming year will give delegates time to iron out the NZF details and build consensus, or whether it will again be marred by political division.

#### The US campaign against NZF and broader impacts for sustainability policy

What is more striking than the deal delay itself, is the manner of the Trump Administration's campaign to hinder its adoption. In the lead-up and throughout the meeting, the US put significant political pressure on countries that were for adopting the deal. Several potential punitive measures were outlined in the "Taking Action To Defend America From the UN's First Global Carbon Tax" press release to this end. These included imposing port fees and potentially blocking vessels from flagged countries from accessing US ports, visa restrictions, commercial penalties on US government contracts and "evaluating sanctions on officials sponsoring activist-driven climate policies that would burden American consumers." While developing countries were especially put under pressure in this regard, Norway's Ministry of Climate and Environment were also reportedly issued a formal diplomatic warning in a Teams meeting by the US.

The key narrative from Washington is that climate policies can lead to higher prices for the consumer and thus constitute anti-competitive practices. Within the US itself, this argument has been the foundation for many antitrust lawsuits against asset managers and banks that use climate policies – often challenged as being "climate cartels". These legal battles have already been ongoing for years as we highlighted in our newsletter from January. What is new is the intensity with which Washington now applies the same strategy and pressure on countries and international organisations. As a case in point, this week the US and Qatar ramped up the pressure for the EU to repeal or overhaul its Corporate Sustainability Due Diligence Directive (CSDDD). Trump has previously threatened to impose tariffs on countries

with non-tariff trade barriers, and US oil and gas companies have previously opposed the directive's requirement that companies outline how they will cut emissions in line with the Paris Agreement.

This leaves another question, namely what could happen at COP30, scheduled to take place in a little more than two weeks in Belém, Brazil. As the US is formally out of the Paris Agreement on January 27, 2026, it may send a delegation this November to continue to push its narrative within international organisations. The US did not send a delegation to the preparatory meeting in Bonn in June, so the current take is that it will not send a delegation to COP30. That does, however, not rule out external pressure from Washington.

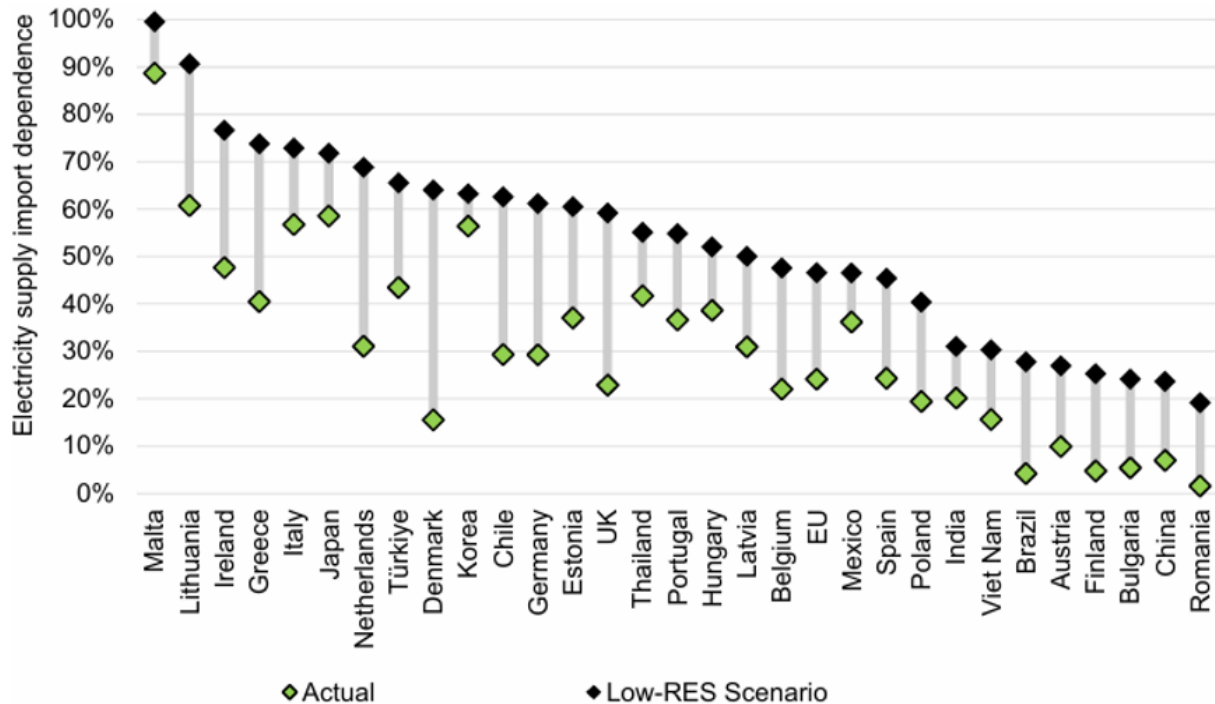
### ***In brief:***

- **APG invests €300 million in European battery storage leader Return.** APG is investing €300 million in independent energy storage provider Return to scale its battery energy storage platform across Europe. Return develops large-scale battery systems, leasing capacity to energy companies to balance electricity supply and demand. The company is currently developing Netherlands' largest battery (350 MW), enhancing grid stability and reducing reliance on gas-fired plants. With APG's capital, Return aims to execute its project pipeline, contributing the energy transition and decarbonisation efforts across Europe.
- **Sustainability a top three priority for business leaders.** Sustainability remains a top priority according to Deloitte's C-suite Sustainability report, with over 80% of companies increasing their investments last year. The survey of more than 2,100 executives highlights that 79% are transforming their business models or embedding sustainability practices, while 66% report a positive impact on revenue from these efforts. With sustainability a top-three priority for business leaders, the findings underline the growing recognition of its strategic and financial value.
- **Global renewable power capacity is expected to double between now and 2030, according to report by the International Energy Agency (IEA).** The increase in solar PV capacity is set to more than double over the next five years, dominating the global growth of renewables. However, the overall renewables forecast is revised down slightly, primarily due to policy changes in the United States and China. More than 100 countries have collectively cut reliance on imported coal and gas, avoiding 700m tonnes of coal and 400 billion cubic meters of gas in 2023, equal to 10% of global consumption. The shift saved importing countries over USD1.3 trillion between 2010 and 2023. Also see graph of the month below for IEA's comparison of a selection of countries actual electricity supply import dependence and import dependence in a scenario where that country had limited renewables. The IEA report hence emphasises the role of renewables in enhancing energy security, economic resilience and lowering energy costs.

- **The earth has reached its first catastrophic tipping point.** The Global Tipping Points [report](#) includes contributions from 160 scientists and defines tipping points as moments when a major ecosystem reaches a point where severe degradation is inevitable. According to the report, warm water coral reefs have crossed their thermal tipping point and experiencing unprecedented dieback, impairing the livelihoods of hundreds of millions who depend on them. The report also warns that the world is “on the brink” of reaching other tipping points, including the dieback of the Amazon, the collapse of major ocean currents and the loss of ice sheets.
- **The EU Parliament rejects proposal to reduce sustainability reporting scope.** The European Parliament has voted down a “compromise” proposal led by the centre-right European People’s Party, which aimed to maintain the 1,000-employee threshold under the Corporate Sustainability Reporting Directive (CSRD) while adding an annual revenue requirement of EUR 450 million. The proposal was rejected by 318 votes to 309, with 34 abstentions. The Greens opposed the move, arguing that it undermines sustainability efforts and risks deregulation. The proposal will be revisited, with a new vote scheduled during the next plenary session on 13 November 2025.

### Graph of the month:

Fossil fuel import dependence of electricity supply, actual and in Low-RES scenario, 2023 (left), and number of countries by difference in electricity supply import dependence between actual and Low-RES scenario, 2023



Notes: RES = renewable energy source. p.p. = percentage points Source: International Energy Agency

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