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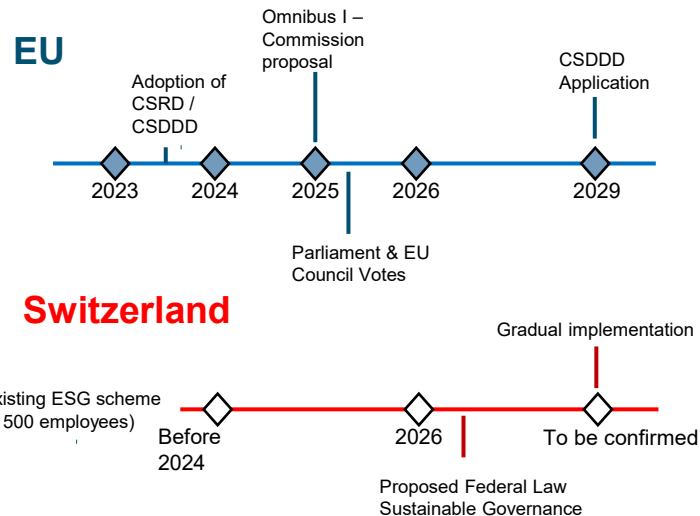
02 Switzerland moves to update corporate sustainability rules

Switzerland proposed a **new Federal Act on Sustainable Corporate Governance** to modernise sustainability reporting and due diligence requirements for large companies. The proposal **aligns Swiss rules with recent EU frameworks** under the CSRD and CSDDD, following the EU's decision to significantly raise regulatory thresholds.

Under the draft law, sustainability reporting would apply to companies with at least **1,000 employees and CHF 450 million in revenue**. Reports would need to follow the European Sustainability Reporting Standards (ESRS) or equivalent standards.

Enhanced due diligence obligations would apply only to very large companies **exceeding 5,000 employees and CHF 1.5 billion in revenue** (around 30 companies). These firms would be required to **identify, prevent and remediate human rights and environmental risks** across their operations and supply chains, and implement governance, monitoring and complaint mechanisms. Overall, the proposal raises thresholds, narrows scope, and aligns Swiss sustainability regulation with the revised EU approach.

Regulatory timeline - EU and Switzerland (2023–2029)



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EUROPE SUSTAINABILITY REGULATION

APRIL UPDATE

03 EU Carbon Market under pressure

The European carbon market, established in 2005 to reduce CO₂ emissions according to the polluter-pays principle, is the subject of **increasing debate within the European Union in a tense economic and geopolitical context**. With the price of a ton of CO₂ hovering **around €70** and the free allowances granted to industrial users slated to be phased out by 2034, several industrial sectors and some member states believe that this mechanism contributes to rising energy costs. They also argue that it weakens European competitiveness against international competition, particularly from the United States and China.

Tensions in the Middle East have intensified concerns and heightened fears of a further rise in energy prices. Countries that rely heavily on fossil fuels, such as Poland and the Czech Republic, along with Italy, are calling for major adjustments **or even a temporary suspension of the system**. In contrast, other states, particularly in Northern Europe and Spain, continue to defend its central role in the climate transition. Although the European Commission had planned to review the system in 2026, member states and market pressures are now pushing it to propose adjustments that limit costs without undermining climate targets.

EU Carbon Permits (EUR)



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ESG MARKET INSIGHTS

01 Rethinking the economic costs of climate change

Adrien Bilal works as an assistant professor of economics at Stanford. He has built a macroeconomic framework for analyzing climate change that has strongly reshaped the field. In a 2024 paper he wrote with Diego Känzig, they show that, **without climate policies, global warming could cut global GDP by about 50% by 2100**. A cost six times higher than traditional estimates.

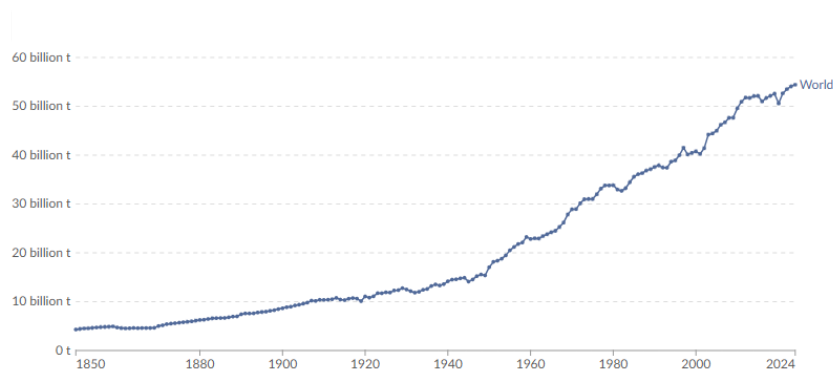
This result stems from an approach based on global average temperature, allowing the integration of **climate disasters, ocean warming, economic interdependencies**, and persistent effects on **productivity, investment, and growth**. His work shows that climate-related losses do not offset across regions and are far larger at the global level. In studies focused on the United States, he finds that the Southeast is especially vulnerable, that physical capital suffers lasting damage, and that population mobility can reduce economic losses by 25 to 40%.

He also analyzes when a large country or region **may benefit from acting alone on climate policy** and argues for moving beyond simple cost-benefit analysis toward setting emission limits as climate damages risk becoming unmanageable.

Greenhouse gas emissions

Greenhouse gas emissions include carbon dioxide, methane and nitrous oxide from all sources, including land-use change. They are measured in tonnes of carbon dioxide-equivalents over a 100-year timescale.

Our World
in Data



Data source: Jones et al. (2025)

Note: Land-use change emissions can be negative.

OurWorldinData.org/co2-and-greenhouse-gas-emissions | CC BY

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ESG MARKET INSIGHTS

02 Net Zero: cheaper than a fossil crisis

The UK's Climate Change Committee (CCC) argues that **achieving net zero emissions by 2050 would be cheaper for the country than enduring a single major fossil fuel crisis**, while also delivering major health, economic, and energy security benefits.

According to the CCC, transitioning away from fossil fuels toward renewable energy, electric vehicles, and technologies such as heat pumps would cost **around £4bn per year (roughly £100bn by 2050)** an amount comparable to **the energy costs triggered by recent oil and gas shocks following Russia's invasion of Ukraine**. This directly challenges claims that net zero would cost the UK trillions, which ignore the ongoing expense and volatility of fossil fuel imports.

The current surge in oil and gas prices linked to geopolitical tensions in the Middle East is cited as evidence that continued reliance on fossil fuels exposes households and businesses to repeated price shocks. By contrast, **renewables are more efficient, domestically sourced, and harder to disrupt politically**. The CCC estimates that every pound invested in reaching net zero would generate **£2–£4 in benefits, including up to £130bn by 2050** from avoided climate damage, as well as **£2bn–£8bn a year in health savings** due to warmer homes, cleaner air, more active travel, and healthier diets.

The Committee's key findings are:

- **Every pound spend on Net Zero would generate a return of 2.2 to 4.1 pounds.**
- **Avoiding climate damages is the most significant benefit of the transition.** This saving is estimated between £40 billion and £130 billion in 2050.
- **Energy losses would be cut in half compared to current levels.** In a Net Zero system, they are estimated at £30 billion per year, down from £60 billion annually in today's energy system.
- **The transition is set to deliver far greater health and wellbeing co-benefits than costs.** Cleaner air, warmer homes, more active travel and healthier diets strongly outweigh downsides like extra public transport time or potential congestion from increased EV use. These 'co-benefits' are estimated to provide £2 billion to £8 billion per year in net benefit by 2050.

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ESG MARKET INSIGHTS

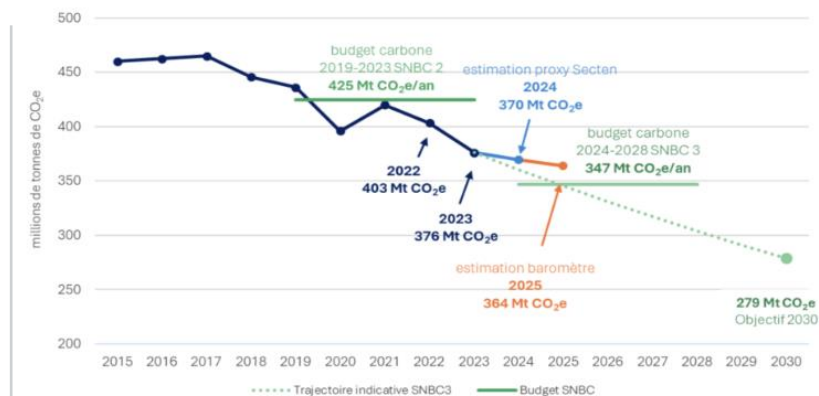
03 France's emissions drop slows

France's independent climate accounting body Citepa has released provisional estimates of the country's greenhouse gas emissions for 2025, showing a decline of **just 1.5% over the year**, an even weaker performance than in recent years and **far below what is required** to meet national and international climate targets.

These figures cover only territorial emissions and do not account for the sharp deterioration of France's forest carbon sink, which now absorbs roughly half as much CO₂ as it did a decade ago. The slowdown comes despite intensifying climate impacts, including more **than 2,000 heatwave-related deaths in summer 2025**, many of them attributable to climate change. According to Citepa, the current reduction pace falls well short of the draft third National Low-Carbon Strategy (SNBC-3), which calls for **average annual cuts of around 5% between 2024 and 2030** to halve emissions by the end of the decade and **achieve carbon neutrality by 2050**.

Experts also note that France's targets are not framed as a fair contribution to the Paris Agreement: while the provisional **SNBC-3 aims for a 50% reduction by 2030 compared with 1990**, civil society groups argue that a science- and equity-based target **would require cuts of at least 65%**, underscoring the growing gap between policy ambitions and the scale of action needed.

Émissions annuelles de GES (en Mt CO₂e) hors puits de carbone



Source : Citepa, avril 2026

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NEW IN RESEARCH

01 ISSB's perspective on nature-related disclosures

ISSB staff have recommended issuing a **non-mandatory Practice Statement** on nature-related disclosures instead of creating a **separate mandatory standard**. They argue that this would reduce disruption to the implementation of **IFRS S1 and IFRS S2**, while still highlighting the importance of nature-related financial information.

The ISSB, launched in **2021**, introduced its first sustainability and climate disclosure standards in **2023**. It had previously announced plans to begin work on nature-related disclosures, with an initial draft expected by **late 2026**.

In a recent staff paper, the ISSB reviewed **four options**: adding guidance to **IFRS S1**, adding it to **IFRS S2**, creating a **new standalone standard**, or publishing a **non-binding Practice Statement**. Staff recommended the last option, saying it would support companies in applying IFRS S1 without creating confusion or slowing adoption of existing standards.

Debate over a voluntary approach to nature-related risk disclosure

The paper also noted that a standalone standard could separate nature-related risks from broader sustainability issues and encourage fragmented reporting. By contrast, a Practice Statement would offer guidance while keeping nature-related disclosures connected to the broader framework of **material sustainability risks and opportunities** already covered by IFRS S1.

The recommendation has been criticized by environmental groups such as **WWF International** and **Conservation International**, which argue that nature-related risks are financially material and deserve a **mandatory standard**. They warned that a voluntary approach would slow progress and fail to reflect current scientific and market expectations.

The ISSB is expected to discuss the issue at its meeting on **April 22**.

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NEW IN RESEARCH

02 The Shift Project

The Shift Project, led by engineer Jean-Marc Jancovici, has unveiled a new “Robust Plan for the French Economy” outlining **20 urgent priorities to keep France on track for carbon neutrality by 2050**, despite growing geopolitical and energy shocks.

One year ahead of the 2027 presidential election, the think tank warns that emissions reductions have slowed sharply and that **fossil fuels still account for 60% of national energy use**. The plan calls for simultaneous action across all sectors: massive electrification of transport and heating, a strong increase in low-carbon power generation, tighter control of overall energy demand, and protection of natural carbon sinks.

Key measures include accelerating home renovations and heat pump deployment, expanding nuclear power alongside a much faster rollout of wind and solar, boosting rail, public transport and cycling, downsizing vehicles, cutting air traffic, and transforming agriculture and industry. The report also stresses a critical but often overlooked challenge: **the large-scale reskilling of workers**, with hundreds of thousands of new jobs expected in construction, energy and rail, while urging an open dialogue on sectors facing job losses.

The example of transportation



Roll out cycling on a large scale



Scale up passenger rail



Electrify heavy-duty vehicles



Expand public transport



Decarbonize the aviation sector



Revive rail freight



Promote widespread use of efficient electric cars

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IN FOCUS

01 In Focus: Earth day

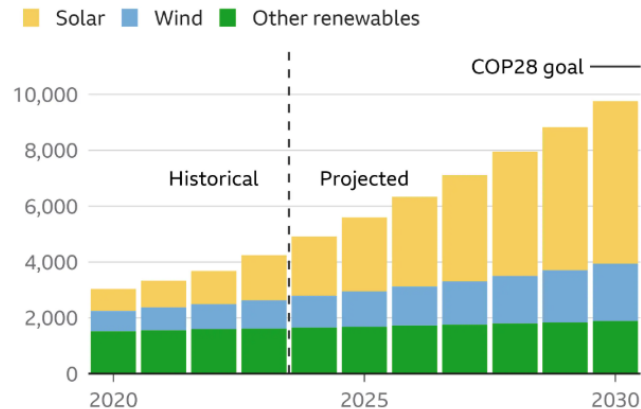
Earth Day, celebrated every year **on April 22**, is a global event dedicated to **raising awareness about environmental protection and inspiring action**. It was first **established in 1970** in the United States by Senator Gaylord Nelson and activist Denis Hayes, at a time when growing environmental crises, such as the 1969 Santa Barbara oil spill, drew public concern.

The first Earth Day mobilized **around 20 million Americans**, and since then, it has expanded into a worldwide movement involving **more than one billion people across nearly 200 countries**. Over the years, Earth Day has helped raise environmental awareness and contributed to significant achievements, including the creation of **the U.S. Environmental Protection Agency and the strengthening of key environmental laws like the Clean Air Act**.

Earth Day inspires local actions such as **clean-up campaigns and tree planting**. However, despite its successes, critics argue that progress remains insufficient and warn against “greenwashing,” where some organizations promote a false image of sustainability without meaningful change. Overall, Earth Day remains a powerful symbol of collective environmental action and a reminder of the **urgent need to protect our planet**.

Renewables are increasing rapidly, but not quite on track to meet to COP28 goal

Recent and projected total global capacity, gigawatts



Projected capacity is for 2024-2030 and is the International Energy Agency's main case. Other renewables include hydropower and bioenergy

Source: International Energy Agency

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