SUSTAINABILITY

NEWSLETTER – JUNE 2026

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SUSTAINABILITY REGULATION
JUNE UPDATE

01 ISO launches first global Net-Zero Standard for public consultation

The International Organization for Standardization (ISO) released a draft of **ISO 14060**, an international standard designed to help organizations develop credible and comprehensive **net-zero transition plans.** Its release opens a public consultation period until **early September** for national standards bodies around the world.

In development since 2022, the standard was **produced by the largest working group in ISO's history**. It is the first internationally independently verifiable net-zero transition planning standard. This means organizations can have their plans validated and certified by third parties, adding an additional layer of accountability **through independent verification**

ISO 14060 is sector-agnostic and applicable to organizations of **any size or geography**. It guides companies through the full transition planning process, covering **governance, emissions quantification, target-setting, reduction actions, reporting, and verification**. It is designed not just to measure and report emissions, but to **connect net-zero strategies to actual business operations.**

Compatibility with existing frameworks

The standard is built to be compatible with **SBTi's recently updated Corporate Net-Zero Standard**. Both organizations want the two frameworks to be used alongside each other. SBTi noted that **ISO 14060 will particularly benefit companies new to climate action and those in developing economies.**

National bodies have until early September to gather stakeholder feedback. The **final standard is expected in 2027**. This draft targets non-financial organizations specifically. A separate standard for financial institutions **was already released earlier in June 2026.**

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SUSTAINABILITY REGULATION
JUNE UPDATE

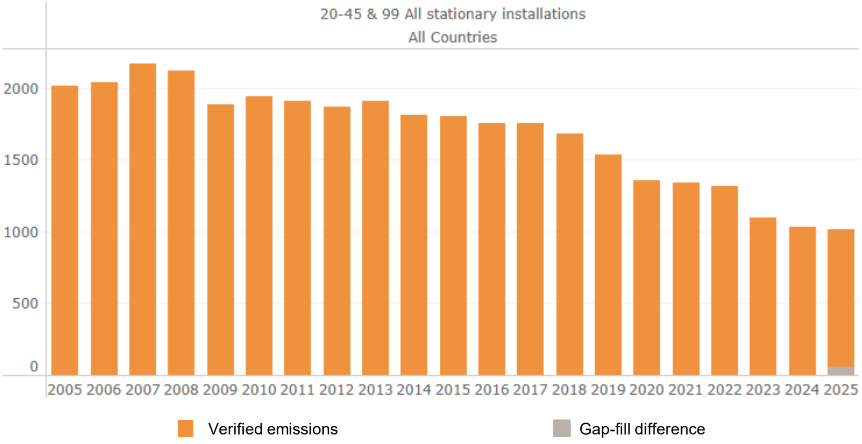
02 EU plans extra free CO2 permits for heavy industry

The European Commission is preparing a **separate ETS proposal to increase free allowance allocations** for **certain energy-intensive industries**, with changes proposed to **apply from 1 January 2026, pending formal adoption.**

The EU's Emissions Trading System (ETS) requires factories and power plants to **buy permits for each ton of CO2 emitted**, but **already includes a pool of free allocations to prevent "carbon leakage“,** where production shifts to countries with looser climate rules. The **new plan would expand** those free allocations, specifically by adjusting "fall-back benchmarks" used to calculate permits based **on heat and fuel use**.

The move is driven by political pressure from **Italy, Poland and the Czech Republic**, which argue European companies face **unfair cost disadvantages versus foreign rivals**. Sectors like chemicals, refining, cement and steel would be the main beneficiaries. The trade-off is significant. **More free permits lower short-term compliance costs but reduce the financial incentive to cut emissions.** Critics warn this could weaken the ETS, which is the world's most influential carbon pricing system. Investors should monitor how far the Commission goes, which sectors gain the most, and whether companies use the relief to accelerate or delay decarbonization.

Historical emissions - EU ETS stationary installations (Mt CO_2), 2005 - 2025



EU ETS verified emissions from stationary installations (Mt CO_2), 2005-2025. Despite a ~50% decline since 2007, heavy industry still emitted over 1,000 Mt CO_2 in 2024 / sustaining political pressure to ease carbon costs through additional free permit allocations.
Source: EEA / EU ETS Data Viewer

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SUSTAINABILITY REGULATION
JUNE UPDATE

03 EU tightens ETS2 price controls

The European Union has reinforced price control mechanisms in its **new carbon market, ETS2**, to limit the impact of carbon pricing on households. The key change is the **increase of the permit release** trigger **from 20 million to 40 million allowances when prices exceed €45 per ton of CO_2.**

This measure allows up to **80 million permits per year to be added to the market**, helping to **stabilize prices** and **reduce volatility.** ETS2, set to launch in **2028**, will introduce a carbon price on heating and road transport fuels. These sectors are directly **linked to household consumption**, making the policy politically sensitive. Unlike the existing EU carbon market, which targets heavy industry and power generation, **ETS2 will affect fuel suppliers and indirectly increase costs for consumers.** To address these concerns, the EU has introduced a **more gradual and predictable market stability reserve system**. Instead of a large, sudden release of permits, smaller volumes will be added earlier when supply tightens.

This approach aims to **avoid sharp price spikes**, **improve market transparency**, and **strengthen investor confidence**. The reform reflects strong pressure from member states worried about rising fuel bills and public backlash against climate policies. To maintain social acceptance, the **EU plans to recycle revenues from ETS2 into financial support for households**. This includes subsidies for energy bills, investments in home efficiency, and incentives for electric vehicles.

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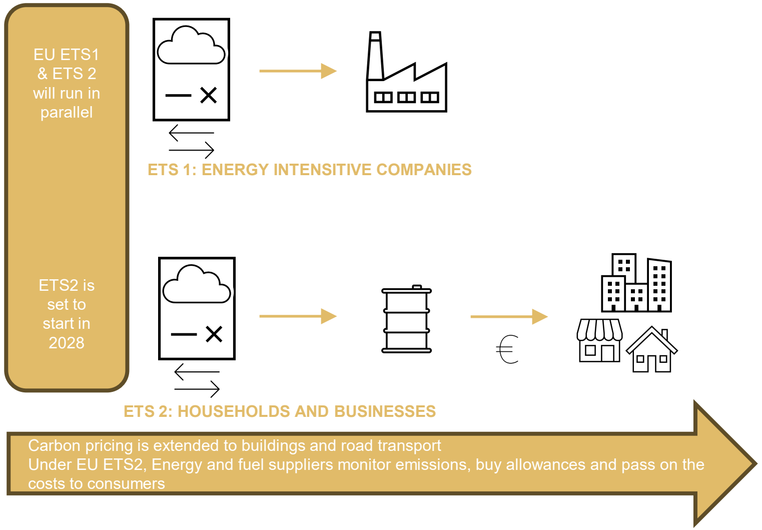
How does ETS work?



ESG MARKET INSIGHTS

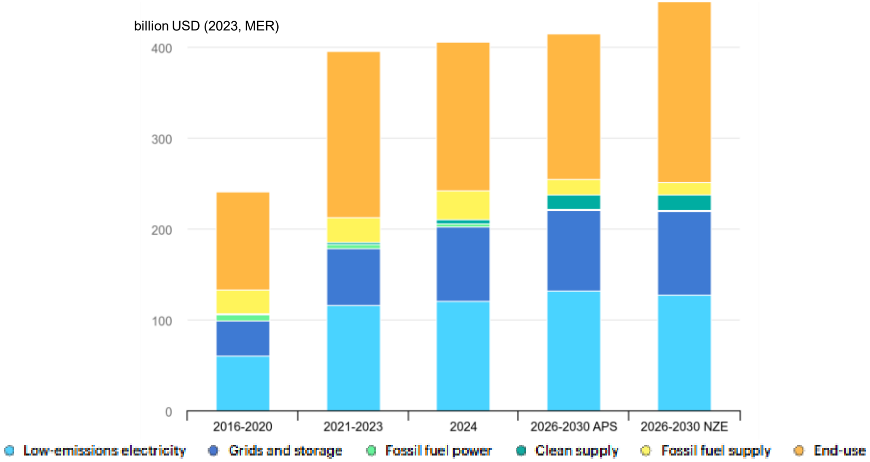
01 Iberdrola raises €1.5 billion via green bond with oversubscribed demand

Spanish energy company **Iberdrola** has raised **€1.5 billion through a green bond issuance** to support the expansion of electricity networks and renewable energy projects. The financing consists of **two €750 million tranches maturing in 2030 and 2036, with coupon rates of 3.125% and 3.75% respectively.**

The offering was heavily oversubscribed, attracting more than **€4.5 billion in orders from over 330 international institutional investors**. Demand was led by investors from **France** (23%), **the United Kingdom** (22%), and **the Iberian Peninsula** (16%), allowing the company to secure improved pricing terms.

Proceeds will **primarily fund grid infrastructure upgrades**, which are essential for integrating renewable energy and supporting rising electricity demand linked to electrification. Part of the funds will also **refinance existing renewable investments**. The bond complies with both the **ICMA Green Bond Principles** and **the European Union's Green Bond Standard**, reflecting stricter transparency and sustainability requirements. The strong market response highlights growing investor interest in financing critical infrastructure for the energy transition.

Past and future energy investment in the European Union in the announced pledges scenario and the Net Zero Emissions by 2050 Scenario, 2016-2030



IEA (2024), Past and future energy investment in the European Union in the Announced Pledges Scenario and the Net Zero Emissions by 2050 Scenario, 2016-2030, IEA, Paris https://www.iea.org/data-and-statistics/charts/past-and-future-energy-investment-in-the-european-union-in-the-announced-pledges-scenario-and-the-net-zero-emissions-by-2050-scenario-2016-2030, Licence: CC BY 4.0

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02 Amazon & BlackRock's Skyborn sign Germany's largest-ever clean energy PPA

Amazon and BlackRock-backed Skyborn Renewables have signed a **landmark 600 MW Power Purchase Agreement** (PPA) for electricity from the **Gennaker offshore wind farm in the German Baltic Sea.**

The deal is the **largest single clean-energy PPA ever signed in Germany**. The agreement will help Skyborn move forward with construction of the Gennaker project, which is **expected to become the largest offshore wind farm in the German Baltic Sea**. Featuring **63 wind turbines** and a total capacity of **976.5 MW**, the wind farm will generate enough carbon-free electricity to power **more than one million German households each year**.

Construction is expected to begin after financial close in **summer 2026**, with operations planned by **the end of 2028**. The project will support **Germany's goal of reaching 30 GW of offshore wind capacity by 2030** and **strengthen the country's energy security** through increased renewable power generation. For Amazon, the agreement further expands its renewable energy portfolio in Germany, where it now supports **12 projects totaling more than 1.3 GW of capacity**. Once fully operational, these projects are expected to provide enough clean electricity to power the equivalent of **1.8 million German homes annually**.

Environmental challenges of offshore wind farms

However, offshore wind turbines can also have **negative impacts on biodiversity**.

They may cause **bird and bat mortality** through collisions with turbine blades, particularly **during migration periods**. In addition, the **underwater noise** generated during construction and operation can **disturb, injure, or temporarily displace marine mammals, fish, and sea turtles**. Offshore wind farms may also lead to **seabed habitat degradation** and create **barrier effects** that alter **migration routes and feeding patterns of certain species.**

Together, these impacts can affect **species abundance, behavior**, and the overall functioning of **marine ecosystems.**

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ESG MARKET INSIGHTS

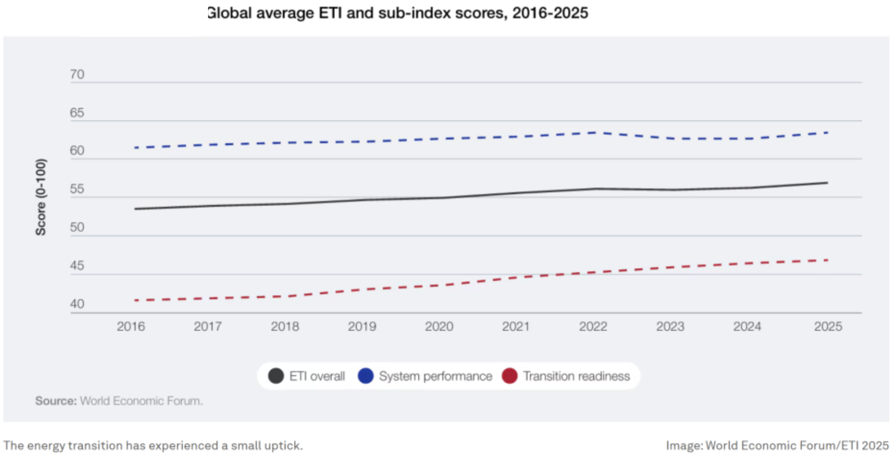
03 Michael Bloomberg invests $285 Million in clean energy

Michael Bloomberg has announced a **$285 million commitment to help clean energy industries grow** and **compete with the political influence and institutional capabilities of fossil fuel industries**. The funding will focus on **emerging and developing economies**, where renewable energy sectors often lack the resources and influence of traditional energy industries.

The investment will **support industry associations, technical research, market analysis, and financing opportunities**. It will **also help governments and regulators create policies** that encourage clean energy investment and deployment.

The pledge is part of a larger **£400 million (USD $530 million)** climate and environmental initiative being launched during London Climate Action Week. It also continues Bloomberg Philanthropies' long-standing work on climate action, including support for the global Beyond Coal campaign.

Bloomberg said that **clean energy is now often cheaper than fossil fuels**, but **barriers still slow its expansion**. He believes this new investment will help accelerate the transition to cleaner, more affordable energy while reducing emissions and improving air quality.



Evolution of the global Energy Transition Index (ETI) between 2016 and 2025. After several years of moderate progress, the global energy transition rebounded in 2025. Despite this momentum, the readiness of markets, infrastructure, and institutions remains a major challenge for accelerating the deployment of clean energy.
Source: World Economic Forum, Energy Transition Index 2025.

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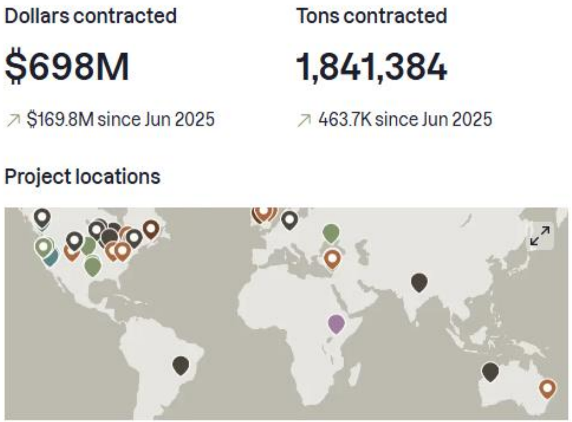
04 Frontier Climate adds Anthropic to carbon removal initiative

Frontier Climate has added Anthropic, the company behind the AI assistant Claude, **to its carbon removal buyers group**. The group also announced **$915 million in new funding commitments**. The new investment brings **Frontier's total commitment to $1.8 billion**. The organization aims to **support technologies that remove carbon dioxide from the atmosphere and help them grow at a gigaton scale.**

Founded in 2022 by companies including **Stripe, Google, and Shopify**, Frontier has already contracted **more than 1.8 million tons of carbon removal** across **53 projects**. Anthropic's membership reflects growing efforts by **AI companies** to address the environmental impact of their energy use.

Frontier initially built its approach around **Direct Air Capture (DAC), a carbon removal technology that extracts CO_2 directly from the atmosphere.** This distinguishes Frontier from many traditional carbon market initiatives, which often rely on **avoided emissions or nature-based offset projects.** Frontier will **focus its funding on carbon removal technologies** with the potential to operate at a **large scale and meet future demand**. The announcement highlights the **increasing collaboration between the AI and climate technology sectors in the fight against climate change.**

Frontier-funded global portfolio of carbon capture projects



While Anthropic joins the consortium, Frontier already shows $698 million in carbon removal contracts and over 1.84 million tons of CO_2 secured in its global portfolio.

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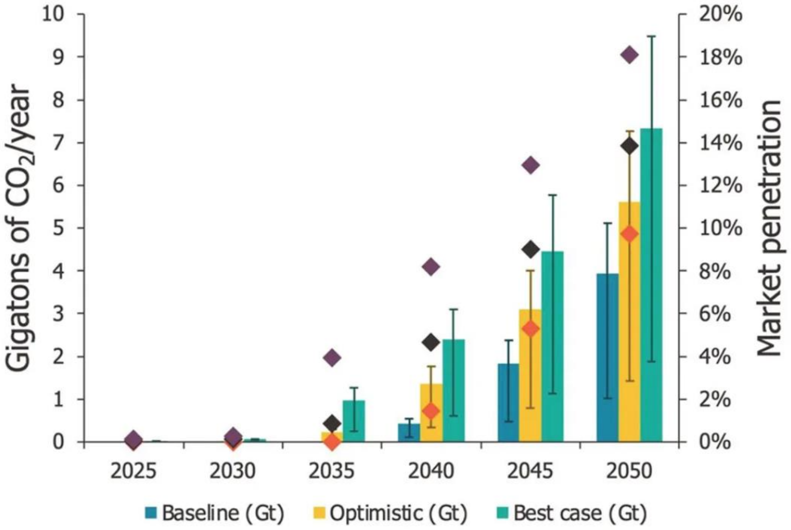
NEW IN RESEARCH

01 Australia opens its first carbon refinery, converting CO_2 into industrial materials

Australia has launched its first carbon refinery, Myrtle, in New South Wales, a facility that **captures carbon dioxide emissions** from Orica's ammonia production and converts them into materials used in concrete, **paper, glass, and other industrial products.**

Developed by MCI Carbon, Myrtle can **capture up to 2,500 metric tons of CO_2** per year using **mineral carbonation**, a process that permanently locks carbon into solid materials. Unlike traditional carbon capture and storage (CCS), which stores CO_2 underground, this approach **creates products with commercial value.**

The project supports **Australia's goal of reducing emissions by 62–70% below 2005 levels by 2035** and offers heavy industries a potential way to cut emissions while generating new revenue streams. Although still a demonstration plant, it represents an important **step toward scaling carbon utilization technologies and building lower-carbon supply chains**



Global market projection for CO_2-treated aggregates (Sick et al., Frontiers in Climate, 2022). The demand for carbonated aggregates could reach up to 9.5 Gt of CO_2 per year by 2050, illustrating the scale of opportunity for mineral carbonation technologies such as those deployed at Australia's Myrtle Carbon Refinery.

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NEW IN RESEARCH

02 AI adoption linked to rising cybersecurity incidents: governance concerns mount

A new Jamf survey of 687 IT and security leaders found that as **organizations increase their use of AI, they become more likely to experience AI-related security incidents**. More than **20% of organizations reported financial losses or cyberattacks linked to AI,** while nearly **60% expect an AI-related incident in the near future.**

The report identifies **shadow AI, employees using unauthorized AI tools**, as a **major risk,** along with challenges surrounding agentic AI, which can access sensitive systems and data. Organizations also face difficulties evaluating AI vendors, controlling costs, and maintaining visibility over AI usage.

Notably, companies that have **deeply integrated AI into their workflows** reported **higher incident rates (27%) than those still exploring its use (less than 20%),** suggesting a clear link between AI adoption and cybersecurity exposure.

Jamf **recommends strengthening AI governance** through **regular audits**, **stricter data-access controls**, **early-stage governance planning**, and **improved visibility into AI tools**. As AI becomes more embedded in business operations, effective governance will be critical to balancing innovation with security.

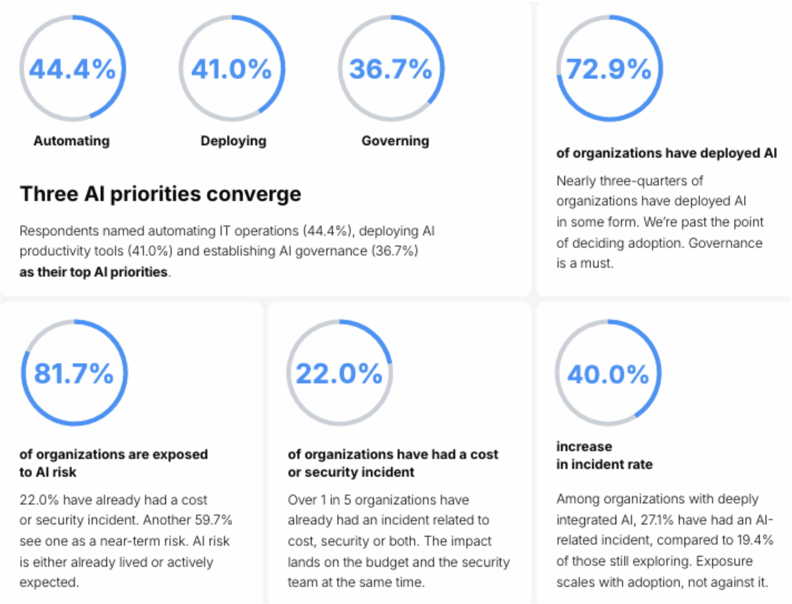

Figure 1 - Key findings from the Jamf AI governance survey: adoption level, risk exposure, incident frequency, and priorities for IT and cybersecurity leaders.

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IN FOCUS

01 Extreme heat is becoming an economic emergency

A new Allianz Research report **warns that extreme heat is no longer just a climate story: it's a structural economic threat**. Heat stress events have multiplied sevenfold since the 1980s, and **Europe is particularly exposed,** with air-conditioning penetration of just **19% compared to roughly 90% in the US.**

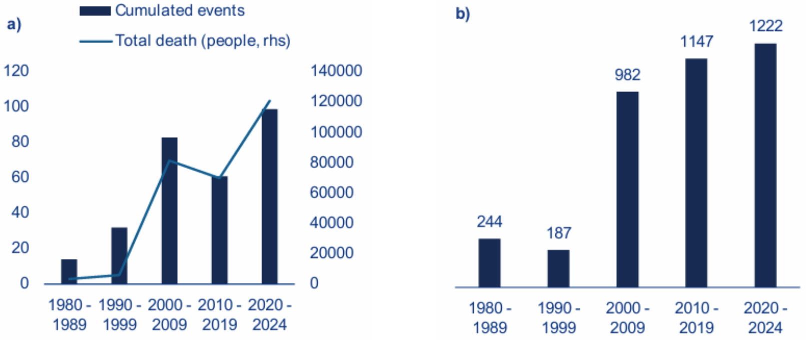
The economic damage runs through **two channels**: **labor productivity collapses above 30°C**, and **energy demand surges just as power generation is constrained by heat.** The combination creates **stagflation, rising prices alongside rising unemployment**, putting central banks in an impossible position.

Under a scenario where countries experience their **five worst recent heat years in succession through 2030**, the projected GDP losses are eye-catching: **$354 billion for Japan, $240 billion for France, $147 billion for Italy.** Public finances are squeezed from both sides, with **tax revenues falling** and **emergency spending rising**. France already faces additional heat-related fiscal pressure of 2.2% of GDP on top of an already strained deficit.

The report calls **for binding workplace heat protections**, **upgraded building codes**, and a **shift from reactive emergency spending toward long-term adaptation budgets**. No major European economy currently meets all three criteria.

Figure: Increasing exposure to heat stress:

a) Evolution of number of events and total death (1980 –2024);
b) Average number of death per heat stress event (1980 – 2024)



Sources: EM-DAT, Allianz Research

[1] EM-DAT defines a heat wave as a period of abnormally hot and/or humid weather lasting typically two or more days, with location-specific thresholds. Only events with ≥10 deaths, ≥100 people affected, a declared emergency, or an international assistance call are catalogued.

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