GENERALI ASSET MANAGEMENT



ESG NEWS BULLETIN

September 2026

Generali Asset Management's ESG team presents their exclusive monthly sector analysis, which includes a detailed overview of ESG risks and opportunities alongside the sector's macro trends, plus a summary of the most significant industry news worldwide of the month.

UTILITIES – ESG RISKS & OPPORTUNITIES

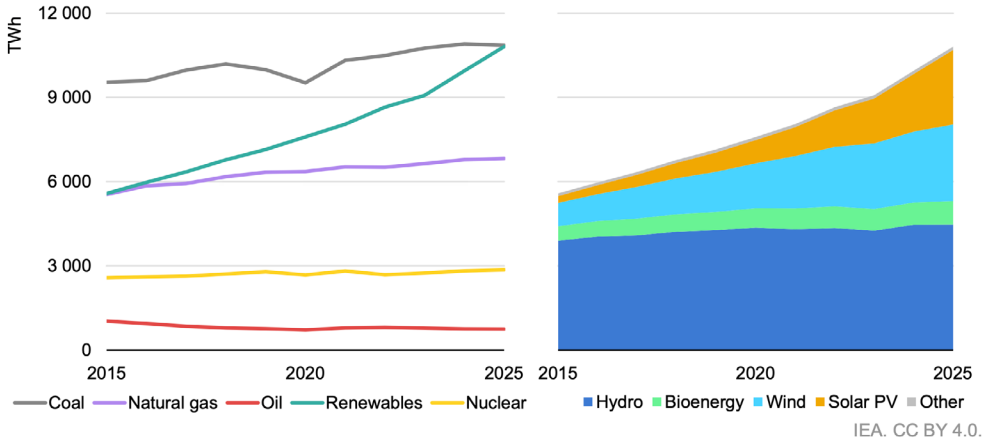
- Utilities face rising transition, regulatory and physical-climate risks as power systems decarbonise. Extreme weather, drought and wildfire increasingly threaten infrastructure and service continuity, while water stress is constraining hydroelectric output and the cooling capacity of nuclear and thermal generation.
- Social exposure is also increasing, centred on affordability, security of supply and grid reliability. Grid investment is struggling to keep pace with renewable deployment and electrification, while skills shortages, ageing workforces, permitting delays and community opposition create additional execution, cost and reputational risks.
- Governance risks reflect heightened scrutiny of market conduct and extensive state involvement. Price caps, tariff interventions and strategic-reserve mechanisms can limit corporate autonomy, reshape investment returns and disrupt decarbonisation plans.
- Nevertheless, utilities offer substantial transition exposure through investment in grids, storage, hydrogen and digital infrastructure. Smart meters, predictive analytics and AI-enabled network management can improve flexibility and efficiency, while credible transition plans and sustainable financing frameworks can support capital access.

UTILITIES – MACRO TRENDS

- Energy policy is increasingly balancing decarbonisation with affordability and security of supply, supporting grid reinforcement, interconnections, storage and dispatchable low-carbon generation. System adequacy under rising electricity demand and climate stress is becoming a central investment consideration.
- The sector is moving from renewable deployment towards system integration and grid readiness. The April 2025 Iberian blackout reinforced the need for stronger voltage control, real-time monitoring, operational coordination and regulatory alignment across interconnected electricity markets.

CHART OF THE MONTH

Global electricity generation and renewable generation by source, 2015-2025



IEA. CC BY 4.0.

Note: 'Bioenergy' includes bioenergy and waste, 'Other' includes geothermal, concentrating solar power (CSP) and marine.

Source: Global Energy Review 2026, IEA.

Renewables and nuclear accounted for more than the total increase in global electricity supply in 2025. Solar PV generation rose by a record 600 TWh, meeting around 70% demand growth, while renewables nearly matched coal globally. In the EU, wind and solar reached 30% of generation, surpassing fossil fuels for the first time.

Renewable capacity additions hit a record 800 GW, 75% from solar, while battery storage grew 40% to nearly 110 GW and more than 12 GW of nuclear capacity entered construction. Global energy-related CO2 emissions rose by just 0.4%, with declines in China and offset by a 0.5% increase in advanced economies. Clean energy deployed since 2019 avoided more than 35 EJ of fossil fuel demand and 3 billion tons of CO2 emissions annually.

In the news this month

ESG NEWS MONITORING

- **Alphabet (Interactive Media & Services | US) –** Google has announced plans to invest more than $15 billion in digital infrastructure and data centre development in Finland and across Europe, representing the company's largest single investment in Europe to date. The investment package also includes additional renewable energy and energy storage projects. The initiatives support Google's commitment to operate its data centres and facilities using 24/7 carbon-free energy by 2030. ESG Dive

- **TotalEnergies (Integrated O&G | FR) –** TotalEnergies has reaffirmed its strategy to expand both hydrocarbon and electricity production, targeting average annual growth of more than 3% in oil and gas production between 2025 and 2030. Looking further ahead, TTE aims to grow O&G production by 2% to 3% annually between 2030 and 2035. By 2035, TotalEnergies aims to increase the share of electricity to approximately 25%, supported by investments in renewable energy, battery storage and gas-to-power assets. The roadmap reflects TotalEnergies' strategy of combining continued investment in oil and gas production with a growing focus on electricity generation as part of its long-term energy transition and business diversification plans. Energy News

- **Yara International (Specialty Chemicals | NO) –** Yara has opened Europe's largest carbon capture and storage facility at its Dutch fertiliser plant. From 2026, it is expected to capture and liquefy up to 800,000 tonnes of CO2 annually for permanent storage by Northern Lights in Norway. The project aligns with the European Union's strategy to use carbon capture technologies to help achieve its 2050 net-zero emissions objective, particularly in hard-to-abate sectors such as chemicals and fertiliser production. Reuters

SOVEREIGN

World – A new UNEP report warns that global warming is likely to exceed 1.5°C within the next few years, with many scenarios projecting temperatures above 2°C and increasing risks to ecosystems, economic stability, and irreversible climate tipping points. UNEP argues that limiting the scale and duration of any overshoot will require rapid emissions reductions, stronger adaptation efforts, increased climate finance, and targeted carbon removal to eventually return temperatures below 1.5°C. UNEP

EU:

- In her sixth State of the Union address, Ursula von der Leyen called for a more resilient and strategically autonomous Europe amid geopolitical, climate, technological and migration pressures. She prioritised climate adaptation, AI competitiveness, stronger economic and security capabilities among others. On climate and competitiveness, von der Leyen highlighted the need to improve the EU's preparedness for wildfires, droughts and other climate-related impacts, while also seeking to narrow the technology gap with the United States and China in key sectors such as AI. Politico

- The European Commission has proposed requiring EU data centres with at least 500 kW of capacity to disclose energy and water efficiency through a new labelling system. Reporting would cover energy and water performance, local water stress, energy-system services and potential waste-heat reuse but would not cap consumption or require disclosure of total electricity use. The proposal aims to improve transparency as AI-driven data-centre capacity expands and could pave the way for future minimum efficiency standards. Reuters

US – U.S. President Donald Trump has dismissed calls for stronger AI safeguards and regulation, despite growing concerns from industry leaders and researchers about the risks posed by increasingly advanced AI systems. The debate continues as AI companies, policymakers and business leaders weigh the need for greater oversight and safety standards against the technology's economic and innovation potential. BBC

In the news this month



REGULATION

- **EU Carbon Border Adjustment Mechanism (CBAM) –** The European Parliament has adopted its negotiating position on reforms to the Carbon Border Adjustment Mechanism (CBAM), supporting the expansion of the EU carbon import levy to more than 450 additional downstream products, including solar panels, heat pumps and household appliances. The proposals also introduce stronger anti-circumvention measures and enhanced protections for industries exposed to carbon leakage risks. ESG Today

- **Sustainable Finance Disclosure Regulation (SFDR) –** The European Parliament's ECON Committee has backed reforms to simplify SFDR, improve product comparability and strengthen safeguards against greenwashing. It supports three standard categories—Sustainable, Transition and ESG Basics—with mandatory disclosure of principal sustainability impacts and exclusions for companies violating human rights or humanitarian law. Transition products involving fossil fuel companies would require credible, measurable decarbonisation plans and substantial sustainable investment. The proposal also streamlines reporting for smaller market participants while strengthening due diligence and disclosures on fossil fuel exposure, emissions and biodiversity. European Parliament

- **EU Emissions Trading System (EU ETS) –** EU member states have agreed a reform of the EU ETS that would retain a larger volume of surplus carbon allowances in the Market Stability Reserve, aiming to reduce carbon price volatility and limit impacts on energy costs. Under the proposal, the cancellation of excess allowances would be suspended until 2030, preserving a reserve that could be used to stabilise the carbon market during periods of disruption. Reuters



EXTERNAL REPORTS

- **Taskforce on Nature-related Financial Disclosures (TNFD) –** The TNFD's 2026 Status Report shows that nature-related risks and opportunities are becoming more embedded in corporate and investment decision-making. More than 1,000 organisations across 56 countries and territories have published TNFD-aligned disclosures, twice as many as in 2025, while 802 organisations—including financial institutions managing US$26.6 trillion—have formally committed to TNFD reporting. Investor attention is strengthening: all surveyed investors expressed concern about the financial effects of biodiversity loss and ecosystem degradation, 59% ranked nature among their top three sustainability priorities, and 56% are already exploring or investing in related opportunities. The findings indicate that nature-related reporting is evolving from an emerging practice into an established component of ESG, risk management and investment frameworks. 2026 Status Report

- **Moody's –** Global green bond issuance reached a record $193 billion in Q2 2026, helping total labelled sustainable bond issuance rise 4% YoY, although first-half volumes remained slightly below 2025. Europe strengthened its lead, accounting for 58% of Q2 issuance, while Asia-Pacific and North America fell to 20% and 8%, respectively. Green bond volumes rose 2%, supported by 34% growth in Europe, and social and sustainability bonds increased 18% and 19%. By contrast, sustainability-linked issuance remained weak, down 63% year to date, while blue bonds reached record first-half volumes. Financial institutions and non-financial companies remained the largest issuer groups, while agencies and sovereigns drove year-to-date growth. Q2 26 green bond issuance supports $1 trillion outlook

THE ESG TEAM AT GENERALI ASSET MANAGEMENT

Our ESG team is comprised of 15 specialists who sit at the intersection of ESG analysis and research, and active engagement.

The team is structured around two key pillars – analytical coverage of ESG risks and opportunities from an investment point of view, and a tailor-made client service, designed to respond to investor needs and sustainability mandates.

This dual focus allows the team to integrate ESG factors at every stage of decision-making, translating thematic research, engagement inputs and quantitative filters into concrete investment actions.

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