

ESG NEWS BULLETIN

July - August 2026

Generali Asset Management's ESG team presents a research paper on Climate Adaptation Opportunities in the listed market conducted by the GenAM ESG Analysis team, alongside a summary of the most significant ESG and industry news worldwide of the month.

CLIMATE ADAPTATION

- Physical climate risks are material and accelerating, creating structural investment need/opportunity, with material economic losses avoidable via adaptation measures.
- Policy support is increasing, but regulation and capital allocation remain underdeveloped, resulting in a limited supply of dedicated strategies.
- Investors need to shift from reactive, post-event responses to proactive, pre-event solutions, capturing emerging corporate investment opportunities.

CLIMATE ADAPTATION: INVESTMENT OPPORTUNITIES – TAKE AWAYS

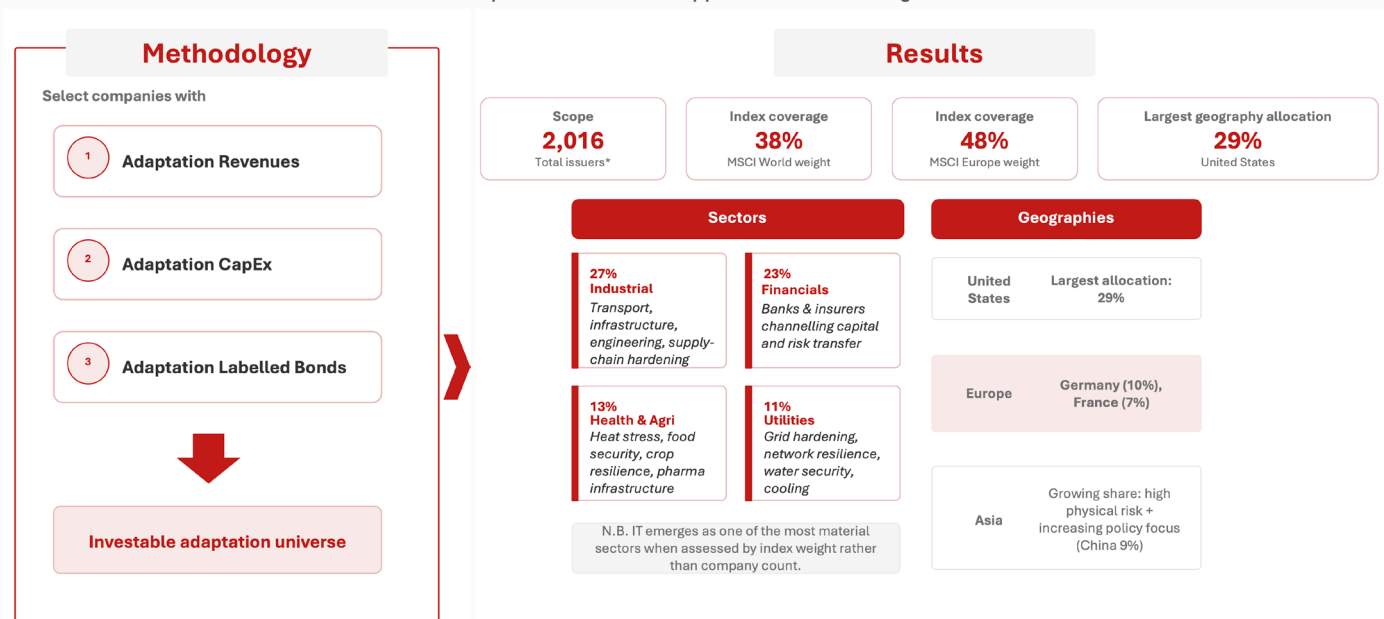
GenAM developed a proprietary adaptation framework to identify investable climate adaptation opportunities, structured around three complementary pillars: revenue generation from adaptation solutions, capital investments that enhance resilience and protect value creation, and labelled bonds that provide dedicated financing for adaptation-related projects. The key findings of the analysis are presented in the chart below, with several additional observations worth highlighting.

- Climate adaptation *data* remains limited today, but is rapidly evolving, supported by increasing regulatory focus and growing recognition of material financial impacts.
- Climate adaptation is an *emerging* investment theme, requiring broad definitions to be effectively captured.
- Indirect* exposure currently offers greater scalability, while pure-play strategies remain nascent and less developed.

CHART OF THE MONTH



The chart illustrates results of GenAM climate adaptation investment opportunities screening.



In the news this month



ESG NEWS MONITORING

- **Meta (Interactive Media & Services | US)** – Meta has agreed to pay up to \$16-\$18 billion and implement new safeguards on Facebook and Instagram, including daily usage limits and restrictions on nighttime use by minors, to settle claims from 29 U.S. states that its platforms were designed to addict children and improperly collected their personal data. The settlement ends a landmark federal trial, although Meta, TikTok, Snap and Google continue to face thousands of similar lawsuits. [Reuters](#)
- **Shein (Broadline Retail | CN)** – Shein is preparing for a Hong Kong IPO while facing ongoing scrutiny over its ESG practices, including investigations by the European Commission and U.S. regulators, as well as concerns around labour standards, governance and environmental impacts. The company says 53% of suppliers received its highest audit ratings in 2025, up from 47% in 2024, although investors continue to question its dual-class share structure and the sustainability of its ultra-fast-fashion business model. [Reuters](#)
- **Johnson & Johnson (Pharmaceuticals | US)** – J&J has agreed to pay \$5.5 billion to settle around 76,000 lawsuits alleging that its talc-based products caused ovarian cancer. The proposed settlement covers nearly all remaining ovarian cancer claims pending against the company and would bring to a close one of the largest product liability disputes in the consumer goods sector. Total payouts could exceed \$5.5 billion, depending on the final number of claimants participating in the settlement. [AOL](#)



SOVEREIGN

- **EU** – Triodos has warned that Europe's extreme heat and drought could reduce EU GDP by around 1%, or €180 billion, this year, driven by lower labour productivity and a projected 3% to 7% decline in agricultural output. The warning comes as expected EU economic growth stands at just 0.9% to 1.1%, with France forecast to be the hardest hit, facing a potential 1.4% GDP reduction and a possible annual contraction. [Reuters](#)
- **UK** – Britain's renewable electricity generation reached a record 53% of supply in Q1 2026, but grid bottlenecks have pushed wind curtailment costs above £1 billion this year as excess power cannot be efficiently transmitted from Scotland to southern demand centres. The issue is becoming a growing concern for investors and policymakers, with UK grid operators warning constraint costs could reach £10 billion by 2030 without major infrastructure and market reforms. [Net Zero Investor](#)
- **US** – Texas Governor has ordered a pause on approvals for new data center projects seeking grid connections, citing risks to electricity reliability as developers propose roughly 474 GW of new power demand, about 90% of it linked to data centers. The move reflects growing regulatory and public scrutiny of the sector's energy, water, and infrastructure impacts, despite Texas's ambitions to become one of the world's largest data center hubs by 2030. [Reuters](#)
- **Nepal** – Nepal is shifting its response to the devastating August 2026 floods from seeking humanitarian aid to demanding "climate compensation" from major emitting nations. Countries such as China, the US, and India should bear greater responsibility for the impacts of climate change. Despite contributing negligibly to global emissions, Nepal is suffering increasingly severe climate-related disasters and is seeking financial compensation based on principles of climate justice rather than traditional disaster relief. [News 24](#)

In the news this month



REGULATION

- **Corporate Sustainability Reporting Directive (CSRD)**
– The European Commission has adopted revised sustainability reporting standards under the CSRD, cutting reporting requirements by more than 70% and introducing a voluntary reporting standard for companies outside the scope of mandatory disclosure. The changes, part of the EU's Omnibus simplification initiative, also align the standards more closely with ISSB requirements and clarify that asset managers do not need to report sustainability data for client-managed investments. [ESG Today](#)
- **EU Deforestation Regulation** – The European Commission has expanded the scope of the EU Deforestation Regulation to include additional products such as palm oil derivatives, instant coffee and frozen cattle tongues from 30 December 2027. At the same time, it confirmed the exclusion of products including leather, cattle hides and skins, re-treaded tyres, and soybeans for sowing, as companies prepare for the regulation's deforestation-free sourcing requirements. [Reuters](#)
- **EU ETS** – The European Commission has proposed a major overhaul of the EU Emissions Trading System for 2031-2040, including a slower reduction in emissions allowances, the extension of free allocations for energy-intensive industries until 2038, and the use of international carbon credits from 2036. The proposal also reforms the Market Stability Reserve to better manage allowance supply, creates an Industrial Decarbonisation Bank backed by 400 million allowances, and expands the carbon market to areas including waste incineration, aviation and maritime transport. [ICAP](#)



EXTERNAL REPORTS

- **Morningstar** – Sustainable investing rebounded strongly in Q2 26, with the Morningstar US Sustainability Leaders Index gaining 27.8%, outperforming the broader US market's 15.5% return. The recovery was driven largely by semiconductor companies benefiting from the rapid expansion of AI infrastructure and data centers. Rather than excluding entire industries, the index selects companies with stronger ESG risk management relative to peers. While data centers raise concerns over energy consumption, many ESG-focused funds increasingly favour companies that help build a more efficient, resilient, and lower-carbon digital infrastructure. The index further benefited from its ESG screening methodology. Meta Platforms was excluded due to elevated ESG controversies, and its negative share-price performance during the quarter provided an additional boost to relative returns. [Sustainability strategies shone in Q2 26](#)
- **Swiss Re** – Global insured natural catastrophe losses totaled \$42bn in the first half of 2026, well below the long-term trend, despite economic losses reaching \$100bn. Severe convective storms in the US were the main driver of insured losses, while the most destructive event was the Venezuela earthquake, which caused around \$20bn in damage but highlighted the region's significant insurance protection gap. The period was also marked by record-breaking heat in Europe, contributing to over 20,000 excess deaths and increasing wildfire risk across the continent. Looking ahead, growing exposure in hazard-prone areas are expected to drive insured losses higher by 5–7% annually over the long term. [First-half 2026 insured natural catastrophe losses](#)

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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