Latest Developments in Governance, Stewardship and Sustainability

Valoris
Stewardship Catalysts

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Wall Street Fossil Fuel Financing Drops 25% Amid 'Sustainable' Market Shifts

Financing for oil, gas and coal projects by Wall Street's six largest banks declined 25% to $73 billion in the first seven months of 2025 compared to the same period in 2024, with Morgan Stanley seeing the steepest drop at 54%. The decline coincides with what JPMorgan analysts identify as the first reduction in global upstream oil and gas development spending since 2020, even as several major banks have publicly withdrawn from the Net-Zero Banking Alliance following the US election. Wells Fargo provided $19.1 billion in fossil fuel financing (more than any peer), but despite the bank's retreat from net zero goals, this amount was down 17% year-over-year.

PRI Releases 2025-26 Global Policy Priorities

The Principles for Responsible Investment (PRI) published its annual policy briefing outlining priorities and recommendations for creating an enabling environment for sustainable investment across key markets. The briefing provides country-specific guidance for 12 priority jurisdictions including the US, EU, China and Japan, focusing on areas such as corporate disclosure standards, investor duties, taxonomies and economic transition policies. The document serves as a roadmap for PRI's planned policy engagement and will be updated throughout the year to reflect evolving regulatory developments.

The PRI's 2025-26 priorities emphasize six core policy principles essential for sustainable finance:

1. Transparency and credibility through standardized data and verification mechanisms;
2. Consistency and coherence across economic policies;
3. Effective incentives for responsible investment that address system-level risks;
4. Proper pricing of externalities to ensure accountability;
5. Resolution of principal-agent problems to align interests across the investment chain; and
6. Capacity building to mainstream understanding of sustainability risks.

PRI's key global workstreams include updating the Sustainable Finance Policy toolkit in collaboration with the World Bank, advancing research on investor disclosure and economic transition policies, engaging on human rights due diligence legislation, supporting implementation of the Global Biodiversity Framework for nature-related policies and providing secretariat support for the Taskforce on Net Zero Policy as countries approach COP30 in Brazil in November.

Draft Guidance for California's Climate Disclosure Programs

California's Air Resources Board (CARB), the state's air pollution reduction agency, published draft guidance in September 2025 for implementing two major climate disclosure programs affecting thousands of US companies.

For the Climate-Related Financial Risk Disclosure Program (SB 261), CARB's draft checklist requires biennial reports to cover four core areas (governance, strategy, risk management and metrics/targets) while allowing flexibility for data gaps in year one. Companies may use TCFD, IFRS S2 or equivalent frameworks and should discuss any reporting gaps with explanations and future disclosure plans.

For the Corporate Greenhouse Gas Reporting Program (SB 253), CARB is developing draft emissions reporting templates in spreadsheet format for public comment.

The agency opened a three-week consultation period through September 11, 2025, seeking feedback on key definitions including "revenue" and "doing business in California," proposed flat annual fees and acceptable assurance standards for emissions verification.