

Monthly GSS News Digest

Governance, Sustainability and Stewardship

June 2026



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Member states would ease fossil fuel limits in the SFDR overhaul



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SEC proposes to rescind its 2024 climate disclosure rules.



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New Zealand issues updated guidance on sustainability-related disclosures



Member states would ease fossil fuel limits in the SFDR overhaul



Key Highlights

- **On June 24, EU member states agreed the European Union Council's negotiating position on the revised SFDR.**
 - The biggest change targets the proposed new Transition fund category.
 - The European Commission had wanted both the Sustainable and Transition categories to exclude companies expanding their fossil fuel activities. The Council has dropped that exclusion for Transition.
 - Instead, fossil fuel companies could qualify if they direct at least 20% of capex to EU Taxonomy-aligned activities and set a time-bound plan to cut Scope 1 and 2 emissions.

With the position adopted on June 24, the Council set its mandate to begin SFDR 2.0 negotiations with the European Parliament as soon as Parliament settles its own stance.

<https://www.consilium.europa.eu/media/1gfer5ew/st10495en26.pdf>

U.S. SEC proposes to rescind its climate disclosure rules

"SEC disclosure obligations should comply with the Commission's statutory authority, be guided by materiality as the North Star, avoid the practical effect of dictating corporate behavior, and be imposed only when the expected benefits justify the likely costs and burdens," **SEC Chairman Paul Atkins said in a statement.**

Key findings:

- The SEC recently voted to propose for public comment rescinding in full the climate related disclosure rules it adopted in March 2024, which would have required reporting of climate risks and certain greenhouse gas emissions.
- Chairman Paul Atkins framed the move as a return to the agency's core mandate and a materiality-based approach.
- Material climate risks still need to be disclosed under existing requirements such as companies with international exposure remain subject to regimes such as the EU's CSRD, alongside state level rules including California's SB 253 and SB 261.
- The proposal is open for comment for 60 days after publication in the Federal Register, with a final vote expected later in 2026.

<https://www.sec.gov/rules-regulations/2026/05/s7-2026-19>

New Zealand issues updated guidance on sustainability-related disclosures



Key Highlights

- New Zealand's FMA published updated Sustainability-Related Disclosure Guidance, replacing its 2020 framework and 2022 review for funds, bonds and other products carrying green, ethical or values-based labels.
- The guidance explains how existing fair dealing and disclosure duties under the Financial Markets Conduct Act apply to sustainability claims.
- Four principles: claims must be clear, substantiated, consistent across all channels and any third-party involvement effectively-managed.
- The guidance tackles both greenwashing and greenhushing and signals that tolerance for vague or aspirational claims is ending.



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