INEVITABLE POLICY RESPONSE | Quarterly Forecast Tracker

Quarterly Policy Forecast Tracker

A fragmented policy landscape emerges: A review of climate policy developments

Q2 2025 Policy Momentum and Sentiment

July 17, 2025

INEVITABLE POLICY RESPONSE NETWORK

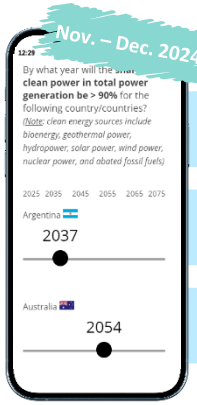
The Principles for Responsible Investment (PRI) commissioned the Inevitable Policy Response in 2018 to advance the finance industry's knowledge of climate transition risk, and to support investors' efforts to incorporate climate risk into their portfolio assessments

The IPR consortium is led by Energy Transition Advisers (ETA) & Theia Finance Labs. Analytics support is provided by Deloitte.

IPR benefits from the support of philanthropic funders, corporate and financial industry partners, and independent non-profit NGO research institutions.

THE IPR PROGRAMME CONSISTS OF TWO COMPONENTS: AN ANNUAL TRANSITION FORECAST REPRESENTING THE 'AVERAGE' VIEW OF CLIMATE TRANSITION EXPERTS AROUND THE WORLD AND A QUARTERLY TRACKING OF POLICY DEVELOPMENTS

Climate Transition Expert Survey



~250 Total **climate expert** participants

21 Number of **countries** covered (G20 + Vietnam + Nigeria)

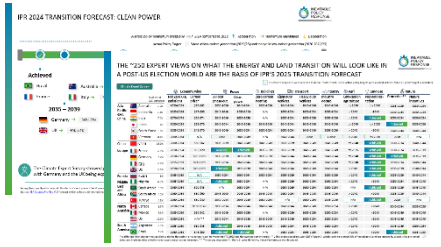
15 **Sectors** covered

Survey Result Analysis

1. Review of Survey Response Robustness
2. Calculation of Median Transition Forecast Targets
3. Definition of Target Ranges based on the median to acknowledge variability in transition pathways

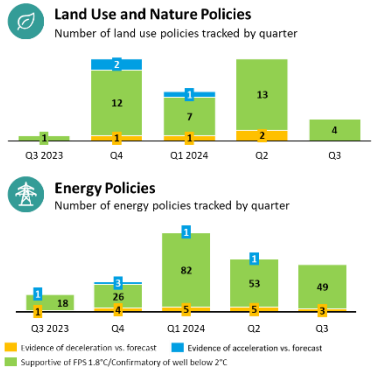
Transition Forecast

The median results of the 2024 Climate Transition Expert Survey are used to update forecast targets.



Quarterly Forecast Trackers (QFTs)

New update



IPR monitors **energy and land use policies** on a quarterly basis, to contextualize market and expert sentiment around the transition and **identify key policy gaps & investment opportunities**.

Policy Analysis

Assessment of the significance of shifts in policy announcements relative to the previous year.

- ↑ **Acceleration**
- → **Policy Aligned**
- ↓ **Deceleration**

Policy Momentum (+/-)

Relative assessment of tracked policies against IPR's 2025 Transition Forecast

Policy Sentiment

New score

Absolute assessment of tracked policies based on the general messaging

EXECUTIVE SUMMARY: THE DIVERGING GLOBAL POLICY LANDSCAPE APRIL-JUNE 2025

The US's withdrawal from many of its climate commitments as well as economic and political turbulence are influencing the global climate landscape. Notwithstanding, Europe and Asia Pacific continue to lead the way in policy announcements

Global policy announcements show a **significant increase in measures that decelerate climate policy action**, culminating in the largest negative quarterly change measured since IPR began assessing climate policy in Q1 2022. This deceleration trend is predominantly attributable to a **fundamental reversal of US climate policy**, which accounts for 85% of these developments. This includes the **systematic rollback of emission standards, EV sales mandates, and environmental protections, alongside the redirection of clean energy (tax) incentives** to support an agenda of prioritizing and expanding fossil fuel production.

In contrast to the divergent US approach to climate policy, **Europe is continuing to** advance its power, transport, and land protection policies to meet its long-term climate targets. Nevertheless, in response to economic competitiveness concerns, **adjustments have been made to soften certain regulations**, such as the CO_2 emission limits for cars in the EU or the EV sales target mandates in the UK, as well as the Omnibus. Meanwhile, **technology developments in China** continue to surprise on the upside.

The reorientation of US climate policy is a source of **concern for emerging and developing countries**, especially Middle East & South America. Uncertainty about foreign direct investment and official development assistance, in combination with uncertainty about **trade & tariffs,** creates challenges for future climate ambition.

Policy Momentum

Relative assessment of tracked policies against IPR's 2025 Transition Forecast

IPR'S JANUARY 2025 TRANSITION FORECAST IS BUILT ON ~250 EXPERT VIEWS ON WHAT THE ENERGY & LAND TRANSITION WILL LOOK LIKE IN A POST-US ELECTION WORLD

INEVITABLE POLICY RESPONSE

2025 Transition Forecast

Insufficient responses were received to deem results robust, hence actual policy targets were applied instead (N/A if no policy target is available)

			% of world CO_2 emissions	Economy wide		Power		Buildings	Transport		Industry	Agri	Land use	Nature	
				Net Zero CO_2 emissions	Carbon price*	All coal phase-out	Clean power	Zero-carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Low-carbon agriculture	Net defores-tation	Protection**	Nature incentives
Asia Pacific excl. China		Australia	1.0%	2050-2054	$70-$82	2035-2039	2040-2044	2035-2039	2040-2044	2045-2049	2045-2049	by 2040	by 2040	2035-2039	2030-2034
		Indonesia	1.8%	2065-2069	$37-$50	2045-2049	2055-2059	N/A	2050-2054	2050-2054	2050-2054	> 2040	>2040	2040-2044	2040-2044
		India	7.0%	2070-2074	$50-$74	2045-2049	2055-2059	N/A	2050-2054	2055-2059	2055-2059	> 2040	Achieved	2050-2054	2050-2054
		Japan	3%	2050-2054	$35-$70	2040-2044	2045-2049	2045-2049	2040-2044	2045-2049	2045-2049	by 2040	by 2030	Achieved	2035-2039
		South Korea	1.6%	2055-2059	$43-$70	2045-2049	2050-2054	2050-2054	2050-2054	2045-2049	2055-2059	> 2040	>2040	2040-2044	2040-2044
		Vietnam	0.8%	2060-2064	N/A	2050	2045-2049	N/A	2040-2044	2050	>2050	> 2040	by 2030	2030	N/A
China		China	33.9%	2060-2064	$50-$62	2035-2039	2045-2049	2045-2049	2035-2039	2045-2049	2045-2049	by 2040	Achieved	2030-2034	2040-2044
Europe		France	0.8%	2050-2054	$95-$120	Achieved	Achieved	2035-2039	2035-2039	2045-2049	2045-2049	by 2035	Achieved	2030-2034	2035-2039
		Germany	1.7%	2050-2054	$85-$120	2035-2039	2035-2039	2035-2039	2040-2044	2040-2044	2040-2044	by 2040	Achieved	Achieved	2035-2039
		Italy	0.8%	2055-2059	$71-$120	2030-2034	2040-2044	2040-2044	2040-2044	2045-2049	2045-2049	by 2040	Achieved	2030-2034	2040-2044
		UK	0.9%	2050-2054	$95-$120	Achieved	2035-2039	2040-2044	2040-2044	2045-2049	2040-2044	> 2040	Achieved	2035-2039	2040-2044
Eurasia		Russia	5%	2065-2069	N/A	2050-2054	2060-2064	2050-2054	2055-2059	2060-2064	2055-2059	> 2040	Achieved	2035-2039	2040-2044
Middle East and Africa		Nigeria	0.3%	2065-2069	N/A	Achieved	2050-2054	N/A	2055-2059	2060-2064	2060-2064	> 2040	>2040	2050-2054	2045-2049
		Saudi Arabia	1.6%	2060-2064	$20-$43	N/A	2050-2054	N/A	2055-2059	2050-2054	2050-2054	N/A	Achieved	2035-2039	2045-2049
		South Africa	1.0%	2060-2064	$30-$60	2045-2049	2045-2049	2045-2049	2050-2054	2045-2049	2045-2049	> 2040	>2040	2035-2039	2040-2044
		Türkiye	1.2%	2060-2064	$30-$40	2040-2044	2045-2049	2050-2054	N/A	2050-2054	2045-2049	N/A	Achieved	2030	N/A
North America		Canada	1.5%	2050-2054	$100-$146	2030-2034	2040-2044	2040-2044	2040-2044	2045-2049	2050-2054	> 2040	>2040	2040-2044	2035-2039
		Mexico	1.3%	2065-2069	$30-$42	2045-2049	2055-2059	N/A	2055-2059	2055-2059	2050-2054	> 2040	>2040	2045-2049	2045-2049
		US	12.6%	2060-2064	N/A***	2040-2044	2045-2049	2045-2049	2045-2049	2050-2054	2050-2054	> 2040	>2040	2045-2049	2045-2049
South America		Argentina	0.5%	2055-2059	$30-$43	Achieved	2045-2049	2045-2049	2050-2054	2045-2049	2050-2054	> 2040	>2040	2045-2049	2050-2054
		Brazil	1.2%	2060-2064	$48-$50	Achieved	Achieved	N/A	2050-2054	2055-2059	2050-2054	> 2040	>2040	Achieved	2035-2039

* A different methodology was applied to define the carbon price ranges (span between the FPS 2023 and the average survey result). ** . This projection aligns with GBF's Target 3, which seeks to protect 30% of the planet's land and oceans by establishing protected areas and implementing effective area-based conservation measures.*** The survey responses for the US were defective, hence the forecast was descoped.

Q2 WAS CHARACTERIZED BY A CONTINUED POLICY FRAGMENTATION ACROSS SECTORS AND MARKETS COMPARED TO IPR'S 2025 TRANSITION FORECAST

INEVITABLE POLICY RESPONSE

Policy Momentum

Average policy momentum tracked by IPR in Q2 2025 compared to Transition Forecast: ↑ Acceleration → Momentum maintained ↓ Deceleration Policies tracked before Q2 2025 No policies tracked

			% of world CO_2 emissions	Economy wide		Power		Buildings	Transport		Industry	Agri	Land use	Nature	
				Net Zero CO_2 emissions	Carbon price	All coal phase-out	Clean power	Zero-carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Low-carbon agriculture	Net deforestation	Protection	Nature incentives
Asia Pacific excl. China		Australia	1.0%												
		Indonesia	1.8%			↓	→	N/A						→	
		India	7.0%				→	N/A	↑		→				
		Japan	3%				→					→			
		South Korea	1.6%				→								
		Vietnam	0.8%		→			N/A							
China		China	33.9%						→						
Europe		France	0.8%				→								
		Germany	1.7%				→	↓							
		Italy	0.8%												
		UK	0.9%				→	→	↑		→			→	
Eurasia		Russia	5%				↓								
Middle East and Africa		Nigeria	0.3%					N/A							
		Saudi Arabia	1.6%			N/A		N/A				N/A			
		South Africa	1.0%												
		Türkiye	1.2%				→								
North America		Canada	1.5%												
		Mexico	1.3%	↑				N/A							
		US	12.6%	↓	↓	↓	↓		↓		↓	↓	↓	↓	
South America		Argentina	0.5%												
		Brazil	1.2%					N/A							

IPR USES A FIVE-POINT SCORING SYSTEM TO RATE THE ALIGNMENT OF TRACKED POLICY DEVELOPMENTS RELATIVE TO EXPERTS' VIEWS COVERED IN THE 2025 TRANSITION FORECAST AS A MEASURE OF POLICY MOMENTUM

The Quarterly Forecast Tracker (QFT) provides a **quarterly scoring** relative to the Transition Forecast.

IPR scores each policy **based on the relation of the policy** to the IPR 2025 Transition Forecast.

See next slide for details on the forecasting process

1

FIVE-POINT SCORING SYSTEM

IPR uses a five-point scoring system where '3' are policies that are **consistent with the forecast**, '1' is a policy expected to **delay the achievement** of the forecast outcome by >10 years and '5' policies expected to **accelerate the achievement** of the forecast outcome by >10 years. In addition, policy announcements are categorized as legislated if the policy covers any enforceable or funded policy from policymakers and announced if it has not yet been legislated.

2

SCORING APPROACH

The 'scoring approach' is based on **the policy as is**. It does not assess **a)** whether the policy is **likely to be overturned** due to a judicial process (if implemented), **b)** Whether the policy **will remain in place in the future** under new jurisdictions, nor **c)** whether the policy will eventually **become 'irrelevant'** due to changes in market conditions (e.g. cost competitiveness of clean technologies).

3

EXAMPLE OF SCORING APPROACH

Example: A policy may be put in place and **scored as a '1'** without necessarily invalidating the forecast as experts may believe the **policy will eventually be overturned, adjusted**, or other conditions will cause the forecast to be achieved despite the policy (our annual Transition Forecast Report captures the definitive expert consensus on the global climate transition).

THE REPEAL OF THE BIDEN-ERA EV TAX CREDITS SERVES AS A PRACTICAL EXAMPLE OF IPR'S THREE-STEP POLICY ASSESSMENT FRAMEWORK

INEVITABLE POLICY RESPONSE

CHECK FOR CREDIBILITY

Is the policy credible & material?

Example: Biden's EV tax credit stopped by Trump under the new Tax and Spending Bill:

- The policy has officially been signed into law by Trump as part of the bigger Tax and Spending Bill

The policy is deemed credible and assumed to remain in place until any concrete changes occur.

COMPARE AGAINST FORECAST

What is the current Transition Forecast?

Forecast: > 90% of light duty vehicles sold will be zero emissions vehicles between 2045 and 2049 in the US:

- The policy eliminates federal support for electric vehicles, ending the tax credit for buying electric vehicles.
- If the policy shapes expert perspectives on the transition, these shifts will be captured in IPR's annual Transition Forecast.

The policy has the power to affect the speed of US ZEV introductions.

ASSIGN A RATING

What is the impact of the policy?

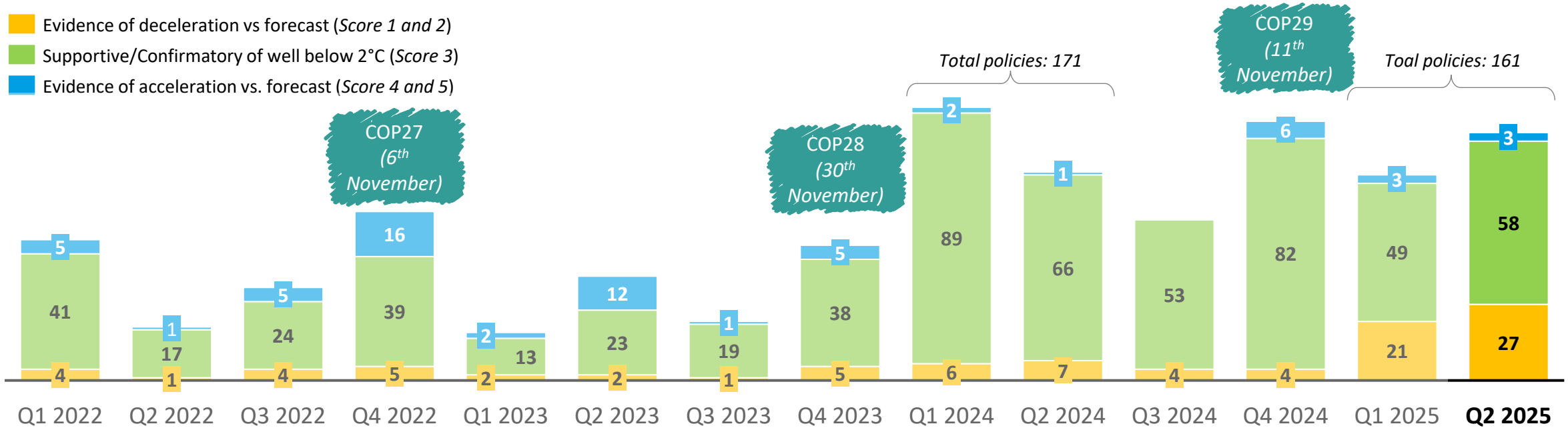
Rating approach: What would the impact of this policy be if it were to be implemented in perpetuity?

- If this policy is not repealed, the impact on light-duty vehicle decarbonization is highly negative.

A rating of 2 is assigned, signaling a 5 year potential deceleration.

IPR TRACKED 88 CREDIBLE & MATERIAL POLICY ANNOUNCEMENTS IN Q2 2025, WITH A ~16% INCREASE IN TOTAL POLICY DEVELOPMENTS COMPARED TO Q2 2024 & ~386% INCREASE IN DECELERATING POLICIES RELATIVE TO EXPERT FORECASTS

Number of policies tracked by quarter since 2022: Energy and land use policy announcements



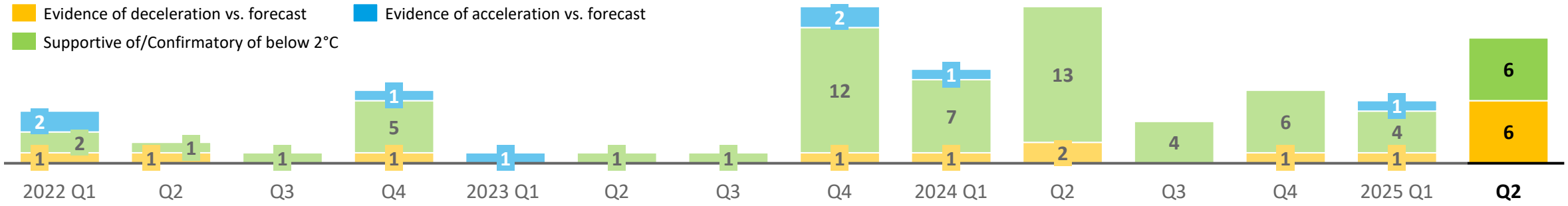
- Despite an 16% rise in total policy announcements compared to Q2 2024, climate action reversed as decelerating policies soared by 386%, while supportive policies fell by 12%. Nevertheless, the cumulative policies from Q1 and Q2 2025 remained at a similar level to 2024 (2025: 161 policies vs. 2024: 171 policies).
- The US accounted for the majority of this policy reversal (85%), but a broader weakening of climate commitments in the EU, Germany, Indonesia, India, and South Korea globally indicates a changing political landscape.

TRACKED CREDIBLE & MATERIAL POLICIES FOR LAND HAVE DECREASED BY 20% SINCE Q2 2024 COMPARATIVELY, WHILE TRACKED ENERGY POLICIES INCREASED BY 29% SINCE Q2 2024

INEVITABLE POLICY RESPONSE

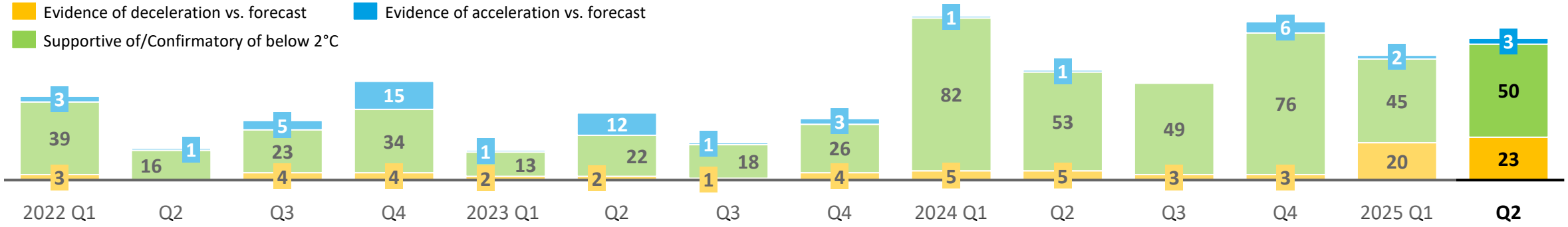
Land Use and Nature Policies

Number of land use policies tracked by quarter



Energy Policies

Number of energy policies tracked by quarter



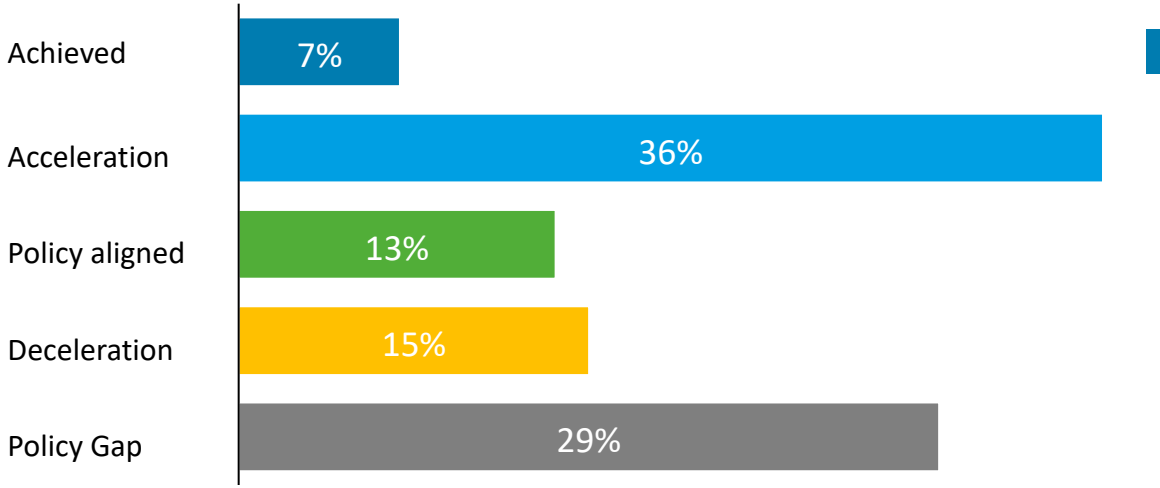
WEIGHTED BY EMISSIONS, 56% OF TRACKED POLICIES SINCE 2022 INCLUDING UP TO Q2 2025 ARE STILL IN LINE WITH 2°C* OUTCOME BUT POLICY GAPS REMAIN ESPECIALLY IN EMDES

INEVITABLE POLICY RESPONSE

See Technical Annex for more details on policy gap analysis

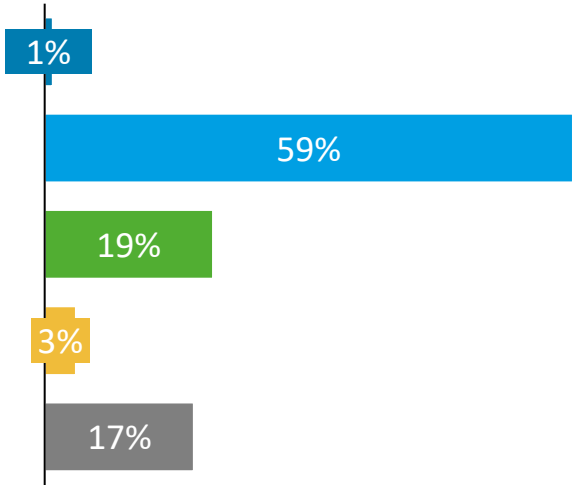
All 21 IPR countries

2022 CO_2e emissions distribution of energy, agricultural and LULUCF emissions[1] across all 21 countries and tracked policy areas, covering **40.66** Gt CO_2e



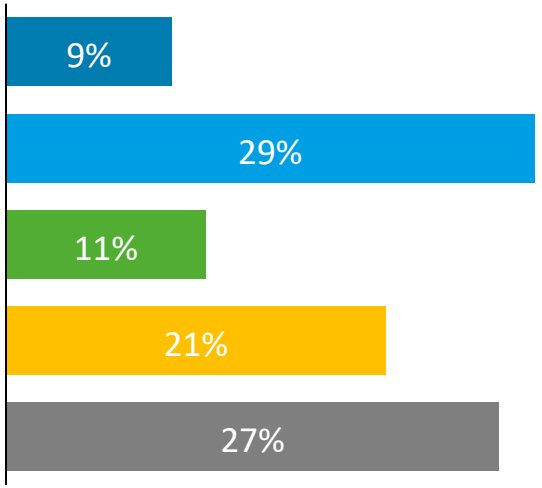
IPR Advanced Economies

Covering **11.20 Gt** CO_2e



IPR EMDE

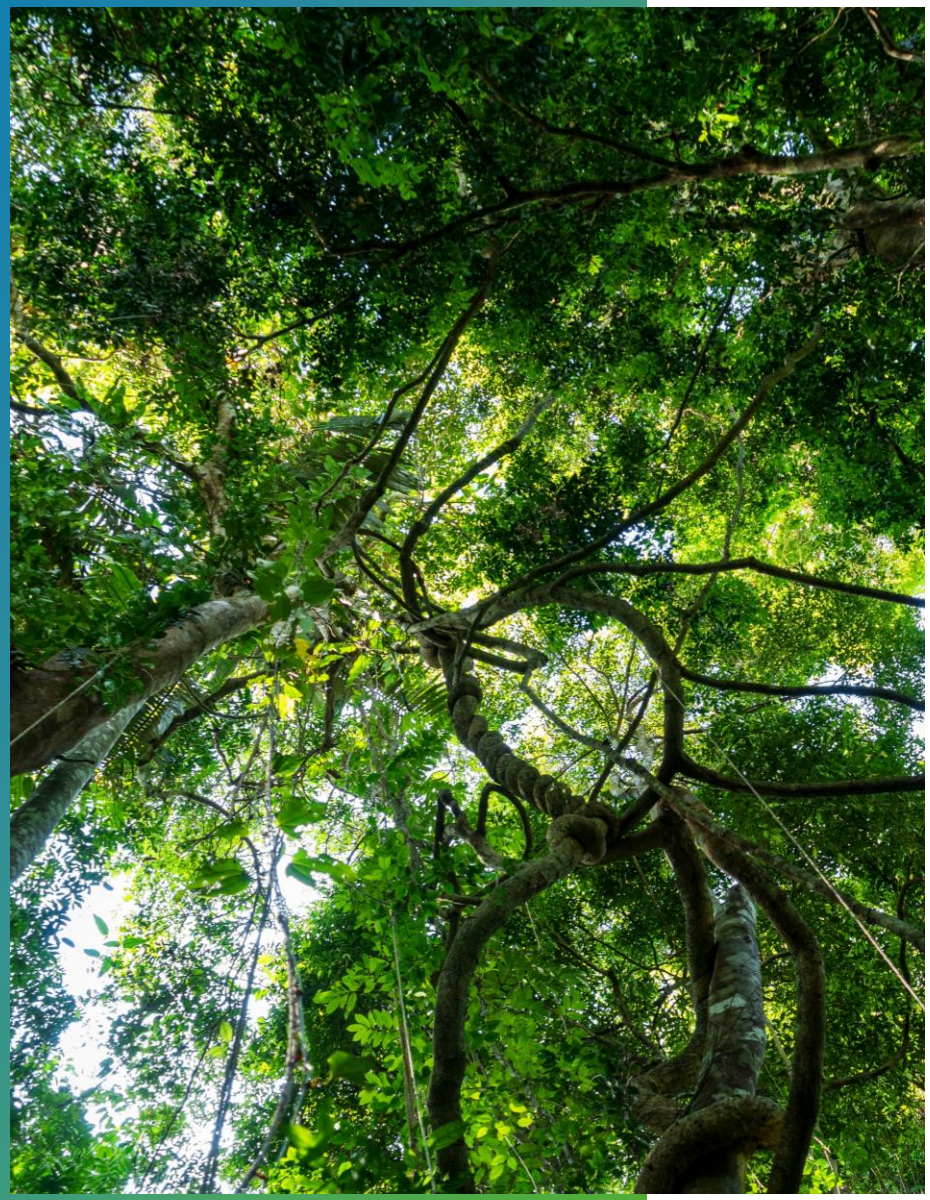
Covering **26.93 Gt** CO_2e



Developing economies are closing their gap with new energy and land use policies. Most emissions gaps in advanced economies are from land. EMDEs, especially in the Middle East and South America, are concerned about the shift in US climate policy because their climate projects depend on international funding that is now less certain due to the US reducing its commitments.

* Weighted by emissions coverage of tracked policies

1. Sources for emission data: EDGAR Database (2022); FAOstat (2021); 2. Data on announced/legislated status of policies can be found in the annex/previous publications



New score

Policy Sentiment

Absolute assessment of tracked policies based on the general messaging

POLICY MOMENTUM VS. SENTIMENT – THE DIVERGENCE IN PERCEIVED AND ACTUAL IMPACT

INEVITABLE POLICY RESPONSE

While IPR focuses on assessing policies' impact on meeting forecasted transition targets, public discourse is primarily shaped by the overarching climate narrative

Policy Momentum (+/-)

Measures the relative impact of a policy compared to IPR's 2025 Transition Forecast.

Policy Sentiment *New*

Measures the absolute impact of a policy based on the policy messaging

Rationale

- Public opinion is often shaped more by a policy's messaging and perceived intent than by its actual climate transition impact
- As clean technologies mature, some policies lose their effectiveness in driving the transition but continue to provoke strong public reaction
- Hence, IPR decided to capture the public sentiment as it can be a key driver of global market developments and investor confidence

Divergence between Policy Messaging and Transition Impact Examples

1 Removal of Climate Policies

Reduction of existing climate policies that are no longer required.

Example: Lower renewable subsidies set in China for 2024 (*Q2 2024*)

- **Policy Sentiment**: Negative; Policy reduces clean energy subsidies
- **Impact Score**: 3 – No impact; The >90% renewable power forecast is not affected given cost competitiveness

2 Negative Messaging vs. Actual Transition Impact

Negative public reaction to the policy but actual impact on transition progress is unlikely.

Example: Exemption of 90% of companies from CBAM (*Q2 2025*)

- **Policy Sentiment**: Strongly negative; Exemption of most companies from the regulation
- **Impact Score**: 3 – No impact; 99% of emissions are still captured by the 10%

3 Positive Messaging vs. Actual Transition Impact

Negative public reaction to the policy but accelerated transition compared to the forecast target.

Example: Relaxation of EV sales mandates in the UK (*Q2 2025*)

- **Policy Sentiment**: Negative; Softening of EV sales mandates for some manufacturers
- **Impact Score**: 4 - Acceleration; The phase-out target for 2035 is still 5 years earlier than forecasted

POLICY SENTIMENT: ASSESSING THE ABSOLUTE MESSAGING OF POLICIES

To understand how tracked policies shape public opinion on climate action, we have assessed the absolute policy signalling of all material policy developments since 2022

New score

Neutral / Mixed Sentiment

The policy's messaging conveys a neutral or mixed intent to continue climate action as it either includes **no clear positive or negative direction** or contains **both positive and negative elements** that balance each other out.

Negative Sentiment

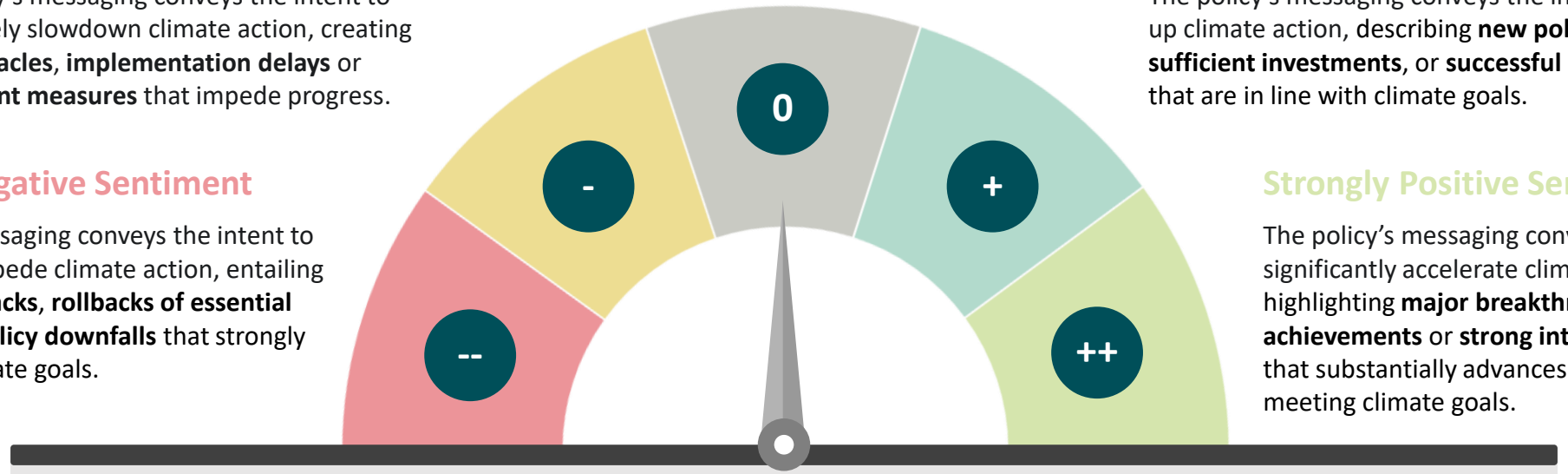
The policy's messaging conveys the intent to moderately slowdown climate action, creating new **obstacles**, **implementation delays** or **insufficient measures** that impede progress.

Positive Sentiment

The policy's messaging conveys the intent to mildly step up climate action, describing **new policy commitments**, **sufficient investments**, or **successful implementations** that are in line with climate goals.

Strongly Negative Sentiment

The policy's messaging conveys the intent to substantially impede climate action, entailing **significant setbacks**, **rollbacks of essential measures**, or **policy downfalls** that strongly undermine climate goals.



Strongly Positive Sentiment

The policy's messaging conveys the intent to significantly accelerate climate action, highlighting **major breakthroughs**, **substantial achievements** or **strong international leadership** that substantially advances progress towards meeting climate goals.

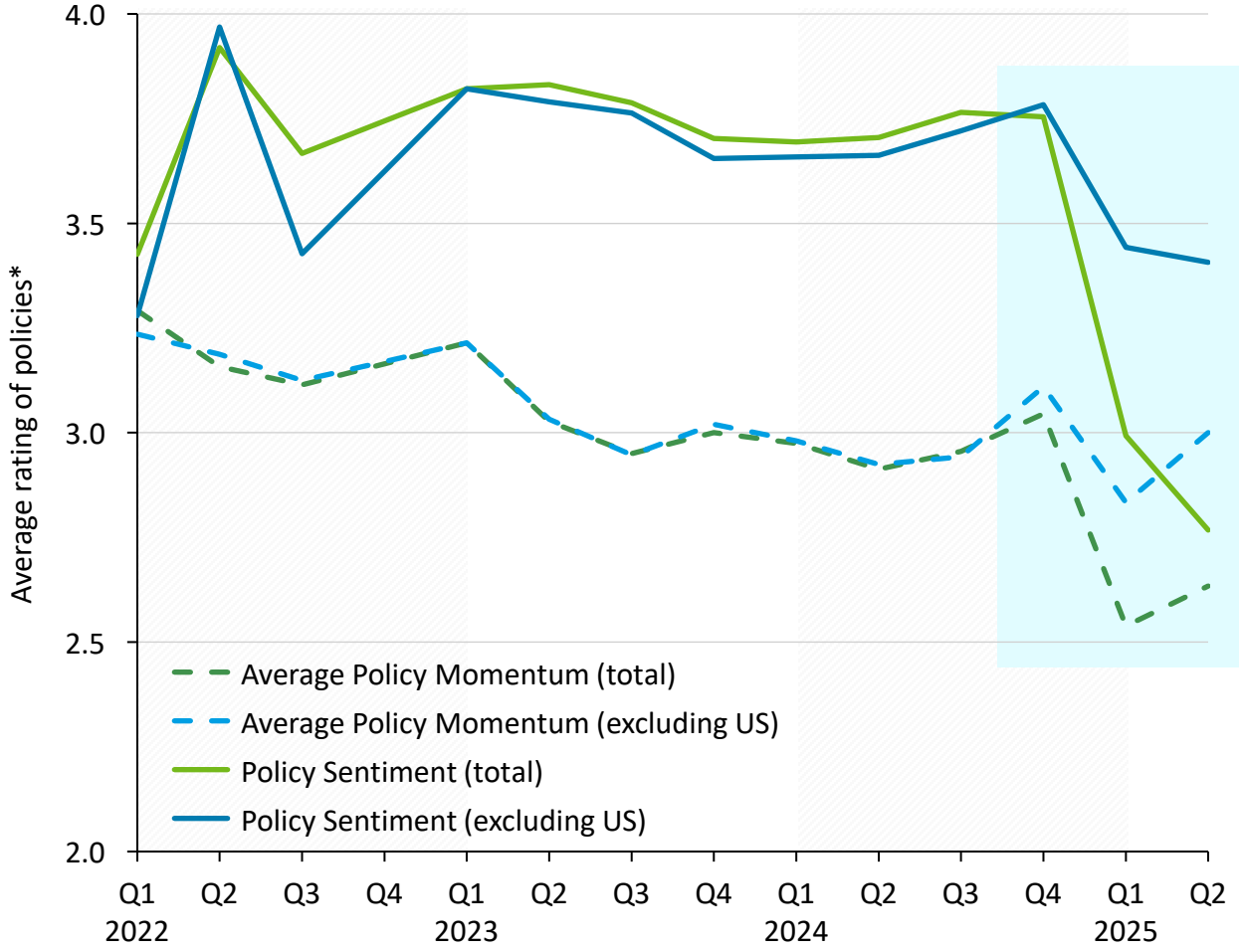
POLICY SENTIMENT SCORE

= The 'Policy Sentiment' score assesses to what extent a tracked policy's messaging conveys the intent to impede or step up climate action.

Note: The general messaging of the tracked policies was assessed using a combination of human and AI analysis.

COMPARISON OF QUARTERLY POLICY SENTIMENT AND POLICY MOMENTUM CHANGES

The sharp reversal in US climate policy has precipitated a significant, widespread decline in both Policy Sentiment and Policy Momentum since Q4 2024



KEY FINDINGS

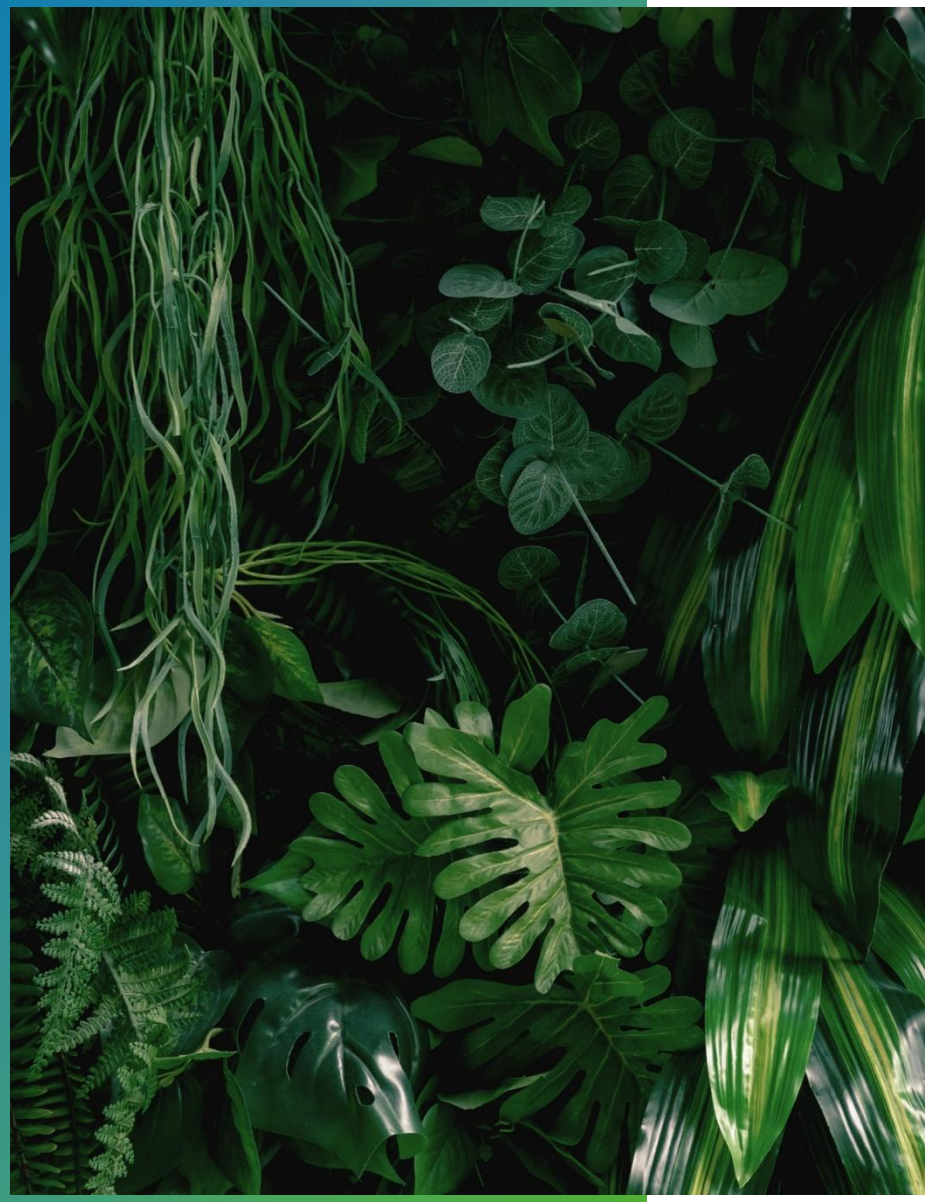
Policy sentiment regarding the effectiveness of global climate policies has **dropped significantly since Q4 2024**. This decline is largely driven by a major reversal in US climate policy, featuring significant rollbacks that are seen as a major impediment to achieving climate goals.

Notably, when the **US is excluded** from the analysis, **sentiment also declines but far less steeply**. This can be attributed to Europe softening certain regulations to address economic competitiveness concerns spurred by the US policy shift but remaining committed to its long-term climate targets.

A comparison of the Policy Sentiment with the Policy Momentum shows that **policy messaging is consistently perceived more positively than its actual transition impact** measured against IPR's 2025 Transition Forecast.

The global Policy Momentum has slowly declined since Q1 2022, with the recent US policy shift being the main driver of the drop between Q4 2024 and Q1 2025. However, **the fall in global Policy Sentiment has been significantly steeper than the decline in the policies' actual impact on the Transition Forecast**.

* Note: Scores are derived from the quarterly average of policy ratings across all included countries and sectors. The Policy Momentum is based on the rating scale detailed here. The **Policy Sentiment** score is quantified by converting its qualitative scale into numerical values: ++ (5), + (4), 0 (3), - (2), and -- (1). The original qualitative scale is available here.



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88 POLICY DEVELOPMENTS FROM APRIL 2025 – JUNE 2025

We identified 120 policies of interest, focusing on the 88 most credible and material, with 27 of these policies likely impacting policy area outcomes

Q2 2025

1 **Track/compile** announcements between beginning of April 2025 to end of June 2025

120
policy developments tracked

We identified 120 policies covering the IPR countries

2 Determine **relevancy** to IPR FPS and RPS forecasts

90
relevant to Transition Forecast

90 of these were relevant to the country, sector and policy coverage of the forecast

3 Assess **credibility** of announcement

- Less credible: off or on-the record statement
- Credible: Public position on direction of travel
- More Credible: Published strategy, or enacted legislation

88
credible

88 are either officially announced by governments or legislated

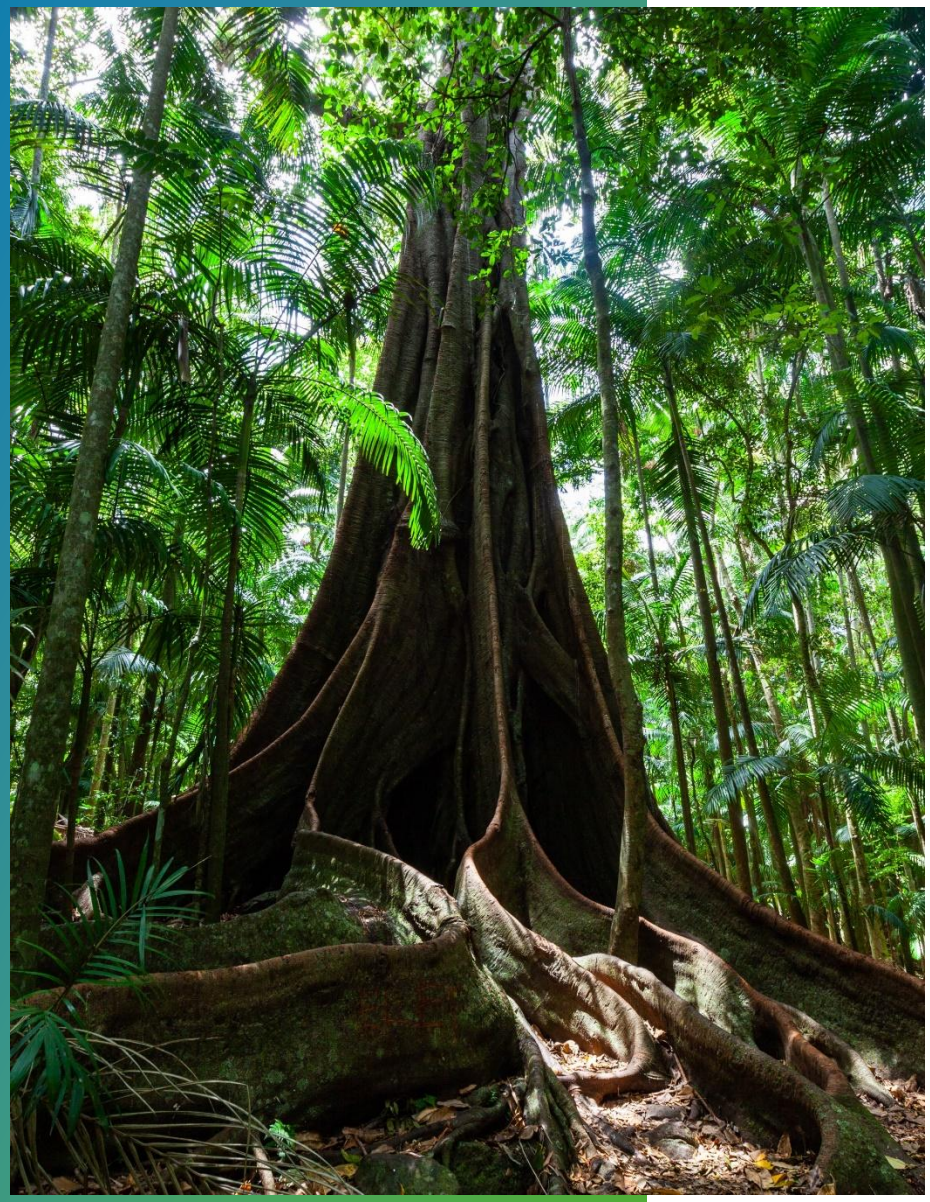
4 Score **impact** of development on FPS 2.0°C Forecast

- Legislated or announced policies that 1) support and increase probability of 2.0°C FPS or 2) confirm 2.0°C FPS policy forecast
- Signal acceleration or deceleration of policy relative to forecasts

27 with potentially significant impact on respective policy areas

27 are very powerful and could likely affect the policy area outcomes in the respective country

Policy Highlights



Policy Highlights

List of policies with the potential to affect short term forecast developments

POLICY HIGHLIGHTS – POTENTIAL ACCELERATION

India and the UK are setting / implementing restrictions on the sales of high-emission vehicles, while Mexico is building on its Net Zero commitment by announcing further carbon intensity reduction actions

Region	Policy Area*	Development	Forecast	Impact	Details
 **India**	Light duty vehicles **ANN**	Delhi, India's capital, is planning to limit the sale of gasoline cars and ban gas-guzzling motorcycles.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions by 2040-2044. (i.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV	4	Implementing restrictions on the sales of high-emission vehicles in India's capital city is an acceleration in comparison to experts' forecast.
 **Mexico**	Net zero CO_2 **ANN**	Mexico announced 18 actions aimed at boosting economic productivity while cutting carbon intensity.	Policy delivers net zero CO_2 emissions by 2065-2069.	4	Plan México sets comprehensive economic and infrastructural goals, emphasizes increased state control over energy production, with a focus on public-private partnerships. The plan targets a 30% rise in fuel and renewable energy output by 2030.
 **UK**	Light duty vehicles **ANN**	Despite the relaxed EV sales mandates for small-volume carmakers, the UK still plans a phase-out of emission vehicles until 2035.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions by 2040-2044. (i.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV	4	Even if the policy reduces the short-term pressure, the long-term phase-out target for 2035 is reconfirmed, which is 5 years earlier than forecasted by experts.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL DECELERATION

While the EU is softening its CO_2 emissions targets for cars, Indonesia is backtracking on its commitment to phase out coal and part of the German government is planning to abolish requirements for replacing fossil fuel heating systems

Region	Policy Area*	Development	Forecast	Impact	Details
Germany	Zero-carbon heating **ANN**	The new government announced to abolish requirements for replacing fossil fuel heating systems.	Policy ends the sale of 97% of new fossil fuel heating systems in all buildings by 2035-2039.	2	Rolling back the GEG's provisions could undermine efforts to electrify the heating sector, a key component in reducing emissions in the building sector.
EU	Net deforestation **LEG**	The Commission has announced further simplifications to aid the implementation of the EU Deforestation Regulation.	Policy delivers an end to net deforestation and delivers afforestation or reforestation at scale.	2	Further simplifying the EUDR aims at reducing reporting burdens for companies but could impact its effect by softening reporting requirements.
	Light duty vehicles **LEG**	The European Parliament approved measures to soften CO2 emissions targets for cars and vans across the EU.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	2	The European Parliament's decision creates uncertainty for EV adoption by signalling potential future support for combustion engines, despite its limited immediate impact.
Indonesia	All coal phase-out **LEG**	Indonesia backtracks on coal phaseout in new 2034 power supply plan.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal by 2045-2049. Coal is abated when installed with CCS with a capture rate of 90% or equivalent.	2	Despite its G20 pledge, Indonesia is reversing its plan to close all coal plants by 2040. The government argues the move would amount to "economic suicide," a stance that builds on the president's announcement from earlier this year.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL DECELERATION

INEVITABLE POLICY RESPONSE

Under the Trump administration, measures to reduce CO_2 emissions in the USA are being further rolled back by allowing exemptions for toxic emission limits and cutting funding for CO2 sequestration

Region	Policy Area*	Development	Forecast	Impact	Details
US	Net zero CO_2 **ANN**	EPA issued guidance allowing firms to email exemption requests for toxic emissions under the Clean Air Act.	Policy delivers net zero CO_2 emissions by 2060-2064.	2	This policy is counterproductive in achieving net-zero emissions in the US as it weakens the enforcement of environmental regulations.
	Net zero CO_2 **ANN**	Trump DOE reviews may defund $1 billion in carbon removal hubs in Texas.	Policy delivers net zero CO_2 emissions by 2060-2064.	2	The proposed funding cuts to carbon removal hubs diminish the US's ability to reduce (heavy industry) emissions until 2060-2064.
	Net zero CO_2 **ANN**	Trump executive order seeks to halt state climate accountability laws.	Policy delivers net zero CO_2 emissions by 2060-2064.	2	Trump's order poses a risk to state-led climate initiatives and could impede the US's progress toward net-zero emissions.
	Light-duty vehicles **ANN**	The administration proposed a $250 annual registration fee for electric vehicles (EVs).	Policy ends the sale of >90% of new cars and vans with CO_2 emissions by 2045-2049. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	2	Increasing fees on EVs disincentivizes their adoption, as they are a critical technology for decarbonizing the passenger transport sector.
	Light duty vehicles **ANN**	Resolution against California's EV rules.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions by 2045-2049. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	2	By targeting the 2030 milestones for transport electrification, this move directly threatens the viability of achieving the projected 2045 climate goals.
	Light duty vehicles **ANN**	US Senate votes to block California 2035 electric vehicle rules	Policy ends the sale of >90% of new cars and vans with CO_2 emissions by 2045-2049. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	2	As the policy moves further from the Biden-era electric vehicle sales target—though less dramatically—it will likely slow progress toward over 90% EV sales.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL DECELERATION

INEVITABLE POLICY RESPONSE

The political shift in the USA away from renewable energies towards increased production of fossil fuels is also reflected in the weakening of environmental protection and restoration measures

Region	Policy Area*	Development	Forecast	Impact	Details
 **US**	Clean power **ANN**	Easing of pressure rules for offshore oil drilling.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	2	The primary goal and expected outcome of this policy is to increase oil production, a major source of greenhouse gas emissions.
	Clean power **ANN**	Trump is cancelling $3.7 billion in clean energy projects.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	2	The cancellation of already-awarded funding commitments creates profound policy instability and slows progress in developing clean energy solutions.
	Clean power **ANN**	New One Big Beautiful Tax and Spending Bill signed into law.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	2	The new U.S. Law restructures energy landscape, boosting fossil fuels while curtailing EV and wind incentives. The policy does not only roll back clean energy and EV tax credits but also introduces new tax credits metallurgical coal.
	Clean power **ANN**	Proposal to repeal most of the green energy tax credits from the IRA.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	2	The bill proposes to roll back electricity tax credits from the IRA while setting new tax credits for coal production, which reflects Trumps new energy policy.
	Protection & restoration **LEG**	An executive order aimed at boosting deep-sea mining was announced.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored by 2045-2049.	2	The proposed method of extraction poses severe and potentially irreversible threats to vital marine ecosystems and could disrupt natural carbon cycles.
	Protection & restoration **ANN**	Trump administration proposal to lift Biden-era limits on Alaska oil drilling.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored by 2045-2049.	2	This policy unleashes oil and gas drilling, threatening protected Arctic habitats and dismantling conservation efforts to maximize US fossil fuel production.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL DECELERATION

INEVITABLE POLICY RESPONSE

These policy shifts—specifically the reduction in funding for carbon capture projects & the reallocation of tax credits-align closely with the Trump administration's agenda of prioritizing and expanding fossil fuel production

Region	Policy Area*	Development	Forecast	Impact	Details
 **US**	Carbon price **ANN**	Tax credit to use captured emissions for oil production.	Explicit carbon price signal or backstop covering industry and power.	2	This policy could entail the risk of investments being directed more towards the production of fossil fuels, which would run counter to US emission reduction efforts.
	All coal phase-out **ANN**	Coal used to make steel gets break in Trump's tax bill.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal by 2040-2044. Coal is abated when installed with CCS with a capture rate of 90% or equivalent.	2	Allocating tax credits to coal production is in line with Trump's agenda of increasing coal, oil, and gas production.
	Industry decarbonization **ANN**	DOE targets $1.5B in carbon capture and battery storage projects amid Trump-era fossil push.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2050-2054.	2	The potential funding reductions may threaten the advancement of critical technologies necessary for substantial emissions reductions in heavy industries.
	Low-carbon agriculture **LEG**	The Trump administration has cancelled a $3bn climate-friendly farming program.	Policy delivers significant nationwide market incentives to encourage farmers to reduce emissions from crop production and livestock >2040.	2	The cancellation of the 3-billion-dollar climate-friendly agriculture program threatens that farmers are no longer supported in switching to more climate-friendly farming methods.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL SIGNIFICANT DECELERATION

The cancellation of clean power projects and rolling back of environmental regulations to accelerate the expansion of coal, oil & gas projects poses a major threat to the achievement of climate targets in the US

Region	Policy Area*	Development	Forecast	Impact	Details
 **US**	Economy-wide **ANN**	US Senate committee wants to cut unspent US funds for climate and clean energy.	N/A	1	This policy dismantles the energy transition by cutting IRA funds, suspending methane fees, and allowing fossil fuel companies to pay for faster project reviews.
	Net zero CO_2 **ANN**	US EPA wants to erase greenhouse gas limits on power plants.	Policy delivers net zero CO2 emissions by 2060-2064.	1	This policy, if legislated, could remove administrations' power to regulate power plant emissions, potentially paving the way for the unravelling of other crucial climate regulations.
	All coal phase-out **LEG**	Trump signs orders to revive US coal amid soaring power demand from AI and tech sectors.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal until 2040-2044. Coal is abated when installed with CCS with a capture rate of 90% or equivalent.	1	The executive orders significantly undermine efforts to phase out coal in the US by promoting the revival of coal infrastructure, diverting from the advancement of cleaner energy technologies.
	Clean power **LEG**	Trump administration stops permitted offshore wind projects.	Policy delivers dispatched generation of >90% low-carbon power until 2045-2049.	1	This policy is in line with the new administrations' complete shift away from clean power towards increased fossil fuels power generation.
	Net deforestation **ANN**	The Trump administration's emergency designation to roll back environmental safeguards affects logging projects.	Policy delivers an end to net deforestation and delivers afforestation or reforestation at scale >2040.	1	The removal of environmental regulations to increase timber exports poses a serious threat to US forests and ecosystems.
	Protection & restoration **ANN**	Looser rules for protection of threatened species proposed.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored until 2045-2049.	1	The prospective dilution of the definition of endangered species potentially jeopardizes the preservation measures for at-risk fauna and flora, along with the ecosystems they inhabit.

*: Policy ANN = Announced / Policy LEG = Legislated

POLICY HIGHLIGHTS – POTENTIAL SIGNIFICANT DECELERATION

The proposed removal of protection for undeveloped forests poses a serious threat to US forests and represents a national rollback of land protection regulations

Region	Policy Area*	Development	Forecast	Impact	Details
 **US**	Protection & restoration **ANN**	Trump administration to rescind policy protecting undeveloped forests.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored until 2045-2049.	1	This policy would lift the protection for 58.5 million acres of national forest land to promote new road constructions and logging projects.

*: Policy ANN = Announced / Policy LEG = Legislated

Technology and Implementation Development

List of technology and implementation policies with the potential to affect short term forecast developments

Q2 2025 TECHNOLOGY AND IMPLEMENTATION DEVELOPMENT

A global surge in clean energy is setting new records. India has become the third-largest producer of wind & solar power, while Japan has reached a historic low in greenhouse gas emissions by retiring its coal-fired power plants

Region	Policy Area	Development	Forecast	Details	Trend
Global	Clean power	Renewables hit record 32% of global power as 2024 demand surges from heatwaves and AI.	N/A	Renewables supplied 32% of global power — a record — up from 30% in 2023, adding 858 TWh to the grid. ***Despite geopolitical and economic headwinds, the renewables industry saw an increase in renewable energy production.***	↑
	Clean power	Global nuclear power capacity to reach 494GW by 2035.	N/A	Research by GlobalData shows that global nuclear power capacity could reach 494GW by 2035, driven by advancements in SMRs and an overall shift towards cleaner energy. ***The growth of the nuclear power industry suggests a shift in global efforts to balance environmental concerns with energy security.***	↑
India	Clean power	India becomes 3rd-largest wind and solar electricity generator, doubling renewable capacity in 5 years.	Policy delivers dispatched generation of >90% low-carbon power.	Renewable capacity grew to 200 GW by October, with 24 GW of solar capacity added in 2024 alone. ***Despite strong growth, India still generated 78% of its electricity from fossil fuels which is expected to rise by 197 TWh by 2029, but at a slowing rate as renewables scale.***	↑
Japan	Net zero CO_2 emissions	FY23/24 GHG emissions reach record low.	Policy delivers net zero CO_2 emissions.	Japan's greenhouse gas emissions went down by 4% to reach a record low during Fiscal Year 23/24. ***The decrease in emissions can be attributed to the increased use of renewable energy and the shutdown of several old coal-fired power plants.***	↑

Note: The technology and implementation developments are tracked as part of the regular policy tracking process

Q2 2025 TECHNOLOGY AND IMPLEMENTATION DEVELOPMENT

Despite progress on its 2030 climate targets, Germany faces increasing financial costs from climate change each year.

This financial vulnerability is mirrored in South Africa's latest climate stress test for banks

Region	Policy Area	Development	Forecast	Details	Trend
South Africa	Economy-wide	South Africa's top banks pass first climate stress test.	N/A	The test, conducted by the banking regulator, projected that credit losses could increase by as much as 20% over the next 30 years due to climate-related risks. ***In a disorderly transition to a low-carbon economy banks' profitability could decrease by 15% on average.***	↓
Germany	Clean power	Wind sector on track for record approvals and installations.	Policy delivers dispatched generation of >90% low-carbon power.	Germany's wind energy sector is set for record levels of approvals and installations in the year 2025. ***This growth builds on nationwide efforts to transition to cleaner energy sources.***	↑
	Economy-wide	Germany on track for 2030 climate goals but future targets at risk.	N/A	Germany is on track to meet its 2030 climate target of a 65% reduction in emissions from 1990 levels, largely due to COVID-19 pandemic and an industrial slowdown. ***Challenges include degrading ecosystems like forests and wetlands, which are turning from carbon sinks into emission sources.***	→
	Economy-wide	Billions in losses due to natural disasters.	N/A	The costs of natural disasters in Germany have risen to €3.6 billion in 2025, a 30% increase from 2024. ***This uptick highlights the growing financial risk of climate-related events.***	↓
	Zero-carbon heating	Heat pumps increasingly in demand but production still slumps.	Policy ends the sale of 97% of new fossil fuel heating systems in all buildings.	Heat pump demand in new residential buildings has surged by 22% in 2025. ***Despite the demand, heat pump production has dropped by 5% due to supply chain issues and a shortage of key materials.***	→

Note: The technology and implementation developments are tracked as part of the regular policy tracking process

Q2 2025 TECHNOLOGY AND IMPLEMENTATION DEVELOPMENT

While the US clean energy sector has stagnated due to Trump-era subsidy cuts, China is actively financing a new wave of coal-fired power plants in other nations, defying its own pledge to end support for overseas coal

Region	Policy Area	Development	Forecast	Details	Trend
 **US**	Protection & restoration	US climate pullback on debt-for-nature deal.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored.	The US International DFC has supported over 50% of global debt-for-nature swaps in the last five years. ***At least five more swaps are currently in the pipeline but may be jeopardized by potential US policy changes.***	
	Clean power	Key US clean energy charts that track Trump's tax bill impact.	Policy delivers dispatched generation of >90% low-carbon power.	Solar installations in the US have dropped by 15% year-over-year in 2025 due to reduced federal support. ***This reflects the impact of the Trump administration's tax reforms on the US clean energy sector.***	
	Net zero CO_2 emissions	Trump's proposed energy bill puts US 7 billion tonnes over its emissions limit	Policy delivers net zero CO_2 emissions.	Under the new Tax and Spending Bill, projected 2030 emissions will be only 20% below 2005 levels. ***This is a significant deviation from the 50-52% national target under the Paris Agreement.***	
 **China**	All coal phase-out	Overseas coal plants built despite 2021 pledge.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal.	Chinese firms are involved in constructing 7.7 gigawatts (GW) of new coal-fired power in Indonesia.; ***Despite China's 2021 pledge to stop financing coal projects overseas, the country is backing 88% of all the new coal power currently under construction in the 10 new members of BRICS.***	
	All coal phase-out	China's approvals for coal-fired power plants increase after decline in 2024.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal.	China approved 12.9 GW of new coal-fired power plants in 2025, reversing a sharp decline in approvals seen in 2024, when only 6.4 GW was greenlit. ***Despite the rise in approvals, China continues to prioritize renewables, with solar and wind accounting for 80% of new power capacity added in 2025.***	

Note: The technology and implementation developments are tracked as part of the regular policy tracking process

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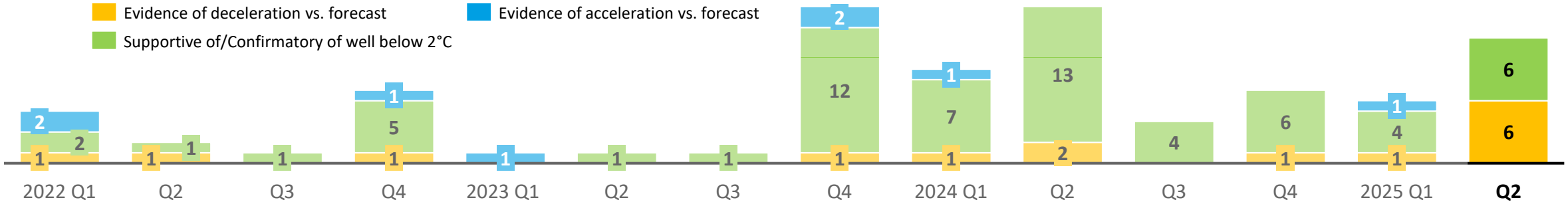
TRACKED CREDIBLE & MATERIAL POLICIES FOR LAND HAVE DECREASED BY 20% SINCE Q2 2024 COMPARATIVELY, WHILE TRACKED ENERGY POLICIES INCREASED BY 29% SINCE Q2 2024

INEVITABLE POLICY RESPONSE

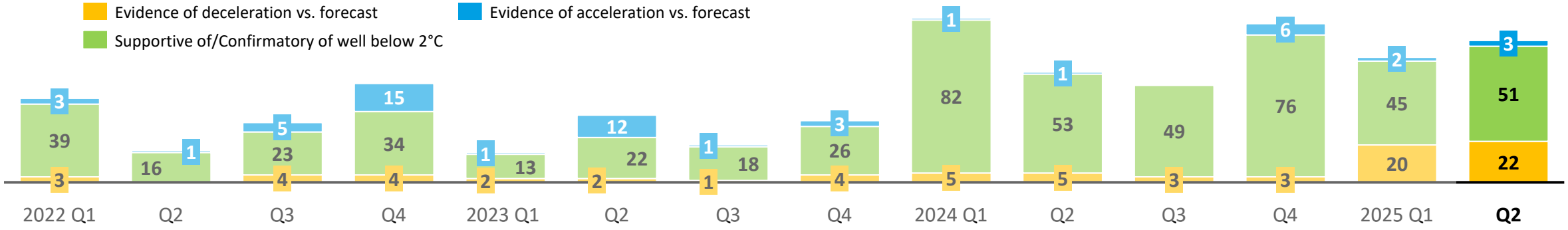
Land Use and Nature Policies

Number of land use policies tracked by quarter



Energy Policies

Number of energy policies tracked by quarter



TRACKING Q2 2025: GLOBAL POLICY UPDATE BY POLICY AREA

Climate policies focused on power and transportation in the US, Europe, and Asia Pacific, while agriculture and buildings received limited global attention

INEVITABLE POLICY RESPONSE

Policy Development Summary

Policy area	Tracked policy developments[2]	Synthesis
Economy-wide	While Mexico is further building on its recently legislated net zero goal, the US experiences a massive rollback of GHG limits on power plants and funding cuts for essential climate projects. At the same time, Vietnam is launching its first ETS pilot phase, while the EU is simplifying its CBAM obligations.	The global political mood is determined by the looming withdrawal of the current CO^2 neutrality measures and regulations in the USA.
Power	Despite its JETP pledge, Indonesia is planning to increase its coal power capacity by 2034. Similarly, the US is shifting its power systems towards coal and fossil fuels. On the contrary, European countries are further expanding wind and hydrogen technologies and are revisiting the role of nuclear energy.	While some countries are prioritizing short-term energy security over long-term power stability, clean energy technologies continue to progress.
Buildings	The UK considers electricity bill discounts for heat pump owners whereas part of the new German government announced to abolish requirements for replacing fossil fuel heating systems.	Heat pumps are one of the most important technologies for decarbonizing buildings, but global progress has stagnated.
Industry	The EU, UK, and India actively fostering decarbonization by investing in CCS, legislating a 10-year decarbonization strategy, and scaling up net-zero manufacturing. In contrast, progress in the US is being hampered by a reduction in government funding and incentive schemes.	Further investment in net-zero technologies, such as CCUS and hydrogen are needed to reduce emissions in the heavy-industries.
Transport	While the US reverses its stance on vehicle electrification by eliminating national EV targets and challenging state-level mandates, the EU and UK are reaffirming their goals. However, they are also easing CO_2 emission limits and mandates to protect their automotive industries during the transition.	The shift towards electric vehicles is progressing in major economies. However, frameworks for ICE phase-out are being softened to support industry competitiveness.
Agriculture	Japan has introduced a new voluntary GHG reduction labelling system for products produced with sustainable practices. In the US, a $3bn climate-friendly farming program was just cancelled.	Although agriculture is responsible for a large proportion of global emissions, sector decarbonization remains slow.
Land use	The EU has announced further simplifications and reductions in the administrative burden to aid the implementation of the EU Deforestation Regulation (EUDR). In the US, environmental safeguards for logging projects in protected ecosystems and forests are expected to be rolled back.	With the upcoming COP30 hosted in Brazil, addressing deforestation and forest protection becomes a paramount priority on the international climate agenda.
Nature & biodiversity	In stark contrast to the EU, UK, and Indonesia—which are strengthening environmental protections—the US is actively rolling back safeguards to clear the way for expanded oil and gas drilling.	The 2030 target is slowly approaching, but countries are still lagging behind in protecting nature and ecosystems.

1. See IPR FPS 2.0°C forecast set out in slide 5; 2. See detailed policy tracking in section 1; 3. See impact on IPR forecast in section 2 and legend on the impact scales in the annex

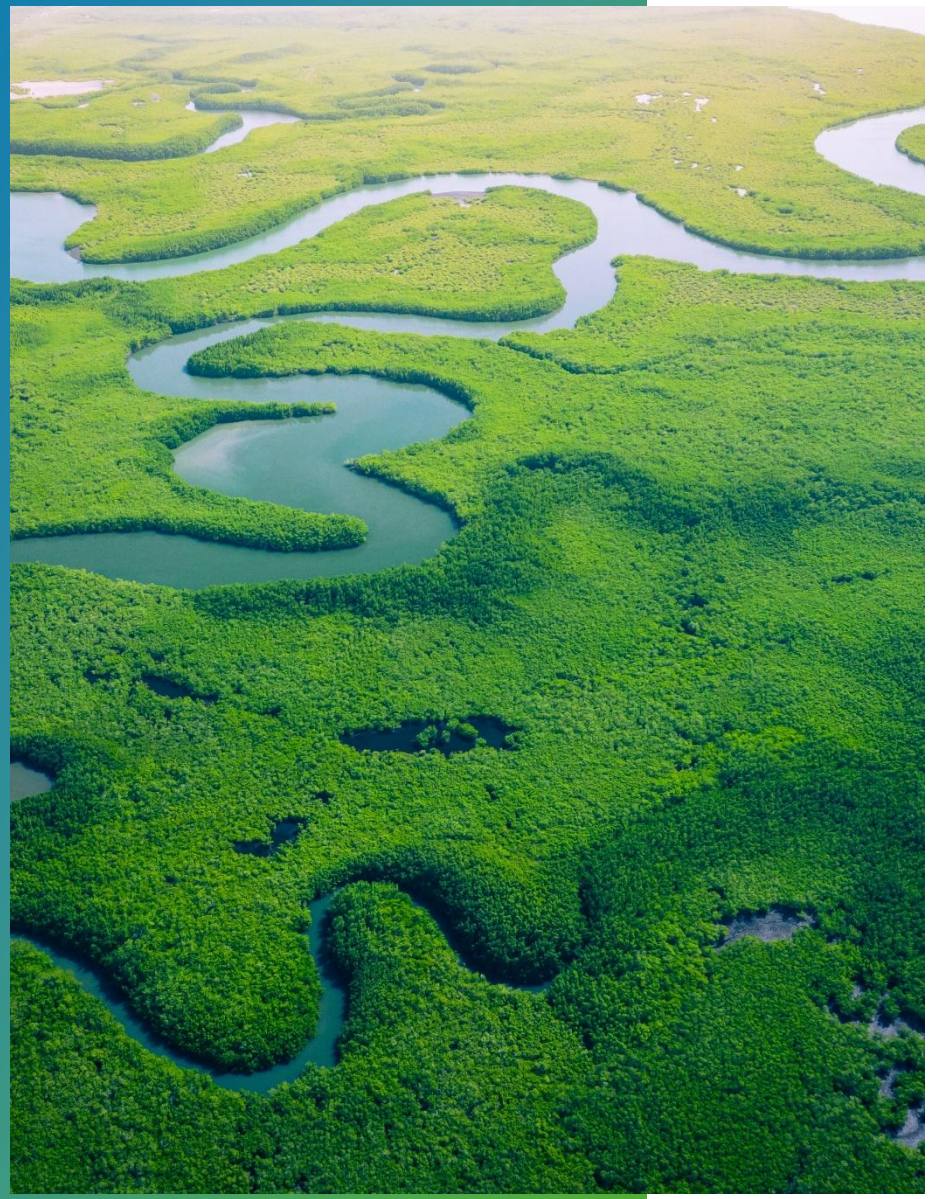
TRACKING Q2 2025: GLOBAL POLICY UPDATE BY REGION

Climate policy activity remains heavily concentrated in Asia Pacific, Europe, and North America. In stark contrast, emerging markets and developing economies reported minimal to no new policy initiatives

Policy Development Summary

Policy area	Tracked policy developments[2]	Synthesis
 Asia Pacific	Policy announcements in Asia Pacific were mostly concentrated in the clean power sector, with investments tailored towards carbon capture projects, nuclear power plants, and wind farm developments. Indonesia backtracks on coal phaseout in new 2034 power supply plan.	While the majority of countries are making good progress towards their climate goals, Indonesia needs to significantly accelerate its renewable energy deployment.
 China	By 2035, China aims to transition its transport sector to a modern energy system defined by low-carbon power, technological innovation, and green, efficient practices.	Unlike previous quarters, China did not announce new relevant initiatives. However, recently reported increases in coal power plant approvals by Chinese authorities will be monitored closely.
 Europe	Europe continues to advance its clean power and industry decarbonization policies, though the EU and the UK softened the regulations for emission limits and EV sales target mandates as a reaction to the tightened global economic and political situation.	Despite making tactical adjustments to some regulations, European nations are reaffirming their long-term climate commitments and continue to advance new policies to ensure their targets are met.
 Eurasia	Russia and Indonesia reaffirmed their partnership in various sectors, including transport, energy, and fertilizers.	Not much progress has been tracked in Russia across the sectors, potentially due to the ongoing geopolitical conflicts.
 Middle East and Africa	Turkey's aim to reach 120,000 megawatts of solar and wind power capacity by the year 2035 and South Africa received a $1.5B loan by the World Bank for infrastructure upgrades and green energy transition.	The dearth in climate policy announcements could be due to the contrasting trends in the developed countries, which provide large parts of the project funding.
 North America	In North America, developments are shaped by the US fundamental reversal of its climate policy and commitment to international cooperation. This pivot is characterized by a systematic dismantling of emission standards, environmental protections, and clean energy funding.	The turnaround in American climate policy does not only affect the country itself but is also having an impact on climate initiatives across the globe.
 South America	*No significant policy developments were tracked for South America in Q2 2025.*	

1. See IPR FPS 2.0°C forecast set out in slide 5; 2. See detailed policy tracking in section 1; 3. See impact on IPR forecast in section 2 and legend on the impact scales in the annex



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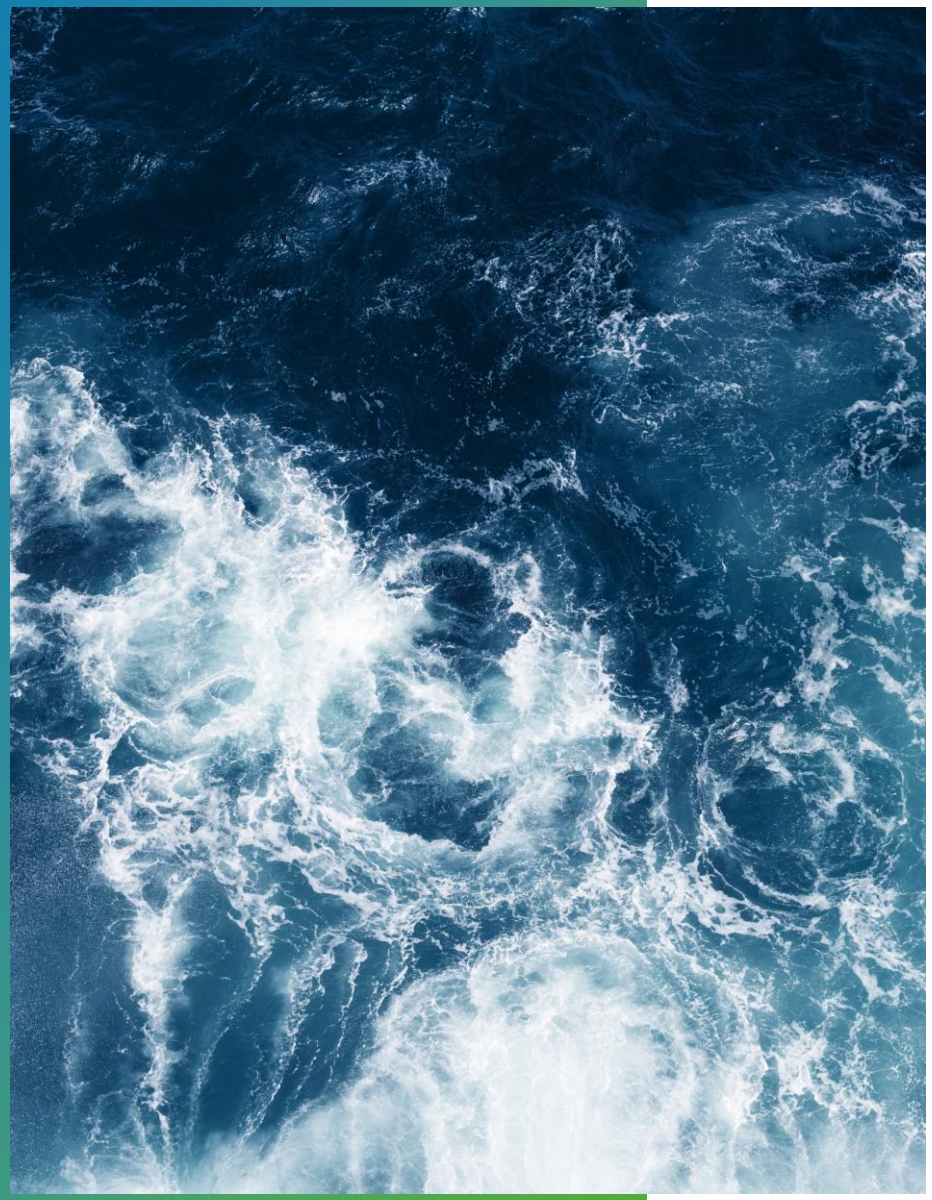


Key Policy Developments

Detailed overview of the most important credible and material policy developments

GLOBAL POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Global	**Net zero CO2 emissions**	**UN approves global emission fee for shipping** • The UN's International Maritime Organization has agreed on a deal regarding fuel emissions and carbon dioxide fees. • Starting from 2028, ships will incur a fine of $380 per metric ton for each additional ton of carbon dioxide equivalent they emit above a set emissions threshold.; Additionally, a penalty of $100 per ton will be charged for emissions exceeding a more stringent emissions limit. • This international agreement is an important step in the broader mission to reduce carbon emissions and mitigate climate change within the shipping industry.	Policy delivers net zero CO_2 emissions.	**Legislated and supportive.** This IMO agreement establishes the crucial foundation of a global standard with financial incentives/disincentives.	Score 3
	Industry decarboni-zation	**$1 billion industry decarbonisation programme** • Seven middle-income countries—Brazil, Egypt, Mexico, Namibia, the Philippines, South Africa, and Ukraine—will share over $1 billion in funding. • This funding is from the Climate Investment Funds' (CIF) Industry Decarbonisation program. • The program aims to help these nations reduce emissions from their industrial sectors, which are responsible for nearly a quarter of the world's greenhouse gas emissions.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions.	**Announced and supportive.** The finance program is focused on helping developing nations decarbonise their high-emission industrial sectors.	Score 3
	Clean power	**End on ban of nuclear energy projects** • The World Bank has officially ended its long-standing prohibition on providing financing for nuclear power projects. • The policy reversal was confirmed by World Bank President Ajay Banga during the G7 summit. • This decision follows a concerted push from a coalition of more than 100 companies and 22 countries that signed a declaration in 2023 to triple global nuclear capacity by the year 2050.	Policy delivers dispatched generation of >90% low-carbon power.	**Announced and supportive.** Lifting the ban is supportive as for many countries, nuclear power is non-negotiable for securing a decarbonized, competitive, and reliable energy future.	Score 3

GLOBAL & AUSTRALIA & INDONESIA POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Global	Economy-wide	**Countries agree 10% increase for UN climate budget** • Nearly 200 countries have agreed to increase the United Nations Framework Convention on Climate Change (UNFCCC) budget by 10% for the 2026-2027 period. • The core budget will now be €81.5 million (S$121 million). • China's contribution to this budget will rise from 15% to 20%, while the United States' share remains the highest at 22%.	N/A	**Announced and supportive**. This policy helps to mobilize more investment for climate change mitigation and adaptation measures.	Score 3
Australia	Clean power	**Life of largest oil and gas project to be extended to 2070** • Australia's Environment Minister has approved a life extension for the North-West Shelf project, the nation's largest oil and gas project, allowing it to operate until 2070. • The extension was proposed by Woodside six years ago and had been under assessment since that time. • The decision has drawn strong criticism from Pacific Island nations, who view it as a threat to their survival and national security.	Policy delivers dispatched generation of >90% low-carbon power by 2040-2044.	**Announced.** Although the policy is controversial, it is not expected to affect the transition forecast, as the majority of oil and gas production is destined for export.	Score 3 ***No impact**
Indonesia	Clean power	**10GW nuclear power in renewable energy push** • Indonesia plans to add 10 gigawatts (GW) of nuclear power by the year 2040. • Contracts for this nuclear power expansion are expected to be awarded within the next five years. • The country aims for an additional 103 GW of total new power capacity by 2040. • This 103 GW expansion will consist of 75 GW from solar, wind, geothermal, and biomass, 10 GW from nuclear energy, and 18 GW from gas. • Indonesia's current installed power capacity is approximately 90 GW.	Policy delivers dispatched generation of >90% low-carbon power by 2055-2059.	**Announced and supportive.** Adding 10GW in nuclear power until 2040 is supportive of achieving >90% clean power by increasing the renewable energy capacity.	Score 3
		Power trade and carbon capture deal between Indonesia and Singapore • Singapore and Indonesia signed three Memoranda of Understanding (MOUs) on June 13, 2025, to enhance cooperation in energy, carbon capture, and business promotion. • The energy cooperation MOU will facilitate cross-border electricity trading projects and investments in renewable energy manufacturing, with a focus on solar panels and battery energy storage systems.	Policy delivers dispatched generation of >90% low-carbon power by 2055-2059.	**Announced and supportive.** Partnership designed to foster bilateral progress in clean energy.	Score 3

INDONESIA POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Indonesia 	Clean power 	**Russia and Indonesia reaffirm partnership in clean energy and hydrogen** • The summary is based on the 2025 Russia–Indonesia Business Dialogue, part of the 28th St. Petersburg International Economic Forum (SPIEF), commemorating 75 years of diplomatic relations. • Cooperation is being explored in various sectors, including sovereign wealth funds, transport, energy, fertilizers, food security, digital health, renewable energy, and infrastructure.	Policy delivers dispatched generation of >90% low-carbon power by 2055-2059.	**Announced and supportive.** The agreement provides a formal framework to support clean energy advancement in both countries.	Score 3
	Protection & restoration 	**National biodiversity strategy plan prepared** • Indonesia is developing a National Biodiversity Strategy and Action Plan to guide future regulations and biodiversity-related development efforts. • The country is home to 22 types of ecosystems, including tropical forests, peatlands, mangroves, and karst landscapes. • The plan aims to support food security, a key government priority, by addressing biodiversity challenges. • The Environment Minister emphasized the need for better biodiversity instruments, which are currently insufficient, and urged stakeholders to begin drafting supportive regulations.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored.	**Announced and supportive.** The intent to develop a focused national document supports Indonesia's protection and restoration objectives. Further development and eventual codification into law is required.	Score 3
	All coal phase out 	**Indonesia backtracks on coal phaseout in new 2034 power supply plan** • Indonesia plans to add 69.5 gigawatts (GW) of new power capacity by 2034.; • The total investment required for this expansion is estimated at 2,967.4 trillion rupiah ($182.95 billion).; • The state utility, Perusahaan Listrik Negara, will invest 567.6 trillion rupiah in new power plants. • The government will offer investment opportunities worth 1,566.1 trillion rupiah to attract investors. • Although a significant portion of the new capacity is planned to come from renewable sources, the plan still includes the construction of new coal-fired power plants.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal. Coal is abated when installed with CCS with a capture rate of 90% or equivalent by 2045-2049.	**Legislated.** Despite its G20 pledge, Indonesia is reversing its plan to close all coal plants by 2040.	Score 2

INDIA POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
India 	Economy-wide 	**India incentives for critical minerals recycling in final stages of approval** • India is finalizing a policy to offer incentives for recycling critical minerals, aiming to reduce dependence on imports and enhance sustainability. • The policy is expected to include financial incentives for companies engaged in recycling lithium, cobalt, and other critical minerals used in electric vehicles and batteries. • These incentives will help India meet its goal of increasing electric vehicle adoption, with the government aiming for 30% of all vehicle sales to be electric by 2030.	N/A	**Announced and supportive.** Incentivizing the recycling of critical minerals required for the production of EVs and grid-scale energy storage is supportive of boosting the technology developments.	Score 3
	Clean power 	**Consideration of allowing 49% foreign stake in nuclear power plants** • India is deliberating on permitting foreign investors to acquire up to a 49% stake in its nuclear power plants. • This move could open the country's nuclear power sector to overseas companies, potentially bolstering its energy security. • The proposed reform is part of broader efforts to attract more foreign direct investment into the country.	Policy delivers dispatched generation of >90% low-carbon power by 2055-2059.	**Announced.** The policy is strategically designed to draw investment to enable expansive development of nuclear power capacities.	Score 3 ***No impact***
	Light duty vehicles 	**Delhi to curb gasoline car sales** • Delhi, India's capital, is planning to limit the sale of gasoline cars and ban gas-guzzling motorcycles to mitigate pollution levels. • The city administration's efforts to curb pollution include implementing stronger emissions standards and promoting electric vehicle use. • Implementing these plans will be a good step toward improving Delhi's overall air quality, which is currently considered some of the worst globally.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2050-2054.	**Announced.** Implementing restrictions on the sales of high-emission vehicles in India's capital city is an acceleration in comparison to experts' forecast.	Score 4

INDIA & JAPAN POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
India 	Industry decarboni-zation 	**Lower energy prices for green steel incentives** • India's finance ministry is pushing for lower energy prices to ease manufacturing costs. • Proposes incentives for green steel to reduce emissions from one of the largest industrial sources. • Aims to balance economic competitiveness with sustainability goals in energy-intensive sectors.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2050-2054.	**Announced and supportive.** Reducing energy prices for heavy industry in order to promote the production of green steel contributes to the decarbonization of the sector.	Score 3
Japan 	Clean power 	**Japan's gas industry allows gas with carbon capture in 2050 net zero plan** • The revised 2050 net-zero plan allows 10–50% of gas supply to come from natural gas with carbon capture or similar decarbonization technologies. • Original plan aimed for 90% e-methane, 5% biogas, and 5% hydrogen. • New targets range from 50–90% e-methane/biogas and a reduced, unspecified portion of hydrogen, described as only "a few percent." • Revision reflects slower-than-expected scaling of hydrogen technologies.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. This policy introduces a reduction in financial incentives, not a complete termination, which should not significantly impede Japan's progress in the clean energy sector.	Score 3 ***No impact***
		Return to long-term LNG deals • Japan's demand for electricity is projected to increase by 1.3% to 1.5% annually through 2030, driven by the expansion of data centers for artificial intelligence (AI). • This has led to a renewed interest in long-term liquefied natural gas (LNG) contracts, with Japanese companies signing or nearing deals for over 10 million metric tons per year. • Japan's LNG imports had previously fallen to 60 million tons in 2024, the lowest in 15 years. • The country's latest national energy plan aims for renewables to constitute 36%-38% of the power mix by 2030, with nuclear power accounting for 20%-22%.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. The policy represents a classic energy trade-off: prioritizing short-to-medium-term energy security and economic stability over a potentially faster, but more uncertain, path to decarbonization.	Score 3 ***No impact***

JAPAN & VIETNAM POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Japan 	Clean power 	**Likely softening of terms for offshore wind farm developments** • Japanese authorities are considering regulatory easing to incentivize investment in offshore wind energy. • Industry hesitation has slowed project progress, prompting the government to reevaluate its auction and permitting system. • Policy modifications aim to reduce risk and increase developer participation.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. While relying on large-scale CCS is a risk to decarbonization, the policy aligns with forecasts that count abated fossil fuels as "clean power" for the 2050 target.	Score 3 ***No impact***
	Low-carbon agriculture 	**Greenhouse gas (GHG) reduction labeling system** • Producers can opt to use the label to self-declare products produced with sustainable practices that result in lower GHG emissions compared to conventional cultivation. • Producers calculate their GHG emissions and reduction contribution rate in accordance with the MAFF Assessment and Labeling Guidelines for Environmental Impact Reduction on Agricultural Products. • While the label is self-declared and does not require third-party verification, MAFF reserves the right to request raw data from producers if there is doubt about the reported information.	Policy delivers significant nationwide market incentives to encourage farmers to reduce emissions from crop production and livestock by 2040.	**Legislated and supportive.** Japan's GHG Reduction Labeling System is a positive initiative promoting sustainable agricultural practices. However, its voluntary nature and limited scope may constrain its effectiveness.	Score 3
Vietnam 	Carbon price 	**First phase of ETS launched** • Vietnam has initiated the first phase of its pilot emissions trading scheme (ETS), targeting approximately 100 businesses in key sectors like steel, thermal power, and cement. These businesses are required to submit greenhouse gas (GHG) inventories for the 2024-2025 period. • From 2026 to 2028, the government will allocate emissions allowances to these companies. • Full operation of the carbon market is scheduled to begin in 2029, with allowances allocated based on carbon intensity.	Explicit carbon price signal or backstop covering industry and power in 2030.	**Legislated and supportive**. The pilot phase of the Vietnamese ETS allows companies to offset their emissions by purchasing credits from low-carbon projects.	Score 3

SOUTH KOREA & CHINA POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
South Korea 	**Clean power** 	**Biggest offshore wind power cluster to be built by 2033** • South Korea intends to commercialize hydrogen fuel cells by 2025, contributing to the global effort for cleaner energy sources. • The South Korean government's plan includes establishing 100 hydrogen refueling stations and distributing 10,000 hydrogen cars by 2025. • This initiative aligns with the government's broader 2030 renewable energy objective.	Policy delivers dispatched generation of >90% low-carbon power by 2050-2054.	**Announced and supportive**. The commercialization of hydrogen fuel cells and refueling stations is supportive of the IPR forecast by augmenting the appeal of utilizing zero-emission vehicles.	Score 3
China 	**Light duty vehicles** 	**New energy transport guide by 2035 planned** • China aims to establish a modern energy system for the transport sector by the year 2035. • By 2035, electric vehicles are planned to become the mainstream of new vehicle sales. • A nationwide green fuel supply system for transport is expected to be largely in place by 2035. • By 2027, the proportion of electricity in the transport sector's final energy consumption is targeted to reach 10 percent. • By 2027, the installed capacity of non-fossil energy power generation along major transport infrastructure is targeted to exceed 5 million kilowatts.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2035-2039.	**Announced and supportive**. The Chinese plan to modernize the energy system for the transport sector supports the EV target.	Score 3

EU POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
EU	Economy-wide	**2025-2030 workplan on sustainable products and energy labelling** • The European Commission has adopted a 2025-2030 working plan for the Ecodesign for Sustainable Products Regulation (ESPR) and Energy Labelling Regulation. • This plan lists products to be prioritized for the introduction of eco-design requirements and energy labeling over the upcoming five years. • The goal is to encourage sustainable, repairable, circular, and energy-efficient products in line with the Clean Industrial Deal and the Competitiveness Compass. • The products prioritized for eco-design and energy labeling are steel and aluminium, textiles (with a focus on apparel), furniture, tires, and mattresses.	N/A	**Legislated and supportive**. This policy tackles greenhouse gas emissions associated with the entire lifecycle of products. This is crucial for addressing emissions beyond just energy production and direct industrial processes.	Score 3
		€86mn invested in new strategic integrated projects • The European Commission is investing €86 million into new Strategic Integrated Projects aimed at improving water quality and availability, cleaning up polluted rivers, improving fire and flood protection, and reducing greenhouse gas emissions. • This funding is designed to support projects as part of the 2023 calls for proposals, which are aimed at helping Europe become a climate-neutral continent by 2050.	N/A	**Legislated and supportive**. Investing €86mn invested in nature and emissions-oriented projects is a supportive measure.	Score 3
	Clean power	**$1bn for 15 renewable hydrogen production projects** • Fifteen renewable hydrogen production projects have been selected for public funding across the European Economic Area (EEA). • The selected projects are anticipated to produce nearly 2.2 million tonnes of renewable hydrogen over a period of ten years. • This production is expected to result in the avoidance of more than 15 million tonnes of CO_2 emissions over ten years, calculated using the 2021-2025 ETS benchmark of 6.84 tons CO2e/tH2. • A total of €992 million in EU funding will be provided to these projects from the Innovation Fund, which is sourced from the EU Emissions Trading System (ETS).	Policy delivers dispatched generation of >90% low-carbon power.	**Legislated and supportive**. Expanding the production of low-carbon hydrogen is a necessary step in supporting the decarbonization of EU industry, aviation and potentially long-haul trucking.	Score 3

EU POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
EU	Industry decarboni-zation	**New State aid framework to support clean industry** • The European Commission has adopted a new state aid framework. • The framework simplifies state aid rules for renewable and low-carbon fuels, the de-carbonization of existing production units, and the development of clean technology manufacturing capacity. • It introduces a "fast track" for renewable energy programs and allows pre-defined aid amounts for investments up to 200 million EUR.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions.	**Announced and supportive**. Simplifying the state aid rules to boost the clean energy use in heavy-industries is supportive of the transition forecast.	Score 3
		Net Zero Industry Act: Four new pieces of secondary legislation • The European Commission has introduced four new pieces of secondary legislation and one communication related to the Net-Zero Industry Act (NZIA). • These measures aim to make EU industry more resilient, competitive, reduce its carbon footprint, and scale up the manufacturing of net-zero technologies. • Components for net-zero technologies: An act clarifies the NZIA's scope by listing specific components to which its requirements will apply. • Non-price criteria in renewable energy auctions: New rules mandate the inclusion of non-price criteria (responsible business conduct, cybersecurity, sustainability, resilience) in 30% of renewable energy auction volumes (or 6 GW/year per country) starting December 30, 2025.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions.	**Legislated**. By clarifying regulatory scope and introducing clear criteria for technology and procurement, these measures reduce uncertainty for industry and investors.	Score 3
	Carbon price	**CBAM simplification** • A new exemption threshold of 50 tonnes for CBAM goods has been proposed to reduce administrative burdens on businesses, particularly small and medium-sized enterprises. • This new threshold is expected to exempt approximately 90% of companies from CBAM obligations while still capturing 99% of emissions from imported CBAM goods. • The simplified regulation aims to provide cost-effective compliance improvements without compromising climate goals.	Explicit carbon price signal or backstop covering industry and power.	**Announced**. The selective application of the CBAM could influence the EU's carbon markets and prices.	Score 3 ***No impact***
	Light duty vehicles	**EU Eases CO_2 Emission Rules for Automakers Amid Industry Pressure** • The European Parliament approved measures to soften CO_2 emissions targets for cars • Automakers will now be allowed to meet these environmental targets based on their average emissions calculated over the three-year period from 2025 - 2027, rather than solely for 2025. • This policy shift, prompted by heavy lobbying, aims to alleviate the threat of substantial financial penalties, which European manufacturers had warned could reach up to 15 billion euros ($17 billion) if the original 2025 targets were strictly enforced.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	**Legislated**. The European Parliament's move likely aims to ease compliance for EU automakers, but its impact is limited.	Score 2

EU POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
EU 	Light duty vehicles 	**Softer car CO_2 emissions to be fast-tracked** • Current rules set annual CO_2 emission reduction targets for new cars and vans, covering five-year periods. • From 2025, an annual CO2 emission reduction target of 15% compared to 2021 values will be in application for the 2025-2029 period. • The proposed change would allow manufacturers to comply with their obligations for the years 2025, 2026, and 2027 by averaging their performance over this three-year period. • The proposal is part of the Commission's industrial action plan for the European automotive sector, which was announced on 5 March 2025.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	**Announced**. The easing of CO2 emission targets is a reaction to the political change in the USA and the global trade wars. The primary goal of the policy is to provide short-term relief for car manufacturers.	Score 3 ***No impact***
		Looser rules for automakers' CO_2 emissions targets • The European Commission proposed extending the compliance window for 2025 CO_2 emissions targets from one year to three years (2025–2027). • The change aims to accommodate challenges faced by EU automakers competing with Chinese and US EV manufacturers. • The proposal is pending approval by the European Parliament and EU member states. • The EU continues to target zero emissions for new cars by 2035.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV.	**Announced**. While the policy provides short-term relief to automakers, it is still in line with the goal of achieving over 90% EV sales.	Score 3 ***No impact***
	Net deforestation 	**Further simplification of the EUDR** • The Commission has announced further simplifications and reductions in the administrative burden to aid the implementation of the EU Deforestation Regulation (EUDR). • The Commission released new guidance documents for Member States, operators, and traders in anticipation of the Regulation's application at the end of this year. • New simplification measures introduced allow large companies to reuse existing due diligence statements when goods, previously on the EU market, are re-imported • An authorized representative can now submit a due diligence statement on behalf of company group members. Companies can submit due diligence statements annually instead of for every shipment or batch placed on the EU market. • Large companies downstream will benefit from simplified obligations by clarifying 'ascertaining' due diligence has been carried out.	Policy delivers an end to net deforestation and delivers afforestation or reforestation at scale.	**Legislated**. Further simplifying the EUDR aims at reducing reporting burdens for companies but could impact its effect by softening reporting regulations.	Score 2

EU & FRANCE & GERMANY POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
EU	Net deforestation	**Four countries branded as "high-risk" under deforestation law** • The European Union has designated Belarus, Myanmar, North Korea, and Russia as "high risk" under its new anti-deforestation law. • Imports from these countries will face the strictest compliance checks, with a 9% verification rate. • Other countries, including Brazil and Indonesia, are classified as "standard risk" (3% verification) or "low risk" (1% verification).	Policy delivers an end to net deforestation and delivers afforestation or reforestation at scale.	**Announced**. Labeling Brazil and Indonesia as standard risk—despite their historically and currently high deforestation rates—appears to be a political choice by EU policymakers.	Score 3
	Protection & restoration	**Softer car CO2 emissions to be fast-tracked** • Current rules set annual CO_2 emission reduction targets for new cars and vans, covering five-year periods. • From 2025, an annual CO_2 emission reduction target of 15% compared to 2021 values will be in application for the 2025-2029 period. • The proposed change would allow manufacturers to comply with their obligations for the years 2025, 2026, and 2027 by averaging their performance over this three-year period. • The proposal is part of the Commission's industrial action plan for the European automotive sector, which was announced on 5 March 2025.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored.	**Announced and supportive**. Officially integrating the BBNJ into EU law could help further protect the EU's species and ecosystem.	Score 3
France	Clean power	**Updated hydrogen strategy with lower 2030 electrolysis goal** • France has updated its hydrogen strategy, setting a lower goal for electrolysis from 4.5GW to 6.5GW by 2030. • By reassessing strategic objectives, France intends to rapidly and effectively advance its hydrogen energy agenda. • This move marks a restructuring of national goals in response to the ongoing energy transition, although the article does not give exact details on the new targets.	Policy delivers dispatched generation of >90% low-carbon power.	**Legislated**. While the lowered GW targets represent a tempering of near-term ambition, the policy revision represents a pragmatic adjustment rather than an abandonment of hydrogen's role in France's climate strategy.	Score 3 ***No impact** ****Achieved**

GERMANY POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Germany 	Clean power 	**Plan to cut €1.5bn of power grid fee costs** • Germany's power grid regulatory authority is planning to reduce power grid fee costs by 1.5 billion euros. • This decision is intended to lower energy costs for consumers. • The move demonstrates the regulator's commitment to encouraging energy efficiency while maintaining affordability for the German population.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Announced and supportive**. While the primary goal stated is cost reduction for consumers, removing inefficient subsidies that prop up conventional generation aligns with transitioning to a more cost-effective renewable-based system.	Score 3
		New north-south power line approved • A new power line, extending from the north to the south of Germany, is projected to be operational by mid-2027. • This line, also known as SuedOstLink, will assist in the distribution of wind power from the north to the industrial south. • The project is a crucial part of Germany's move away from nuclear and coal-based energy towards renewable energy sources.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Legislated and supportive**. This project actively builds the necessary infrastructure for the massive scale-up of renewables required for decarbonization.	Score 3
		Future coalition unveils plan to cut electricity costs and boost gas power • Electricity prices will be cut by at least 5 cents per kilowatt-hour via tax and grid fee reductions. • Up to 20 gigawatts of new gas-fired capacity to be built by 2030, with new carbon capture legislation planned. • A commission will propose debt brake reforms (currently 0.35% of GDP limit) by end of 2025.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Announced and supportive**. The coalition's policies focus on economic relief and energy security through electricity price reductions but also gas power expansion.	Score 3

GERMANY POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Germany 	Clean power 	**Treating nuclear power on a par with renewable energy in EU legislation** • Germany and France have resolved a longstanding disagreement over nuclear energy legislation. • Germany, under Chancellor Friedrich Merz, has agreed to treat nuclear power equally with renewable energy in EU climate policies. • This policy shift may increase pressure on the European Commission to allocate more funding for nuclear initiatives across the EU.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Announced and supportive**. Nuclear power has the potential to support the clean energy transition over the medium to long term, supporting both expansion and stability of Western Europe's power grid	Score 3
		Re-structuring of electricity grid fee system • Germany's network regulator has initiated a formal process to rethink the electricity grid fee structure. • Current fees for using the power network make up around 20% of consumer bills, contributing to high energy prices. • Proposed reforms include making renewable energy producers contribute to the cost of the grid, which has traditionally been borne by consumers.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Announced**. Reducing consumer burdens could raise public acceptance of renewable energy measures, indirectly contributing to the success of future clean power bills.	Score 3 ***No impact***
	Zero-carbon heating 	**New government threatens to abolish heating law** • The CDU/CSU bloc pledged to abolish requirements for replacing fossil fuel heating systems. • About 75% of residential buildings in Germany still use fossil-based heating. • SPD supports keeping the law's climate goals but is open to making its implementation simpler. • Proposed policy shifts include evaluating buildings by life-cycle emissions rather than annual energy use.	Policy ends the sale of 97% of new fossil fuel heating systems in all buildings by 2035-2039.	**Announced.** Rolling back the GEG's provisions could undermine efforts to electrify the heating sector, a key component in reducing emissions in the building sector.	Score 2

UK POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
UK 	Clean power 	**27 electrolytic hydrogen projects shortlisted** • 27 low-carbon hydrogen production projects were shortlisted under the UK's second Hydrogen Allocation Round (HAR2). • Projects are located across England, Scotland, and Wales. • The selected projects aim to contribute to the UK's 2030 goal of achieving 10 GW of low-carbon hydrogen production capacity. • Final contract awards are expected to be announced later in 2025.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Legislated and supportive**. HAR2 demonstrates the UK's commitment to expanding its hydrogen economy, with the 27 projects focusing on the deployment of renewable energy sources, along with grid modernization and energy storage solutions.	Score 3
		UK eyes new nuclear investment as response to Trump tariffs and economic slowdown • Prime Minister Keir Starmer is expected to greenlight the £20bn Sizewell C plant to meet 7% of UK electricity demand by 2035. • Plans also include a rollout of small modular reactors to be unveiled alongside Sizewell C before the June 2025 spending review. • The move comes amid rising inflation, US trade pressures, and delays at Hinkley Point C, prompting acceleration in energy security efforts. • Rolls-Royce and GE Hitachi lead the competition for SMRs, intended to support grid decarbonisation and economic growth.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Announced and supportive**. The expansion of nuclear energy represents a strategic move toward achieving over 90% clean power.	Score 3
		£300 million for Great British Energy • The Prime Minister is advancing an initial investment of £300 million ahead of the Spending Review through Great British Energy, to attract global offshore wind investment to the UK. • The fund aims to stimulate domestic job creation, spur additional private investment, and guarantee the provision of manufacturing facilities for crucial clean energy supply chains such as floating offshore platforms. • Both the Prime Minister and the Energy Secretary will disclose these investment-centric plans at a significant international summit.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Legislated and supportive.** Investing in offshore wind, a cornerstone of the UK's net zero strategy, directly enables the faster and potentially cheaper deployment of this crucial technology.	Score 3

UK POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
UK	Clean power	**Britain's National Wealth Fund to lend Iberdrola $800 minimum for UK power grid upgrades** • Britain's National Wealth Fund will lend 600 million pounds (equivalent to $802 million) to Iberdrola-owned ScottishPower. • This loan is intended to help fund upgrades to the UK's power grid. • The funding is aimed at helping Britain largely decarbonise its power sector by the year 2030. • The investment will help accelerate seven of ScottishPower's priority transmission grid upgrade projects.	Policy delivers dispatched generation of >90% low-carbon power by 2035-2039.	**Legislated and supportive**. Supporting electricity suppliers with investments to modernize the country's electricity grid is a contribution to the transition to clean energy.	Score 3
	Light duty vehicles	**Britain to relax EV targets** • The UK has relaxed electric vehicle (EV) sales mandates to reduce pressure on automakers. • Sales of full hybrid and plug-in hybrid cars will be allowed until 2035. • Small-volume carmakers, including McLaren and Aston Martin, are exempt from the ZEV mandate targets. • In 2024, the UK exported over 1 million vehicles to the US, valued at £7.6 billion ($9.79 billion), making it the second-largest export market.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2040-2044.	**Announced**. Even if the policy reduces the short-term pressure, the long-term phase-out target for 2035 is reconfirmed, which is 5 years earlier than forecasted by experts.	Score 4
	Zero-carbon heating	**UK ministers consider electricity bill discounts for heat pump owners** • The UK government is reportedly considering a "Clean Heat" discount for households with heat pumps, which would be funded by removing "green levies" from their electricity bills. • The plan aims to boost the slow uptake of heat pumps, as only 60,000 were installed last year, far short of the government's target of 600,000 installations per year by 2028. • Currently, green levies contribute to electricity being four times more expensive than gas, which discourages switching from gas boilers that account for over 15% of UK greenhouse gas emissions.	Policy ends the sale of 97% of new fossil fuel heating systems in all buildings by 2040-2044.	**Announced and supportive.** Setting incentives for installing zero carbon heating systems is supportive of decarbonizing the building sector.	Score 3

UK POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
UK	Industry decarboni-zation	**9.4 billion pounds investment in CCS** • The UK Government has announced £9.4 billion in backing for the country's carbon capture industries. • Two major Carbon Capture and Storage (CCS) projects, the Acorn project in Aberdeenshire and the Viking project in the Humber, will receive initial development funding of around £200 million to prepare them for delivery.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2040-2044.	**Announced and supportive.** CCS is considered essential to capture unavoidable process (and remaining fuel) emissions, for e.g. from blast furnaces in the steel production or calcination in the cement production.	Score 3
		10-year, multibillion-pound industrial strategy • The UK's new industrial strategy aims to unlock over £100 billion of private investment over the next decade. • The strategy sets a goal to double the number of apprenticeships, aiming for 700,000 completions by the end of the next Parliament. • A specific fund of £2.5 billion is dedicated to the automotive industry to support its transition.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2040-2044.	**Announced and supportive**. UK's ten year industrial strategy aims to boost investment and reduce electricity costs for industries to support the clean energy transition for heavy-industries.	Score 3
	Protection & restoration	**Tougher rules for new North Sea oil and gas drilling projects** • The UK has issued new guidance on the environmental impact of future oil and gas drilling in the North Sea. • The new guidance, called a Strategic Environmental Assessment (SEA), covers the potential impacts of leasing three new offshore areas for exploration. • The UK's oil and gas sector is responsible for approximately 4% of the country's greenhouse gas emissions.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored by 2035-2039.	**Announced and supportive.** Issuing tougher environmental rules for oil and gas drilling projects is helpful to limit the negative impact on wildlife, ecosystems, and land.	Score 3

RUSSIA & TÜRKIYE & MEXICO POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
Russia 	Clean power 	**Russia and Indonesia reaffirm partnership in clean energy and hydrogen** • The summary is based on the 2025 Russia–Indonesia Business Dialogue, part of the 28th St. Petersburg International Economic Forum (SPIEF), commemorating 75 years of diplomatic relations. • Cooperation is being explored in various sectors, including sovereign wealth funds, transport, energy, fertilizers, food security, digital health, renewable energy, and infrastructure.	Policy delivers dispatched generation of >90% low-carbon power by 2060-2064.	**Announced and supportive.** The agreement provides a formal framework to support clean energy advancement in both countries, yet its success is contingent upon its translation into concrete, actionable measures.	Score 3
Türkiye 	Clean power 	**Aim of 120,000 megawatts of renewable energy by 2035** • Türkiye aims to reach 120,000 megawatts of solar and wind power capacity by the year 2035. • This 120,000-megawatt target is planned to be supported by approximately $80 billion in investments. • The country plans to reduce permit times for wind and solar energy projects from the current 48 months to 18 months. • Türkiye currently ranks fifth in Europe and 11th globally in installed renewable energy capacity. • As of March (of the article's year, presumably 2025), Türkiye's total installed power capacity reached 118,185 megawatts (60% renewables).	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced and confirmatory**. Integrating almost double of the current renewable capacity by 2023 represents a massive increase, supported by good investment.	Score 3
Mexico 	Net zero CO_2 emissions 	**Mexico's Plan México pledges low-carbon growth through green energy, EVs, and tech sovereignty** • President Claudia Sheinbaum on April 3 announced 18 actions under Plan México aimed at boosting economic production while cutting carbon intensity. • The plan targets a 30% rise in fuel and renewable energy output by 2030, with expedited permitting and majority public generation. • New initiatives support solar, battery, and EV manufacturing, with Mexico's first domestic electric buses already launched.	Policy delivers net zero CO_2 emissions by 2065-2069.	**Announced**. Plan México sets comprehensive economic and infrastructural goals, emphasizes increased state control over energy production, with a focus on public-private partnerships.	Score 4

SOUTH AFRICA & US POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
South Africa 	Economy-wide 	**$1.5B loan for infrastructure upgrade and green energy transition** • The World Bank has provided South Africa with a $1.5 billion loan to fund transportation upgrades and aid its transition to a greener economy. • The country's power utility, Eskom, is approximately 400 billion rand ($21 billion) in debt. • State-owned logistics company Transnet has reported a loss of 5.7 billion rand ($300 million) in the last financial year. • The World Bank estimates that network failures in South Africa cost the economy about $24 billion, or 6% of its GDP, in 2022 alone.	N/A	**Announced and supportive.** The funding will help South Africa to tackle existing infrastructure bottlenecks, especially in the transportation and energy sector.	Score 3
US 	Economy-wide 	**US announces policy changes for offshore mineral development** • The Trump administration announced policy changes on June 25, 2025, to accelerate offshore critical mineral development. • The policy extends the duration of early-stage exploration permits from three years to five years, a 66% increase. • The changes are a direct implementation of a Trump executive order from April 2025 aimed at expanding deep-sea mining.	N/A	**Announced**. No impact on the transition forecast as critical minerals are also needed for the transition to clean energy, although unlikely to be earmarked for this under the Trump administration.	Score 3 ***No impact***
		US Senate committee wants to cut unspent US funds for climate and clean energy • The US Senate panel proposed cutting $12 billion in unspent climate and clean energy funds allocated under the Inflation Reduction Act. • The panel emphasized that only 20% of allocated funds for renewable energy projects have been spent. • The proposed cut would redirect funds to other priorities, including deficit reduction and immediate energy security concerns.	N/A	**Announced**. By seeking to rescind all unspent funds from the Inflation Reduction Act (IRA) and suspend the methane fee, the policy would actively further dismantle the mechanisms driving the energy transition.	Score 1

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Carbon price 	**Tax credit to use captured emissions for oil production** • A bipartisan bill proposes to increase the tax credit for using captured carbon dioxide in enhanced oil recovery (EOR) from the current $60 per metric ton to $110 per metric ton.; • The legislation also aims to extend the construction deadline for eligible carbon capture projects by seven years, to 2039.	Explicit carbon price signal or backstop covering industry and power in 2030.	**Announced**. This policy could entail the risk of investments being directed more towards the production of fossil fuels, which would run counter to Trump's energy policy.	Score 2
	Net zero CO2 emissions 	**US EPA wants to erase greenhouse gas limits on power plants** • New documents reveal that the US Environmental Protection Agency (EPA) is proposing to eliminate greenhouse gas emission limits for power plants. • The proposal would affect more than 1,000 power plants across the US, which together account for approximately 30% of the nation's greenhouse gas emissions. • The EPA's new proposal would ease restrictions for coal-fired plants, potentially leading to a 3% increase in national emissions by 2027.	Policy delivers net zero CO_2 emissions by 2060-2064.	**Announced.** This policy, if legislated, could remove administrations' power to regulate power plant emissions.	Score 1

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Net zero CO2 emissions 	**Trump EPA opens Clean Air Act exemptions via email request** • EPA issued guidance allowing firms to email exemption requests for toxic emissions rules by March 31, 2025 • The Clean Air Act permits presidential exemption of pollution sources for up to two years, extendable once, if technology is unavailable and national security is cited • At least nine air pollution rules, including those for mercury and ethylene oxide, are under review for possible exemption • Affected sectors include iron processing, tire manufacturing, coal plants, and sterilization facilities • Critics warn the move may significantly increase exposure to carcinogens and question its legality.	Policy delivers net zero CO_2 emissions by 2060-2064.	**Announced**. This policy is counterproductive in achieving net-zero emissions in the US as it weakens the enforcement of environmental regulations.	Score 2
		Trump DOE reviews may defund $1 billion in carbon removal hubs in Texas, Louisiana • The Department of Energy is reviewing whether to eliminate $1.05 billion in grants to two major DAC projects launched under President Biden, awarding only $50 million each to date. • Louisiana's Project Cypress and Texas' South Texas DAC Hub were designed to capture over 2 million metric tons of CO_2 annually. • The potential defunding is part of a broader effort to redirect funds toward tax cuts under a new budget bill being evaluated by Energy Secretary Chris Wright. • Louisiana officials and DAC proponents are lobbying to maintain the grants amid warnings that the projects cannot survive extended delays.	Policy delivers net zero CO2 emissions by 2060-2064.	**Announced**. The proposed funding cuts to carbon removal hubs diminish the US's ability to reduce (heavy industry) emissions until 2060-2064.	Score 2
		Trump executive order seeks to halt state climate accountability laws and lawsuits • President Trump directed the Justice Department to block enforcement of state-level climate laws and lawsuits holding fossil fuel companies liable. • The order targets policies in New York and Vermont requiring companies to fund climate disaster relief and similar legal efforts by cities and counties. • Oil lobby groups welcomed the move, while environmental organizations denounced it as unconstitutional and protective of corporate polluters. • The DOJ must now decide whether to intervene in cases, but courts hold the authority to allow or reject such action.	Policy delivers net zero CO_2 emissions by 2060-2064.	**Legislated.** Trump's order poses a risk to state-led climate initiatives and could impede the US's progress toward net-zero emissions.	Score 2

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Clean power 	**Fast-tracking of new nuclear licenses** • President Donald Trump signed executive orders aimed at accelerating the licensing of nuclear power plants in the US, seeking to reduce the process from over a decade to just 18 months. • The initiative includes restructuring the Nuclear Regulatory Commission (NRC), encouraging collaboration between the Departments of Energy and Defense, and constructing nuclear plants on federal land, including military bases. • In 2024, domestic uranium concentrate production surged to 676,939 pounds of U3O8, more than tripling the output from 2023.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced and supportive**. Accelerating nuclear licensing reduces project timelines and regulatory uncertainty. Together, these changes encourage new investment, expand reliable clean generation, and strengthen grid resilience.	Score 3
		Trump Is Canceling $3.7 Billion in Clean Energy Projects • The Trump administration has canceled $3.7 billion worth of clean energy projects that were previously backed by federal funding. • The projects included solar and wind energy initiatives, as well as energy efficiency upgrades, which had been allocated funds under earlier green energy programs. • The decision impacts approximately 24 major clean energy projects, significantly reducing the pace of the US's transition to renewable energy.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. The cancellation of already-awarded funding commitments creates profound policy instability and slows progress in developing clean energy solutions.	Score 2
		Proposed Renewable Fuel Standards for 2026 and 2027 • The EPA has proposed new Renewable Fuel Standard (RFS) volumes for 2026 and 2027 to strengthen US energy security. • For 2026, the proposed total renewable fuel volume is 24.02 billion gallons, which includes 1.30 billion gallons of cellulosic biofuel and 7.12 billion gallons of biomass-based diesel. • For 2027, the proposed total volume increases to 24.46 billion gallons, with cellulosic biofuel at 1.36 billion gallons and biomass-based diesel at 7.50 billion gallons.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. Citing a production shortfall, the EPA is proposing to partially waive the 2025 cellulosic biofuel volume.	Score 3 ***No impact***

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Clean power 	**Fast tracking of 10 new mining projects** • Under the Trump administration, fast track permitting was granted for ten mining projects across the US. • This decision aimed at boosting the domestic mining industry and reducing reliance on foreign suppliers for metals used in aircraft, electric vehicles, and military equipment. • Concerns were raised over the potential environmental impact and public backlash.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced and supportive**. Securing domestic critical minerals supports the energy transition, despite environmental impacts. High demand makes their use in clean power projects likely, even if not directly planned.	Score 3
		Easing of pressure rules to boost offshore oil drilling • The US Bureau of Safety and Environmental Enforcement (BSEE) proposed easing requirements for Blowout Preventer (BOP) systems used in offshore drilling. • The proposal aims to reduce the required pressure testing frequency under certain conditions. • It suggests modifying rules implemented after the 2010 Deepwater Horizon oil spill, which cost BP over $65 billion. • The agency estimates the proposed changes could save the offshore oil and gas industry approximately $292 million over 10 years.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced**. The primary goal and expected outcome of this policy is to increase oil production, a major source of greenhouse gas emissions.	Score 2
		Approval time cut to 28 days • President Trump declared an economic emergency to expedite environmental reviews for energy and infrastructure projects. • The order invokes emergency powers under the National Environmental Policy Act (NEPA). • It aims to limit environmental assessments for many projects to a maximum duration of 28 days.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced and supportive.** Proposed faster energy project approvals, despite less time for environmental analysis, could theoretically hasten new clean energy project deployment.	Score 3

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Clean power 	**Trump administration stops permitted offshore wind projects** • President Trump issued an executive order halting the South Fork Wind project off the coast of New York. • This 132-megawatt (MW) project was already under construction. • It also directed federal agencies to review permitting processes for all offshore wind projects, potentially delaying or halting others. • The action created uncertainty for the offshore wind industry, which had projects planned totaling over 30 gigawatts (GW) along the US East Coast.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Legislated**. This policy is in line with the new administrations' complete shift away from clean power towards increased fossil fuels power generation.	Score 1
		Democratic states file sue to stop halt of new wind projects • Attorneys general from 17 states and Washington, D.C., have filed a lawsuit against the Trump administration. • The lawsuit challenges an executive order that paused approvals, permits, and loans for all wind energy projects. • The Equinor Empire Wind project, which was ordered to halt construction, is about 30% complete. • The Empire Wind project underwent a seven-year permitting process. • The Empire Wind project is designed to provide power to 500,000 homes in New York.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Announced and supportive**. The lawsuit targets Trump's planned stop of approved new wind projects.	Score 3
		US House budget bill slashes clean energy credits, threatening sector growth • On May 22, 2025, the US House narrowly passed a budget bill that speeds up the end date for clean energy tax credits and adds new restrictions, risking a halt to the US clean energy boom. • The legislation moves the expiration of wind, solar, and battery storage credits to 2028 and requires projects to start within 60 days, while fully eliminating credits for residential solar and the popular transferability feature. • As a result, clean energy stocks plunged—with Sunrun falling 38%—and sector analysts predict a 7% rise in household energy costs if the bill becomes law. • Over half of IRA-backed clean energy projects to date are in Republican districts, yet the bill passed with support from more than two dozen GOP representatives.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Legislated**. In line with earlier Trump-era efforts to roll back Biden-era clean energy policies, this bill marks a setback for US clean power producers.	Score 2

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Clean power 	**New One Big Beautiful Bill Act** • New U.S. Law Restructures Energy Landscape, Boosting Fossil Fuels While Curtailing EV and Wind Incentives. • In July 2025, the Trump administration enacted the "One Big Beautiful Bill Act" in the United States, a law that reorients national energy policy. • The legislation boosts the fossil fuel sector by lowering federal oil and gas royalty rates to 12.5%, reinstating lease sales in the Arctic National Wildlife Refuge, and making 4 million acres of coal reserves available for mining. • It simultaneously curtails clean transportation incentives by eliminating the $7,500 electric vehicle tax credit on September 30, 2025, and ends tax credits for new wind energy projects in 2027. • However, the bill keeps federal tax credits for solar and battery projects active through 2032 and expands the 45Q tax credit for carbon capture utilized for enhanced oil recovery.	Policy delivers dispatched generation of >90% low-carbon power by 2045-2049.	**Legislated**. The bill rolls back electricity tax credits from the IRA while setting new tax credits for coal production, which reflects Trumps new energy policy.	Score 2
	All coal phase out 	**Coal used to make steel gets break in Trump's tax bill** • A broad Republican energy bill proposes a new subsidy for the coal industry by classifying metallurgical (met) coal, used in steelmaking, as a "critical mineral." • This classification would make met coal producers eligible for a 2.5 percent tax credit on their production costs. • The subsidy is estimated to be worth approximately $300 million over a ten-year period.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal by 2040-2044.	**Announced**. Allocating tax credits to coal production is in line with Trump's agenda of increasing coal, oil, and gas production.	Score 2
		Trump signs orders to revive US coal amid soaring power demand from AI and tech sectors • Executive orders eliminate the leasing moratorium on federal lands, deregulate permitting and enforcement, and unlock $200 billion for coal-related projects. • Orders ensure that operating coal plants are protected and required to remain online to meet surging energy demand from AI, EVs, and data centers. • The EPA is ordered to lift emissions restrictions on 66 coal facilities, while the DOJ is instructed to legally challenge state-level anti-coal laws. • A new legal guarantee aims to protect coal investments from future political reversals, as Trump declares coal a strategic national resource under the Defense Production Act.	Actual policy and anticipated policy signals deliver 97% of dispatched power generation from sources other than unabated coal by 2040-2044.	**Legislated**. The policy heavily undermine efforts to phase out coal in the US by promoting the revival of coal infrastructure, diverting from the advancement of cleaner energy technologies.	Score 1

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Industry decarboni-zation 	**Congress backs bill to decarbonize cement and asphalt through innovation and federal support** • The US House passed the bipartisan IMPACT Act 2.0 with a 350–73 vote on March 25, 2025, targeting emissions in construction industries. • The bill funds $15 million in grants to help states purchase low-emissions cement, concrete, and asphalt through 2027. • It also creates a federal advance purchase program to guarantee future demand for qualifying products, contingent on emissions verification. • A federal Interagency Task Force will develop technical standards, advise Congress, and guide industry innovation every two years. • State projects can receive reimbursement or incentives only if they align with updated performance-based emissions specifications.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2050-2054.	**Legislated and supportive**. The bill is a positive step toward decarbonizing heavy industries, providing financial support for modernization efforts.	Score 3
		DOE targets $1.5B in carbon capture and battery storage projects amid Trump-era fossil push • On April 4, 2025, documents seen by Reuters revealed that the US Department of Energy is considering rescinding over $1.5 billion in funding for carbon capture and long-duration battery storage projects. • Projects affected include $890 million in integrated CCS pilots and $350 million for advanced energy storage, with companies like NextEra and Westinghouse among the recipients. • The move follows the Trump administration's rollback of clean energy spending under the 2021 and 2022 climate laws, prioritizing fossil fuel development. • Clean energy advocates warn the cuts jeopardize critical grid decarbonization tools, with some firms already downsizing amid uncertainty.	Policy or anticipated policy signals deliver >80% reduction in all heavy industry process emissions by 2050-2054.	**Announced**. The potential funding reductions may threaten the advancement of critical technologies necessary for substantial emissions reductions in heavy industries.	Score 2
	Light duty vehicles 	**Senate parliamentarian rejects Republican bid to reverse Biden vehicle rules** • The Senate Parliamentarian ruled against a Republican strategy to attach a broader energy permitting bill to a resolution aimed at repealing an Environmental Protection Agency (EPA) rule for electric vehicle chargers. • Republicans were using the Congressional Review Act (CRA), which allows Congress to overturn federal regulations with a simple majority vote, thus bypassing the Senate's 60-vote filibuster threshold. • The attached permitting bill, based on a package from Senator Joe Manchin, would have given the D.C. Circuit Court of Appeals exclusive jurisdiction over legal challenges to major energy projects valued at more than $250 million.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced and supportive**. Positive development in trying to keep the California 100% zero-emission vehicle sales by 2035 target.	Score 3

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Light duty vehicles 	**US Senate votes to block California 2035 electric vehicle rules** • On May 22, 2025, the US Senate voted to block California's plan to phase out gasoline-only vehicle sales by 2035. • The Senate's decision seeks to repeal a waiver granted by the EPA under former President Joe Biden, permitting California to mandate that at least 80% of new vehicle sales be electric by 2035. • A related bill passed by the House aims to eliminate a $7,500 EV tax credit, introduce a $250 annual EV fee, and rescind emissions regulations promoting EV manufacturing. • Automakers argue that meeting California's 2026 zero-emission vehicle targets, requiring 35% of light-duty vehicles to be electric, is currently unfeasible.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced**. As the policy moves further from the Biden-era electric vehicle sales target—though less dramatically—it will likely slow progress toward over 90% EV sales. This aligns with the current US forecast based on expert expectations and therefor justifies a neutral rating.	Score 2
		Biden fuel efficiency rules to be declared beyond legal authority • The US Transportation Department is poised to declare that fuel economy regulations established during President Joe Biden's administration overstepped legal authority by incorporating electric vehicles (EVs) into the calculations. • Critics argue the previous rules effectively mandated EV adoption and raised car prices by including EVs in the Corporate Average Fuel Economy (CAFE) standards. • Removing EVs from these calculations could lower overall fuel economy targets. • Previously, NHTSA aimed to increase CAFE requirements to 50.4 mpg by 2031.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced**. Declaring Biden-era fuel economy rules beyond legal authority, and removing EVs from CAFE calculations, may lower future fuel economy targets	Score 3 ***No impact***
		16 states, DC sue Trump over EV charging station funds16 states, DC sue Trump over EV charging station funds • A total of 16 states, along with the District of Columbia (DC), have filed a lawsuit against the Trump administration. • The lawsuit concerns the alleged illegal withholding of billions of dollars in previously awarded federal funds. • These funds were designated for states to develop electric vehicle (EV) charging infrastructure.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced and supportive**. The lawsuit targets Trump's withholding of funds earmarked for developing the infrastructure needed for vehicle electrification.	Score 3

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Light duty vehicles 	**$250 annual EV fee proposed** • The House Committee on Transportation & Infrastructure proposed a $250 annual registration fee for electric vehicles (EVs). • A $100 annual registration fee for hybrid vehicles was also proposed. • The committee approved its portion of the budget reconciliation bill on April 30 with a party-line vote of 36-30. • The current federal gasoline tax is 18.4 cents per gallon and has not changed since 1993.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced**. Increasing fees on EVs disincentivizes their adoption, as they are a critical technology for decarbonizing the passenger transport sector.	Score 2
		California, 10 Other States Sue to Block Trump from Killing 2035 EV Rules • California and 10 other states have filed a lawsuit to prevent the Trump administration from nullifying regulations that mandate a transition to 100% zero-emission vehicle (ZEV) sales by 2035. • The lawsuit challenges two resolutions passed by Congress that seek to overturn the EPA's waiver allowing California to set its own, stricter emissions standards. • The regulations require that by 2026, 35% of new passenger vehicles sold must be ZEVs, with this percentage increasing annually to 100% by 2035. • The coalition of states suing represents over 100 million people and more than 35% of the US auto market.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced and supportive**. Effort by California and 10 other states to hinder Trumps plan to stop the electrification of the automotive sector.	Score 3
		Resolution against California's EV rules • President Trump is expected to sign two resolutions passed by the Republican-led Congress that aim to repeal California's authority to mandate 100% zero-emission vehicle sales by 2035. • The rules being targeted require 35% of new vehicle sales to be zero-emission by 2026, scaling up to 100% by 2035.	Policy ends the sale of >90% of new cars and vans with CO2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced**. These resolutions represent a legislative action to rescind EV regulations in California and other states.	Score 2

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Light duty vehicles 	**Judge blocks Trump administration from withholding funds for EV charger infrastructure** • A federal judge has blocked the Trump administration from withholding funds from the National Electric Vehicle Infrastructure (NEVI) program. • The NEVI program allocates $5 billion over five years to states to build a national network of electric vehicle charging stations. • The lawsuit was filed after the administration withheld second-year funding from several states, including California, which was due to receive over $384 million in total.	Policy ends the sale of >90% of new cars and vans with CO_2 emissions. (I.e., >90% of new sales are ZEVs). ZEV = BEV, PHEV, FCEV by 2045-2049.	**Announced and supportive**. Positive development in trying to keep the funding from the NEVI program to boost the infrastructure for EVs.	Score 3
	Protection & restoration 	**Trump administration to rescind policy protecting undeveloped forests** • The Trump administration plans to rescind the 2001 Roadless Area Conservation Rule, which protects 58.5 million acres of national forest land from most road construction and logging. • This protected land accounts for about 30% of the entire National Forest System. • A key area affected would be Alaska's Tongass National Forest, which spans 16.7 million acres and contains 9.3 million acres of roadless areas.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored	**Announced**. This policy would lift the protection for 58.5 million acres of national forest land to promote new road constructions and logging projects.	Score 1
		Trump administration proposal would lift Biden-era limits on Alaska oil drilling • The proposed rollback of drilling restrictions in Alaska could increase oil production by 500,000 barrels per day by 2027. • This would boost US oil output by 5–6% in the coming years, with additional revenues of $10 billion expected from increased drilling. • The proposal is controversial, as it could result in significant increases in carbon emissions, undermining the US's climate goals.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored	**Announced**. This policy unleashes oil and gas drilling, threatening protected Arctic habitats and dismantling conservation efforts to maximize US fossil fuel production.	Score 2

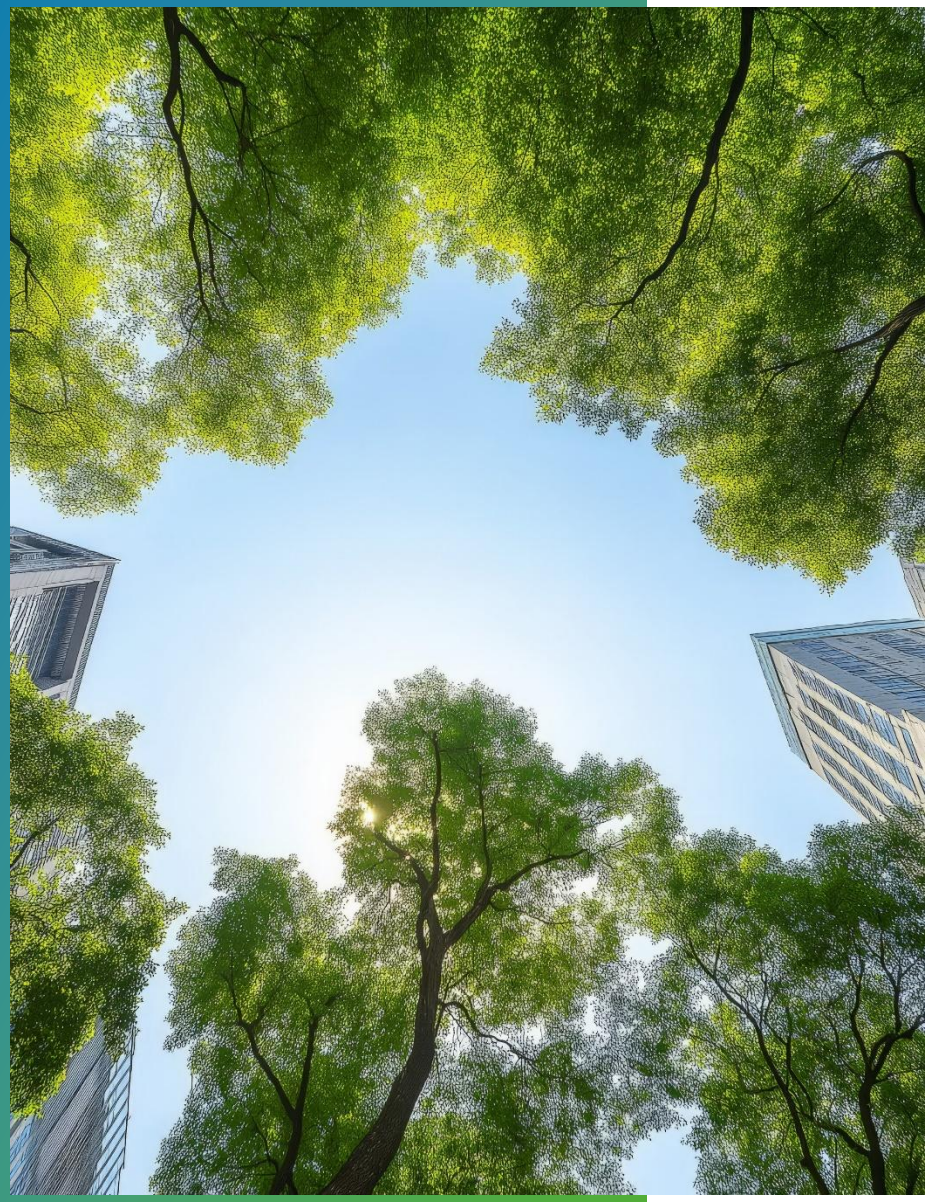
US POLICY ANNOUNCEMENTS/DEVELOPMENTS

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Protection & restoration 	**Order to boost deep-sea mining** • An executive order related to deep-sea mining was expected to be signed by then-President Donald Trump. • The executive order aimed to support the domestic mining industry, reflecting the administration's effort towards American energy independence. • The signing and implementation of this executive order would facilitate the exploration and mapping of the United States' deep-sea resource potential while ensuring appropriate environmental, safety, and security safeguards.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored	**Legislated**. The proposed method of extraction poses severe and potentially irreversible threats to vital marine ecosystems and could disrupt natural carbon cycles.	Score 2
		Looser rules for protection of threatened species proposed • The US Fish and Wildlife Service proposed changes to regulations under the Endangered Species Act (ESA). • A key change involves reinstating a rule differentiating protections for "threatened" species from "endangered" species, potentially reducing automatic protections for threatened species. • Another proposal seeks to modify the definition of "habitat," potentially narrowing the scope of areas considered essential for species recovery.	30% protection of all land achieved, and 30% of degraded land under effective restoration or restored	**Announced**. The proposed method of extraction poses severe and potentially irreversible threats to vital marine ecosystems and could disrupt natural carbon cycles.	Score 1
	Low-carbon agriculture 	**Cancellation of $3bn climate-friendly farming program** • The Trump administration cancelled the Partnerships for Climate-Smart Commodities program. • This program, managed by the US Department of Agriculture (USDA), had allocated over $3.1 billion. • The funding supported 141 projects aimed at encouraging farmers and ranchers to adopt practices that reduce greenhouse gas emissions or sequester carbon.	Policy delivers significant nationwide market incentives to encourage farmers to reduce emissions from crop production and livestock by > 2040.	**Legislated**. The cancellation of the 3 billion dollar climate-friendly agriculture program ensures that farmers are not supported in switching to more climate-friendly farming methods.	Score 2

US POLICY ANNOUNCEMENTS/DEVELOPMENTS

INEVITABLE POLICY RESPONSE

Region	Policy area	Development	2023 IPR 1.8°C Forecast	Impact on forecast	Impact assessment
US 	Net deforestation 	**Roll back of forest protection** • The Trump administration's emergency designation to roll back environmental safeguards affects logging projects in 176,000 square miles of terrain. • This designated area constitutes 59% of US Forest Service lands. • Forest Service officials were instructed to devise plans to increase the volume of timber offered by 25% over the next four to five years. • The US Forest Service has sold approximately 3 billion board feet of timber annually for the past decade.	Policy delivers an end to net deforestation and delivers afforestation or reforestation at scale by >2040.	**Announced**. The removal of environmental regulations to increase timber exports poses a serious threat to US forests and ecosystems.	Score 1



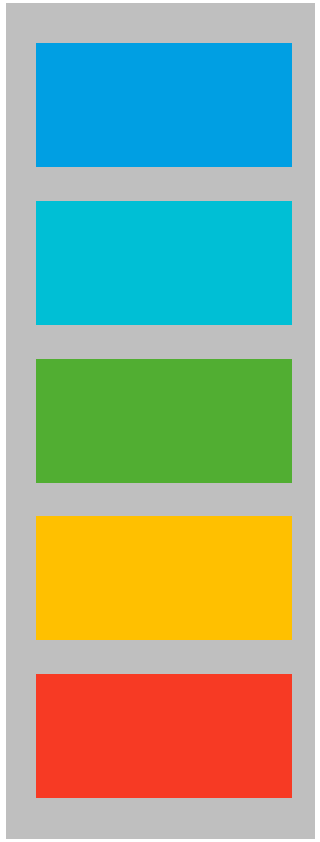
Technical Annex

Methodology, deep dive assessments, and references

IMPACT SCALE FOR IPR FORECAST

Assessing policy impact on 5-step scoring scale relative to three reference scenarios

A 5-point scale applied to policy developments to indicate impact relative to three reference scenarios



	Details	Impact on policy forecast
5	Evidence for **large acceleration** in policy forecast	Potential for >5-year acceleration in transition speed
4	Evidence for **moderate acceleration** in policy forecast	Potential for 5-year acceleration in transition speed
3	Legislated or announced policies that 1) support and increase probability of 1.8°C FPS or 2) confirm FPS policy forecast	No change to 1.8C FPS forecast
2	Evidence for **moderate deceleration** policy forecast	Potential for 5-year deceleration in transition speed
1	Evidence for **large deceleration** in policy forecast	Potential for >5-year deceleration in transition speed

Greater likelihood of 1.5°C scenario (IEA NZE, IPR RPS 1.5°C, NGFS)

Greater likelihood of Paris-aligned (i.e. well-below 2°C) scenarios including IEA APS, NGFS, IPR 1.8°C FPS

Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS[1] scenario)

IPR QFT: KEY Q2 2025 POLICY DEVELOPMENTS BY REGION

The findings of IPR's Quarterly forecast tracker for Q2 2025 show that most policies are in line with the Paris Agreement

Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS scenario)

Greater likelihood of Paris-aligned (i.e., well-below 2°C) scenarios including IPR 1.8°C FPS

Greater likelihood of 1.5°C scenario including IEA NZE and IPR 1.5°C RPS

Region / score	Significant deceleration 1	Moderate deceleration 2	No change to policy forecast 3	Moderate acceleration 4	Significant acceleration 5	Total
Global	0	0	4	0	0	4
Asia Pacific	0	4	11	1	0	16
China	0	0	1	0	0	1
Europe	0	3	24	1	0	28
Eurasia	0	0	1	0	0	1
Middle East and Africa	0	0	2	0	0	2
North America	5	16	13	1	0	36
South America	0	0	0	0	0	0
Total	**5**	**23**	**56**	**3**	**0**	**88**

IPR QFT: KEY Q2 2025 POLICY DEVELOPMENTS BY COUNTRY

While 17 countries have implemented supportive climate policies, 6 countries did not announce or legislate policies

Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS scenario)

Greater likelihood of Paris-aligned (i.e., well-below 2°C) scenarios including IPR 1.8°C FPS

Greater likelihood of 1.5°C scenario including IEA NZE and IPR 1.5°C RPS

Region / score	Significant deceleration 1	Moderate deceleration 2	No change to policy forecast 3	Moderate acceleration 4	Significant acceleration 5	Total
Global	0	0	4	0	0	4
EU	0	2	10	0	0	12
Australia	0	1	0	0	0	1
India	0	1	2	1	0	4
Indonesia	0	1	4	0	0	5
Japan	0	0	4	0	0	4
South Korea	0	1	0	0	0	1
Vietnam	0	0	1	0	0	1
China	0	0	1	0	0	1
France	0	0	1	0	0	1
Germany	0	1	5	0	0	6
Italy	0	0	0	0	0	0
UK	0	0	8	1	0	9
Russia	0	0	1	0	0	1
Nigeria	0	0	0	0	0	0
Saudi Arabia	0	0	0	0	0	0
South Africa	0	0	1	0	0	1
Turkey	0	0	1	0	0	1
Canada	0	0	0	0	0	0
Mexico	0	0	0	1	0	1
USA	5	16	13	0	0	35
Argentina	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Total	**5**	**23**	**56**	**3**	**0**	**88**

COMPARISON OF TRANSITION FORECAST WITH NATIONAL POLICY TARGETS

Assessing whether national policy targets are expected to be met, missed or exceeded based on experts' views on what the energy & land transition will look like

Alignment of IPR's 2025 Transition Forecast with National Policy Targets

Achieved	Miss	Meet	Exceed	Gap	N/A
Achieved means that the 2025 Transition Forecast target has been met.	**Miss** means that experts from the 2025 Transition Forecast expect national policy targets to be missed by ≥ 5 years.	**Meet** means that experts from the 2025 Transition Forecast expect national policy targets to be met on time (< 5 year divergence).	**Exceed** means that experts from the 2025 Transition Forecast expect national policy targets to be exceeded by ≥ 5 years.	**Gap** means that a national policy target for the specific sector is not available or invalid.	**N/A** means that a 2025 Transition Forecast Target is not available (e.g. due to a low response rate).

Examples of Transition Forecast vs. Policy Target

Transition Forecast: Achieved (as per target definition)	Transition Forecast: 2070 Policy Target: 2060	Transition Forecast: 2070 Policy Target: 2068	Transition Forecast: 2050 Policy Target: 2060	Transition Forecast: 2070 Policy Target: not available	Transition Forecast: not available Policy Target: 2060

THE COMPARISON OF IPR'S TRANSITION FORECAST WITH NATIONAL POLICY TARGETS REVEALS AN EXPECTED SHORTFALL, WITH POLICY TARGETS LIKELY NOT TO BE MET IN MULTIPLE SECTORS

INEVITABLE POLICY RESPONSE

Alignment of IPR's 2025 Transition Forecast with National Policy Targets: Achieved | Miss | Meet | Exceed | Gap

			% of world CO_2 emissions	Economy wide		Power		Buildings	Transport		Industry	Agri	Land use	Nature	
				Net Zero CO_2 emissions	Carbon price	All coal phase-out	Clean power	Zero-carbon heating	Light duty vehicles	Heavy duty vehicles	Industry decarb.	Low-carbon agriculture	Net defores-tation	Protection	Nature incentives
Asia Pacific excl. China		Australia	1.0%	Meet	Meet	Gap	Miss	Gap	Gap	Gap	Meet	Exceed	Miss	Miss	Miss
		Indonesia	1.8%	Miss	Exceed	Miss	Miss	N/A	Meet	Gap	Meet	Miss	Miss	Miss	Gap
		India	7.0%	Meet	Exceed	Gap	Miss	N/A	Miss	Gap	Exceed	Gap	Achieved	Miss	Gap
		Japan	3%	Meet	Exceed	Miss	Miss	Miss	Miss	Gap	Meet	Miss	Meet	Achieved	Miss
		South Korea	1.6%	Miss	Exceed	Meet	Miss	Gap	Miss	Miss	Miss	Gap	Miss	Miss	Miss
		Vietnam	0.8%	Miss	N/A	Meet	Exceed	N/A	Meet	Miss	Meet	Miss	Meet	Meet	N/A
China		China	33.9%	Meet	Exceed	Gap	Exceed	Gap	Meet	Meet	Exceed	Miss	Achieved	Meet	Gap
Europe		France	0.8%	Meet	Meet	Achieved	Achieved	Meet	Meet	Miss	Meet	Meet	Achieved	Meet	Miss
		Germany	1.7%	Miss	Meet	Meet	Meet	Meet	Miss	Meet	Exceed	Miss	Achieved	Achieved	Meet
		Italy	0.8%	Miss	Meet	Meet	Exceed	Meet	Miss	Miss	Meet	Miss	Achieved	Meet	Miss
		UK	0.9%	Meet	Meet	Achieved	Miss	Miss	Miss	Miss	Exceed	Meet	Achieved	Miss	Miss
Eurasia		Russia	5%	Miss	N/A	Gap	Gap	Gap	Gap	Gap	Meet	Gap	Achieved	Miss	Gap
Middle East and Africa		Nigeria	0.3%	Miss	N/A	Achieved	Meet	N/A	Miss	Gap	Meet	Exceed	Gap	Miss	Gap
		Saudi Arabia	1.6%	Meet	Gap	N/A	Meet	N/A	Gap	Gap	Exceed	N/A	Achieved	Miss	Gap
		South Africa	1.0%	Miss	Meet	Gap	Exceed	Gap	Gap	Gap	Meet	Exceed	Miss	Miss	Meet
		Türkiye	1.2%	Miss	Gap	Gap	Miss	Gap	N/A	Gap	Meet	N/A	Achieved	Meet	N/A
North America		Canada	1.5%	Meet	Meet	Meet	Miss	Gap	Miss	Miss	Meet	Exceed	Gap	Miss	Meet
		Mexico	1.3%	Miss	Exceed	Gap	Meet	N/A	Miss	Miss	Meet	Miss	Miss	Miss	Miss
		US	12.6%	Miss	N/A	Miss	Miss	Miss	Gap	Miss	Meet	Miss	Miss	Miss	Gap
South America		Argentina	0.5%	Miss	Exceed	Achieved	Meet	Gap	Gap	Gap	Meet	Gap	Miss	Gap	Gap
		Brazil	1.2%	Miss	Exceed	Achieved	Achieved	N/A	Gap	Gap	Meet	Miss	Miss	Achieved	Meet

Note: **Exceed** means that the 2025 Transition Forecast Target is ≥ 5 years earlier than the national policy target. **Meet** means that the 2025 Transition Forecast overlaps with the national policy target. **Miss** means that 2025 Transition Forecast start ≥ 5 years later than the national policy target. **Gap** means that an actual policy target is missing or invalid. **N/A** means that a 2025 Transition Forecast target is not available.

WEIGHTED POLICY GAP ANALYSIS (SLIDE 3) METHODOLOGY AND KEY FINDINGS

Back to main FPS policy gap analysis section

Legend (chart of Slide 20)

- **Acceleration**: Policy increases likelihood of 1.5°C scenario (IEA NZE, IPR RPS 1.5°C).
- **Confirmatory**: Policy fulfils forecasted IPR outcome, increasing likelihood of Paris-aligned (i.e. well-below 2°C) scenarios including IEA APS, IPR 2.0°C FPS.
- **Supportive**: Policy increases likelihood of Paris-aligned scenarios but requires further policy to comply with IPR FPS.
- **Deceleration**: Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS1 scenario).
- **Policy gap:** Emissions are not covered by climate policy.

Global

- 60% of emissions of the 21 IPR countries are covered by announced or legislated[2] climate policy that is faster, confirmatory or supportive of the IPR FPS 2.0°C
- 40% of emissions are decelerating in ambition or not covered by climate policy

Advanced Economies

- 23% of emissions in advanced economies are covered climate policy that meets at least the forecasted IPR targets
- 67% of emissions are adressed by policies that are supportive but not yet sufficient to meet the IPR FPS 1.8°C
- A majority of the 10% of gaps by emissions for advanced economies fall into the LULUCF, agriculture and power

Emerging and Development Economies

- Emerging markets and developing economies (EMDE) are responsible for 66% of all emissions in the IPR countries
- 49% of emissions are covered by policies that at least support the IRP FPS forecast, which is representative for the increasing policy coverage among EMDE
- 50,5% of emissions are not yet covered or fall under policies with potentially decelerating effects

* Weighted by emissions coverage of tracked policies

1. Sources for emission data: EDGAR Database (2022); FAOstat (2021); 2. Data on announced/legislated status of policies can be found at page 25 and in the annex/previous publications

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