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Sustainability & Climate Pulse

OUR MONTHLY NEWSLETTER

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FOREWORD

Greetings, and welcome to the latest edition of Uniquis' Sustainability & Climate Pulse

As we open 2026, climate ambition is increasingly visible in capital flows, how reporting standards are implemented, and how policy links climate to trade and competitiveness. This month's In the News section looks at how green investing is evolving as a core engine for climate technology and grid resilience, alongside a complex U.S. policy landscape in which federal retreat contrasts with assertive state-level action. We also highlight how the EU's Carbon Border Adjustment Mechanism, India's expanded emission intensity rules, and new measures in the Middle East, from AI-enabled monitoring to phased bans on single-use plastics, are turning carbon and environmental data into hard conditions for market access and a license to operate.

Our In-Depth Analysis examines the EU's recalibration of SFDR, CSRD, and the EU Taxonomy, signaling a shift from volume of disclosure toward clearer categories, proportionality, and decision-useful information for investors.

As always, this publication aims to provide updates and viewpoints that help leaders make sense of new rules, focus sustainability investments, and prepare their organizations for the next phase of global ESG and climate disclosure.



As we open 2026, climate ambition is increasingly visible in capital flows, how standards are implemented, and how policy links climate to trade and competitiveness.

Anu Chaudhary
Partner, Global Head of Sustainability &
Climate Consulting

IN THE NEWS

This section focuses on key developments globally, in the USA, India, and the Middle East. It examines the latest news and assesses its potential impact on regional landscapes, businesses, and consumers. Uniquis provides insights into how these developments may shape current market dynamics and set the stage for future opportunities and challenges.

GLOBAL

Green Investing in 2026: Navigating the Future of Climate Tech

As the landscape of green investing continues to evolve, 2026 is shaping up to be a key year for climate technology funding, according to Bloomberg. Building on approximately USD 42 billion invested in U.S. climate tech last year, 2026 promises to be a strong year for strategic investments in sustainable technologies.

Recent tax policy changes and favorable interest rates have clarified the investment environment, encouraging stakeholders to put capital into areas with strong growth potential. Investors are especially optimistic about the rising demand for data center energy solutions, with forecasts showing a 130% increase by 2030. This creates a significant opportunity for companies to innovate in geothermal energy, nuclear, renewable projects, and energy-efficiency software.

The emphasis on grid technology remains strong, driven by the need for affordable, reliable energy systems, while climate adaptation projects are gaining momentum as communities face the growing impacts of climate change. The potential for funding in areas like disaster recovery and coastal infrastructure is expected to grow as extreme weather events become more frequent. Although nuclear energy has received mixed reactions from investors, it continues to attract attention, particularly for meeting the energy needs of an AI-driven future.

Insights from the Q1 2026 ISSB Implementation Podcast: Navigating Sustainability Standards

The International Sustainability Standards Board (ISSB) released its Q1 2026 Implementation Insights Podcast, featuring important discussions to help companies better apply the ISSB Standards. The ISSB Vice-Chair and technical staff reviewed resources to support organizations in implementing sustainability-related disclosures. Key topics included managing sustainability-related risks, the importance of disclosing material information, and understanding the proportionality mechanisms within ISSB Standards.

Listeners will find helpful guidance on specific disclosure requirements, such as those for greenhouse gas emissions and climate-related transition plans. The podcast also highlighted educational materials and webcasts designed to make understanding and applying the ISSB frameworks easier, especially IFRS S1 and IFRS S2. This resource may be a helpful tool for companies navigating the complexities of sustainability reporting and aiming for transparency in their climate-related disclosures.

JPMorgan's Strategic Shift: Cutting Ties with Proxy Advisers

JPMorgan Chase has announced a significant change in its corporate governance approach by severing ties with proxy advisory firms. This decision comes as part of a broader strategy to enhance direct engagement with shareholders and improve transparency in its voting practices. The bank aims to address concerns about the influence of proxy advisers on corporate decision-making, which some argue can lead to misaligned interests between companies and their investors.

The move reflects a growing trend among large corporations to reassess their reliance on proxy advisory services, which have faced scrutiny for their methodologies and potential biases. By taking a more hands-on approach, JPMorgan intends to foster deeper relationships with its shareholders, ensuring that their perspectives are considered directly rather than filtered through third-party recommendations. This decision could serve as a pivotal moment in corporate governance, encouraging other firms to evaluate their own practices and possibly leading to a shift in how shareholder votes are managed in the future.



Uniquis' POV

As the landscape of green investing continues to develop, 2026 marks a crucial year for climate tech funding, driven by a combination of market demand, regulatory frameworks, and innovative financial tools. Recent Bloomberg insights reveal that investors are increasingly directing capital toward technologies that not only offer sustainable returns but also support global climate goals. This trend is reinforced by the growing acknowledgment of climate risks as material to financial performance, prompting investors to seek out companies demonstrating strong environmental, social, and governance (ESG) practices. Green investments are becoming a necessity for businesses aiming to stay competitive and resilient in an ever-changing market.

Meanwhile, the adoption of the International Sustainability Standards Board (ISSB) frameworks, as discussed in the IFRS Foundation's Q1 2026 podcast, is reshaping how companies report and take responsibility for sustainability. Firms that proactively adopt these standards will not only improve transparency but also gain an edge in attracting investment. As global regulations around sustainability disclosures tighten, businesses must focus on compliance and integrate sustainability into their core strategies. This dual focus on green investments and adherence to emerging standards offers a great opportunity for companies to foster innovation, build stakeholder trust, and achieve long-term growth. For executives and sustainability professionals, the message is clear: align business models with the evolving expectations of investors and regulators, making sustainability a key part of corporate strategy.

USA

U.S. Exits Green Climate Fund with Implications for Global Climate Finance

In a major policy change, the U.S. Department of the Treasury announced the withdrawal of the United States from the Green Climate Fund (GCF), a global effort to support developing countries in fighting climate change. This decision reflects a broader strategy under the Trump administration to focus on domestic interests amid challenges from perceived radical political opposition. The withdrawal raises questions about the U.S. commitment to international climate agreements and its role in global climate finance. The effects of this move may be significant, especially for vulnerable nations that depend on GCF funding for climate adaptation and mitigation projects. As the U.S. has traditionally been among the largest contributors, this action could create substantial funding gaps, potentially hindering progress in addressing climate-related issues in developing regions.

Ambitious 2026 State Policy Agenda for a Sustainable New York

The New York League of Conservation Voters (NYLCV) and its Education Fund (NYLCV/EF) have announced an ambitious 2026 State Policy Agenda focused on promoting sustainability and climate action in New York. The agenda emphasizes major investments in clean energy, including a proposed USD 1 billion boost to the Sustainable Future Fund and initiatives to enhance the Clean Air Initiative, which aims to hold polluters accountable while encouraging cleaner business practices. Key goals include deploying offshore wind projects, reaching 20 gigawatts of distributed solar energy by 2035, and improving energy efficiency in buildings through thermal energy networks.

Besides clean energy efforts, the agenda outlines crucial measures to decarbonize transportation and advance environmental justice. This includes enacting a Clean Fuel Standard, expanding access to electric vehicles, and implementing extended producer responsibility for packaging. The NYLCV/EF highlights the urgency of state-level actions amid federal rollbacks on environmental protections, emphasizing that bold legislative steps are essential to safeguard public health and accelerate New York's transition to a clean energy economy. The comprehensive policy framework offers a blueprint for lawmakers to achieve these vital environmental goals while building a sustainable future for all New Yorkers.



EPA to Intensify Environmental Deregulation Efforts in 2026

In a continuation of its deregulation efforts, the U.S. Environmental Protection Agency (EPA) has announced plans to further loosen key environmental rules in 2026. A main focus will be the rescission of the endangerment finding that supports many federal climate regulations, which proclaims that greenhouse gas emissions threaten public health and safety. This move, supported by EPA Administrator Lee Zeldin, aims to review and possibly overturn scientific conclusions that have guided climate policy since 2009.

Additionally, the EPA plans to delay enforcement of stricter vehicle emission standards introduced during the Biden administration. These changes, which include reevaluating rules designed to cut pollution from light and medium-duty vehicles as well as heavy-duty trucks, could hinder initiatives to improve air quality and public health. The ongoing legal battles over these deregulations highlight the contentious nature of environmental policy in the U.S., emphasizing the divide between regulatory goals and scientific consensus on climate change.



Uniquis' POV

The recent announcement by the U.S. Treasury about immediately withdrawing from the Green Climate Fund marks a major shift in the U.S. approach to international climate finance. This decision not only weakens global climate cooperation but also raises doubts about U.S. businesses' commitment to sustainability efforts that depend on international partnerships and funding. With proposed environmental deregulations by the EPA, companies might face a more divided regulatory environment that complicates their sustainability plans. These federal policy changes could create more uncertainty for companies trying to meet global climate goals, potentially slowing down innovation and investment in clean tech.

At the state level, the New York League of Conservation Voters revealed its 2026

State Policy Agenda, emphasizing bold local climate efforts despite the federal retreat from international commitments. This clash between state and federal policies could pose challenges but also offer opportunities for companies in the sustainability field. Businesses may need to adjust their strategies to navigate a landscape where state policies could become the main drivers of climate action. As states like New York and California push for strong environmental rules and sustainability initiatives, companies can take advantage of these by investing in clean energy and sustainable practices that align with local policies. By proactively responding to changing regulations and engaging with state frameworks, firms can position themselves as leaders in the move to a sustainable economy, tapping into the growing market for green solutions amid federal uncertainty.

INDIA

Carbon Border Adjustment Mechanism: An Impact on India–EU Trade

With the European Union's Carbon Border Adjustment Mechanism (CBAM) now in its full operational phase as of 01 January 2026, it has become a critical fault line in India-EU trade relations, and the long pending Free Trade Agreement talks. Introduced under the European Union Green Deal, CBAM applies carbon costs to imports in emission-intensive sectors such as iron and steel, aluminium, cement, fertilisers, hydrogen and electricity, aligning them with costs faced by European Union producers under the EU's Emissions Trading System.

India is particularly exposed as iron and steel account for nearly 90 percent of its CBAM covered exports to the EU, valued at around USD 4.4 to USD 4.6 billion annually, while aluminium exports add roughly USD 1.1 billion. From 01 January 2026

onward, European Union importers must purchase CBAM certificates for embedded emissions, which is expected to erode margins, reduce competitiveness and shrink export volumes for Indian producers, especially small and medium enterprises. India has raised equity and World Trade Organization compatibility concerns, arguing that CBAM places a disproportionate burden on developing countries with lower per capita emissions and fails to recognise domestic mechanisms such as the Perform Achieve and Trade (PAT) scheme and Renewable Energy Certificates (REC), potentially inflating default carbon values and compliance costs.



Uniquis' POV

CBAM marks a structural shift where climate policy has effectively become trade policy, making carbon transparency and verified emissions data prerequisites for market access rather than optional sustainability add-ons. While it creates near-term competitiveness risks for Indian exporters, particularly in steel and aluminium, it also provides a strong incentive to accelerate investment in low carbon technologies and cleaner production pathways that can secure long-term market positioning in the European Union and future CBAM aligned markets.

The lack of interoperability between national carbon pricing systems risks fragmenting global carbon markets and imposing duplicative costs. Integrating or mutually recognising credible mechanisms such as India's emerging Carbon Credit Trading Scheme could transform CBAM from a unilateral trade barrier into a cooperative decarbonisation tool. For global businesses, the message is clear: credible decarbonisation strategies are no longer just climate commitments; they are becoming core enablers of international trade competitiveness.

India brings four more carbon-heavy sectors under emission reduction rules

India has brought four additional carbon intensive sectors under its legally binding emission reduction framework through the Greenhouse Gases Emission Intensity Target Amendment Rules 2025, raising the total number of regulated sectors to eight. The newly covered sectors are Secondary Aluminium, Petroleum Refinery, Petrochemical and Textile, with industries now required to cut greenhouse gas emissions measured as carbon footprint per unit of output from 2023-24 baseline levels.

The Ministry of Environment Forest and Climate Change has set emission intensity targets for 2025-26 and for the period from 01 January 2026 to 31 March 2026 on a pro rata basis, along with new targets for 2026-27 reflecting the same reduction percentage. A total of 208 additional industrial units have been notified including 3 in Secondary Aluminium, 21 in Petroleum Refinery, 11 in Petrochemicals and 173 in the Textile sector.

These rules build on India's Carbon Credit Trading Scheme introduced on 28 June 2023 and the Greenhouse Gases Emission Intensity Target Rules notified on 08 October 2025, which together establish India's first enforceable emission limits for carbon intensive industries. The framework aligns with India's Paris Agreement commitment to reduce emissions intensity of GDP by 45 percent by 2030 from 2005 levels, and mandates that non-compliant industries purchase carbon credits from verified mitigation projects, with the Bureau of Energy Efficiency issuing credits and the Central Pollution Control Board overseeing compliance and penalties.



Uniquis' POV

India's decision to expand legally binding emission intensity targets to four more high emitting sectors signals a decisive shift from voluntary climate action toward enforceable industrial decarbonisation, strengthening the credibility of its domestic carbon market architecture. By anchoring targets to a 2023-24 baseline and linking compliance to the Carbon Credit Trading Scheme, the policy creates a clear price signal for emissions while offering regulated industries a market-based flexibility mechanism.

This move is particularly timely as global trade regimes increasingly factor carbon intensity

into market access, and it positions India to argue more credibly for recognition of its domestic carbon pricing system under instruments such as the European Union Carbon Border Adjustment Mechanism. However, implementation risks remain high, especially for smaller textile and downstream petrochemical units that may face financing and technology barriers to rapid compliance. The success of this framework will ultimately hinge on transparent monitoring, credible verification, and a sufficiently liquid carbon credit market that rewards early movers while avoiding cost shocks that could undermine industrial competitiveness.

MIDDLE EAST

Environment Agency – Abu Dhabi (EAD) implements AI and satellite technology to identify illegal waste dumping

Environment Agency - Abu Dhabi (EAD) has implemented the first-of-its-kind project that relies on artificial intelligence technologies and satellite imagery to monitor and identify random waste dumping sites in Al Ain Region – Abu Dhabi, to raise the efficiency of the waste management system and enhance the effectiveness of environmental monitoring.

The project employs AI models and satellite image analysis in the field of waste management, representing a strategic shift from traditional monitoring to an intelligent system capable of automatically analyzing data and predicting potential violations, and illegal dumping sites, if expanded.

EAD plans to expand the scope of the project to include all areas of the Emirate during the next phase, which enhances government integration and supports Abu Dhabi's goals in sustainability and smart environmental governance.



Uniquis' POV

EAD's implementation of the pilot project is a qualitative step that redefines the concept of environmental monitoring in the Region. It reflects the agency's commitment to transitioning toward innovative solutions based on artificial intelligence and modern technologies to enhance environmental monitoring.

This project will enable EAD to enhance its legislative and regulatory role in environmental oversight by using smart digital tools based on the analysis of satellite images and geographic data, which will contribute to protecting the environment, sustaining natural resources and reducing risks to human health.

Furthermore, the initiative may be a push to governments and regulators in the Middle East to actively integrate artificial intelligence and modern technologies in developing innovative solutions to environmental and climate challenges.



The Mohammed Bin Rashid School of Government (MBRSG) unveils key report on governing climate risks in GCC

The Mohammed Bin Rashid School of Government (MBRSG) has unveiled a policy report examining the growing physical risks of climate change across the Gulf Cooperation Council (GCC) region and the critical role of policy, finance and institutions in strengthening climate resilience.

The report titled “Addressing the physical risks of climate change in the GCC – The Role of Policy and Finance”, highlights the increasing impact of extreme weather events, including heatwaves and flooding, and stresses the need to treat climate risks as immediate challenges affecting communities, infrastructure and economic stability.

The report underscores the importance of strengthening climate adaptation alongside mitigation, warning that the cost of inaction is likely to far exceed the cost of proactive measures. It calls on GCC countries to operationalize evidence-based National Adaptation Plans supported by clear governance structures, cross-ministerial coordination and alignment with national development strategies and budgets.

The report presents policy recommendations across four pillars, governance, implementation, data & research, and finance, and stresses the importance of mobilizing capital through blended finance, public-private partnerships and sustainable finance frameworks to support large-scale adaptation efforts in the GCC.



Uniquis' POV

The Mohammed Bin Rashid School of Government (MBRSG) is the first research and teaching institution focused on governance and public policy in the Arab world, and shows ongoing focus on sustainability and climate policy research in support of government excellence across the Arab region.

The policy report “Addressing the Physical Risks of Climate Change in the GCC – The Role of Policy and Finance” addresses physical climate risks as it constitutes one of the most significant threats to human wellbeing, economic stability, and infrastructure resilience in GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates).

This policy report fills that informational gap by providing a targeted analysis of climate-related physical risks in the GCC. It aims to support relevant stakeholders in identifying strategic responses to enhance climate resilience, with an emphasis on policy and financing options.

This report is a further push to companies across the GCC to draw knowledge from this insightful report on the projections, severity and frequency of physical climate risks, and in response, formulate adaptation and mitigation strategies aligned with their business operations.

IN-DEPTH ANALYSIS

This section delves deep into a significant ESG development, offering comprehensive insights and a nuanced perspective. Join us as we explore this development, shedding light on the opportunities and challenges in the evolving ESG landscape.

REDEFINING SUSTAINABLE FINANCE IN EUROPE:

How the EU is Recalibrating Sustainability Disclosures Across SFDR, CSRD, and the EU Taxonomy

The European Union (EU) is undergoing a major shift in its approach to sustainability and transparency in finance, mainly driven by a series of regulatory frameworks aimed at increasing the accountability of financial market participants (FMPs). Leading these frameworks are the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), and the EU Taxonomy. As these regulations develop, the EU seeks to simplify the sustainability rules to reduce greenwashing, improve comparability, and direct investments toward sustainable economic activities. The recent proposal for SFDR 2.0 and the adoption of the Omnibus I package show the EU's dedication to building a more unified, accessible, and effective regulatory environment for sustainability disclosures.

The significance of these developments cannot be overstated. The EU's sustainability disclosure frameworks are crucial not only for investors aiming to make informed choices but also for businesses trying

to align their operations with broader environmental and social objectives. In a landscape where sustainability is increasingly a competitive edge, the ability for investors and companies to navigate these rules effectively is essential. As the EU works to simplify and streamline these directives, it seeks to improve clarity and lessen compliance burdens, fostering an environment favorable to sustainable investment.

The updates arrive at a vital moment, as stakeholders have expressed concerns about the complexity and inconsistency of current regulations. The SFDR, in particular, has been criticized for its lengthy and complicated disclosure requirements, often causing investor confusion and misinterpretation of sustainability claims. The proposed changes aim to address these issues by defining clearer product categories and easing the overall disclosure requirements for FMPs, while also ensuring that sustainability-related claims are credible and substantiated.



Simplification of Disclosure Requirements

One of the main elements of the EU's regulatory overhaul is simplifying disclosure requirements under the SFDR. The proposed SFDR 2.0 introduces a new categorization system that replaces the previous Article 8 and Article 9 classifications with three distinct product categories: Sustainable, Transition, and ESG Basics. Each category has specific criteria, including a minimum threshold of 70% of the portfolio that must align with the stated sustainability objectives. This categorization aims to improve communication of investment strategies and make comparisons easier for investors, thus reducing the risk of greenwashing.

The removal of entity-level disclosures is another major change under SFDR 2.0. By removing the requirement for FMPs to disclose how they consider principal adverse impacts at the entity level, the regulatory framework seeks to streamline compliance and avoid duplication with the CSRD. This change also focuses on product-level transparency, ensuring that investors get relevant information tailored to the specific features of the financial products they are considering. Additionally, the deletion of the existing definition of "sustainable investment" and the "do no significant harm" principle aims to remove ambiguity and improve consistency across the EU's sustainability-related regulations.

While these changes offer opportunities for clearer communication and lower compliance costs, they also create challenges for FMPs as they adjust to the new requirements. Companies will need to review their product offerings and ensure they meet the new categorization criteria, including the mandatory exclusions for certain industries and activities that are incompatible with sustainability goals. Furthermore, FMPs will need to strengthen their data governance practices to properly document their methodologies and the data supporting their sustainability claims.

Alignment with the CSRD and CSDDD

The recent adoption of the Omnibus I package, which amends the CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD), further highlights the EU's commitment to developing a more unified and consistent sustainability reporting framework. The revised CSRD targets larger companies, requiring only those with over 1,000 employees and significant revenue levels to comply with sustainability reporting requirements. This narrower scope seeks to lessen the compliance burden for smaller businesses while ensuring that the largest organizations are accountable for their sustainability impacts.

The Omnibus I package also introduces important procedural updates designed to help companies that remain within scope meet compliance more easily. One notable change is the inclusion of a statutory "value-chain cap," which protects smaller suppliers in a reporting company's supply chain from excessive information requests. This measure aims to prevent undue burdens on smaller companies while enabling larger organizations to fulfill their reporting obligations effectively.

Additionally, the CSRD's focus on alignment with the SFDR reflects the EU's goal of establishing a cohesive framework in which sustainability information is easily accessible and comparable. By harmonizing reporting requirements under both directives, the EU aims to improve the flow of information between FMPs and companies, thereby enhancing overall transparency across the sustainability landscape.

Proportionality Through VSME: Rebalancing Disclosure Expectations for Smaller Enterprises

An important yet less visible part of the EU's sustainability disclosure update is the increasing role of the Voluntary Sustainability Reporting Standard for Small and Medium Enterprises (VSME). As the Omnibus I package narrows the scope of the CSRD, the VSME is positioned as a practical alternative for SMEs that are outside mandatory reporting but still indirectly affected through financing relationships and value-chain obligations. Created as a simplified, voluntary framework, the VSME emphasizes a limited set of decision-useful sustainability indicators, reflecting a conscious move away from one-size-fits-all disclosure rules that can overwhelm smaller entities without improving data quality.

From a sustainable finance perspective, the VSME supports the broader EU sustainability ecosystem by addressing ongoing data gaps at the SME level. Financial market participants rely on credible company data to support product-level sustainability claims, but frequent information requests to smaller suppliers have been a consistent concern. By providing a standardized, proportional reporting pathway, the VSME complements the CSRD's statutory value-chain cap, reduces obstacles in data collection, and enhances consistency without placing excessive compliance burdens. Over time, it also functions as a transition tool, helping SMEs develop reporting capabilities gradually while increasing transparency and comparability across European capital markets.



Uniquis' POV

The EU's streamlining of sustainability frameworks through the proposed SFDR 2.0 and the adoption of the Omnibus I package marks a key moment in the development of sustainability reporting and disclosure. By creating clearer product categories, easing disclosure requirements, and aligning SFDR with CSRD, the EU is taking concrete steps to improve transparency, lessen compliance burdens, and safeguard investors from false sustainability claims.

As these regulatory shifts occur, FMPs and companies must remain alert and proactive in adjusting their practices to ensure compliance and seize the opportunities brought by the changing regulatory environment. For businesses, managing these regulations effectively will not only boost their credibility with investors but also help position them as leaders in the transition toward a more sustainable economy. The EU's commitment to simplifying sustainability rules ultimately aims

to build greater trust and cooperation among all stakeholders, creating a more resilient and sustainable financial system.

The emergence of the VSME framework reinforces the EU's broader shift toward proportionality in sustainability regulation. By officially acknowledging that high-quality disclosure does not need to be uniform in depth for all market participants, the EU enhances the credibility and usability of sustainability data across the financial system. For investors and financial market participants, VSME-aligned disclosures can boost data reliability and lower estimation risk, while for SMEs, the framework provides a constructive entry point into the sustainable finance ecosystem rather than creating a compliance hurdle. Along with SFDR 2.0 and the amended CSRD, the VSME highlights a more mature regulatory approach that balances ambition with practicality and promotes an inclusive transition to sustainable economic activity.

REGULATORY WATCH

Regulation around ESG continues to evolve rapidly. This section summarizes some of the latest regulatory developments across critical global markets, including the USA, EU, UK, India, and the Middle East. Our analysis captures the nature of the legislative changes or updates and our high-level assessment of broader implications on business practices and compliance strategies.

Governing Body

Update

Uniquis' Impression

GLOBAL

European Union

As of 01 January, 2026, the European Union has advanced its Carbon Border Adjustment Mechanism (CBAM) to its final phase. This requires importers of certain carbon-intensive goods, such as steel, aluminum, and cement, to purchase CBAM certificates that reflect the emissions embedded in these products. The mechanism matches the carbon costs of imports with prices under the EU Emissions Trading System (ETS), aiming to prevent carbon leakage and safeguard the EU's industrial competitiveness. Although CBAM marks a significant step in linking climate policy to trade, its implementation has raised concerns among trading partners about higher costs, bureaucratic hurdles, and the risk of trade tensions, especially for exporters from regions without comparable carbon pricing systems.

The rollout of CBAM marks a major change in how climate policy intersects with trade rules. By effectively accounting for carbon costs on imports, the EU aims to protect its industry competitiveness while promoting global decarbonization. However, the measure's enforcement complicates matters for exporters and importers alike, increasing compliance costs and sparking diplomatic and industry debates, including suggestions from Member States such as France to adjust coverage (e.g., fertilizers) to reduce unintended economic impacts. As CBAM develops, regulators will need to balance environmental goals with fair trade and practical administration, which could influence similar border carbon policies in other areas.



Governing Body

Update

Uniquis' Impression

European Union

The EU has approved updates to the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) under the Omnibus I Directive. These updates enhance reporting requirements for companies regarding their sustainability practices and due diligence processes, aiming to improve transparency and accountability in corporate ESG matters. The Omnibus I Directive is set to take effect in early 2026, narrowing the scope of both directives and introducing a “value chain cap” for smaller entities.

Additionally, the ESG Ratings Regulation will take effect in July 2026, requiring ESG rating providers to notify ESMA by specified deadlines to continue operating in the EU. Member States must also transpose the Empowering Consumers for the Green Transition Directive into national law by March 2026, targeting misleading environmental claims.

These coordinated regulatory updates indicate a clear shift in the EU's sustainability agenda towards greater proportionality without weakening long-term goals. By reducing the scope of the CSRD and CSDDD and adding a value chain cap, the Omnibus I Directive recognizes the implementation hurdles faced by smaller and mid-sized companies while maintaining accountability for larger, systemically important organizations. Simultaneously, the upcoming enforcement of the ESG Ratings Regulation and the Empowering Consumers for the Green Transition Directive highlights a strong focus on transparency, data integrity, and efforts to prevent greenwashing. Overall, these measures suggest that the EU is transitioning from rapid regulatory growth to a more execution-oriented phase, in which clarity, enforceability, and trust in ESG data are as important as the underlying policy aims.

Governing Body

Update

Uniquis' Impression

European Union

The EU has published a delegated act in the Official Journal aimed at simplifying Taxonomy Reporting requirements. This regulatory change is intended to enhance clarity and ease of compliance for companies subject to the EU Taxonomy Regulation, facilitating better alignment with sustainability goals.

The publication of this delegated act in the Official Journal marks a significant shift from expansion to consolidation within the EU Taxonomy framework. By simplifying both the disclosure templates and the selected technical screening criteria, particularly the “do no significant harm” (DNSH) assessments, the European Commission is addressing ongoing concerns about usability, data availability, and reporting burden.

Ministry of Finance
of the People's
Republic of China

On 25 December 2025, China's Ministry of Finance published the “Sustainability Disclosure Standards for Business Enterprises No.1 - Climate (Trial),” which aligns with the International Sustainability Standards Board (ISSB) Standard. The Chinese standard incorporates core elements of IFRS S2, including governance, strategy, risk management, and metrics and targets, while allowing jurisdiction-specific adaptations. The ISSB noted that China's approach demonstrates how jurisdictions can achieve interoperability with global baseline standards without compromising local regulatory objectives.

China's alignment with ISSB standards sends a strong signal for global convergence in sustainability reporting. Considering China's role in worldwide supply chains and capital markets, this step enhances the credibility and influence of the ISSB framework and diminishes fragmentation risks for multinational companies. For corporations and investors, closer alignment improves the comparability of climate disclosures across different regions, but it also raises expectations regarding data quality, governance standards, and climate risk management for entities operating in or exposed to the Chinese market.

Governing Body

Update

Uniquis' Impression

USA

EPA

On 05 January, 2026, the EPA released a draft Pesticide Registration Notice (PRN) to update guidance on pesticide registration notifications, non-notifications, and minor formulation amendments, which will replace the existing PRN 98-10. The agency is accepting public comments on the draft until 19 February, 2026. Stakeholders in the pesticide industry should review the draft and consider submitting feedback. Once finalized, the new PRN will outline the procedures registrants must follow for modifying registered products.

The draft guidance issued by the EPA signals a technical but important modernization of pesticide registration processes. By clarifying what constitutes a notification, a non-notification, and a minor formulation change, the EPA aims to reduce ambiguity and improve regulatory consistency. For registrants, the consultation period presents a critical opportunity to shape practical implementation, as the final PRN is likely to influence compliance costs, product agility, and time-to-market across the pesticide value chain.

EPA

New regulations will restrict the use of certain phthalates and plastics, starting in January 2026. These updates aim to improve consumer safety and lessen environmental harm by limiting harmful chemicals in products. Manufacturers must follow these rules to avoid penalties and ensure their products meet the new standards.

The new restrictions on phthalates and certain plastics highlight a tightening US regulatory approach to chemical safety and environmental health. These measures show a growing alignment between consumer protection, environmental risk management, and product stewardship expectations. For manufacturers, the regulations emphasize the importance of proactive chemical management, supplier transparency, and reformulation strategies, especially as similar restrictions continue to emerge in global markets, increasing the risk of fragmented compliance.

Treasury

The U.S. Department of the Treasury has released final rules for technology-neutral clean electricity credits, designed to promote the development of clean energy technologies without favoring any specific technology. This regulatory update is part of the government's broader efforts to enhance sustainability and reduce carbon emissions in the electricity sector.

The U.S. Department of the Treasury's finalization of technology-neutral clean electricity credits marks a practical step toward accelerating decarbonization while maintaining market flexibility. By emphasizing emissions outcomes rather than specific technologies, the framework reduces the risk of policy distortion and promotes innovation across a broader range of clean energy solutions. For developers and investors, clear regulations regarding eligibility and credit design improve investment certainty, supporting long-term capital deployment in the energy transition.

Governing Body

Update

Uniquis' Impression

MIDDLE EAST

UAE Ministry of Climate Change and Environment

The Ministry of Climate Change and Environment (MOCCAEC) commenced the final phase of Ministerial Decision No. 380 of 2022 on 01 January 2026, which prohibits the import, manufacture and trade of an expanded range of single-use consumer plastic products and bags in the UAE.

The MOCCAEC implemented the first phase of the resolution, which came into effect on 01 January 2024 with the ban on single-use plastic bags across UAE, followed by the second phase on 01 June 2024, which extended the ban to all single-use bags in Dubai. The third phase commenced on 01 January 2025, expanding the scope of the ban to include a range of single-use products, including: beverage cups and lids; cutlery, such as spoons, forks, knives, and chopsticks; plates; straws; stirrers; and food containers and boxes made of styrofoam. The decision also establishes a comprehensive ban on single-use bags, regardless of their constituent material, including paper, if their thickness is less than 50 microns. These apply to products manufactured for export, whereby the production of prohibited items is permitted on the condition that they are clearly labelled for export or re-export outside the UAE and are not circulated within the domestic market.

Bags and products made from recycled materials within the UAE are exempt, to support and stimulate the local recycling industry. Additional exemptions apply to medicine bags, refuse bags, very thin plastic bags used to wrap fresh food items such as meat, vegetables, and bread, as well as large shopping bags intended for clothing, electronics, and toys.

This step is part of the broader framework of environmental legislation designed to safeguard the UAE's natural ecosystem and minimize the environmental impacts of waste, in line with the country's strategic priorities to advance sustainability and enhance quality of life.

The final phase of Ministerial Decision No. 380 constituted a fundamental pillar of the UAE's efforts to reduce excessive single-use plastic consumption and supported the transition of both society and markets towards the adoption of sustainable and reusable alternatives.

Businesses and consumers must transition to sustainable alternatives. Restaurants, cafes, and food service establishments face pressure to identify approved alternatives and train staff on new protocols. These changes in the UAE reflect the nation's commitment to environmental stewardship and its vision for sustainable development.

About Uniquis Consultech:

Uniquis Consultech is a global tech-enabled consulting company that specializes in Accounting & Reporting, Governance, Risk & Compliance, Sustainability & Climate Consulting, and Tech Consulting. The Company is co-founded by consulting veterans Jamil Khatri and Sandip Khetan and backed by marquee investors such as Nexus Venture Partners, Sorin Investments, and UST. Anu Chaudhary, a global sustainability and climate specialist with over 25 years of experience, serves as the Global Head of Sustainability & Climate Consulting.

Uniquis has a global team of 700+ professionals led by 85+ Partners & Directors across eleven offices in the USA, the Middle East, and India. The company serves more than 400 clients, including marquee names in each of the markets it operates in.

Uniquis is committed to leveraging technology and an integrated global delivery model to provide best-in-class consulting services to its clients.

Given the growing importance of disclosures, significant data integrity requirements, and varied and disaggregated data sources, enabling the sustainability journey through technology is essential. Tech enablement also helps ensure the integration of sustainability programs with core business operations.

With a unique blend of strong ESG domain capabilities and innovative GenAI-based technology, [ESG UniVerse](#), a cloud-based solution, streamlines data management, enhances user experience, and supports organizations in achieving their long-term sustainability goals. To learn more about ESG UniVerse, please [download our brochure](#).

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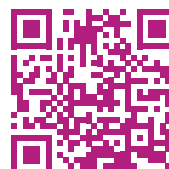
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Feedback

We encourage you to share this newsletter with your colleagues and networks, and to provide us with feedback on topics that you would like to see covered in future issues. Uniquis is here to support you in navigating this evolving landscape. Contact us to learn more about how we can help you on your sustainability journey.



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