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Sustainability & Climate Pulse

OUR MONTHLY NEWSLETTER

April 2026

FOREWORD

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

This month highlights how the ESG landscape is increasingly shaped by the convergence of markets, geopolitics, and regulation.

Geopolitical tensions are reinforcing the importance of energy security, accelerating the shift toward diversified and renewable energy systems. The operationalization of the Paris Agreement's global carbon market and the growing impact of electric vehicles on oil demand signal that the energy transition is moving into a more mature, market-driven phase. Sustainability is now closely linked with economic resilience and long-term competitiveness.

In the US, the rapid growth of artificial intelligence is creating new sustainability challenges, with rising emissions driving increased reliance on carbon markets. Alongside evolving legal developments, this underscores the need for balanced, credible decarbonization strategies. India continues to

demonstrate progress at scale, with advancements in renewable energy, sustainable finance, and the launch of a national carbon market reflecting a shift from ambition to execution. Meanwhile, the Middle East is strengthening ESG integration through enhanced disclosures, long-term planning, and nature-based initiatives.

This month, our In-Depth Analysis explores ESG disclosure considerations and offers practical guidance for companies preparing for an IPO in the U.S.

We hope this edition provides actionable insights to help navigate a rapidly evolving ESG landscape.



Our In-Depth Analysis explores ESG disclosure considerations and offers practical guidance for companies preparing for an IPO in the U.S.

Anu Chaudhary

Partner, Global Head of Sustainability & Climate Consulting

IN THE NEWS

GLOBAL

Regional Conflict Triggers Global Push to Reduce Fossil Fuel Dependence

The escalating conflict involving Iran has sent shockwaves through global energy markets, disrupting oil and gas supplies and increasing concerns about the vulnerability of economies reliant on fossil fuels. The closure and instability of key transit routes including the Strait of Hormuz, through which about 20% of the world's oil flows, have caused sharp price swings and supply uncertainties, prompting governments and businesses worldwide to accelerate efforts to reduce dependence on fossil fuels. The crisis has reignited momentum behind energy diversification strategies, with policymakers increasingly viewing renewables and electrification not only as climate solutions but also as essential tools for energy security and economic stability.

Climate leadership from the **United Nations** has framed the situation as an “object lesson,” reinforcing that energy security and climate action are now inseparable, particularly for economies vulnerable to external supply disruptions. The **International Energy Agency (IEA)** has highlighted that Middle East supply disruptions are once again exposing the fragility of oil-dependent systems. In response, the IEA outlined short-term measures such as strategic reserves, demand-side efficiency, and supply diversification, but emphasized that long-term resilience depends on accelerating clean energy deployment, electrification, and reduced oil intensity. The agency has consistently noted that economies with higher renewable penetration are better insulated from such shocks.

Indeed, in **Europe**, while gas prices have risen, adding billions to regional energy costs, the effect on power prices has been more limited than in past crises. This reflects structural changes in the energy mix. Increased use of renewables, now a significant

share of electricity generation, has helped decouple electricity prices from fossil-fuel volatility, protecting consumers and industry from the full impact of the shock. At the same time, the crisis has revealed ongoing vulnerabilities, especially Europe's continued dependence on imported fuels, prompting renewed calls to accelerate investments in clean energy, bolster domestic generation, and reduce exposure to geopolitical disruptions.

For India, the crisis has immediate operational implications. **Reports** indicate efforts to secure alternative energy supplies, including potential LNG imports from Russia, highlighting the country's continued exposure to global fuel markets. This reinforces the urgency behind India's longer-term strategy of scaling renewables, expanding domestic energy capacity, and reducing import dependence. India must manage short-term energy security while advancing structural shifts toward clean energy, electrification, and diversified supply chains.

Meanwhile, recent US policy **actions** highlight the extent to which energy security concerns are shaping near-term decision-making. In response to rising oil prices driven by the Iran conflict, the US has temporarily eased sanctions on Iranian oil already in transit, allowing additional supply to enter global markets to stabilize rising prices. This follows broader measures, including coordinated releases from strategic reserves, underscoring the urgency of containing domestic fuel costs. Even as the US advances long-term decarbonization and energy transition goals, it remains highly exposed to global oil market volatility, requiring short-term interventions to manage price shocks. The crisis is accelerating a broader shift in US energy strategy, where clean energy, electrification, and domestic energy diversification are increasingly positioned not only as climate priorities but as tools to reduce exposure to recurring geopolitical disruptions and price volatility.

UN Carbon Market Issues First Credits Under Paris Agreement

The United Nations (UN) has approved the first issuance of carbon credits under Article 6.4 of the Paris Agreement, marking a major milestone in establishing a global carbon market. The credits, issued through an UN-supported mechanism, are designed to ensure high environmental integrity with strong methodologies, verification processes, and safeguards to prevent double-counting of emissions reductions across national and corporate inventories. This development builds on years of negotiations to create a standardized international carbon-trading system that enables countries and companies to meet climate goals through credible emission-reduction projects.

The mechanism is expected to attract more investment in climate mitigation efforts, especially in developing countries, by offering a transparent and widely recognized framework for generating and trading carbon credits. It also indicates growing momentum toward expanding international carbon markets as a key tool for reaching net-zero targets, while addressing previous concerns about the credibility and effectiveness of earlier offset programs.

EVs Avoided the Use of 2.3 million Barrels of Oil Per Day in 2025

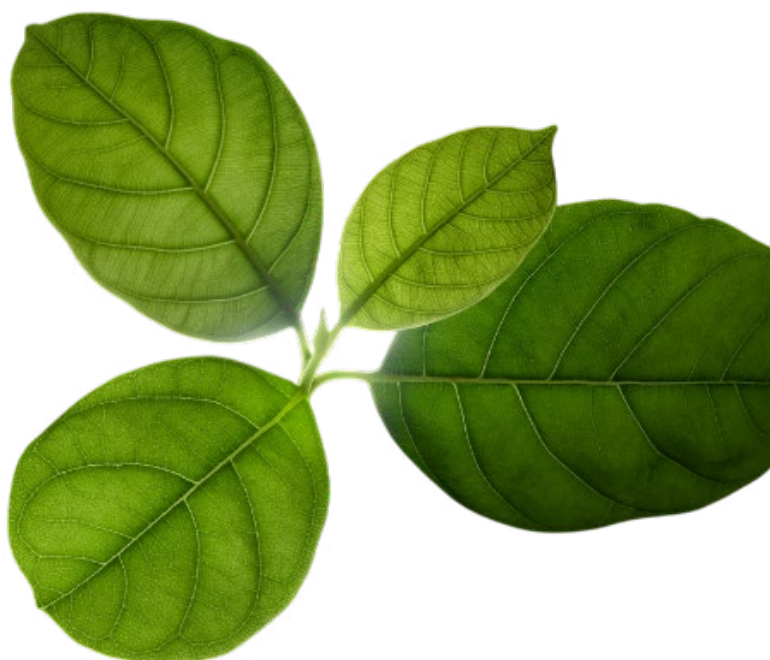
Growing global adoption of electric vehicles (EVs) is beginning to materially reshape oil demand dynamics. According to Bloomberg NEF, EV deployment avoided approximately 2.3 million barrels of oil consumption per day in 2025, reflecting the increasing scale at which electrified transport is displacing fossil fuel use. This trend is expected to accelerate significantly, with avoided demand projected to more than double to 5.25 million barrels per day by 2030 under an economic transition scenario, in which uptake is driven by cost competitiveness rather than purely by climate-led policies.

A key driver of this shift has been the rapid electrification of two- and three-wheelers, particularly across developing economies. Electric motorbikes and small vehicles now account for the majority of avoided road fuel demand, underscoring the disproportionate role emerging markets play in early-stage transport decarbonization. As EV penetration in passenger vehicles increases, their

contribution to reducing oil demand is expected to grow more sharply in the latter half of the decade.

A complementary analysis from the Ember Energy think tank estimates slightly lower avoided demand at 1.7 million barrels per day, reflecting more conservative assumptions about hybrid vehicle usage. However, both analyses illustrate the same structural trend: EV adoption is already exerting measurable downward pressure on global oil consumption. The economic implications are also notable—at an assumed oil price of USD 80 per barrel, large importing regions such as China could save over USD 28 billion annually, with Europe and India also realizing significant reductions in import costs.

Despite earlier concerns around a slowdown in EV sales, driven by policy uncertainty in the US and Europe and subsidy rollbacks in China, rising fuel price volatility, particularly amid geopolitical tensions in the Middle East, has renewed consumer interest. EVs are increasingly viewed not only as a decarbonization tool but also as a hedge against oil market instability. This is reflected in adoption trends, with EVs now accounting for more than 10% of total vehicle sales in 39 countries, up from just 4% in 2019. Notably, China crossed the 50% EV sales share threshold in 2025, while Southeast Asian markets such as Vietnam and Thailand are emerging as high-growth regions.





Uniquis' POV

These developments emphasize how energy transition, carbon markets, and energy security are becoming increasingly interconnected. The introduction of Paris Agreement-aligned carbon credits provides a more credible and standardized way to direct capital toward global decarbonization efforts, especially in emerging markets. Meanwhile, geopolitical disruptions are heightening the urgency of reducing dependence on fossil fuels, not only for climate reasons but also for economic resilience and energy security. Europe's relative protection against power price shocks, driven by higher renewable penetration, is a clear example of how diversification can reduce volatility.

The accelerating adoption of electric vehicles is beginning to translate into measurable reductions in oil demand, signaling that clean technologies are moving beyond policy-driven adoption toward market-driven scale. The convergence of these trends suggests that the energy transition is no longer linear or solely climate-led, but rather shaped by economics, geopolitics, and technological advancement. For businesses, this highlights the need to align decarbonization strategies with broader risk management and capital allocation decisions, leveraging high-integrity carbon markets where appropriate, while prioritizing direct emissions reductions and investing in technologies that reduce long-term exposure to fossil fuel volatility.



USA

Big Tech Turns to Carbon Credits to Offset AI Emissions Surge

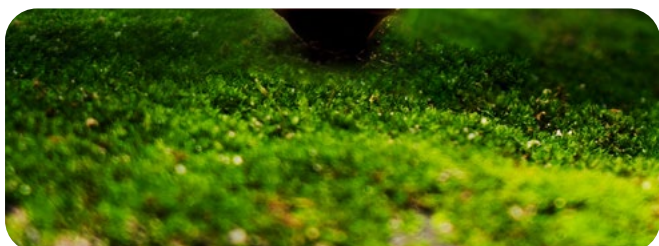
Major technology companies like Microsoft, Google, and Meta are increasingly relying on carbon credits as a key tool to offset the rapidly rising emissions associated with artificial intelligence (AI) infrastructure. The rising demand for AI capabilities, especially data centers supporting generative AI and large-scale computing, has significantly increased energy use, challenging the companies' net-zero goals. In response, firms are boosting investments in carbon removal credits, including nature-based solutions and emerging technologies such as direct air capture, to offset their growing carbon footprints.

Microsoft has taken a leading role by signing large-scale agreements to acquire carbon removal credits as part of its plan to become carbon negative by 2030. Meanwhile, companies like Google and Meta are also expanding their carbon credit portfolios, though with different approaches to balancing operational emissions reductions and offsetting strategies. The increasing reliance on carbon credits occurs amidst limited availability of high-quality carbon removal projects, driving prices up and intensifying competition among buyers. This trend is also fostering innovation in the voluntary carbon market, as developers aim to scale credible, verifiable carbon removal solutions.

However, the strategy has faced scrutiny from stakeholders who question the long-term effectiveness and credibility of carbon offsets, especially nature-based credits that may face issues with permanence and verification. As AI-driven emissions continue to grow, companies face mounting pressure to ensure that their use of carbon credits complements, rather than replaces, direct emissions reductions through renewable energy, energy efficiency, and low-carbon infrastructure investments.

California Files Lawsuit Challenging EPA's Rescission of Endangerment Finding

California officials, led by Attorney General Rob Bonta and Governor Gavin Newsom, have filed a multistate lawsuit challenging the Trump administration's rollback of a foundational federal climate rule: the EPA's "Endangerment Finding," which establishes that greenhouse gas emissions harm public health. The coalition argues that rescinding this finding is unlawful and undermines the federal government's authority under the Clean Air Act to regulate emissions, effectively dismantling key climate protections. The lawsuit, joined by multiple states and local governments, frames the move as a rejection of established climate science and a threat to public health, with California positioning itself at the forefront of legal efforts to preserve climate regulation.





Uniquis' POV

The growing connection between AI development and carbon markets highlights a new area in corporate sustainability: managing the environmental impact of digital transformation. While carbon credits offer a short-term way to offset emissions, their growing use by large technology companies underscores the ongoing challenge of balancing rapid technological progress with decarbonization goals.

The current trend indicates that demand for high-quality carbon removal credits will likely outpace supply, potentially leading to price increases and greater focus on credit integrity. This presents both a risk and an opportunity: organizations may need to implement more

rigorous due diligence processes for carbon credit purchases while also considering direct investments in carbon removal technologies to ensure long-term availability. At the same time, evolving policy and litigation signal that reliance on offsets alone may not withstand regulatory or reputational scrutiny. Legal challenges to roll back foundational climate rules, such as the EPA's Endangerment Finding, reinforce the point that climate risk is not just regulatory but also legal. As a result, a balanced strategy prioritizing absolute emissions reductions through energy-efficient AI, renewable-powered infrastructure, and selective use of high-quality credits is likely to become best practice, with the ability to decouple digital growth from carbon impact emerging as a key differentiator.



INDIA

India Launches Carbon Market Trading Platform

India is set to launch its long-awaited carbon market trading system within the next four months, marking a significant step in advancing its climate and ESG framework. The initiative, established under the Carbon Credit Trading Scheme (CCTS), will introduce both compliance and voluntary carbon markets, enabling companies to buy and sell emissions credits. High-emitting firms will be required to purchase credits, while more efficient operators can monetize surplus reductions, creating a financial incentive for decarbonization. The system is expected to initially target energy-intensive sectors and expand over time. As one of the largest emerging economies, India's move toward a market-based mechanism signals a shift from policy commitments to implementation and has the potential to influence global carbon markets. Key uncertainties remain about the strength of carbon pricing and the extent to which the system will drive meaningful emissions reductions.

NITI Aayog Releases Study Reports on Scenarios Towards Viksit Bharat and Net Zero

NITI Aayog highlights that the vision of Viksit Bharat by 2047 is achievable across all scenarios while staying aligned with the net-zero targets for 2070. The report emphasizes that electrification, cleaner energy, circularity, and behavioral shifts will be central to sustainably managing future growth. It projects that energy efficiency and circular practices can reduce final energy demand by about 20 percent by 2070, even as demand rises, with coal continuing to play a role until 2047. Electricity is expected to become the dominant energy carrier, increasing from around 21 percent of final energy use in 2025 to nearly 60 percent by 2070, alongside a rise in non-fossil fuel generation to 80-85 percent. In transport, electricity, biofuels, and hydrogen could meet close to 90 percent of demand. At the same time, the industry will see a 4 to 6 times increase in demand for key materials, supported by electrification and green hydrogen. The report also highlights the importance of critical

minerals, noting that 20-25% of copper and graphite demand could be met through recycling by mid-century.

India recorded the largest emissions drop in 2025 as power sector pollution declined

Climate TRACE data shows that India recorded the largest drop in greenhouse gas emissions among major economies in 2025, primarily due to a decline in power sector emissions driven by rapid renewable energy expansion. Power sector emissions fell by 2.6 percent, marking the first decline since 2020, even as electricity demand and economic growth continued. Globally, while emissions increased in sectors such as fossil fuel operations, transport, manufacturing, and buildings, the power sector registered a slight decline, indicating that clean energy solutions such as renewables and electric mobility are beginning to moderate emissions.

Sustainable Finance Moves Mainstream with Surge in Green Bond Issuances

India's green and infrastructure financing space is gaining momentum, with an **INR 10,000 crore** domestic green infrastructure bond issuance witnessing strong investor demand and competitive pricing. In parallel, another large public sector lender has approved raising to INR 20,000 crore through long-term bonds for infrastructure and affordable housing, including plans to issue up to **INR 5,000 crore** through green or sustainable bonds. These developments indicate a growing scale and diversification of funding channels supporting sustainable and infrastructure-focused investments.





Uniquis' POV

India's recent trajectory suggests that Viksit Bharat 2047 and a 2070 net-zero pathway are compatible, provided the current momentum on clean energy, electrification, and circularity accelerates and broadens beyond the power sector. The NITI Aayog scenarios reinforce that the real variable is the pace and sequencing of change: coal remains in the mix through 2047, but electricity's rise as the dominant energy carrier and the growing role of energy efficiency and circular practices can materially temper demand growth and emissions if backed by timely investments in grids, storage, and low-carbon industrial technologies. Climate TRACE's finding that India delivered the largest drop in emissions among major economies in 2025, driven by a 2.6 percent decline in power sector emissions despite rising demand, shows that large-scale renewable deployment is beginning to decouple electricity emissions from economic growth. However, it also underlines how uneven progress remains across sectors where fossil fuel use and activity continue to rise.

At the same time, the rapid mainstreaming of sustainable finance, illustrated by public sector banks turning to sizeable domestic green,

sustainable, and infrastructure bond issuances for grids, infrastructure, and affordable housing, signals that capital markets are increasingly aligned with this transition, provided frameworks, transparency, and outcome measurement keep pace.

In addition, India's carbon market is a pivotal step toward embedding climate accountability into one of the world's fastest-growing economies, signaling a shift from ambition to execution.

Taken together, these developments point to a pathway in which strategic electrification, resource efficiency (including the recycling of critical minerals), and scaled sustainable finance can enable India to grow rapidly while bending its emissions curve, with execution speed, policy coherence, and cross-sector coordination as the decisive levers.



MIDDLE EAST

Boursa Kuwait updates its ESG Disclosure Guide for listed companies

Boursa Kuwait released an updated edition of its ESG Reporting Guide, reflecting the latest developments in ESG reporting at both the local and international levels.

The 2026 ESG Disclosure Guide has been prepared in accordance with the requirements of the Executive Bylaws of the Capital Markets Authority (CMA), which stipulates that Boursa Kuwait develop a comprehensive guide to assist listed companies in the preparation of sustainability reports and takes into account the recent CMA requirement for companies listed on the Premier Market to disclose sustainability reports starting in 2026 for the 2025 financial year.

The Guide reflects the latest updates to the Boursa Kuwait Rulebook on sustainability requirements and integrates internationally recognized sustainability reporting standards and frameworks, particularly IFRS S1 and IFRS S2, which serve as the emerging global baseline for sustainability reporting.

The 2026 edition enhances the clarity and structure of the Guide and expands several ESG indicators and metrics, providing practical guidance on emerging topics such as climate scenario analysis, transition planning, and the disclosure of indirect emissions (Scope 3). These additions aim to further integrate sustainability practices within corporate governance frameworks.

UAE launches 2050 energy efficiency plan

The Ministry of Energy and Infrastructure (MoEI) in UAE has launched a long-term national plan for energy efficiency and demand management extending to 2050, as part of broader efforts to optimize resource use and support sustainable economic growth.

The plan includes 34 national initiatives and the formation of five technical committees to oversee implementation across key sectors. A national team for energy and water demand management has also been established, comprising 30 representatives from 28 government and sector entities.

The Ministry has accelerated the rollout of 16 initiatives to be implemented over five years, targeting the built environment, transport, industrial, and agricultural sectors.

The plan is designed to promote more efficient energy and water consumption through coordinated national action, while strengthening institutional cooperation and technical governance to meet long-term sustainability objectives.

Abu Dhabi launches first mangrove monitoring guide for GCC

The Environment Agency – Abu Dhabi (EAD), in collaboration with the IUCN Mangrove Specialist Group, launched a monitoring guide for mangrove ecosystems in the Arabian Gulf region, marking the first initiative of its kind in the region to advance scientific knowledge and conservation practices for mangroves.

The guide, one of the first designed specifically for the environments of Gulf Cooperation Council countries, provides practical, science-based methodologies for monitoring mangroves and their associated biodiversity, combining advanced techniques such as environmental DNA analysis with simplified approaches that can be easily implemented by individuals, specialists, government entities, and non-governmental organizations.

By standardizing methodologies and offering clear, user-friendly guidance, the guide enables more accurate assessments of ecosystem health, empowering decision-makers and conservation practitioners to develop plans, adapt to environmental changes, and scale up restoration efforts effectively and sustainably.





Uniquus' POV

The recent sustainability initiatives in Kuwait and the UAE highlight a strengthening regional commitment to transparent ESG disclosure, resource efficiency, and nature-based climate solutions. Boursa Kuwait's updated ESG Disclosure Guide provides a comprehensive reference framework that reflects the latest developments in ESG reporting at both local and international levels, aligning with IFRS S1 and IFRS S2 and expanding guidance on climate scenario analysis, transition planning, and Scope 3 emissions. It enables listed companies to disclose their sustainability practices and performance in a clear, structured, and transparent manner, in line with growing expectations of investors, regulators, and stakeholders for reliable, comparable information on ESG matters. As a result, the updated ESG Disclosure Guide's management practices support improved risk management and sustainable, long-term financial performance, while reinforcing confidence in Kuwait's capital market and its attractiveness for sustainable investment.

In parallel, the UAE Ministry of Energy and Infrastructure's long-term national plan for energy efficiency and demand management to 2050 positions the Ministry as a key factor in the drive

toward a more sustainable future, prioritizing energy efficiency and demand management in critical sectors through 34 national initiatives, technical committees, and a national team focused on power and water utilization. This integrated, nationwide effort is designed to optimize resource use, reduce emissions, strengthen institutional cooperation and technical governance, and support sustainable economic growth in alignment with the UAE's 2050 net-zero target.

Complementing these market and policy advances, the GCC Mangrove Monitoring Guide, launched by the Environment Agency – Abu Dhabi and the IUCN Mangrove Specialist Group, establishes a new benchmark for mangrove monitoring in arid and semi-arid regions, providing practical, science-based methodologies that standardize monitoring and enable accurate assessments of ecosystem health. By supporting governments, environmental professionals, and communities in protecting one of the most vital ecosystems for biodiversity, coastal protection, and climate change adaptation, this initiative helps scale up effective, long-term restoration and conservation efforts across the Gulf region.



IN-DEPTH ANALYSIS

ESG-Related Disclosure Requirements in S-1 Registration Statements

An Overview for Companies Preparing for a US IPO

Environmental, Social, and Governance (ESG) disclosure has become a critical area of focus for companies preparing to go public through an S-1 registration statement filed with the U.S. Securities and Exchange Commission (SEC). While the SEC's landmark climate disclosure rule, adopted in March 2024, has been stayed and its defense withdrawn, companies filing an S-1 remain subject to a range of existing SEC rules that require ESG-related disclosures when material.

This in-depth analysis provides an overview of ESG-related disclosure requirements and considerations relevant to companies preparing an S-1 registration statement, including existing SEC regulatory requirements under Regulation S-K and Regulation S-X that address ESG topics. Even in the absence of prescriptive ESG-specific regulations, the existing SEC disclosure framework (particularly Items 101, 103, 105, 106, and 303 of Regulation S-K) already requires disclosure of material ESG risks and opportunities.

Item 101 — Description of Business

Item 101(c) of Regulation S-K requires companies to describe their business, including material developments in their products, services, and operations. This item was modernized in 2020 to add two important ESG-adjacent disclosure requirements.

Human Capital Resources

Item 101(c)(2)(ii) requires companies to provide a description of their human capital resources, including any human capital measures or objectives that the company focuses on in managing its business, to the extent material. While the SEC deliberately avoided prescribing specific metrics (such as diversity statistics or turnover rates), companies are expected to disclose the measures they use to manage their workforce. For S-1 filers, this means articulating the company's approach to attracting, developing, and retaining talent, which is a topic that many investors view as a core "S" (Social) factor.

Material Government Regulations

Item 101(c)(2)(i) requires disclosure of all material government regulations that affect business, including environmental laws and regulations. This replaced a prior requirement that was limited to environmental regulations only. For companies in carbon-intensive industries, this disclosure often extends to environmental permits, emissions standards, waste management requirements, and regulatory compliance costs, all of which fall within the "E" (Environmental) pillar of ESG.



Item 103 — Legal Proceedings

Item 103 of Regulation S-K requires disclosure of material pending legal proceedings, including environmental litigation. The rule specifically requires disclosure of environmental proceedings in which a governmental authority is a party and that involve potential monetary sanctions in excess of \$300,000 (as amended in 2020, increased from \$100,000). This serves as a direct ESG disclosure trigger for companies facing environmental enforcement actions, Superfund liability, or other regulatory proceedings related to pollution, emissions, or environmental remediation. Other material pending legal proceedings, excluding ordinary routine litigation incidental to the business, may include actions involving directors, officers, or key affiliates where the nature of the allegations (e.g., fraud, breach of fiduciary duty, or regulatory non-compliance) is material to an evaluation of their integrity, judgment, or ability to effectively manage the company.

Item 105 — Risk Factors

Item 105 of Regulation S-K requires companies to disclose the most significant factors that make an investment in the company's securities speculative or risky. The 2020 amendments further require risk factors to be organized under relevant headings and limited to material risks. For many S-1 filers, ESG-related risks are among the most significant risk factors requiring disclosure. These commonly include:

- Climate and environmental risks — physical risks (extreme weather, sea-level rise) and transition risks (regulatory changes, carbon pricing, stranded assets)
- Regulatory and compliance risks — evolving environmental regulations, emissions standards, and potential liability under environmental laws
- Social and human capital risks — labor shortages, workplace safety, diversity and inclusion challenges, employee relations
- Governance risks — board composition, related party transactions, dual-class structures, anti-corruption and bribery risks
- Reputational risks — ESG controversies, supply chain labor practices, data privacy, and cybersecurity incidents
- Litigation risks — climate-related litigation, environmental enforcement, 34565shareholder activism on ESG matters

Item 106 of Regulation S-K

Item 106, added by the 2023 cybersecurity rule, requires registrants to disclose information about their cybersecurity risk management, strategy, and governance. While Item 106 technically applies to annual reports on Form 10-K, the SEC staff has noted that registrants should consider the materiality of cybersecurity risks and incidents when preparing disclosures in registration statements. In practice, S-1 filers are expected to address the following areas:

- Risk Management and Strategy — Describe the company's processes for assessing, identifying, and managing material risks from cybersecurity threats, including whether the company engages third-party assessors or consultants, and whether and how cybersecurity risks are integrated into the company's overall risk management system.
- Governance — Describe the board of directors' oversight of risks from cybersecurity threats and management's role and expertise in assessing and managing material cybersecurity risks.
- Prior Incidents — Disclose any material cybersecurity incidents that occurred during the reporting periods covered by the S-1, including the nature, scope, timing, and material impact (or reasonably likely material impact) of any such incidents.



Item 303 — Management's Discussion and Analysis (MD&A)

Item 303 of Regulation S-K requires companies to discuss known trends, demands, commitments, events, or uncertainties that are reasonably likely to have a material effect on the company's financial condition or results of operations. ESG-related trends that often require MD&A disclosure include: the financial impact of transitioning to lower-carbon operations; capital expenditures for environmental compliance; the impact of extreme weather events on supply chains and operations; workforce costs associated with human capital initiatives; and potential asset impairments due to environmental or regulatory factors.

The SEC's 2010 interpretive guidance on climate change disclosure, which remains in effect, specifically identified MD&A as one of the key sections where climate-related information should be disclosed. This guidance noted that physical effects of climate change, climate-related legislation and regulation, and market trends related to climate change could all give rise to MD&A disclosure obligations.

Regulation S-X — Financial Statement Requirements

While Regulation S-X does not contain ESG-specific requirements, ESG factors may need to be reflected in the financial statements included in an S-1 through several mechanisms:

- Asset retirement obligations (ASC 410) — for environmental remediation and decommissioning
- Contingent liabilities (ASC 450) — for environmental litigation and regulatory proceedings
- Impairment of long-lived assets (ASC 360) — where climate or regulatory risks affect recoverability
- Loss contingencies related to environmental matters — disclosure of reasonably possible losses
- Fair value considerations — where ESG factors affect the valuation of assets or liabilities



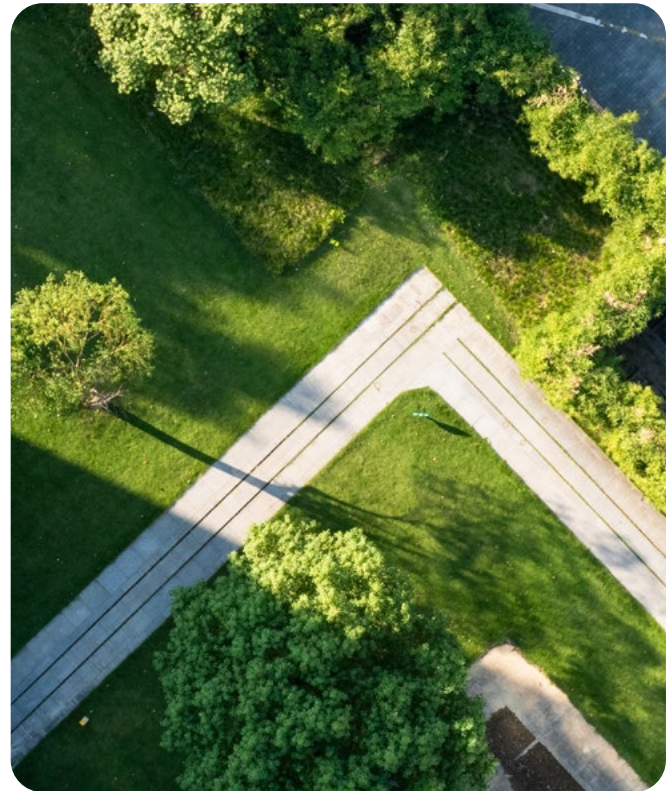
Practical Guidance for S-1 ESG Disclosures

Given the evolving regulatory landscape, companies preparing an S-1 should take a proactive, materiality-driven approach to ESG disclosures. The following framework provides practical guidance for S-1 preparation teams.

Step

1 Conduct an ESG Materiality Assessment

Before drafting ESG-related disclosures, companies should conduct a structured materiality assessment to identify which ESG factors are material to their specific business, industry, and geographic footprint. This assessment should consider financial materiality (impact on financial condition and results of operations), double materiality where relevant for international stakeholders, investor expectations based on peer company disclosures, and industry-specific ESG risks identified by frameworks such as SASB.



Step

2 Map ESG Topics to S-1 Disclosure Locations

ESG topics should be mapped to the appropriate sections of the S-1:

ESG Topic	Primary S-1 Location	Regulation Reference
Climate / Environmental Risks	Risk Factors, MD&A	Items 105, 303
Environmental Compliance	Business Description, Legal Proceedings	Items 101, 103
Human Capital / Workforce	Business Description	Item 101(c)(2)(ii)
Cybersecurity	Risk Factors, Business Description	Items 105, 106 (by analogy)
Governance / Board Composition	Directors and Corporate Governance	Item 407 (Reg S-K)
Environmental Liabilities	Financial Statements, Notes	ASC 410, ASC 450
DEI and Social Factors	Risk Factors, Human Capital	Items 101, 105
Supply Chain ESG Risks	Risk Factors, MD&A	Items 105, 303

Step

3 Establish Disclosure Controls and Procedures

Companies should establish or enhance disclosure controls to ensure that ESG-related information is captured, reviewed, and reported accurately. This includes expanding the disclosure committee to include ESG-knowledgeable personnel, implementing data collection processes for ESG metrics (GHG emissions, workforce data, governance metrics), establishing internal controls over ESG data to ensure accuracy and completeness, and aligning ESG disclosures across the S-1, investor presentations, and any voluntary ESG reports.

Step

4 Benchmark Against Peer Companies

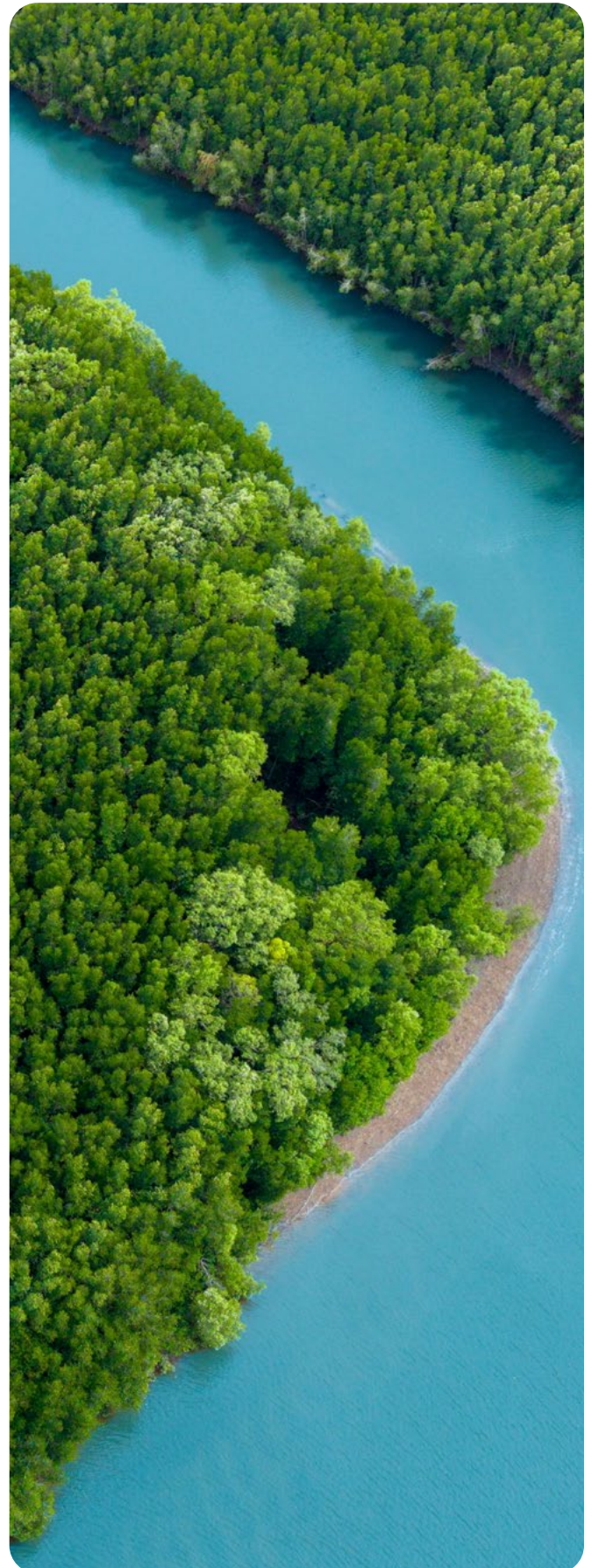
Companies should review the ESG disclosures in recently filed S-1 registration statements from peer companies in their industry. This benchmarking exercise helps identify market expectations, common disclosure approaches, and areas where the company's disclosures may fall short of investor expectations. Underwriters and their counsel typically conduct a similar benchmarking exercise and will provide guidance on expected disclosure levels.

Step

5 Prepare for SEC Comment Letters

SEC staff have increasingly focused on ESG-related disclosures in their review of registration statements. Common comment letter topics include: the specificity of climate and environmental risk factors; consistency between ESG claims made in marketing materials, voluntary reports, or the company website and the risk factor disclosures in the S-1; the adequacy of human capital disclosures; and the disclosure of material environmental proceedings. Companies should proactively address these areas to minimize the risk of SEC comments and expedite the registration process.

Looking beyond existing SEC regulatory requirements under Regulation S-K and Regulation S-X that touch ESG topics, evolving investor expectations, state-level regulations, and international frameworks continue to raise the bar for ESG transparency in registration statements. Uniquis is closely monitoring regulatory and market developments and will continue to share analysis to help companies stay ahead of evolving ESG disclosure expectations.



REGULATORY WATCH

Governing Body

Update

Uniquis' Impression

GLOBAL

European Union

At the end of February 2026, the EU Omnibus I Directive (EU 2026/470) was published, introducing amendments to the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). This directive aims to enhance corporate transparency and accountability regarding sustainability practices and due diligence processes.

This legislative alignment signals the EU's commitment to creating an integrated sustainability ecosystem where corporate accountability extends beyond reporting to encompass comprehensive value chain responsibility.

Organizations must now recalibrate their compliance strategies to address these converged requirements, ensuring their disclosures and due diligence processes meet heightened standards.

Korea Accounting Standards Board (KASB)

South Korea's Financial Services Commission (FSC) has launched a consultation on a phased roadmap to adopt sustainability disclosure standards aligned with the International Sustainability Standards Board (ISSB). The proposal outlines a gradual rollout beginning with large, listed companies, with eventual expansion to smaller firms, and emphasizes alignment with financial reporting and interoperability with existing local frameworks. Stakeholder feedback is invited on scope, timelines, and assurance requirements.

South Korea's ISSB-aligned roadmap reflects the broader global shift toward standardized, investor-focused sustainability disclosures. The phased implementation and emphasis on digital reporting indicate a pragmatic approach that balances ambition with operational readiness, while reinforcing the integration of ESG into financial reporting systems. For companies, this signals the need to proactively strengthen data, governance, and reporting capabilities as sustainability disclosures continue to evolve into structured, decision-useful, and globally comparable requirements.



Governing Body	Update	Uniquis' Impression
USA		
California Air Resources Board (CARB)	CARB held a public workshop on 23 March to engage stakeholders on SB 253 (GHG emissions disclosure). Among other proposed concepts, CARB presented approaches for organizational boundaries, Scope 3 regulatory phase-in options, GHG accounting methods, and assurance requirements. CARB also confirmed it would publish Scope 1 & 2 reporting templates by summer and is seeking stakeholder feedback on the proposed items through 13 April.	Read more information about CARB Staff's proposals and Uniquis' impressions on our dedicated California climate laws microsite .
U.S. Department of Labor (DOL)	The U.S. Department of Labor has issued a request for information indicating its intent to withdraw prior guidance on climate-related financial risk, signaling a potential shift away from integrating ESG considerations into federal financial risk frameworks. The move seeks stakeholder input on the implications of rescinding these guidelines and reflects a broader reassessment of climate-related risk integration in federal policy.	This development highlights increasing policy volatility in the US around ESG and climate risk, which may create uncertainty for investors and companies relying on consistent regulatory signals. In this setting, organizations may need to maintain internal climate risk frameworks aligned with global best practices, even as domestic regulatory direction evolves.
INDIA		
Central Pollution Control Board (CPCB) of India	The Central Pollution Control Board (CPCB) of India has issued new guidelines in March 2026 for the safe storage and handling of waste solar photovoltaic modules, panels, and cells under the E-Waste (Management) Rules, 2022. These guidelines aim to mitigate environmental risks associated with solar waste, which contain both valuable recyclable materials and toxic elements, by establishing clear procedures for handling, storage, and transportation. While there are no mandatory recycling targets for this waste category, producers and recyclers must adhere to strict compliance measures.	India's new CPCB guidelines for solar photovoltaic waste management represent meaningful regulatory progress in addressing an emerging waste stream under existing E-Waste Rules. By establishing clear handling and storage protocols for end-of-life solar modules, the framework acknowledges both the recycling potential and environmental hazards of this growing waste category. While the absence of mandatory recycling targets may limit near-term impact, these guidelines provide a compliance framework for managing solar waste as India's renewable energy capacity continues to expand.

Governing Body

Update

Uniquis' Impression

MIDDLE EAST

Oman's Public Services Regulation Authority

Oman's Public Services Regulation Authority has issued two new regulations aimed at strengthening risk management and ensuring business continuity in the electricity and water-related sectors, as well as in the water and wastewater sector.

The first regulation addresses risk management and business continuity in the electricity sector and related water services, while the second focuses on risk management and business continuity in the water and wastewater sector.

Among the key provisions, licensed entities are required to establish an integrated risk management and business continuity system within a maximum period of six months from the date the regulations come into force. Companies must also develop comprehensive risk response plans, regularly test and update them, and submit annual reports to the authority detailing risk assessments, exercise results, and updates.

Administrative fines of up to OMR 500,000 may be imposed for violations of the regulations, with penalties subject to doubling in cases of repeated non-compliance.

The new regulations aim to enhance the ability of licensed companies to address potential risks and ensure the continuous delivery of electricity, water, and wastewater services with high efficiency and quality under various circumstances, including emergencies, natural disasters, cyber threats, and operational disruptions. The regulations further emphasize strengthening governance and compliance by requiring companies to provide the necessary technical and administrative resources and to cooperate fully with regulatory audits conducted by the authority.

The regulations aim to promote transparency and accountability through periodic reporting and continuous oversight, support sustainable management of water resources and wastewater services, and encourage licensed companies to adopt international best practices in risk management and business continuity.

About Uniquis Consultech:

Uniquis Consultech is a global tech-enabled consulting company that specializes in Accounting & Reporting, Governance, Risk & Compliance, Sustainability & Climate, Tech Consulting, and Valuations. 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.

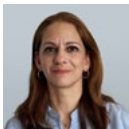
Uniquis has a global team of 700+ professionals led by 85+ Partners & Directors across eleven offices in the USA, the Middle East, and India. The company serves more than 300 clients, including marquee names in each of the markets it operates in.

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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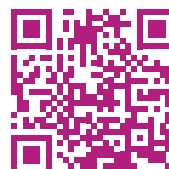
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Feedback

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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