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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.

This edition arrives at a moment when the boundary between sustainability and financial reporting is blurring. With the FASB's ASU 2026-02 bringing environmental credits into audited financial statements, instruments once confined to sustainability reports now sit within the numbers stakeholders scrutinize most closely.

Around the world, the architecture of trust is being rebuilt. The TNFD's nature-related recommendations, SBTi's enhanced Net-Zero Standard 2.0, and CDP's restructuring all point toward more rigorous, decision-useful disclosure. Regionally, the momentum is unmistakable: SEBI's next phase of BRSR reforms and India's first blue bond, the UAE's Naseej circular-economy initiative, and Europe's recalibration of its Omnibus and CSDDD frameworks. In the US, California holds the line, with

CARB's deferral of the first-year SB 253 deadline to 10 November 2026 signaling flexed timing but a fixed destination towards mandatory, standardized emissions disclosure.

The signal beneath the noise is clear. As regulation eases in some markets and deepens in others, credibility will belong to organizations that treat transparency not as a compliance burden, but as a strategic advantage. I hope this edition helps you navigate that shift with clarity and confidence.



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Anu Chaudhary
Partner, Global Head of Sustainability &
Climate Consulting

IN THE NEWS

GLOBAL

SBTi Unveils Enhanced Corporate Net-Zero Standard 2.0

The Science Based Targets Initiative (SBTi) has released Version 2.0 of its Corporate Net-Zero Standard, marking a significant update designed to enhance the accountability and effectiveness of corporate climate targets. This new version introduces a “best-efforts” framework, allowing companies to maintain compliance even if they do not meet their targets, provided they transparently communicate the challenges they face and the actions they take to mitigate emissions. This approach acknowledges the complexities of the net-zero transition, recognizing that external factors can hinder progress while still encouraging companies to use all available means to reduce emissions.

Version 2.0 builds on the foundation established by the original standard launched in 2021, reflecting advancements in climate science and insights gained from the experiences of over 11,000 companies that have set science-based targets. The rigorous development process involved extensive stakeholder engagement, including feedback from more than 1,800 participants and practical testing by over 320 organizations. With these updates, the SBTi aims to create a more accessible and relevant framework that supports businesses of all sizes and sectors in achieving their net-zero objectives, ultimately driving faster and more effective climate action across the corporate landscape.

CDP Transforms into Dual Entities to Enhance Sustainable Decision-Making

In an effort to tackle pressing environmental challenges, CDP has announced the formation of two distinct organizations: the nonprofit CDP Foundation and the commercial entity CDP. This restructuring is designed to meet the increasing demands for effective environmental disclosure and data-driven decision-making in today’s rapidly changing market landscape. The CDP Foundation will concentrate on translating scientific insights into actionable disclosure methods, while CDP will focus on delivering comprehensive environmental data and insights to support businesses and policymakers in making informed, Earth-positive choices.

The new model will allow both entities to leverage their unique strengths while working collaboratively toward a common goal of advancing sustainability. With support from strategic partner Permira, CDP anticipates a significant investment in technology and innovation that will streamline the disclosure process and enhance the quality of data available to stakeholders. This transformation is not only a response to evolving regulatory requirements but also an opportunity to sharpen focus on critical sustainability objectives, ensuring that both organizations remain at the forefront of environmental leadership for future generations.

Key Recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD) Published

The Taskforce on Nature-related Financial Disclosures (TNFD) has released its highly anticipated recommendations to guide businesses and financial institutions in integrating nature-related issues into their decision-making processes. These recommendations are structured around four pivotal pillars: governance, strategy, risk and impact management, and metrics and targets. By emphasizing the critical importance of nature's health and resilience, the TNFD aims to equip organizations of all sizes and sectors with the tools necessary to understand and disclose their impacts on biodiversity and ecosystems.

Central to the TNFD's recommendations is the establishment of a comprehensive disclosure framework that encourages transparency and accountability in nature-related financial reporting. The guidelines include 14 recommended disclosures and a detailed metrics architecture, providing a clear roadmap for organizations to assess and communicate their nature-related risks and opportunities. As businesses increasingly recognize the interconnectedness of nature and financial performance, these recommendations serve as a vital resource for fostering sustainable practices and promoting responsible investment strategies.

OECD Review: Aligning Finance with Climate Goals 2026

The OECD's latest publication, "Aligning Finance with Climate Goals 2026," is a helpful resource for policymakers and financial institutions seeking to bridge the gap between financial flows and climate objectives. Released on 9 June 2026, this comprehensive review delves into three essential areas: the implementation of climate-related financial sector policies, tracking climate alignment within financial flows, and advancements in climate metrics used by the financial sector.

The publication emphasizes the importance of tailored policy frameworks across different countries, highlighting diverse approaches to climate finance. It underscores the need for robust tracking systems that can accurately estimate investments directed towards climate solutions while identifying financial exposure to greenhouse

Accelerating Investments in Green Technology Driven by Corporate Decarbonization Targets

As companies increasingly commit to corporate decarbonization targets and navigate environmental compliance requirements, significant investments in green technology and sustainability solutions are rising across industries. Organizations are leveraging advanced technologies such as artificial intelligence, Internet of Things (IoT) platforms, and energy management software to enhance operational efficiency while simultaneously reducing their environmental impact. Notably, government incentives promoting renewable energy and energy-efficient infrastructure further bolster this market expansion.

For example, new digital solutions are helping industrial companies monitor emissions and improve energy efficiency, underscoring a clear trend toward sustainability-focused innovations. Despite the momentum generated by public and private sector investments in climate mitigation, challenges remain, particularly the high initial implementation costs that may deter smaller organizations from adopting these crucial technologies. As the demand for green technologies continues to grow, addressing these barriers will be essential for fostering widespread adoption and advancing global sustainability efforts.

gas-intensive activities. Additionally, the review discusses the evolution of metrics that assess progress toward climate alignment, focusing on their credibility and applicability across various financial asset classes. This report not only provides valuable insights into current trends but also offers actionable guidance for aligning finance with climate goals, making it a vital reference for stakeholders committed to sustainable development.





Uniquis' POV

As the global business landscape increasingly prioritizes sustainability, companies are adopting more ambitious sustainability frameworks for measuring and reducing emissions. The newly released Version 2.0 of the Corporate Net-Zero Standard by the Science Based Targets initiative (SBTi) raises the expectation of transparency and accountability, encouraging organizations to leverage all available resources to meet their targets while openly addressing potential barriers to progress, thus fostering a culture of accountability and continuous improvement.

Complementing this shift, the evolution of CDP into two distinct entities signals a strategic move toward harnessing data-driven insights to guide businesses in making sustainable decisions. This bifurcation reflects a growing recognition that effective climate action requires not only robust data management but also innovative financial solutions that can adapt to a rapidly changing regulatory landscape. The TNFD's newly published recommendations broaden this agenda beyond carbon, equipping

organizations with a structured framework to assess and disclose their dependencies and impacts on nature, biodiversity, and ecosystems.

These frameworks are taking shape against a backdrop of accelerating investment. Corporate decarbonization targets and tightening environmental compliance requirements are driving substantial investments in green technologies and sustainability solutions across industries, while the recent OECD review highlights the critical need to align financial practices with climate goals and emphasizes that financial institutions must play a pivotal role in facilitating this transition. Companies that proactively engage with these emerging frameworks and initiatives will not only enhance their compliance posture but also position themselves as leaders in sustainability. By embracing these trends, businesses can create resilient strategies that not only mitigate climate-related risks but also drive long-term value creation in an increasingly eco-conscious market.



USA

The Stagnation of Sustainable Finance: Unpacking Its Climate Impact

In the ongoing discourse surrounding climate action, sustainable finance has emerged as a promising yet underwhelming solution. Despite significant investments and a growing commitment to ESG criteria, the anticipated transformative effects on climate change have not materialized. This article explores the reasons behind this stagnation, highlighting the disconnect between financial flows and tangible environmental outcomes.

Key challenges include the lack of standardized metrics for measuring sustainability impacts, which complicates investors' ability to assess and compare opportunities effectively. Additionally, the article underscores the prevalence of "greenwashing," where companies misrepresent their sustainability efforts, further muddying the landscape for genuine investments. As stakeholders seek actionable insights, the need for robust regulatory frameworks and transparent reporting practices becomes increasingly evident to ensure that sustainable finance can fulfill its promise in the fight against climate change.



Uniquis' POV

The evolving landscape of sustainable finance and regulatory frameworks in the United States underscores a critical juncture for businesses committed to climate action and ethical supply chain management. Despite substantial investments in sustainable finance, recent analyses show that the sector has yet to drive significant progress in mitigating climate change. This calls for companies to reassess their sustainability strategies, ensuring they are not merely financially motivated but genuinely impactful. Moving forward, organizations must integrate measurable climate outcomes into their financing activities, aligning with broader environmental goals to enhance accountability and drive tangible results.

Simultaneously, the newly published CBP Forced Labor Enforcement Operational Guidance

New CBP Guidance Enhances Compliance with U.S. Forced Labor Laws

U.S. Customs and Border Protection (CBP) has released updated operational guidance to help importers navigate compliance with various forced labor laws, particularly considering the Uyghur Forced Labor Prevention Act (UFLPA). This approximately 80-page document outlines a comprehensive enforcement process map that integrates key elements from the UFLPA, Withhold Release Orders, and the Countering America's Adversaries Through Sanctions Act. The guidance is designed to clarify the steps importers must take before bringing goods into the U.S., as well as the necessary documentation required should their shipments be detained or excluded.

The guidance also emphasizes practical due diligence measures for importers to ensure their supply chains are free of forced labor, especially when collaborating with vendors and manufacturers at risk of such violations. Key appendices provide detailed recommendations on supply chain traceability, best practices for documentation submission, and isotopic testing methods. By superseding the June 2022 guidance, CBP aims to foster greater awareness and compliance among businesses, ultimately supporting broader sustainability and ethical trade objectives.

offers a pivotal opportunity for businesses to strengthen supply chain integrity while complying with evolving regulatory requirements. The comprehensive guidelines on forced labor enforcement not only emphasize compliance but also encourage proactive due diligence among importers. As companies navigate increasingly complex global supply chains, the ability to demonstrate ethical sourcing and transparency will be paramount. By aligning sustainability initiatives with robust supply chain governance, businesses can mitigate risks associated with forced labor and environmental degradation. This dual focus on ethical practices and climate responsibility will not only bolster corporate reputations but also position organizations as leaders in a marketplace that increasingly values sustainability and ethical governance.

INDIA

SEBI Explores Next Phase of Sustainability Disclosure Reforms

SEBI is evaluating the next phase of sustainability reporting reforms under the BRSR framework based on recommendations from its ESG Advisory Committee. Proposed measures include consolidated sustainability disclosures, sector-specific reporting requirements, and the development of a common sustainability taxonomy to improve comparability and investor decision-making. The regulator has emphasized a gradual implementation approach to balance enhanced transparency with practical compliance considerations. SEBI also continues to strengthen the sustainable finance ecosystem through ESG debt frameworks and oversight of ESG Rating Providers.

NSE welcomes MCA decision on 10% CSR spending via Social Stock Exchange

The Ministry of Corporate Affairs (MCA) has allowed companies to deploy up to 10% of their annual CSR spending through Zero Coupon Zero Principal (ZCZP) instruments listed on Social Stock Exchanges (SSEs). The move is expected to increase funding for registered non-profit organizations while improving transparency and accountability in social financing. NSE welcomed the amendment, stating that it will strengthen India's social impact ecosystem through a regulated and disclosure-driven platform. The new rules also exempt companies from impact assessments for such investments and require funded projects to be completed within three financial years. The amendment came into effect on 27 May 2026.

India's maritime lender set to launch country's first blue bond

India's state-owned maritime financing institution plans to issue the country's first blue bond, targeting up to INR 1,000 crore, including a greenshoe option of INR 500 crore, to fund maritime and coastal infrastructure projects. Globally, blue bond issuances have crossed USD 15 billion by mid-last year, highlighting growing investor interest in ocean-focused sustainable finance. The institution aims to raise up to INR 10,000 crore in FY27 to support ports, shipbuilding, inland waterways and coastal connectivity projects. It also manages the government's Maritime Development Fund of INR 25,000 crore, including an Interest Incentivization Fund of INR 5,000 crore, and is seeking an additional equity infusion of INR 2,000 crore to support future growth.

Extreme Heat Increasing Economic and Productivity Risks for Indian Agriculture

India's agricultural workers lost an average of 648 working hours, or 54 workdays, to heat stress in 2024, the hottest year on record. Total heat-related labour losses reached 163.3 million hours, up 16.7% since 2022 and 45.4% since 2014, with losses rising by about 4.5 hours per worker annually. India currently ranks third among 15 climate-vulnerable food-producing countries assessed, highlighting growing risks to labour productivity, farm incomes and food security.

Climate risks are expected to intensify as rising temperatures combine with higher humidity. **Research** shows that uncompensable heat stress (UHS), where the body can no longer cool itself effectively, is becoming more frequent across India and could increasingly extend into the monsoon season. Under 2°C of warming, UHS could affect 60% of India during summer and 53% during the monsoon, exposing an estimated 0.8–1.2 billion people to dangerous heat conditions. The findings suggest that heat stress is becoming a growing challenge for worker health, labour productivity and agricultural resilience.





Uniquus' POV

India's sustainability landscape is entering a more mature phase. Recent developments signal progress across both ESG reporting and sustainable finance. SEBI's proposed enhancements to the BRSR framework could improve the quality, consistency and comparability of sustainability disclosures. Meanwhile, measures such as allowing CSR funding through Social Stock Exchanges and the proposed launch of India's first blue bond are expanding opportunities to channel capital towards social and environmental priorities.

These developments are particularly relevant as climate risks become more visible across the economy. Recent research highlights the growing impact of extreme heat on India's agricultural workforce, with significant losses in labour productivity and rising risks to food security and rural livelihoods. As physical climate risks intensify, the demand for better sustainability data, stronger risk assessment and targeted financing solutions is likely to increase. Together, these trends reinforce the importance of integrating climate considerations into business strategy, investment decisions and long-term economic planning.

MIDDLE EAST

UAE launches 'Naseej' initiative to strengthen circular economy transition

Under the directives of His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, Naseej, the national initiative for textile circularity, has been launched as a strategic mandate contributing to the transition of the textile sector toward a circular economic system.

Naseej aims to move the sector beyond linear consumption and disposal toward an integrated model that preserves resources, captures economic value, and aligns sustainability with long-term national development.

Naseej's mandate is anchored in five strategic pillars: Collection and Recycling, Awareness and Outreach, Behavioural Research, Policies and Regulations, and Circular Business and Innovation.

Textile waste presents a growing challenge globally and nationally. In the UAE, annual textile waste volumes are estimated to reach approximately 220,000 tonnes. Naseej responds to this challenge with a structured national approach that strengthens collection and recycling systems, advances research and innovation, and fosters a culture of conscious consumption aligned with circular economy principles.

Following its launch, Naseej will roll out a series of national programmes to support sustainable textile practices, strengthen collection and recycling infrastructure, and advance research, pilots, and market development initiatives that enable scalable circular solutions across the UAE.

Oman issue new urban planning law to support sustainable development

Oman has introduced a new urban planning law aimed at strengthening sustainable development, improving urban quality and supporting long-term national growth objectives as the Sultanate continues efforts to modernize its planning framework in line with future economic and environmental priorities.

Issued under Royal Decree No. 58/2026, the law establishes new mechanisms and planning tools to regulate urban development in accordance with sustainability principles and public interest considerations, while maintaining balance between economic, social and environmental priorities.

The law also aims to encourage investment and economic growth through clearer and more sustainable urban planning regulations, while reducing the impact of environmental and natural risks on urban areas.

Sheikh Mohammed bin Rashid issues law establishing Dubai Longevity Authority

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has issued Law No. (17) of 2026 to establish the Dubai Longevity Authority (DLA). The new entity is tasked with positioning the Emirate as the world's foremost hub for regulated longevity, wellness and advanced healthcare, and with opening channels for investment in the sector.

Built on advanced innovation, strong governance and strategic partnerships, the authority is designed to advance the Dubai Economic Agenda D33 and the Dubai Social Agenda 33. These initiatives aim, respectively, to rank Dubai among the world's top three cities for quality of life and to secure a leading position in healthy life expectancy.

The DLA's remit is to build and run a science-led, risk-proportionate regulatory framework for longevity-related therapies and innovations. It will license and oversee the full value chain, spanning research and development, clinical trials, manufacturing, delivery and patient clinics.





Uniquis' POV

The UAE's launch of Naseej marks a decisive shift in regional sustainability leadership as it confronts one of the country's most pressing environmental challenges: approximately 220,000 tonnes of annual textile waste. Structured around five strategic pillars, Naseej is not simply an environmental response. It is a blueprint for economic transformation that converts waste streams into value chains, creates new circular markets, and positions the UAE as a serious and structured practitioner of the circular economy.

Oman's issuance of a new Urban Planning Law under Royal Decree No. 58/2026 signals an equally purposeful commitment to sustainable nation-building. By embedding sustainability principles directly into the legal architecture of urban development, the law provides the Sultanate with a comprehensive framework to regulate growth in alignment with Oman Vision 2040. Its emphasis on infrastructure efficiency, equitable distribution of public services, environmental risk reduction, and investment attraction reflects a sophisticated understanding that sustainable urbanism is not in conflict with economic prosperity, but rather a prerequisite.

Both initiatives reflect a broader regional recognition that transitioning to sustainable economies requires structural reform, not merely aspirational statements. Naseej and Oman's Urban Planning Law, while distinct in scope and geography, converge on a common objective: building economies and cities that are resilient, resource-efficient, and future-ready. The Gulf region is no longer simply responding to global sustainability imperatives, it is actively constructing the institutional and regulatory infrastructure to deliver on them.

Sheikh Mohammed bin Rashid Al Maktoum's issuance of Law No. (17) of 2026 establishing the Dubai Longevity Authority (DLA) represents a landmark moment in Dubai's ambition to lead the global frontier of advanced healthcare and life sciences. The DLA is designed as a science-led, risk-proportionate regulatory authority governing the full longevity value chain, from research and development and clinical trials through to manufacturing, delivery, and patient care. Positioned as a pillar of the Dubai Economic Agenda D33 and the Dubai Social Agenda 33, the DLA transcends conventional healthcare governance; it is a sovereign market-building exercise that aims to establish Dubai as the world's foremost hub for regulated longevity, wellness, and biotechnology innovation, thereby attracting investment, talent, and technological capability at global scale.

The DLA's mandate aligns directly with the UN SDGs. Its core mission advances SDG 3 (Good Health and Well-Being) by promoting breakthrough therapies, preventive interventions, and clinical innovations that extend human health span and reduce the burden of disease. Its focus on attracting global talent, enabling technology transfer, and building industrial capacity supports SDG 9 (Industry, Innovation and Infrastructure), while its commitment to ethical governance, regulatory excellence, and international standards embodies SDG 16 (Peace, Justice and Strong Institutions). DLA's collaborative architecture spanning the Dubai Health Authority, Dubai Future Foundation, Dubai Municipality, and international research partners models precisely the multi-stakeholder partnership envisioned by SDG 17 (Partnerships for Goals).

IN-DEPTH ANALYSIS

ASU 2026-02: Why Sustainability Leaders Need to Pay Attention to Environmental Credit Accounting

The accounting treatment of environmental credits has historically existed at the intersection of sustainability, finance, and regulatory compliance, often managed through a combination of internal policies and fragmented accounting approaches. With the issuance of ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818), the Financial Accounting Standards Board (FASB) has established a formal accounting framework for organizations that generate, purchase, receive, or use environmental credits, as well as those subject to environmental credit obligations.

While the standard is fundamentally an accounting update, its implications extend well beyond finance departments. For Chief Sustainability Officers (CSOs) and ESG leaders, ASU 2026-02 represents a significant shift in how environmental programs are measured, governed, disclosed, and scrutinized. Environmental credits that were once primarily discussed in sustainability reports will increasingly appear in audited financial statements, creating a new level of transparency into how organizations achieve their environmental objectives.

Environmental Credits Move into the Financial Spotlight

The new guidance applies to organizations participating in both regulatory and voluntary environmental programs. This includes entities operating under cap-and-trade systems, renewable portfolio standards, fuel-related compliance programs, and pollutant trading schemes. It also affects organizations that purchase carbon offsets, renewable energy certificates (RECs), or other environmental credits to support net-zero, carbon-neutral, or emissions reduction commitments.

For many organizations, environmental credits have become an important component of sustainability strategies. However, ASU 2026-02 introduces enhanced disclosure requirements that will require companies to clearly document environmental credit holdings, obligations, valuations, and intended use. As a result, stakeholders will gain greater visibility into the role that environmental credits play in achieving corporate sustainability goals.

This development creates an important bridge between sustainability reporting and financial reporting. Sustainability teams will increasingly be called upon to provide information that supports accounting classifications, valuation assumptions, compliance assessments, and disclosure narratives. The standard, therefore, elevates environmental credit management from a sustainability program issue to a cross-functional governance priority.



The Need for a Comprehensive Environmental Credit Inventory

One of the first actions recommended under ASU 2026-02 is to create a comprehensive environmental credit inventory. Organizations are encouraged to identify each environmental program in which they participate and document key information, including the type of credit, jurisdiction, units held, acquisition cost, fair value, intended use, expiration dates, and connection to sustainability targets.

This exercise forces organizations to evaluate the purpose of each environmental credit they hold and determine whether the credits are being maintained for compliance requirements, strategic purposes, operational flexibility, or other objectives. Such transparency may reveal gaps between publicly communicated sustainability ambitions and the actual structure of an organization's environmental portfolio.

Cross-Functional Collaboration Becomes Essential

The guidance highlights the importance of collaboration among sustainability, finance, legal, treasury, investor relations, and compliance functions. Sustainability teams possess critical knowledge regarding the purpose and expected utilization of environmental credits, while finance teams are responsible for accounting treatment, valuation methodologies, and disclosure requirements. Legal teams provide clarity on regulatory obligations, while investor relations functions help align disclosures with stakeholder expectations.

As implementation progresses, organizations will need clear governance structures that define ownership, data flows, and decision-making responsibilities. The quality of environmental credit reporting will increasingly depend on how effectively these functions coordinate and maintain consistent interpretations of environmental strategies and financial disclosures.

Increased Transparency Around Decarbonization Strategies

Perhaps the most strategic implication of ASU 2026-02 is the visibility it creates around the distinction between operational emissions reductions and reductions supported by purchased environmental credits. The framework is expected to make it easier for stakeholders to understand how organizations are progressing toward their climate commitments and the extent to which purchased credits contribute to reported outcomes.

This increased transparency may prompt companies to reassess the balance between operational decarbonization initiatives and credit-based approaches. Investors, regulators, and other stakeholders are likely to place greater emphasis on understanding the underlying drivers of emissions reductions and the role environmental credits play in supporting long-term sustainability strategies.

Preparing for Implementation

The guidance emphasizes that organizations should begin preparations well in advance of mandatory adoption. Recommended actions include conducting portfolio audits, establishing governance structures, developing valuation and monitoring processes, documenting environmental credit strategies, and aligning sustainability narratives with anticipated financial disclosures.

Organizations that begin these activities early may be better positioned to navigate implementation challenges and communicate a coherent sustainability story when environmental credit information becomes more visible in financial reporting.





Uniquis' POV

ASU 2026-02 represents more than an accounting update. It signals the continued convergence of sustainability and financial reporting. Environmental credits have long played a role in helping organizations meet regulatory obligations and advance climate commitments, but the new standard introduces greater transparency into how these instruments are acquired, valued, and utilized.

Sustainability leaders must consider increased visibility of their environmental credit strategies. As disclosures become embedded within audited financial statements, stakeholders will gain a clearer understanding of the relationship between operational decarbonization efforts and credit-supported emissions reductions. This may encourage organizations to strengthen governance around environmental credit portfolios and ensure that sustainability claims remain aligned with underlying business practices.

The standard also reinforces the importance of cross-functional collaboration. Effective implementation will require sustainability, finance, legal, treasury, and investor relations teams to work from a common set of assumptions, data, and objectives. Organizations that establish these connections early may be better equipped to manage compliance requirements, respond to stakeholder scrutiny, and maintain consistency across sustainability and financial communications.

ASU 2026-02 reflects a wider market trend toward greater accountability in environmental reporting. As investors increasingly seek decision-useful sustainability information, organizations may find that transparency around environmental credit usage is becoming as important as the credits themselves. Companies that treat environmental credits as part of a broader transition strategy, rather than a substitute for operational improvements, may be better positioned to demonstrate credibility and resilience in an evolving business and sustainability landscape.

Read our full coverage: [Early Impressions: FASB's Accounting Standards Update ASU 2026-02](#)



REGULATORY WATCH

Governing Body

Update

Uniquis' Impression

GLOBAL

European Commission

The European Commission is advancing ESRS simplification proposals under the Omnibus package to reduce reporting complexity and improve alignment with global standards. In parallel, a revised Voluntary Sustainability Reporting Standard for SMEs (VSME) is being developed to provide a streamlined reporting framework and limit ESG information requests from large companies to smaller suppliers.

These reforms signal a shift toward more proportionate and practical sustainability reporting. While compliance burdens may ease, companies will still need robust materiality assessments and decision-useful disclosures. The revised VSME could also help standardize ESG data requests across supply chains, improving efficiency for both large companies and SMEs.

European Commission

The European Commission has opened a public consultation on the development of guidelines to support implementation of the Corporate Sustainability Due Diligence Directive (CSDDD). The consultation seeks stakeholder input on how companies should identify, prevent, mitigate, and address adverse human rights and environmental impacts across their operations, subsidiaries, and value chains. The consultation is open until 24 July 2026, with final guidelines expected in Q1 2027.

The consultation is a critical step in translating the CSDDD from legislative text into practical compliance expectations. While recent EU simplification measures have narrowed the Directive's scope, companies that remain in scope will need clearer guidance on risk-based prioritization, value chain engagement, remediation, and documentation. Businesses may use this consultation window to shape implementation guidance and begin aligning existing human rights, environmental, procurement, and governance processes with the emerging due diligence framework.

Canada House of Commons

Bill C-35, An Act respecting the prohibition of the importation of goods produced by forced labour, had its first reading in the House of Commons on 12 June 2026. The act is aimed at enhancing Canada's forced labor import ban, underscores the growing regulatory pressure on companies to ensure ethical supply chains.

As firms prepare for new climate-related disclosure requirements, they must also navigate the implications of this Act, which mandates enhanced traceability for goods suspected of being produced by forced labor.

Governing Body

Update

Uniquis' Impression

Brazilian Securities and Exchange Commission (CVM)

Brazil has postponed plans to make sustainability reporting mandatory, delaying the transition to compulsory disclosures aligned with IFRS Sustainability Disclosure Standards (ISSB). Companies may continue reporting on a voluntary basis while regulators reassess implementation timelines and market readiness.

The decision highlights the practical challenges many jurisdictions face in balancing sustainability ambitions with implementation capacity. While the delay may provide companies with additional preparation time, investor expectations for transparent sustainability disclosures remain unchanged. Organizations can use this period to strengthen reporting processes and align voluntarily with ISSB-based disclosures, positioning themselves ahead of future regulatory requirements.

USA

US Environmental Protection Agency (EPA)

The EPA announced it will maintain the existing national drinking water limits for PFOA and PFOS, two widely recognized PFAS chemicals, while reconsidering proposed regulations for several other PFAS substances. The agency also launched a support initiative to provide technical assistance and compliance flexibility for water systems addressing PFAS contamination.

The EPA's approach reflects an effort to balance public health protection with implementation challenges faced by water utilities. While maintaining limits for the most studied PFAS compounds provides regulatory certainty, the review of other PFAS standards may prolong uncertainty for companies managing chemical, manufacturing, and supply chain risks. Organizations can continue strengthening PFAS monitoring, disclosure, and remediation strategies as regulatory scrutiny of these substances remains high.

California Air Resources Board (CARB)

On 24 June, 2026, CARB announced it will defer the first-year reporting deadline for Scope 1 and Scope 2 greenhouse gas emissions under SB 253 from August 10, 2026, to November 10, 2026, giving reporting entities additional time after the Initial Regulation is finalized. CARB has withdrawn the Initial Regulation from the Office of Administrative Law to make limited clarifying changes, which it will issue for a forthcoming 15-day public comment period before re-submitting for approval. The program applies to U.S.-based companies with annual revenues exceeding USD 1 billion that do business in California, with Scope 3 disclosures slated to begin in 2027.

This three-month deferral is a welcome but narrow reprieve, not a reason to slow down. The deadline shift addresses timing: in-scope companies still face the same fundamental obligation to stand up auditable Scope 1 and Scope 2 inventories, and the extra runway is best spent strengthening data quality, emissions-calculation methodologies, and internal controls rather than waiting for final rule text. Companies would be prudent to monitor the 15-day comment window closely, as the "limited clarifying changes" may resolve open questions on reporting boundaries and methodology that have been holding up implementation decisions, and the window is also an opportunity to submit comments where requirements remain ambiguous. Companies can also treat 2026 as the foundation for 2027, when the

Governing Body

Update

Uniquis' Impression

far more complex Scope 3 value-chain disclosures come into effect; firms that use this deferral to build durable reporting infrastructure rather than a one-off compliance exercise will be materially better positioned.

INDIA

**Ministry of
Environment, Forest,
and Climate Change
(MoEFCC)**

Twelve years after it issued the first draft notification, the Centre is finally ready to finalize and notify the demarcation of Ecologically Sensitive Areas (ESA) in the Western Ghats region, at least in the three states in which contentious issues have more or less been resolved. Over 56,000 square km of land in six states is proposed to be demarcated as ESA.

Activities like new mining and quarrying projects, setting up of thermal power plants, operation of most-polluting red-category of industries, new and expansion projects of buildings and construction with a built-up area of 20,000 square meters or above, are proposed to be completely banned or heavily restricted.

The finalization of ESA in the Western Ghats marks a significant advancement in environmental protection, providing legal enforcement under the Environment Protection Act to curb destructive activities. However, the phased implementation raises concerns about potential dilution of protections due to local political pressures. For businesses, this shift offers policy certainty, yet the restrictions on mining and heavy industries may elevate costs and compel a transition towards eco-tourism and renewable energy initiatives, aligning with broader sustainability frameworks.

About Uniquis Consultech:

Uniquis Consultech is an AI and global tech-enabled consulting company that specializes in Accounting & Reporting Consulting, Governance, Risk & Compliance, Sustainability & Climate Consulting, 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 800+ professionals, led by 100+ Partners and Directors, across 12 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.

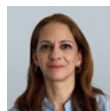
Given the growing importance of disclosures, significant data integrity requirements, and varied and disaggregated data sources, enabling the sustainability journey through technology is essential. Tech enablement also helps ensure the integration of sustainability programs with core business operations.

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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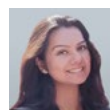
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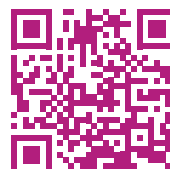
Samuel Aisabokhae, Assistant Manager, Sustainability & Climate Consulting

Ryan Kim, Consultant, Sustainability & Climate Consulting

Rahil Shah, Consultant, Sustainability & Climate Consulting

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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