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# Sustainability & Climate Pulse

OUR MONTHLY NEWSLETTER

August 2026

# FOREWORD

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

This edition highlights how sustainability is moving from aspiration to obligation. Record multilateral climate finance, emerging and tightening carbon markets from Brussels to Delhi, and a wave of mandatory disclosure across the Gulf Cooperation Council all point to environmental accountability being written into binding law and capital allocation decisions. Nowhere is this clearer than in SBTi's Corporate Standard V2.0, which ends the era of set-and-forget targets in favor of a continuous, audit-grade discipline owned by the board. For businesses, the era of voluntary, self-paced sustainability is ending, and the organizations that build it into strategy and capital allocation today will define tomorrow's competitive landscape.



***The era of voluntary, self-paced sustainability is ending, and the organizations that build it into strategy and capital allocation today will define tomorrow's competitive landscape.***

**Anu Chaudhary**

Partner, Global Head of Sustainability & Climate Consulting

# IN THE NEWS

## GLOBAL

### Record Climate Finance by Multilateral Development Banks Reaches USD 163 Billion in 2025

In a significant boost for global climate action, multilateral development banks (MDBs) achieved a record climate finance total of USD 163 billion in 2025, marking a 19% increase from the previous year. This surge is particularly impactful in low- and middle-income countries, where climate finance rose 21% to reach USD 103 billion. Notably, mitigation efforts dominated this funding, accounting for USD 68 billion, while adaptation finance also grew substantially, reaching USD 35 billion for low- and middle-income countries. This financial commitment underscores MDBs' critical role in supporting climate-resilient and sustainable economic development.

The latest figures, detailed in the 2025 Joint Summary Report, confirm that MDBs are on track to meet their ambitious climate finance projection of USD 120 billion annually for low- and middle-income countries by 2030, as highlighted at COP29 in Baku. The report also emphasizes the importance of private-sector mobilization, which amounted to USD 35 billion in these regions and USD 80 billion in high-income countries. As MDBs continue to enhance transparency through initiatives such as the MDB Climate Finance Dashboard, the collective commitment to facilitating low-carbon and resilient development remains a pivotal focus of global sustainability efforts.

### ESMA Releases Report on EU Carbon Markets

The European Securities and Markets Authority (ESMA) has released its comprehensive market report on EU carbon markets, projecting significant trends and developments through 2026. This report outlines the evolving landscape of carbon pricing and trading mechanisms within the European Union, emphasizing the impact of policy changes, market dynamics, and technological advancements. Stakeholders are encouraged to stay informed as these factors will influence compliance costs and investment strategies in the transition to a low-carbon economy.

Key findings indicate a potential increase in carbon market volatility due to enhanced regulatory frameworks and stricter emissions-reduction targets. The report also highlights the need for businesses to adapt their strategies in response to the evolving carbon pricing landscape. For companies engaged in carbon-intensive industries, understanding these market trends is crucial for long-term sustainability and competitiveness in a rapidly changing regulatory environment. Embracing innovative solutions and investing in cleaner technologies will be essential for navigating the challenges posed by the upcoming carbon market developments.



## SBTi Unveils Second Public Consultation for Updated Power Sector Net-Zero Standard

The Science Based Targets Initiative (SBTi) has launched its second public consultation on the updated draft of the Power Sector Net-Zero Standard, a critical framework designed to guide companies in the energy sector toward achieving net-zero emissions by 2050. This consultation invites feedback from stakeholders to refine the standard, considering evolving climate science and industry practices. The initiative reflects the urgent need for robust climate action in the energy sector, which is pivotal in tackling global warming.

As businesses face increasing regulatory pressures and market volatility, the updated standard will provide them with the tools necessary to set science-based targets, mitigate transition risks, and capitalize on opportunities within the transition to a net-zero economy. Companies are encouraged to engage in this consultation process to ensure that the new standard not only maintains scientific rigor but also addresses practical implementation challenges. The insights garnered will play a vital role in shaping a resilient and sustainable energy future.



### Uniquis' POV

Multilateral development banks (MDBs) have ramped up their climate finance commitments to an unprecedented USD 163 billion in 2025, poised to enhance climate-resilient infrastructure, support sustainable energy projects, and drive innovation in low-carbon technologies. Companies that align their strategies with MDB priorities can unlock new opportunities in emerging markets, especially in sectors such as renewable energy, sustainable agriculture, and green transportation. Furthermore, as these financial institutions increasingly prioritize climate action, businesses that proactively engage in sustainable practices may gain a competitive advantage, benefiting from favorable financing conditions and enhanced reputational standing.

Meanwhile, the Science Based Targets Initiative's (SBTi) launch of a public consultation on an updated draft for the power sector's net-zero standards, along with the publication of the highly anticipated Corporate Net-Zero Standard V2.0 (discussed in greater detail in our '[In-Depth Analysis](#)' section), highlights the increasing

importance of adopting science-based targets as a framework for corporate climate strategies.

Simultaneously, developments in European carbon markets, as highlighted in the ESMA Market Report for 2026, indicate a tightening regulatory landscape, with higher carbon costs expected in the future. This trend suggests an urgent need for corporations to reevaluate their carbon footprints and invest in emissions reduction strategies. The interplay between MDB climate finance and the evolving EU carbon market underscores a critical juncture for businesses: not only must they adapt to comply with stricter regulations, but they must also seize the opportunity to innovate in sustainability. By strategically investing in carbon-efficient technologies and processes now, companies can mitigate risks associated with future carbon pricing and position themselves as leaders in the transition towards a low-carbon economy. Embracing a proactive approach in this rapidly evolving environment will be essential for driving long-term growth and resilience.



## USA

### World Bank Continues Climate Action Amidst Finance Target Scrutiny from the US

Despite facing pressure from the U.S. (the World Bank's largest member and shareholder) to abandon its ambitious climate finance target, the World Bank has opted to extend its Climate Change Action Plan (CCAP), which is crucial for supporting clean energy initiatives and resilience in developing nations. Experts suggest that while the removal of the 45% financing target for climate-beneficial projects marks a significant shift, the continuation of the CCAP indicates a commitment to climate action that may ultimately benefit vulnerable populations.

The decision to focus on outcomes rather than strict financial commitments aligns with a broader trend towards measuring the effectiveness of climate initiatives through tangible impacts, such as greenhouse gas emissions reductions and enhanced protection against climate risks. This shift has garnered support from various international stakeholders, including a coalition of nearly 100 countries advocating for the CCAP's extension, demonstrating a collective recognition of the need for sustained climate finance, even in the face of political challenges. As the U.S. and the World Bank adapt their strategies, the climate finance landscape remains critical for achieving global sustainability goals.



#### Uniquis' POV

As the urgency for climate action intensifies, recent developments in the United States underscore the critical need for alignment among policy, investment, and corporate responsibility. The World Bank's assertion that climate work can continue without a definitive financing target suggests a shift in how financial mechanisms are perceived as drivers of climate initiatives. This perspective may open avenues for businesses to engage in sustainability efforts without the constraints of traditional financing benchmarks, thereby encouraging innovative funding solutions and partnerships that prioritize long-term climate resilience over immediate financial returns. Companies should leverage this shift to rethink their investment strategies, focusing on sustainable practices that align with evolving global standards and consumer expectations.

### U.S. Clean Energy Investments Surge in Q1 2026 Amid Policy Changes

The latest analysis from the Clean Air Task Force reveals significant developments in U.S. clean energy investments for the first quarter of 2026, driven largely by federal policies and executive actions. Notably, announced investments soared to USD 26.7 billion, primarily due to the ambitious Project Matador in Texas, which aims to establish a substantial hybrid energy and data infrastructure campus. The government continues to implement and adjust tax credits for nuclear and other clean energy projects, emphasizing that policy certainty is increasingly critical to sustaining investment momentum in the sector.

In addition to the nuclear sector, investments in hydrogen, carbon management, and other clean technologies totaled approximately USD 1 billion. However, the report highlights challenges posed by rising tariffs on critical components such as lithium-ion batteries and natural graphite, which are reshaping domestic clean energy manufacturing. The release of new IRS guidance on tax credits also adds complexity, particularly for carbon management projects, underscoring the need for clarity as the industry navigates evolving regulations. As these dynamics unfold, stakeholders must remain attuned to federal actions that will continue to shape the trajectory of clean energy investments nationwide.

Meanwhile, the first quarter analysis of U.S. clean energy investments in 2026 reveals a robust upward trend, fueled by federal incentives and a growing recognition of the economic benefits of transitioning to renewable energy sources. Looking ahead, organizations must proactively adapt to these trends and embrace market dynamics that favor sustainability. By investing in clean technologies and fostering transparency in their sustainability reporting, companies can navigate this transition effectively. Those who integrate climate considerations into their core strategies will not only contribute to a more sustainable future but will also secure their place in a competitive landscape increasingly defined by environmental responsibility.

## INDIA

### Climate Risks Put 90% of India's Renewable Energy Pipeline at Risk by 2030

India's renewable energy expansion faces major climate risks, with nearly 90% of its planned pipeline exposed to high or critical climate threats by 2030. Around 239 gigawatts of planned solar, wind, and hydropower projects across 10 states and Union Territories are at risk. This puts more than INR 4 lakh crore (approximately USD 55 billion) in assets at risk from floods, extreme heat, storms, and other climate hazards. The analysis estimates that investing just 2% of project costs in climate-resilient design and infrastructure could help avoid up to USD 28 billion in future losses. It urges developers, investors, and policymakers to integrate climate resilience into project planning to safeguard India's clean energy transition and strengthen long-term energy security.

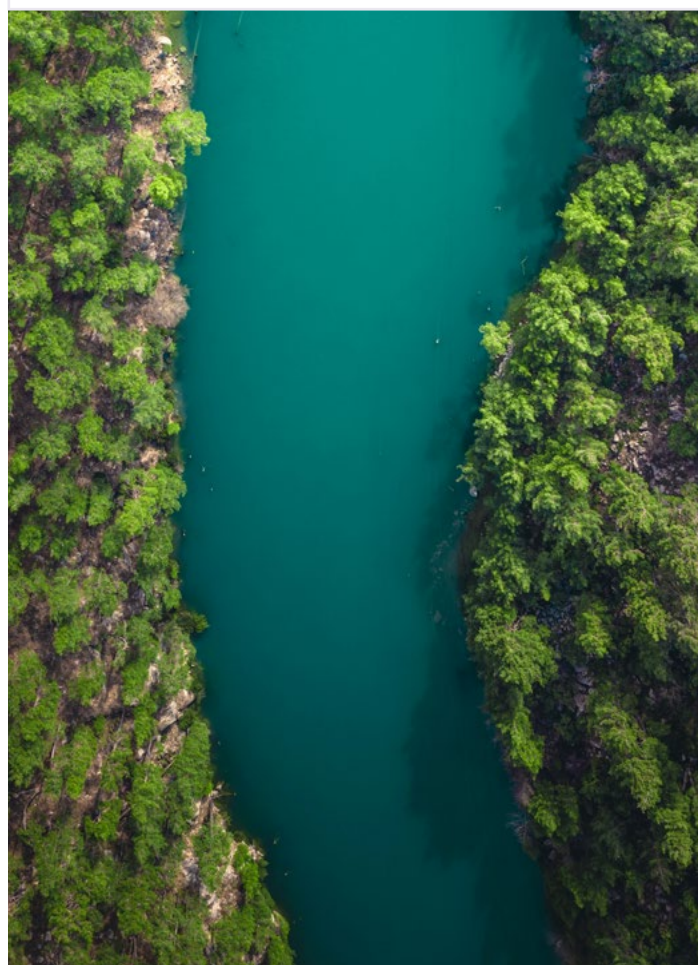
### India's ABS Framework Delivers INR 145 Crore to Beneficiaries

India's Access and Benefit Sharing (ABS) framework has mobilized more than INR 266 crore since 2008, demonstrating the country's commitment to ensuring that benefits from the use of biological resources are shared fairly with local communities. Around INR 145 crore has been disbursed to beneficiaries, including INR 78 crore during FY 2025-26. The benefits have reached over 10,500 Biodiversity Management Committees across 23 States and 4 Union Territories, more than 230 farmers, six State Forest Departments and several research institutions. The ABS mechanism generates benefits from the commercial use of resources such as medicinal and aromatic plants, seeds, livestock genetic resources, microorganisms, and Red Sanders, with the latter accounting for the largest share of collections. The funds are being used to support biodiversity conservation, habitat restoration, People's Biodiversity Registers, documentation of traditional knowledge, medicinal plant parks, community gene banks, capacity-building programs, and sustainable livelihood initiatives. The framework also advances India's commitments under the Nagoya Protocol, the National Biodiversity Strategy and Action Plan 2024–2030, and the Kunming–Montreal Global Biodiversity Framework, while contributing to broader sustainable development and conservation goals.



#### Uniquis' POV

These developments reflect India's growing focus on integrating climate resilience and biodiversity conservation into its sustainable development agenda. Strengthening the resilience of renewable energy infrastructure while ensuring equitable sharing of biodiversity benefits can enhance environmental outcomes, support local communities, and improve the long-term viability of India's green transition. The framework's harder ask is valuation: measuring what ecosystem services are actually worth, and recognizing that a share of that value belongs to the local communities who are custodians of the natural assets producing it. Until this holistic valuation becomes mainstream, economic cost-benefit assessments will remain skewed.



## MIDDLE EAST

### Oman Sets 2029 Timeline for Sustainability Disclosure Standards

Oman's Financial Services Authority (FSA) has confirmed that IFRS S1 and IFRS S2, the international sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB), will become mandatory for the Sultanate's non-banking financial sector from 1 January 2029. The announcement was made during a specialized panel discussion on the theme 'Phased Implementation of IFRS Sustainability Disclosure Standards,' which brought together market participants, regulators, and financial sector stakeholders to prepare for the transition to globally aligned sustainability reporting. The policy has been made available for public and stakeholder feedback, reflecting the FSA's commitment to an inclusive and consultative implementation process.

The FSA's roadmap is designed to balance market readiness with the imperative of firm and progressive compliance, giving entities sufficient time to strengthen governance structures, data management frameworks, and internal controls related to sustainability and climate-related disclosures. Additionally, mandatory Scope 3 greenhouse gas emissions disclosures, covering indirect emissions across supply chains, will take effect for reporting periods beginning 1 January 2030, adding a layer of accountability across the wider value chain. The current phase is considered critical for enabling institutions to conduct readiness assessments, close capability gaps, and develop reliable sustainability information before the standards become binding.

The 2029 deadline positions Oman's capital markets in alignment with global sustainability reporting best practices at a time when institutional investors and lenders are placing increasing weight on comparable ESG data. The FSA has framed the adoption as a key strategic enabler of Oman's net-zero by 2050 ambition and the broader economic diversification objectives of Oman Vision 2040. By strengthening transparency in financial markets, Oman aims to improve investor confidence and enhance the long-term attractiveness of its investment environment to sustainability-conscious capital flows.

### Fifth Phase of Plastic Bag Ban Launched on 1 July: Oman Environment Authority

Oman's Environment Authority (EA) has activated the fifth phase of its progressive ban on single-use plastic bags, effective 1 July 2026, extending the prohibition to a new range of commercial sectors. This latest phase covers furniture and carpet shops, gold shops, barber and tailoring establishments, vehicle maintenance centers, and car showrooms, which are sectors previously outside the scope of the restriction. The phased strategy, first introduced in 2021, reflects the EA's deliberate approach to achieving a comprehensive national reduction in plastic bag usage while allowing businesses adequate time to adapt and source sustainable alternatives.

The rollout of Phase 5 marks a significant milestone in Oman's structured national timeline towards achieving the full phase-out of plastic bags by 2027. By incrementally expanding the ban across diverse economic sectors, the EA ensures that no industry is abruptly burdened while progressively narrowing the space for plastic bag usage in commercial activity. The initiative also carries an important behavior-change dimension, as the EA consistently frames the ban not merely as a regulatory constraint but as a public awareness effort aimed at shifting Oman's commercial culture towards sustainable consumption and waste reduction practices.

The plastic bag ban falls within Oman's broader environmental governance framework, which prioritizes protecting the Sultanate's coastlines, marine ecosystems, and biodiversity from the impacts of plastic pollution. Oman's measured, phased approach to this policy offers a replicable model for other Gulf states managing the tension between environmental ambition and business continuity. As Phase 5 brings vehicle maintenance centers and gold shops under the ban's scope, Oman is demonstrating that sustainability regulation can be both rigorous and pragmatic — advancing environmental outcomes without placing disproportionate short-term burdens on the private sector.

## Abu Dhabi Industrial Facility Fined Dh25,000 for Air Emission Violations

An industrial facility in Abu Dhabi has been issued a Dh25,000 administrative penalty by the Environment Agency – Abu Dhabi (EAD) for failing to implement mandatory measures to limit air emissions and prevent dust dispersion. The violation was identified through EAD's ongoing program of routine inspections and monitoring, which systematically assesses compliance across industrial operations throughout the Emirate. The facility failed to meet environmental requirements designed to control air quality and minimize public health risks from dust and particulate matter emissions, which are among the most regulated aspects of industrial environmental performance in Abu Dhabi.

The fine is part of EAD's wider enforcement program, designed not only to penalize breaches but to instill a culture of environmental compliance across Abu Dhabi's industrial base. EAD reiterated its commitment to regular inspections and confirmed that such enforcement action is central to the emirate's ambition to promote sustainable industrial practices in alignment with Abu Dhabi's broader environmental standards. The agency urged all facilities operating within the emirate to proactively implement emission-reduction measures and adhere to all prescribed environmental obligations — reinforcing that compliance is a continuing responsibility, not a one-time action.

The incident underscores the increasingly assertive regulatory posture adopted by UAE environmental authorities, reflecting a clear shift from passive oversight to active enforcement as the country deepens its commitment to environmental stewardship. Abu Dhabi's regulatory framework allows for fines of up to AED 1 million for environmental violations, signaling that the emirate treats environmental compliance as a non-negotiable baseline for industrial operations. EAD's continued vigilance reinforces the message that environmental accountability carries real financial and reputational consequences — and that the days of treating regulatory environmental standards as aspirational guidelines rather than binding obligations are firmly behind us.

## Qatar Mandates IFRS S1 and S2 for Banks and Financial Institutions from 2026

Qatar has positioned itself as one of the earliest movers in the Gulf region's sustainability reporting evolution, with the Qatar Central Bank (QCB) mandating the adoption of IFRS S1 and IFRS S2 sustainability disclosure standards for banks and financial institutions effective 1 January, 2026. The QCB's Sustainability Reporting Framework, developed in accordance with the ISSB standards, requires covered entities to disclose their governance approach, strategy, risk management practices, and metrics around climate-related risks and opportunities. The Qatar Financial Center Regulatory Authority (QFCRA) and Qatar Stock Exchange (QSE) have similarly aligned their requirements, creating a harmonized regulatory landscape for ESG reporting across Qatar's financial system.

IFRS S1 establishes general requirements for sustainability-related financial disclosures. At the same time, IFRS S2 addresses climate-specific risks and opportunities — together providing a comprehensive framework that connects environmental and sustainability performance directly to financial decision-making. The QCB framework adopts a phased implementation approach with transition reliefs, acknowledging the varying levels of maturity among financial institutions in sustainability reporting. This grants institutions the time and regulatory space to build internal capacity, improve data infrastructure, and develop robust disclosure processes, while ensuring that Qatar's financial sector steadily converges on international best practices.

The mandatory adoption of ISSB standards aligns Qatar's financial sector with the country's National Vision 2030, which prioritizes economic diversification, environmental sustainability, and the transition to a knowledge-based economy. By placing the reporting obligation on banks and financial institutions — which occupy the center of capital allocation decisions — Qatar's regulatory framework sends an unambiguous signal that sustainability considerations must be embedded at the core of financial intermediation. The framework also enhances the credibility and attractiveness of Qatar's financial markets to ESG-conscious international investors seeking transparent, comparable, and decision-useful sustainability disclosures.



## Uniquus' POV

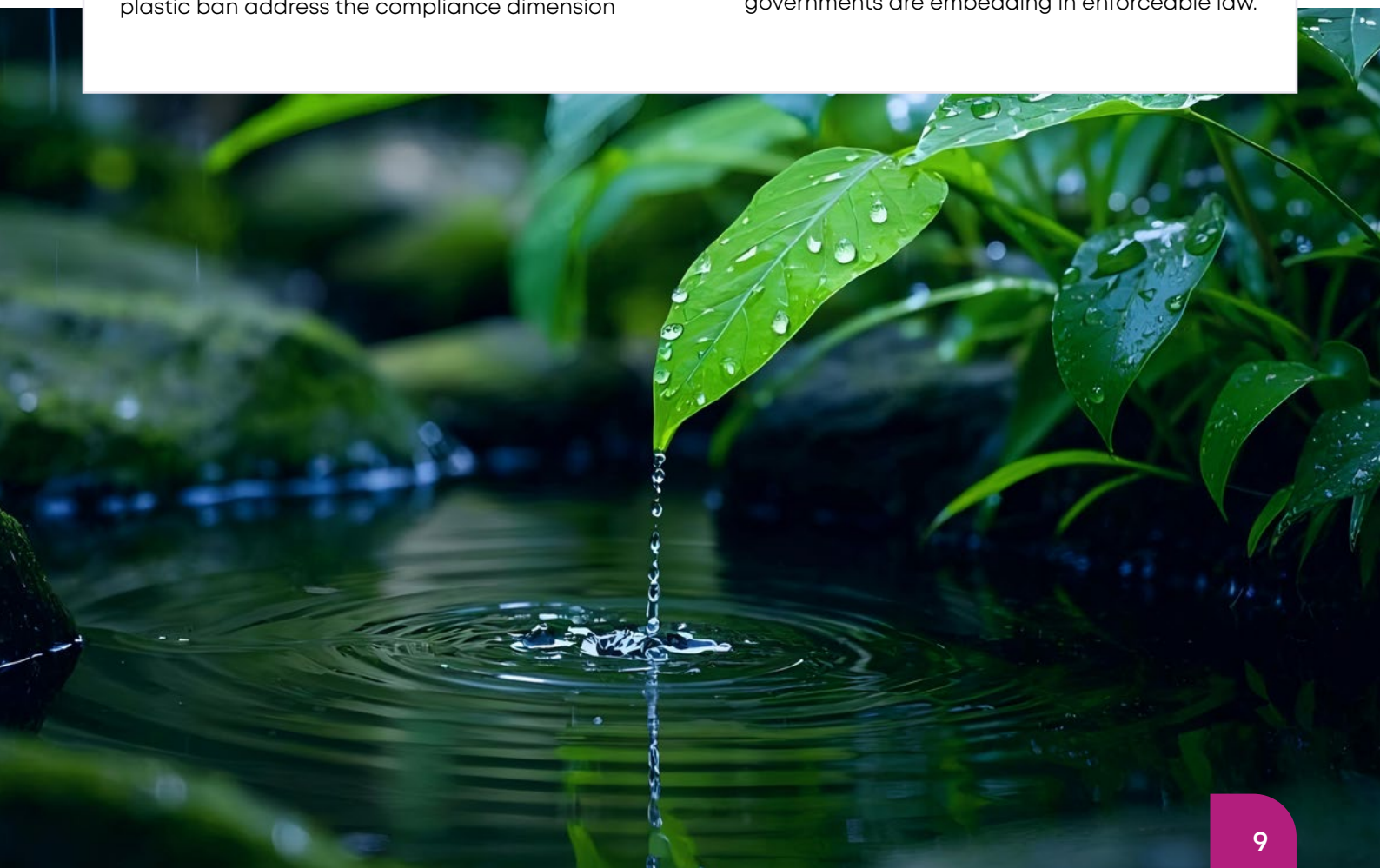
The Gulf region is experiencing a decisive, coordinated shift in sustainability governance. Oman's commitment to mandatory IFRS S1 and S2 disclosures by 2029, Qatar's live mandate for IFRS S1 and S2 sustainability disclosure by banks from January 2026, Abu Dhabi's AED 25,000 penalty for industrial air emissions, and Oman's Phase 5 plastic bag ban collectively signal that sustainability is no longer aspirational language — it is being encoded into binding legal, financial, and operational frameworks. Across three jurisdictions and four distinct policy areas, the message from Gulf regulators is unambiguous: environmental and sustainability accountability is now a non-negotiable condition of doing business in the region.

Two complementary governance dimensions are converging. Oman and Qatar are building a transparency infrastructure that aligns with the ISSB's global IFRS S1 and S2 standards to ensure investors receive comparable, decision-useful sustainability data. Abu Dhabi's enforcement actions and Oman's progressively expanding plastic ban address the compliance dimension

— ensuring that environmental commitments translate into measurable, accountable outcomes on the ground.

Together, these twin levers of disclosure and enforcement form the hallmark of a mature ESG regulatory system, and their simultaneous emergence across the GCC marks a structural, not incremental, shift in the regional sustainability landscape.

For businesses and financial institutions operating across the Gulf, the implications are immediate. The convergence of mandatory sustainability reporting standards and active environmental enforcement means that ESG governance is now a core operational and strategic requirement, not an optional commitment. The window for voluntary, self-paced readiness is closing rapidly. Organizations must urgently invest in disclosure infrastructure, embed environmental compliance across industrial and supply chain operations, and align their long-term strategies with the net-zero and circular economy targets that their governments are embedding in enforceable law.



# IN-DEPTH ANALYSIS

## SBTi Corporate Net-Zero Standard Version 2.0

### Overview

Over a decade since the initial Standard was published, SBTi observed that companies faced issues delivering on promised targets rather than committing to them. They faced supply chains they could not control, technologies not yet at scale, and investment cycles that did not line up with fixed target periods. Controversies over the role of carbon credits and heavy criticism of Scope 3 accountability created pressure to clarify integrity while keeping companies engaged rather than exiting the framework. Meanwhile, the external landscape shifted, with sharp

decreases in clean-technology costs, regulations, and investor demand for transition planning as an increasingly table-stakes practice, and the GHG Protocol revising its own accounting rules. Version 2.0 is the first full rewrite of the SBTi Corporate Net-Zero Standard since 2021, developed over roughly two years through two public consultations, pilot testing, and Technical Council review. SBTi's answer aims to move the Standard from a one-off validation gate into an "action framework" designed to sit inside how boards, CFOs, procurement, and operations make decisions, built on best efforts, real barriers, and transparency.

### Key changes at a glance

The core principle of science-based targets is unchanged. Companies must cut emissions first and supplement only genuinely residual emissions with net-zero mechanisms. However, almost every mechanism around it has been overhauled.

| Area                       | Version 1                                                                       | Version 2                                                                                                                                                            |
|----------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Company scope</b>       | One broad framework with a separate SME route.                                  | Two categories:<br>A. Large firms everywhere + mid-size in high-income countries.<br>B. Small firms + mid-size in lower-income countries, with proportionate duties. |
| <b>Baseline</b>            | Fixed historical base year, tracked for the target's life.                      | Rolling target base year: the most recent assured year, reset at the start of each 5-year cycle.                                                                     |
| <b>Target architecture</b> | Combined scope 1 & 2 target permitted. Scope 3 targets are required separately. | Category A sets separate scope 1, 2, and 3 targets, and two or more near-term targets.                                                                               |

| Area                        | Version 1                                                                 | Version 2                                                                                                                                                                                                                             |
|-----------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope 2 instruments</b>  | RECs/PPAs counted toward the target for Scope 2 (market-based) inventory. | Target to be based on the physical Scope 2 (location-based) inventory: <ul style="list-style-type: none"> <li>• Market instruments recognized separately</li> <li>• Hourly-matching reporting and optional recognition.</li> </ul>    |
| <b>Scope 3</b>              | ≥67% coverage where scope 3 is material.                                  | Significance-based: <ul style="list-style-type: none"> <li>• Cover every category ≥5% (justified exclusions allowed).</li> <li>• Choice of reduction, supplier/customer-alignment, or category-specific targets</li> </ul>            |
| <b>Delivery</b>             | Limited implementation guidance.                                          | Implementation hierarchy: <ul style="list-style-type: none"> <li>• Direct actions</li> <li>• Shared 'activity pools'</li> <li>• Sector-level with integrity guardrails</li> <li>• Company vs. system-contribution claims</li> </ul>   |
| <b>Accountability</b>       | Binary target achievement (Yes/No).                                       | Explanation of target achievement and progress: <ul style="list-style-type: none"> <li>• Best-efforts basis with annual reporting and end-of-cycle assessment.</li> <li>• Shortfalls roll into steeper next-cycle targets.</li> </ul> |
| <b>Credits and removals</b> | Excluded from targets. Neutralize residual at net-zero.                   | Same core, plus a voluntary Ongoing Emissions Responsibility program (1–100%): <ul style="list-style-type: none"> <li>• Responsibility mandatory from 2035 with a rising durable-removals share.</li> </ul>                           |

## A forward-looking baseline

Under Version 1, companies fixed a single historical base year and tracked against it for the life of the target. Version 2.0 replaces this with a rolling, forward-looking target base year: at the start of each five-year cycle, a company selects the most recent year for which it has comprehensive, assured data, and resets that base year again at every renewal. The logic is that ambition should be calibrated to a company's current emissions profile and remaining path to net-zero, rather than a distant year that steadily loses relevance and can flatter reported progress. SBTi frames this as “a continuation, not a reset”, with reductions already banked, not erased. Companies may still communicate against an earlier reference year where equivalent ambition is confirmed at validation. Category A companies must obtain at least limited assurance over base-year data. In effect, the baseline and the data pipeline and assurance behind it become a recurring, audit-grade exercise rather than a one-off reporting exercise.

## Best-efforts performance evaluation

The most consequential shift is from binary target achievement to best-efforts performance evaluation. Targets are now pursued “on a best-efforts basis, subject to clearly stated assumptions and dependencies.” Companies report progress annually and, at the end of each cycle, submit a progress assessment (third-party assured for Category A) that an SBTi-recognized validation body reviews in an End-of-cycle Assessment. Crucially, missing a target is not a pass/fail failure: a company that can show it deployed every lever within its control or influence and took credible action to overcome barriers can set new targets and remain within the framework. Accountability runs through transparency and a ratchet: higher emissions in the target year translate into steeper reductions in the next cycle, with minimum progress criteria set out in the SBTi Assurance Manual and results shown on the public SBTi dashboard. This makes the Standard more realistic and defensible at the board level. Still, it shifts the locus of scrutiny from the number itself to the quality of a company's effort, disclosure, and narrative around barriers.

## Asset-level transition targets for capital-intensive companies

Fossil-fuel producers (oil, gas, coal) still cannot validate under V2.0 until sector-specific methods are finalized. For capital-intensive companies (e.g., power, heavy industry, transport, buildings), emissions track long-lived assets rather than a smooth annual line, so neither an absolute straight-line trajectory nor a sector-intensity pathway fits well. Version 2.0 introduces asset transition targets built on an Asset Decarbonization Plan: a schedule to abate, retire, or decommission GHG-emitting assets consistent with net-zero by 2050 or sooner, anchored by predetermined milestones (for example, halting investment in new unabated assets and operating existing assets to minimize lifetime emissions) and/or a carbon budget derived from science-based pathways. The near-term commitment is the quantitative emissions reduction for the cycle defined within the plan; a published transition plan is required at validation, and a long-term target is mandatory. Recognizing commercial sensitivity, SBTi does not require companies to publish detailed investment plans. This ties the target directly to real capital allocation and asset retirement decisions.





## Uniquis' POV

Uniquis advises corporates and investors through exactly the transition this Standard now formalizes:



### Corporates

V2.0 ends the era of “set-and-forget” targets. Because the base year rolls forward and progress is reported annually and assured, science-based targets become a continuous, audit-grade process owned by the CFO and board, not a one-time sustainability project, and one that must interoperate with the CSRD, ISSB, and local disclosure requirements. The best-efforts model is more defensible, but it raises the evidential bar: companies must evidence the assumptions behind each target, the levers actually deployed, and the barriers that blocked progress, through annual reporting and an assured end-of-cycle assessment. Reputational risk changes from “missing a number” to “failing to show credible effort,” so the transition plan, barrier tracking, and data quality now carry more weight. Capital-intensive firms gain a realistic route via asset transition targets aligned to their capex cycles. Companies can still lock in V1.3.1 flexibilities (e.g., combined scope 1+2) during the transition window while building the data, assurance, and transition-planning capabilities that V2.0 will demand from the 2028 cycle.



### Investors

Annual, assured, dashboard-published data materially improve the inputs for diligence, engagement, and portfolio-alignment monitoring, particularly for financial institutions setting their own science-based targets. However, best efforts demand a more sophisticated interpretation. For example, two companies can both remain “in good standing” on very different real-world trajectories. Hence, the quality of effort and clear disclosure of barriers matter as much as headline attainment. Asset transition targets provide useful visibility into asset retirement and capex pathways for hard-to-abate holdings, though reliance on non-public investment plans limits granularity.

The post-2035 responsibility obligation and durable removals ramp are future costs and liabilities to price into transition-risk models now, and a clear demand signal for high-integrity carbon removal.



### Economy and markets.

V2.0 is a deliberate trade of rigidity for durability and reach. Proportionate Category B rules and pragmatic delivery options are designed to keep companies engaged and broaden adoption, especially across SMEs and fast-growing Asian markets, rather than see them leave. Critics may counter that flexibility risks diluting ambition and comparability, and that transparency-based accountability is only as strong as its enforcement. However, the recognition of market instruments and the implementation hierarchy could pull real demand through to clean power (including hourly-matched and nuclear), biomethane, and low-carbon steel and cement, provided the integrity guardrails hold. Deeper interoperability with the GHG Protocol, ISO, and disclosure regimes should reduce duplication and consolidate a fragmented standards landscape.



# REGULATORY WATCH

## Governing Body

## Update

## Uniquis' Impression

### GLOBAL

#### European Union

The EU is reviewing its carbon market regulations to introduce greater flexibility for industries, aiming to balance emissions reduction with economic competitiveness. This update is part of broader efforts to enhance the effectiveness of carbon markets while addressing concerns from various sectors about compliance costs and operational impacts.

The EU's review of carbon market regulations was a critical step toward achieving a balanced approach that prioritizes both emissions reduction and economic viability. The proposed flexibility for industries is essential in addressing compliance cost concerns while maintaining operational integrity. Stakeholders should closely monitor these developments to adapt their strategies accordingly.

#### European Commission

The Commission has adopted revised European Sustainability Reporting Standards (ESRS) to assist EU investors and other stakeholders in evaluating sustainability-related risks. These new standards are expected to reduce reporting costs for companies, enhancing transparency and accountability in sustainability practices.

The revised sustainability reporting standards promise to streamline compliance and reduce costs for companies while enhancing transparency for investors and stakeholders. By facilitating clearer evaluations of sustainability-related risks, these standards will not only support informed decision-making but also foster greater trust in corporate sustainability efforts, ultimately driving progress towards a more sustainable economy.

#### European Securities and Markets Authority (ESMA)

ESMA has issued a public statement regarding the publication or distribution of ESG ratings by third parties, which will be prohibited from 2 July 2026 until those parties receive proper authorization. This regulatory change aims to ensure that only authorized entities can provide ESG ratings, enhancing the credibility and reliability of such assessments in the market.

The near-term impact falls on the provider, not the rated companies. This gap can quietly disrupt the scores feeding investor screens, index inclusion, and sustainability-linked financing terms.

| Governing Body                               | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Uniquis' Impression                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| USA                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Environmental Protection Agency (EPA)</b> | The U.S. Environmental Protection Agency (EPA) has proposed amendments for model year 2027 and later heavy-duty highway engines, which include changes to compliance provisions, regulatory useful life periods, and emission-related warranty periods. Additionally, the proposal introduces nonconformance penalties for medium and heavy-duty engine manufacturers. It modifies inducement provisions for selective catalytic reduction systems, replacing engine derates with notifications for diesel-fueled vehicles. The EPA is also considering guidance to allow manufacturers to modify in-use engines in line with new certification changes. | The introduction of nonconformance penalties signals a stronger enforcement posture, which may drive manufacturers to adopt more sustainable practices. Additionally, the potential to modify in-use engines aligns with the industry's need for flexibility in adapting to evolving standards, ultimately fostering innovation while ensuring compliance with stricter emissions regulations. |
| <b>Department of Energy (DOE)</b>            | The U.S. Department of Energy (DOE) has proposed a rule to review its analytic methods for setting energy conservation standards, with a comment period open until 8 September, 2026. This review aims to enhance the effectiveness and accuracy of energy conservation regulations. Stakeholders are encouraged to submit public comments on the proposed changes.                                                                                                                                                                                                                                                                                      | The DOE demonstrates a commitment to transparency and collaboration, key principles in sustainability governance. We encourage active participation from industry players to shape regulations that will ultimately drive innovation and sustainability in energy consumption.                                                                                                                 |
|                                              | The U.S. DOE has announced an <b>emergency order</b> to stabilize the Mid-Atlantic grid in anticipation of hot weather. This measure is part of ongoing efforts to ensure reliable energy delivery and maintain energy security in the region.                                                                                                                                                                                                                                                                                                                                                                                                           | This emergency order underscores the importance of adaptive regulatory approaches in maintaining grid stability and highlights the need for ongoing investment in infrastructure resilience to support a sustainable energy future as the effects of climate change and energy demands grow.                                                                                                   |
| <b>Nuclear Regulatory Commission (NRC)</b>   | The NRC has proposed a rule to implement changes to the National Environmental Policy Act (NEPA), and the comment period is open until 21 August 2026. This update aims to enhance the regulatory framework governing environmental assessments related to nuclear projects. Stakeholders are encouraged to submit public comments on the proposed changes.                                                                                                                                                                                                                                                                                              | These changes may enhance alignment with existing regulatory frameworks while addressing environmental concerns, ultimately supporting the development of sustainable nuclear energy solutions.                                                                                                                                                                                                |

## Governing Body

## Update

## Uniquis' Impression

## INDIA

**Securities and Exchange Board of India (SEBI)**

SEBI has amended the Issue and Listing of Municipal Debt Securities Regulations, 2015, to allow municipalities to issue ESG debt securities. The amendment aligns municipal ESG issuances with SEBI's existing ESG bond framework and introduces enhanced disclosure requirements and provisions for pooled financing through Special Purpose Vehicles (SPVs).

The amendment broadens India's sustainable finance market by enabling municipalities to access ESG capital for urban infrastructure and climate-related projects. It is expected to improve transparency, strengthen investor confidence, and accelerate sustainable urban development.

**Ministry of Environment, Forest and Climate Change - Bureau of Energy Efficiency (BEE)**

The Ministry of Environment, Forest and Climate Change has released a draft notification prescribing greenhouse gas emission intensity targets for 255 iron and steel units under the Carbon Credit Trading Scheme (CCTS). The draft brings India's iron and steel sector into the compliance carbon market from FY 2026–27 and sets plant-specific emission intensity reduction targets ranging from 2.1% to 9.3%. It also revises baseline emissions and expands the scope of India's emissions trading framework to one of the country's most carbon-intensive sectors.

The draft is a significant step towards operationalizing India's carbon market and strengthening industrial decarbonization. While the initial targets are expected to drive efficiency improvements, achieving deeper emissions reductions will require greater investment in low-carbon steelmaking technologies and a transition away from coal-intensive production processes.



## 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 13 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.

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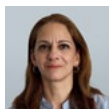
Given the growing importance of disclosures, significant data integrity requirements, and varied and disaggregated data sources, enabling the sustainability journey through technology is essential. Tech enablement also helps ensure the integration of sustainability programs with core business operations.

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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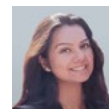
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## Feedback

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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