October 2024

ESG Corner

Our Monthly Newsletter

FOREWORD

Greetings, and welcome to the latest edition of Uniqus' ESG Corner! This month, we take a deeper dive into the evolving world of ESG, featuring exclusive insights from industry leaders and an in-depth analysis of global decarbonization efforts. We are excited to present an interview with Mr. Sridhar L, Head of ESG at Bangalore International Airport Limited (BIAL). Mr. Sridhar shares BIAL's ambitious sustainability journey, from achieving net zero emissions for Scope 1 and 2 ahead of schedule to integrating renewable energy and sustainable practices across their operations. His reflections offer valuable perspectives on overcoming ESG challenges and building a culture of sustainability in large-scale organizations.

In addition, our In-Depth Analysis section examines the global power sector's decarbonization efforts, highlighting the importance of policy measures, renewable energy integration, and the growing demand for technological innovations. We explore how companies can align with net zero goals through structured approaches that balance operational efficiency with sustainability, emphasizing the critical role of collaboration and policy frameworks in shaping a low-carbon future.

As always, we aim to keep you informed about regulatory shifts, best practices, and emerging trends to help you stay ahead in the ever-changing world of ESG. We hope you find this edition both insightful and actionable.

Wishing you a bright and prosperous Diwali filled with good health and happiness! Enjoy the read!

Anu Chaudhary
Partner, Global Head of
ESG Consulting

IN THE NEWS

This section focuses on key developments globally, in the US, India, and the Middle East. It dissects the most recent news and analyzes its potential to influence regional landscapes, businesses, and consumers. Uniqus provides insights into how these developments may shape current market dynamics and set the stage for future opportunities and challenges.

Global

1. IFRS Foundation publishes Voluntarily Applying ISSB Standards—A Guide for Preparers

On 25 September 2024, the IFRS Foundation published a guide for companies as investors call for voluntary application of ISSB Standards. The guide, unveiled at Climate Week NYC 2024, is intended to serve as a valuable tool for companies, especially those in jurisdictions without regulatory disclosure regimes, to apply the ISSB standards. The proxy voting guidelines for several Institutional investors, including BlackRock, Neuberger Berman, Vanguard, and Capital Group, encourage companies to apply ISSB Standards.

The voluntary application guide seeks to help companies navigate a path to IFRS and IFRS S2 compliance and communicate progress with sustainability-related financial information to investors and other users. The guide covers the following topics:

- **Asserting compliance:** The ISSB Standards are designed to allow companies of all sizes, stages of development, and levels of sustainability maturity to apply them. Therefore, companies may proceed with voluntary disclosure in phases, subject to any jurisdictional regulatory requirements. Companies may report only certain requirements under the ISSB Standards as they build capacity and controls to gather data. However, companies may only assert compliance with the ISSB Standards when meeting all the requirements in both IFRS S1 and S2, except for the appropriate application of the ISSB Standards' transition reliefs and/ or proportionality mechanisms (as described below) provided all other requirements are met.
- **Communicating partial application:** In cases of partial application of the ISSB Standards outside of the appropriate use of transition reliefs and/or proportionality mechanisms, companies should be transparent about the extent to which they apply the ISSB Standards, using language relevant to their circumstances, stages of progress, and jurisdictions. Companies could explain, for example, their reasons for phasing their disclosures over longer periods than are allowed for by transition reliefs.
- **Employing transition reliefs:** Companies may employ certain transition reliefs and still state compliance with ISSB Standards in the first reporting year only, provided all other requirements are met. Transition reliefs in the ISSB Standards include:
  - **Climate-first reporting:** Companies may disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) in the first annual reporting period and are only required to disclose information related to other sustainability-related risks and opportunities from the second year when applying IFRS S1.
  - **Timing of reporting:** In the first year of reporting, when applying IFRS S1, sustainability-related disclosures may be reported later than the related financial statements and subsequent half-year financial reports.
  - **Comparative disclosures:** Comparative information under IFRS S1 and S2 is not required in the first reporting period in which the ISSB Standards are applied and are only required in subsequent periods. Companies that apply the climate-first transition relief will not have to provide comparative prior-year disclosures for sustainability-related risks and opportunities other than climate in the following year.

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  - **GHG Protocol:**
    Companies can use a calculation method other than the GHG Protocol to measure their GHG emissions in the first year of applying IFRS S2. In subsequent reporting periods, the GHG Protocol must be implemented.

  - **Scope 3 Emissions:**
    Companies must not disclose Scope 3 GHG emissions in the first year of applying IFRS S2.

- **Employing proportionality mechanisms:**
  Proportionality mechanisms in the ISSB Standards balance companies' disclosure capabilities against investor demands for sustainability and climate-related information. Information disclosure may be limited to reasonable, supportable, and available without undue cost or effort – a definition that the IFRS Accounting Standards have carried out. This information includes determination of anticipated financial effects, climate-related scenario analysis, measurement of Scope 3 GHG emissions, identification of risks and opportunities, determination of the scope of the value chain, and calculation of metrics in some cross-industry categories. The ISSB Standards also allow companies to employ qualitative instead of quantitative approaches – provided the companies lack the appropriate skills, capabilities, or resources – to determine anticipated financial effects and climate-related scenario analysis.

- **Starting from voluntary frameworks:**
  Companies that have already been voluntarily disclosing sustainability and climate-related information to investors using voluntary frameworks are well prepared to comply with the ISSB Standards, as IFRS S1 and S2 incorporate or reference many of these other global frameworks. Companies should assess key gaps between disclosures under already-employed frameworks and the ISSB Standards. They can refer to comparison guidelines from the IFRS (e.g., TCFD, SASB, Integrated Reporting Framework) or elsewhere.

2. EFRAG and TISFD sign cooperation agreement to align efforts under the ESRS and TISFD's international, voluntary framework

On 27 September 2024, the European Financial Reporting Advisory Group (EFRAG) and the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) signed an agreement to advance the development and adoption of social-related financial disclosures. This agreement will promote the harmonization of global frameworks for social-related financial disclosure. Among other objectives, these two organizations will cooperate on:

- **Technical alignment:**
  EFRAG and TISFD will share expertise and participate in each other's working groups to align and enhance guidance on inequality and social-related financial disclosures, ensuring consistency between EFRAG's EU Sustainability Reporting Standards (ESRS) and TISFD's global framework.

- **Implementation support:**
  EFRAG and TISFD will jointly develop webinars, guidance materials, and tools to assist companies in disclosing inequality and social-related data, facilitating the market's adoption of ESRS and TISFD requirements.

- **Joint communications:**
  EFRAG and TISFD will collaborate on communications related to the partnership, focusing on joint messaging that aligns with their shared mission while maintaining their independence.

Uniqus' POV

The landscape of sustainability-related financial disclosure frameworks continues to mature, as standards-setters take action to increase awareness, provide guidance, and harmonize disparate reporting frameworks. The ISSB Standards, which represent the chief effort of various stakeholders to establish a global reporting baseline, have been applicable since the beginning of 2024, and the IFRS Foundation has taken steps to increase accessibility to the standards as well as provide implementation guidance. The IFRS Foundation's most recent publication is one example of efforts to provide guidance to companies when applying IFRS S1 and S2, particularly within market jurisdictions where regulatory disclosure regimes (e.g., ESRS in the EU) may not exist. In doing so, investors may have increased access to standardized, comparable sustainability-related financial information from more companies, including voluntary disclosures.

Meanwhile, the recent collaborative announcement between the EFRAG and TISFD signals continuing efforts by standards-setters to align reporting requirements, and for existing frameworks to expand the scope of reportable information using market-best practice disclosure standards. Particularly, EFRAG's ESRS aligns with the EU Taxonomy, which defines environmentally sustainable economic activities, but critically lacks specificity around disclosure and application of inequality and social-related information (instead deferring to other collective global agreements, such as the OECD Guidelines for Multi-National Enterprises and the UN Global Compact). As some stakeholders call for a social-related taxonomy in the EU, EFRAG's actions signal an increasing regulatory focus on social risks and opportunities within the EU. Uniqus welcomes the consolidation and expansion of various voluntary and regulatory reporting frameworks for sustainability-related information.

US

1. Key takeaways from Climate Week NYC 2024

Policymakers, business sector representatives, and others met between 22 and 29 September 2024 at Climate Week NYC to discuss the realities of climate change and their impacts on economies, investments, and infrastructure, among others. Uniqus observed the following key takeaways:

- **Increasing role of the private sector:**
  The private sector has played an essential role in driving climate solutions, with organizations of all sizes, sectors, and maturities highlighting efforts to incorporate sustainability into their business strategies. Companies must be held accountable for their commitments by remaining transparent about their progress. Companies that are transparent about their ambitions and actions to address the climate crisis can create future-proofed, sustainable, and profitable strategies.

- **Bridging the investment gap:**
  Financial frameworks are urgently needed to unlock greater volumes of investments into sustainable projects, products, and technologies – particularly in developing regions where access to capital or sustainable infrastructure is limited. Experts estimate aUSD 4 trillion annual financing gap, indicating that current capital markets need support to bridge that gap. Solutions may come from public finance, public-private partnerships, blended finance, and/or policy frameworks to encourage the flow of sustainable capital. Inclusivity, fairness, and social/environmental justice took center stage as stakeholders debated upon whom the financial burden of sustainable transitions and climate action should fall. Many panelists argued that sustainable transitions could not succeed unless marginalized groups, including frontline and indigenous communities, are somewhat included in the benefits of such initiatives.

- **Technology opportunities:**
  Emerging technologies, such as mature energy storage, green hydrogen, and the use of AI in the energy transition, present opportunities to accelerate sustainability transitions. However, many speakers cautioned that focus on breakthrough technologies should be balanced with the need for existing scalable solutions, such as solar and wind, across sectors such as transportation, energy, and industrials. Panelists also called for climate justice and equity, ensuring that emerging technologies provide opportunities rather than worsening inequalities – such as in frontline communities with limited infrastructure.

- **Climate attribution has improved:**
  Scientific experts can increasingly assess the climate impacts of extreme weather events such as Hurricane Helene. They can estimate the attributability of such events to climate change impacts, including contributions to frequency and severity. These models should be shared with impacted communities and other stakeholders so that awareness around the effects of climate change can be better understood – building stewardship for the commons rather than the tragedy of the commons.

Uniqus' POV

Climate Week NYC 2024 highlighted the crucial need for decisions and actions needed to be taken to collectively address the climate crisis. The various opinions of participating stakeholders highlighted the need to balance optimism around opportunities with the realities of sustainability-related risks, impacts, and work needed to be done quickly to address such effects or possibilities. Instead of debating climate and sustainability objectives, decisive operational action across economies and stakeholders (e.g., investors, companies, governments, civil society) is urgently needed – with priorities around decarbonization, transition finance, emerging technologies, and transparency.

India

1. India Secures USD 386 Billion for Renewable Energy Push Amid Global Call to Accelerate Wind and Solar Expansion

India's renewable energy sector gained a significant boost with USD 386 billion in investment commitments from banks and financial institutions, announced at the RE-Invest conference in Gujarat. These funds will support India's goal of reaching 500 GW of non-fossil energy capacity by 2030, though challenges like transmission bottlenecks and land acquisition delays persist. To meet this target, India must triple its clean energy expansion pace. On a global scale, a study highlights the need to grow wind and solar capacity five-fold by 2030 to align with the 1.5°C climate goal. While countries like China have surpassed their targets, others, including India, require more international climate finance to scale renewables and reduce coal dependence. Wind energy is expected to play a dominant role in the short term, with solar energy taking the lead by 2050.

Uniqus' POV

The transition to renewable energy is essential for achieving sustainability and ensuring long-term economic resilience. The USD 386 billion investment commitments toward India's clean energy goals signify a positive shift, yet overcoming infrastructure bottlenecks and regulatory delays is crucial. Globally, the need to scale wind and solar capacity aligns with efforts to meet the 1.5°C climate target and reduce reliance on fossil fuels, which is vital for enhancing ESG performance. For businesses and investors, integrating ESG principles involves reducing carbon footprints, improving energy efficiency, and demonstrating environmental leadership. Beyond emissions reductions, this transition brings economic benefits like job creation, energy security, and lower risks tied to fossil fuel volatility. Prioritizing renewables responds to stakeholder and regulatory pressures and positions companies and nations as leaders in the race toward carbon neutrality, opening doors to green financing and boosting global competitiveness.

2. Ecomark Scheme to Promote Sustainable Consumption and Eco-Friendly Production with Strict Environmental Standards

The Ministry of Environment, Forest and Climate Change has notified new Ecomark Rules under the Lifestyle for Environment (LiFE) initiative, replacing the previous 1991 scheme. This updated scheme promotes sustainable consumption and eco-friendly production by establishing strict environmental criteria for product accreditation. It aims to increase consumer awareness, reduce environmental impact, and prevent misleading product information. The Ecomark Scheme will be implemented by the Central Pollution Control Board (CPCB) in collaboration with the Bureau of Indian Standards (BIS), encouraging the transition to sustainable practices across industries.

Uniqus' POV

Introducing the Ecomark Rules is vital to mainstreaming sustainable consumption and production in India. Similar initiatives in other countries, like Germany's Blue Angel label and the EU's Ecolabel, have effectively promoted green manufacturing and increased consumer trust in sustainable products. Such schemes have led to measurable reductions in energy consumption and waste, furthering circular economy goals. India's Ecomark scheme aligns with these global sustainability standards and enhances transparency through clear labeling, empowering consumers and strengthening the credibility of eco-friendly products in the market.

3. Central Consumer Protection Authority Issues Guidelines for 'Prevention and Regulation of Greenwashing and Misleading Environmental Claims

The Central Consumer Protection Authority (CCPA) has introduced Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024, to curb unsubstantiated eco-friendly marketing claims. Building on 2022 advertising rules, these guidelines define greenwashing as any unsupported or exaggerated environmental assertion.

Terms like "eco-friendly" or "sustainable" now require verifiable data, certifications, and clear disclosures detailing if claims refer to the product's manufacturing, packaging, or disposal. Comparative claims must specify precisely what's being compared, while aspirational claims need actionable plans. The guidelines also ban endorsements from unverified sources and misleading labels, with enforcement under the Consumer Protection Act of 2019. These rules foster transparency, helping consumers make better-informed environmental choices. the transition to sustainable practices across industries.

4. NEP published the Emissions Gap report for 2024, which calls for a 42% and 57% reduction in greenhouse gas emissions by 2030 and 2035, respectively, to limit global warming to 1.5°C

The Emissions Gap Report 2024 underscores the urgency of closing the gap between climate commitments and real action, with a deadline approaching for countries to submit updated NDCs targeting 2035. The report stresses that to meet the Paris Agreement's goal of limiting global warming to below 2°C, ideally 1.5°C, global emissions in 2030 must fall far below current projections. This requires immediate, ambitious NDCs and accelerated action in the current decade. While progress has stagnated, emerging technologies like wind and solar offer affordable and viable pathways to cut emissions by leveraging the estimated potential to bridge the gap at less than $200 per ton of CO2e. However, achieving this will demand overcoming significant policy and technical challenges and redesigning the global financial support system to aid developing countries.

Despite record emissions reaching 57.1 GtCO2e in 2023, disparities in emissions levels among the G20 and other major emitters highlight an urgent need for equitable, increased efforts. If immediate action is taken, projected global warming could be 0.5°C lower than if policies continue. For the G20, the responsibility and feasibility of faster-than-average emissions reduction make it a key player in bridging the emissions gap. Closing this gap by 2030-2035 requires substantial policy support, financial investment, and concerted global action.

5. CDP reports a 43% increase in companies disclosing nature-related data, but many still lack a deep understanding of the financial impact

CDP's latest data reveals a surge in corporate nature and biodiversity reporting following the Kunming-Montreal Global Biodiversity Framework. Biodiversity reporting has increased by 43%, water data disclosures by 23%, and forest data by 10%, showing an upward trend in transparency. However, only 10% of companies assess their dependency on biodiversity despite its critical economic implications. Freshwater management shows improvement, with a 24% increase in water impact assessments resulting in a 22% reduction in water use. Financial assessment lags, with only half of the reported risks quantified financially, while investment in nature solutions remains limited. French investors launched a EUR 100 million fund to support biodiversity actions in response. CDP CEO Sherry Madera and Business for Nature CEO Eva Zabey emphasize the need for government regulations at the Convention on Biological Diversity (CBD) COP16 to leverage this data, encouraging further corporate accountability and support for a nature-positive economy.

Middle East

1. Oman's National Event for Future Energy, Power, Water, Waste, Future Mobility, Environment & Society – Oman Sustainability Week Awards 2025

Oman Sustainability Week (OSW) Awards 2025 is set to recognize and celebrate organizations with exceptional sustainability practices during the highly anticipated Oman Sustainability Week on 11 May 2025.

The OSW Awards utilizes the Oman Sustainability Index framework to assess organizations' performance in ESG areas. The Index serves a dual purpose. Firstly, it will aim to provide an assessment platform, allowing organizations to measure their sustainability performance and integrate ethical practices into their strategies. Secondly, it emphasizes the enduring nature of economic, social, and environmental responsibility commitments. The Index will help determine medium and long-term opportunities and risks for the participating organizations, encouraging them to remain dedicated to their sustainability goals and improve measurable transparency and integrity within their sectors. This will also give them the chance to evaluate their current sustainability standing relative to their industry peers.

After the OSW Awards event, all participating organizations will receive feedback reports with detailed scores and suggested areas of improvement to pave the way for improvement.

The OSW Awards 'expression of interest' opened on 1 September 2024 and will close on 21 November 2024. Following this, the submission period will run from 10 December 2024 to 13 February 2025, with the winners set to be announced during the OSW Awards ceremony on 11 May 2025.

Uniqus' POV

The Oman Sustainability Week (OSW) Awards 2025 is the annual national awards that assess organizations operating in the Sultanate of Oman regarding sustainability and corporate responsibility. It aims to highlight the Sultanate of Oman's commitment to sustainability leadership through innovative strategies aligned with Oman Vision 2040, the UN Sustainable Development Goals (SDGs), and Net Zero Emission by 2050.

The series of activities during OSW Awards 2025 will engage the national development stakeholders to present Oman as a new model for sustainable development and to achieve the global target of Net Zero Emissions by 2050. Event activities will include Awards, an Expo, Talks, Future Mobility, a C-level roundtable, and Site Visits.

Oman has continuously encouraged the Sultanate's economic agents to show efforts and commitment to the local sustainability agenda in alignment with global sustainability goals. Furthermore, various policy incentives and reliefs have been developed for companies to transition smoothly into more sustainable practices and operations.

The primary goal of the OSW Awards 2025 is to raise awareness about sustainability issues and to assist businesses and organizations in incorporating responsible and sustainable practices into their corporate strategy, demonstrating that economic, social, and environmental responsibility is a long–term commitment.

It is essential for companies that have made vital contributions to sustainability to differentiate themselves from their competitors and express their interest in the designated application window.

2. Saudi Arabia to establish Global Water Organization to address supply challenges

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, announced the establishment of a Global Water Organization headquartered in Riyadh.

The organization aims to integrate and enhance the efforts made by governments and organizations to secure global water sustainably. It plans to exchange expertise, advance technology, foster innovation, and share research and development experiences. It will promote establishing and funding high-priority projects, ensuring the sustainability of water resources and their accessibility for all.

The establishment of the organization emphasizes the Kingdom of Saudi Arabia's commitment to addressing global water supply challenges.

Over the years, the Kingdom has shown internationally recognized achievements in water production, transportation, and distribution, leveraging locally developed innovative solutions. Additionally, Saudi Arabia is key in ensuring that global water issues remain a top priority on the international agenda. This is further evidenced by the Kingdom's developmental funding, with over USD 6 billion allocated to various water and sanitation projects across four continents.

The organization aims to collaborate with countries facing water-related challenges and those prioritizing such projects on their national agendas. This collaboration will also involve countries with significant expertise and contributions to water solutions. Such cooperation becomes even more vital, with projections of the global water demand doubling by 2050.

The Kingdom of Saudi Arabia seeks to contribute to achieving the water security-related sustainable development goals, creating an integrated and long-lasting impact by bringing the international community together to ensure global water sustainability.

Uniqus' POV

Around 1.1 billion people lack access to water across the world, while 2.7 billion people endure water scarcity for at least one month per year, and 2.4 billion people have inadequate sanitation, which leads to several diseases such as typhoid and cholera. Moreover, two-thirds of the global population is expected to face water shortages by 2025 – Worldwide Fund for Nature (WWF).

The US-based Council on Foreign Relations (CFR) states that the Middle East is the most affected region in terms of physical water stress, as it receives less rainfall compared to other regions, with fast-growing and densely populated urban centers, that require more water.

This shows that water shortage is a global and more regional issue. Hence, the Kingdom of Saudi Arabia have taken a formidable stance in establishing the Global Water Organization (GWO) as part of a plan to position the kingdom as a global leader in addressing the pressing challenges of water supply.

The establishment of the Global Water Organization (GWO) will further help Saudi Arabia to achieve the objectives of Saudi National Water Strategy 2030 – a nationwide sectoral document aiming at creating by 2030 a sustainable water sector, safeguarding water and the other natural resources and the environment, and providing cost-effective supply and high-quality services, contributing to the economic and social development.

IN-DEPTH ANALYSIS

This section delves deep into a significant ESG development, offering comprehensive insights and a nuanced perspective. We break down the critical facets of this development, analyzing its implications for businesses, investors, and regulators. Our in-depth analysis clarifies the potential impact on global markets and how this change may influence strategic decisions across sectors. Join us as we explore this development, shedding light on the opportunities and challenges in the evolving ESG landscape.

An Overview of Global Power Sector Decarbonization

The global emissions landscape is rapidly evolving, driven by increased energy consumption in developing nations. While emissions continue to rise, many countries are making strides in adopting renewable energy and climate mitigation strategies. This transition poses challenges and opportunities for businesses and policymakers as they work toward a low-carbon future.

Global greenhouse gas (GHG) emissions in 2023 totaled 53 gigatonnes of CO2 equivalent (Gt CO2eq), excluding emissions from Land Use, Land Use Change, and Forestry. Global energy-related CO2 emissions in 2023 rose by a modest 0.1% compared to 2022, reaching a total of 37.4 billion tonnes (Gt). This sector encompasses activities like transportation, electricity, heat generation, building operations, manufacturing, construction, fugitive emissions, and other fuel combustion processes. The global CO2 emissions from fossil fuels and industry have increased at ~1.6% Y-O-Y since the year 2000 and 2.4% Y-O-Y since 1900. As shown in Figure 1, in 2023, advanced economies still have per capita emissions approximately 70% above the global average. Meanwhile, India's per capita emissions are significantly lower, at roughly 2 tonnes, less than half the global average.

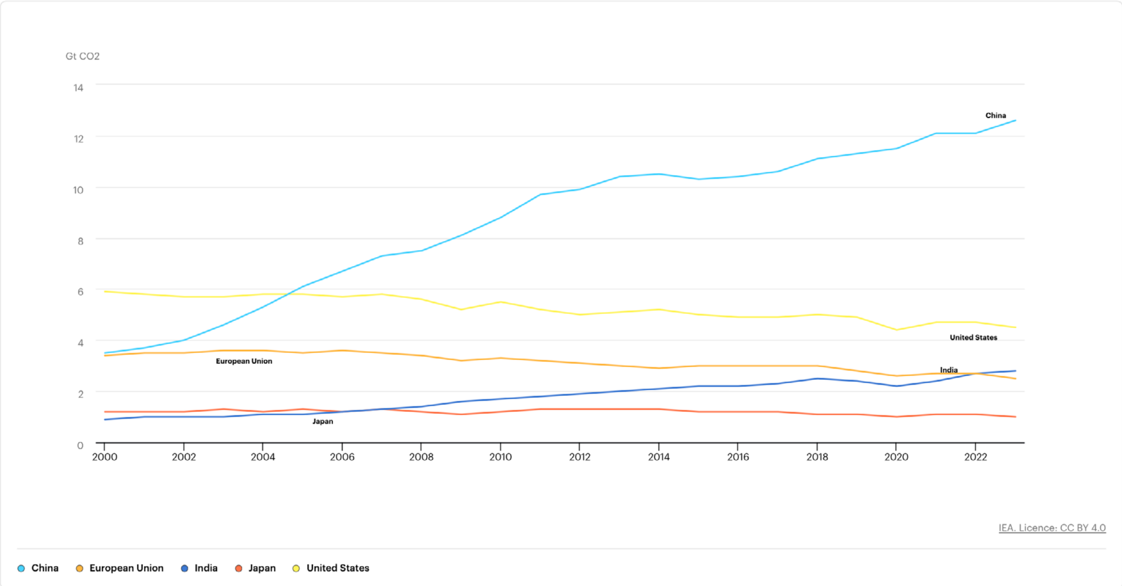

Figure 1: Source: https://www.iea.org/data-and-statistics/charts/co2-total-emissions-by-region-2000-2023

As depicted in Figure 1, the power sector accounts for roughly 40% of total CO2 emissions within the energy sector globally due to its reliance on fossil fuels like coal and natural gas. The power sector's contribution to GHG emissions varies across regions.

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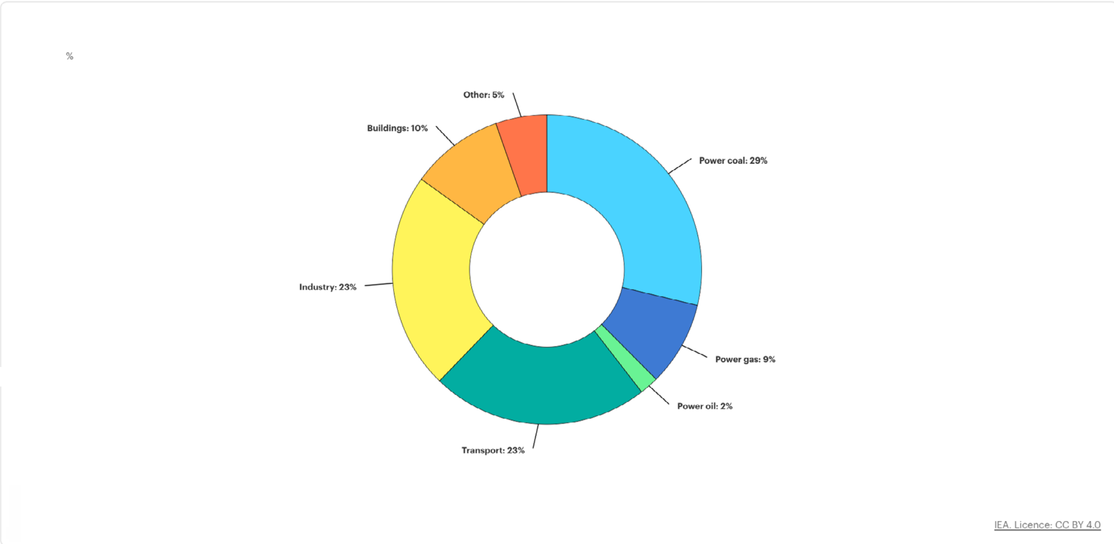
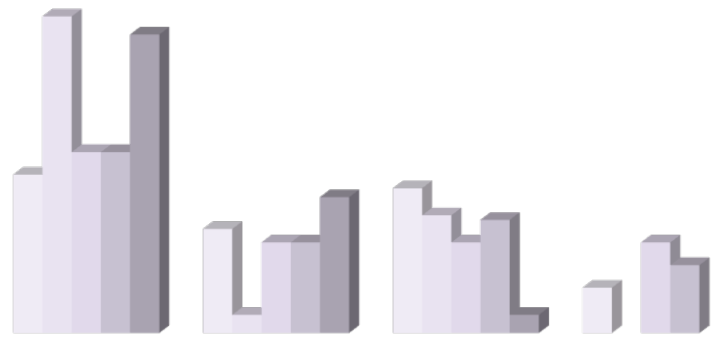


Figure 2: Source: https://www.iea.org/data-and-statistics/charts/global-energy-related-co2-emissions-by-sector

Universally coal remains the dominant source at 35%, followed by natural gas at 23%, hydro at 16%, renewables such as wind and solar at 16%, and nuclear at 10%. In India, coal is the primary energy source, making up 70% of power generation, while renewables and hydro each contribute around 16% and 10%, respectively, with natural gas accounting for only 4%. The Middle East primarily relies on natural gas (66%) and oil (30%) for its power, with just 4% from renewables. In the U.S., natural gas leads at 40%, followed by coal and renewables, each contributing about 20%, and nuclear at another 20%. Europe, however, has a cleaner energy mix, with renewables making up 40%, nuclear at 25%, and a lower dependence on coal (15%) and natural gas (20%) . These regional variations illustrate the various stages of energy transition and the corresponding GHG emission profiles.

Power generation from renewable and non-renewable sources across different geographies



	Coal	Natural Gas/Oil	Renewables (Solar, wind, and Hydro)	Nuclear
Global (2022)	35%	23%	32%	10%
India (2021)	70%	4%	26%	
USA (2022)	40%	20%	20%	20%
Europe (2021)	40%	20%	25%	15%
Middle East (2020)	66%	30%	4%	

This diversity in energy sources directly affects the emission factors for electricity across these geographies. India's high coal dependency leads to one of the highest emission factors, at approximately 0.71 gCO2/kWh. In contrast, Europe, with its more significant share of renewables and nuclear, has significantly lower emission factors, around 0.258 gCO2/kWh. Sweden's emission factor9 for electricity is approximately 0.008 gCO2/kWh as of recent data. It is no surprise that Sweden tops the index: the country aims to cut greenhouse gas emissions by 59% by 2030 compared with 2005 and have a net zero carbon economy by 2045. It was also the first country to introduce carbon pricing and had the world's highest carbon tax at EUR 122 per ton in 2023.

Decarbonizing the power sector is critical for reducing global greenhouse gas emissions and limiting global temperature rise. The **Science-Based Targets initiative (SBTi)** encourages power companies to set ambitious emission reduction targets aligned with a 1.5°C warming limit, using the **sectoral decarbonization approach (SDA).** Furthermore, integrating carbon removal technologies, like **bioenergy with carbon capture and storage (BECCS)** and direct air capture, will be essential for achieving net zero targets. The initiative also emphasizes addressing emissions throughout the value chain, from fuel extraction to end-use, to ensure comprehensive decarbonization.

Integrating large-scale renewable energy like wind and solar into power grids faces challenges of intermittency and stability, necessitating infrastructure upgrades and energy storage solutions. Despite these hurdles, renewable energy is becoming cost-competitive due to technological advancements, economies of scale, and supportive policies. International agreements, like the Paris Agreement, further accelerate decarbonization efforts by promoting global collaboration and investment in low-carbon technologies.

Investing in renewable energy is crucial for achieving global climate targets; however, policy uncertainty presents significant challenges, especially in regions with inconsistent regulations. Political changes and economic fluctuations can lead to frequent shifts in government policies, causing hesitance among investors. This reluctance results in project delays and rising costs, as seen in the U.S., with unstable federal tax credits affecting solar and wind investments. Similarly, the EU faces regulatory variability across member states. Industries like telecommunications, real estate, manufacturing, and transportation increasingly depend on decarbonized electricity, making robust policy frameworks essential for sustained investment and emission reduction goals.

To decarbonize the power sector, several policy measures have been implemented across various geographies, as summarized below:

Carbon Pricing Mechanisms:

Many countries have introduced **carbon taxes** or **cap-and-trade systems,** pricing carbon emissions to encourage companies to adopt cleaner energy sources and reduce their carbon footprints.

Incentives and Subsidies for Renewables:

Governments around the world, including in the U.S. (through **Investment Tax Credit (ITC)**), the EU (through the **Green Deal**), and India (via **long-term PPAs and subsidies**), are offering financial incentives to promote the adoption of renewable energy and energy efficiency improvements. In India, the Ministry of New and Renewable Energy, Government is rolling out the **Production Linked Incentive (PLI)** Scheme under the **National Programme for High Efficiency Solar PV Modules.** The scheme aims to establish a Giga Watt (GW) scale manufacturing capacity for high-efficiency solar PV modules, with a INR 24,000 crore budget. Likewise in Dubai, in early 2015, the **Dubai Electricity & Water Authority (DEWA)** launched the Shams Dubai solar program, which enables DEWA customers to install solar panels on their properties and use the generated solar energy to lower their monthly electricity bills. By October 2019, 1,354 PV installations, with a combined capacity of 125 megawatts (MW), had been connected in Dubai. The program aims to reach a total capacity of 5,000 MW by 2030.

Corporate Renewable Energy Mandates:
Many regions have set mandatory renewable energy targets for companies. For example, the **EU Renewable Energy Directive** enforces binding renewable use targets for corporate energy consumption. At the same time, **state-level Renewable Portfolio Standards (RPS)** in the U.S. require companies to increase renewable energy sourcing gradually.

In the race to net zero, the power sector across the world is adopting different demand-side and supply-side interventions,; the rate at which grid electricity emission factor is reduced depends on multiple factors such as policy landscape, geographical landscape, landed cost of electricity from renewable v/s non-renewable sources

As a result, it becomes critically important for companies in geographies with high emission factors to adopt certain practices and technologies to align their emission profile with the net zero trajectory. Some of these measures are summarized below in Figure 4:

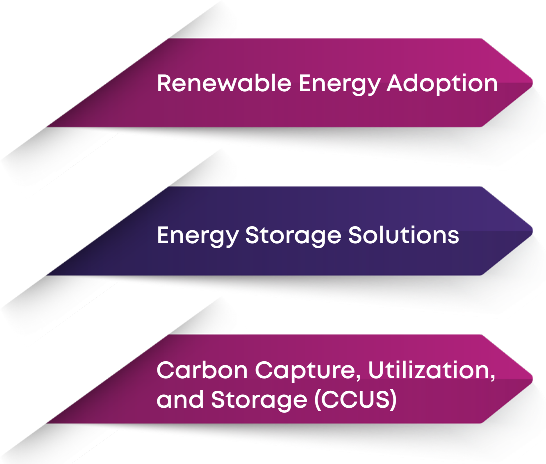


Figure 4: Adoption of technological measures by companies in their net zero journey

Companies are taking a structured approach, as depicted in the Figure below. Companies decarbonizing their scope 2 emissions can start by assessing energy use, evaluating renewable technologies, and understanding risks. They can adopt renewable energy options like PPAs and net metering while joining initiatives like RE100 to commit to 100% renewable electricity. Collaborative efforts with governments drive clean energy projects and low-carbon technologies.

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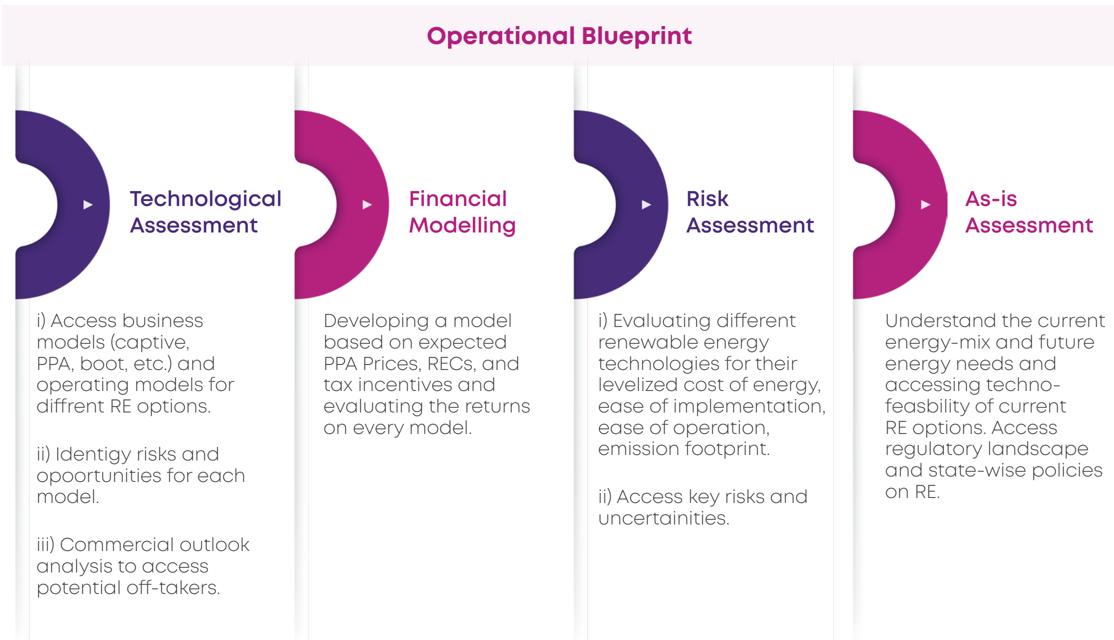

Figure 5: A structured approach for companies to develop renewable energy strategy in their net zero journey.

In conclusion, the global power sector stands at a critical juncture, facing both challenges and opportunities as it seeks to decarbonize and transition toward a low-carbon future. While policy uncertainty and regional variations in the energy mix complicate the path forward, advancements in renewable energy technologies and collaborative international efforts offer promising solutions. For companies operating in high-emission regions, adopting structured approaches and integrating innovative technologies will be vital to aligning with net zero goals. As the world moves towards a more sustainable energy landscape, the power sector's transformation will play a pivotal role in shaping a cleaner, more resilient future.

IN CONVERSATION WITH ESG PIONEERS

Bangalore International Airport Limited (BIAL) operates Kempegowda International Airport Bengaluru (BLR Airport), a key gateway to India's tech capital, managing a rapidly expanding facility that serves around 40 million passengers annually. With a focus on world-class infrastructure and sustainable practices, BIAL is committed to enhancing passenger experience and driving regional connectivity and economic growth.

We interviewed **Mr. Sridhar L,** an accomplished professional with nearly 30 years of experience in sustainability. Currently serving as the **Head - ESG at BIAL,** he is responsible for developing and implementing the organization's 2030 Sustainability Strategy. He previously worked with Diageo India & Saint-Gobain groups. Sridhar's expertise drives impactful initiatives that align with corporate sustainability goals.

Below is an excerpt from our conversation with Mr. Sridhar L:

1. How have you embedded ESG within your organization structure?

At BIAL, sustainability is embedded in our organizational DNA. Our vision is to: *Touch lives by nurturing a sustainable future through initiatives that drive economic, social, and environmental transformation.* This vision is brought to life through six guiding pillars — Water Stewardship, Net Zero Carbon Emissions, Community-Aligned Noise Management, Circular Economy, Sustainable Procurement, and Sustainable Mobility. Collectively, these pillars create a clear roadmap towards a more sustainable future, grounded in our values of Corporate Social Responsibility (CSR), Behavioral Change, and Compliance — aligning seamlessly with the United Nations' Sustainable Development Goals (UNSDGs).

We effectively drive our ESG agenda intending to create a sustainable future by 2030. The ESG team collaborates across the organization to ensure alignment with corporate goals and implements global frameworks and principles. We focus on stakeholder engagement to create an inclusive sustainability journey across our 4,000-acre campus.

2. What are the biggest challenges you foresee in transforming into an ESG-driven organization?

At BIAL, we see challenges as opportunities for growth, guided by the motto, "When the going gets tough, the tough get going." Our commitment to sustainability and ESG persisted through the COVID-19 pandemic. We have recently achieved milestones like reaching net zero for Scope 1 and 2 emissions—seven years ahead of our 2030 goal.

Strong management commitment and team collaboration helped turn setbacks into successes, leveraging strategic thinking and digital innovations like DigiYatra to enhance sustainability and customer experience. By utilizing onsite and offsite renewable electricity across our 4,000-acre campus, we have achieved 100% renewable electricity, eliminating Scope 2 emissions.

Our sustainability approach focuses on people, planet, and profit, ensuring economic viability and social responsibility. We understand that stakeholder engagement is the key to overcoming challenges, with technology and consistent implementation driving the rest.

Sustainability at BIAL is about embedding long-term practices, and our experience during the pandemic proves that with commitment and strategy, challenges become opportunities for lasting impact.

Mr. Sridhar L,
Head - ESG at BIAL

3. What are the biggest opportunities you foresee when transforming into an ESG-driven organization?

At BIAL, we are proud to be a water-positive organization, replenishing 2.36 times our water consumption through effective rainwater harvesting. Currently, we meet two-thirds of our potable water needs via these systems and aim to achieve nearly 100% recovery in the future. To further our sustainability efforts, we utilize treated sewage for landscaping and deploy IoT systems to optimize water usage.

After achieving net zero for Scope 1 and 2 emissions in 2023, we are focusing on net zero including Scope 3 emissions, committed to integrating 10% sustainable aviation fuel (SAF) by 2030.

We have made significant strides in our ESG initiatives, leading the way as the first Airport in Asia to achieve ACI's Level 5 accreditation. Our continued leadership in emission reduction among Indian airports and the achievement of Net Zero Greenhouse Gas Emissions seven years ahead of schedule have been important milestones for us.

Our sustainable procurement practices, guided by ISO 20400, promote responsible, sustainable practices across our supply chain. We also engage employees in sustainability through a behavioral change program, encouraging personal transformation. Our journey as an ESG-driven organization relies on fostering collaboration and trust with stakeholders, inspiring them to contribute to the overall journey.

While we celebrate our achievements, we recognize that sustainability is an ongoing journey. Every step brings us closer to a future where our entire ecosystem embraces sustainable practices.

> "During the peak of COVID, when we could have taken the easy route of halting sustainability efforts, our management chose not to roll back on ESG initiatives. Instead, they reinforced that our future depended on it, and today, that decision has helped us fast track our sustainability journey."

4. What could be enabling factors for facilitating an organization's ESG journey? What is the role of regulators, and what, in your view, is needed from them?

Regulators are key stakeholders in our ESG journey. Our Sustainability strategy supplements the evolving regulatory landscape, helps us set new benchmarks, and facilitates our progress toward sustainability goals.

While many of our activities are voluntary, some will likely become mandatory. We are collaborating with regulators, such as the Ministry of Civil Aviation and DGCA, to address challenges and unlock solutions, making them essential partners in our efforts.

Open communication is vital to this process. Platforms for dialogue foster collaboration, turning challenges into opportunities for innovation. Regulators act as problem solvers, and through constructive engagement, we can collectively drive meaningful outcomes for a sustainable future.

> "The role of the ESG team is not just to create strategies but to act as a catalyst, collaborating across stakeholders to ensure that sustainability goals are delivered with a shared vision. We show the big picture, ensuring everyone aligns to create a lasting impact."

5. What are some ESG best practices in your view?

In my view, learning in the realm of sustainability can come from organizations at any stage of their journey. Even those in the early phases may excel in niche areas, offering valuable insights for others. While there isn't a comprehensive ranking system for sustainability in the aviation industry, initiatives like the Airport Council International's carbon accreditation program provide a valuable framework. We are proud to have been the first airport in Asia to achieve ACI's Level 5 accreditation, placing us among the top global airports in sustainability.

However, it's not solely about being number one; it's about collective excellence across various focus areas. BIAL stands out as an organization excelling in multiple dimensions of ESG—people, planet, and profit. For example, our efforts in community engagement include significant contributions to education, where we've adopted government schools, enhanced their infrastructure to modern standards, and integrated sustainability principles. This has increased the demand for admissions and achieved recognition through various national awards.

Diversity, equity, and inclusion are also critical aspects of our ESG strategy, along with safety—both in aviation and general well-being. We actively drive behavioral change initiatives to embed these values throughout our organization.

Governance is another cornerstone of our ESG practices. We ensure that our initiatives align with the UN Sustainable Development Goals, breaking down complex strategies into easily understandable terms for all employees. Achieving success in sustainability hinges on the ability to connect with every level of the organization, from leadership to frontline staff. Everyone understands how their actions contribute positively to our sustainability goals.

6. Safety is a paramount concern in the aviation industry. How do you connect safety with your ESG initiatives? Is there an interplay between these two areas, or do they operate as distinct entities within your organization?

We approach it with a structured framework that seamlessly integrates safety into our ESG initiatives. While we have independent teams dedicated to aviation safety and construction safety, our ESG team collaborates to create a unifying framework that connects these elements.

Specialized experts manage the operational aspects of safety and ensure 100% safety across airport operations. We work closely with these experts to align our safety initiatives with broader ESG objectives. This collaboration includes implementing frameworks such as OHS certifications and integrating behavioral change programs.

The interplay between safety and ESG is vital. We facilitate collaboration across departments by fostering a culture of trust and care—one of our core organizational values. This enhances safety protocols and ensures that our ESG initiatives are holistic and impactful. While safety and ESG initiatives may have distinct operational teams, they are interconnected and reinforce one another within our organization.

REGULATORY WATCH

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

Global

Governing Body	Update	Uniqus' Impression
European Commission	The European Commission stated it would propose delaying the implementation of the EUDR, a law banning deforestation-linked commodities, by one year, following calls from industries and economies worldwide. Many foreign governments criticized the law as a protectionist trade barrier that would disproportionately hinder poor, small-scale businesses from EU markets. Industry representatives also asserted that the law would disrupt supply chains, increase prices, and ban EU farmers from exporting products grown on deforested land.	Although the original directive set an ambitious action to combat climate change, the pushback against the regulation represents increasing calls for the bloc to incorporate social- and other criteria within its suite of environmental sustainability regulations – balancing between the EU's need to deliver on its sustainability objective and social/economic impacts. According to the WWF, the EU is the world's second-largest contributor to deforestation through its imports – and any form of regulation aimed at addressing Europe's impacts is welcome.
Government of Canada	During a recent annual conference held by the Principles for Responsible Investment, the Department of Finance Canada announced it would launch a regulatory process to determine mandatory climate disclosure requirements for large corporations. The Canadian federal government indicated it "is ready to work with provincial and territorial partners to ensure broad disclosure coverage across the Canadian economy." In addition to mandatory climate reporting for large companies, the Canadian government also announced a plan to deliver Made-in-Canada sustainable investment guidelines, a voluntary tool for investors, lenders, and stakeholders to assess capital allocation with sustainable activities in mind.	We continue to be encouraged by regulatory efforts to bring consistency to climate reporting. It is worth noting that small- and medium-sized businesses would not be subject to the mandatory climate disclosure requirements. However, the Canadian government is exploring ways to encourage those companies to report voluntarily. Regarding timing, the Canadian government will launch a regulatory process to determine specifics around the disclosure requirements, which would then be implemented through amendments to the Canada Business Corporations Act. In addition to mandatory climate reporting, Canada's recent guideline announcement to credibly classify "green" and "transition" economic activities is another positive step towards achievement of global climate goals.

US

Governing Body	Update	Uniqus' Impression
State of California	SB 219 was signed into law on 27 September, extending the California Air Resources Board (CARB) deadline to provide GHG emissions disclosure guidance to 01 July 2025, six months later than the 01 January 2025 deadline originally enacted by SB 253. SB 219 also gives CARB increased authority around Scope 3 reporting timelines and other GHG disclosure responsibilities. Further, SB 219 clarifies (exempts) reporting of GHG disclosures at the subsidiary level and de-links fee payment schedules from reporting deadlines.	Although SB 219 provides clarifying updates for California's climate accountability package, there remains much uncertainty, including ongoing litigation that could affect the fate of the climate-related reporting requirements. Despite this uncertainty, Uniqus recommends that reporting entities take a proactive approach in preparing to comply with California's climate disclosure regime by reviewing the adequacy of existing GHG accounting and climate risk assessment processes and controls, along with related external reporting. Uniqus has considerable experience assisting companies of all sizes and at all stages of maturity with respect to climate-related matters. Uniqus will provide further guidance as developments around California's climate accountability package continue to unfold.

India

Governing Body	Update	Uniqus' Impression
Ministry of Environment, Forest and Climate Change	The Ministry of Environment, Forest and Climate Change notified the Ecomark Rules on 26 September 2024, replacing the Ecomark scheme 1991.	The Ecomark Rules promote sustainable consumption and production in India by encouraging businesses to adopt eco-friendly practices, reduce energy use, and enhance resource efficiency. The scheme ensures transparency with accurate labeling, fostering consumer trust in green products.

Middle East

Governing Body	Update	Uniqus' Impression
UAE Ministry of Economy	The Ministry of Economy has issued a ministerial decision mandating private joint-stock companies (PJSCs) in the UAE to allocate at least one seat for women on their boards of directors after the current board's term is completed. This decision is vital to the nation's broader strategy to enhance diversity in the corporate sector and increase women's representation in leadership roles. Aligned with the UAE's efforts to raise its global competitiveness rankings, the initiative demonstrates the leadership's unwavering commitment to empowering women, ensuring they play a vital role in the country's sustainable development. The Ministerial Resolution No.137 of 2024, which addresses the regulation of PJSC's governance and operations, follows a similar initiative previously applied to PJSCs. The earlier decision has already yielded positive results, enhancing institutional performance and economic outcomes. The Ministry of Economy further announced that the implementation of this decision will commence in January 2025 and urged PJSCs to factor this requirement into their future board restructuring plans. This directive reflects the ministry's dedication to adopting global corporate governance best practices and ensuring that company boards represent all segments of society.	The composition of a company's board is crucial for its success, and diversity in skills, experience, ethnicity, and gender is essential. There has been a global focus on increasing gender diversity on boards across all sectors. The UAE Ministry of Economy has mandated private joint-stock companies (PJSCs) in the UAE to allocate at least one seat for women on their boards of directors after completing the current board's term. This is a positive step for gender diversity in private companies, not just government institutions and listed companies. Private companies must adhere to this mandate to benefit from the effective and efficient decision-making that comes from having women on boards. The UAE has significantly increased women's participation in leadership roles, with initiatives like the Dubai Women Establishment, Gender Balance Council, and a royal decree mandating 50% female representation in the Federal National Council. The Dubai Financial Market (DFM) ESG Reporting Guide and Abu Dhabi Securities Exchange (ADX) Disclosure Guidance emphasize the importance of gender diversity in listed companies to increase the number of women in senior positions. Increasing the number of women on boards is a complex cultural shift, but studies show that gender diversity leads to more efficient and careful decision-making. Boards should strive for gender balance and actively address any imbalance.

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About Uniqus Consultech:

Uniqus Consultech is a global tech-enabled consulting company that specializes in Accounting & Reporting, ESG and Tech Consulting. The Company was co-founded in December 2022 by consulting veterans Jamil Khatri and Sandip Khetan and backed by marquee investors such as Nexus Venture Partners, Sorin Investments, and other angel investors. Anu Chaudhary, a global ESG specialist with over 20 years of experience, serves as the Global Head of ESG. Abhijit Varma, a veteran technology specialist, leads Tech Consulting globally.

Uniqus now has a global team of 400+ professionals led by 50+ Partners & Directors across eight offices in the USA, India, and the Middle East. The company serves more than 200 clients, including marquee names such as HDFC Bank, Reliance Industries, Al Rajhi Group, Tawal, Flipkart, Zomato, GE, GAP and Grammarly. Uniqus is committed to leveraging technology and an integrated global delivery model to provide best-in-class consulting services that drive measurable results and create long-term value for its clients.

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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. Uniqus is here to support you in navigating this evolving landscape. Contact us to learn more about how we can help you on your ESG journey.