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January 2025

ESG Corner

Our Monthly Newsletter

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Welcome to our first ESG Corner of 2025! This year begins with a strong focus on global and local sustainability developments as we continue our mission to bring you insights that drive meaningful change.

In this edition, we are excited to present an exclusive interview with Mr. Ashok Emani, Director & Head - ESG at the National Investment and Infrastructure Fund (NIIF). He shares invaluable perspectives on integrating ESG into investment strategies, addressing challenges like data standardization and regulatory complexities, and leveraging opportunities for sustainable growth. His experiences highlight the transformative potential of ESG in reshaping investment portfolios and delivering long-term value.

Additionally, we delve into recent policy and regulatory milestones, from India's pioneering Green Steel Taxonomy to EFRAG's guidance on sustainability transition plans. We also explore the broader implications of these developments for industries, investors, and stakeholders globally, emphasizing the importance of innovation and collaboration in meeting ambitious net-zero targets.

As always, we aim to keep you informed and inspired. Here's to navigating the evolving ESG landscape together.

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.

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Global

1. IOSCO's GEM Committee launches a dedicated Network to support its members in the adoption or other use of ISSB Standards

The International Organization of Securities Commissions (IOSCO) has launched the Growth and Emerging Markets Committee (GEMC) Network for Adoption or Other Use of ISSB Standards, a dedicated network to support emerging markets in adopting the International Sustainability Standards Board's (ISSB) sustainability reporting standards. The network aims to enhance international consistency and comparability of climate-related and sustainability disclosures for investors. It will support the implementation of the ISSB standards, facilitating information sharing and market readiness assessments. The alignment of emerging markets to global sustainability disclosure standards will help connect participants in these markets to global capital. Furthermore, aligning disclosure standards will benefit multinational companies by promoting consistent and comparable data across their value chains. This development follows IOSCO's endorsement of the ISSB standards in July 2023 and reflects a growing commitment to standardized sustainability reporting worldwide.

2.EFRAG Releases Sustainability Reporting Standard for Small Companies

The European Financial Reporting Advisory Group (EFRAG) has released a voluntary sustainability reporting standard tailored for non-listed small and medium-sized enterprises (SMEs) that do not meet the thresholds for the Corporate Sustainability Reporting Directive (CSRD). This initiative aims to simplify and standardize ESG reporting for these companies, enabling them to meet the growing demand for sustainability information from larger corporations and financial institutions and enhance their access to business and financing opportunities. The standard removes the obligation to conduct a materiality analysis, which can often challenge SMEs due to high complexity and cost. EFRAG plans to support the implementation of this standard through guides, educational materials, and awareness-raising events in 2025.

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The recent initiatives by IOSCO and EFRAG represent progress towards a more inclusive and standardized global baseline for sustainability reporting. Still, these developments also underscore the complexities of aligning diverse markets and stakeholders with sustainability ambitions. For example, IOSCO's launch of the GEMC Network acknowledges that emerging markets need unique support in adopting the ISSB Standards. Alignment with global standards for these markets is particularly crucial, as it may improve access to capital and comparability of sustainability-related data for investors. This initiative can potentially create a more level playing field, allowing smaller markets to contribute to—and benefit from—the global transition to sustainable practices. The GEMC Network also provides significant advantages for multinational companies by enabling them to access comparable sustainability data across value chain partners operating in these markets.

However, emerging markets still often face structural barriers, such as limited regulatory capacity, inadequate infrastructure for data collection, and a lack of technical expertise in sustainability reporting. While the GEMC Network's focus on implementation support and market readiness assessments is a step in the right direction, translating these high-level goals into tangible outcomes will require continued effort and substantial investment in capacity building. Without addressing these foundational issues, the push for alignment may struggle to bridge disparities in global capital markets.

Furthermore, EFRAG's release of a voluntary sustainability reporting standard for non-listed SMEs underscores the importance of simplifying sustainability disclosures for smaller entities. By removing the need for a materiality analysis—a process often too complex and resource-intensive for SMEs—EFRAG acknowledges these companies' unique challenges. This approach is practical and well-aligned with the growing demand for sustainability data from larger corporations and financial institutions that rely on SMEs in their supply chains. Ultimately, however, the standards are voluntary. This may not create the widespread adoption necessary to achieve comprehensive marketplace transparency among SMEs, and SMEs may not allocate resources necessary to report due to lack of pressure by market forces or regulatory requirements. While EFRAG's planned support through guides and educational materials is commendable, the effectiveness of these tools in encouraging uptake remains to be seen.

Both initiatives reflect the broader movement toward standardized sustainability reporting, driven by increasing investor demand and regulatory momentum. However, the success of these frameworks and initiatives will hinge on their ability to address the varying needs of stakeholders—balancing the ambition of global alignment with the realities on the ground, particularly in resource-constrained settings. As sustainability reporting standards evolve, the challenge will be ensuring they serve as tools for inclusion and accountability rather than sources of additional complexity or inequity.

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1. Outgoing Biden Administration Sets New 2035 US Climate Goal – Incoming Trump Administration Will Make Ambitions Difficult to Achieve

In December 2024, the outgoing Biden administration announced a new climate goal for the United States: reducing greenhouse gas emissions by 61% to 66% from the 2005 baseline levels by 2035. This target is part of the updated US Nationally Determined Contribution (NDC) under the Paris Agreement, which requires countries to update their climate action plans every five years with increased ambition. This new 2035 target builds upon the current US NDC, which aims for a 50% to 52% reduction in emissions by 2030.

The Biden administration officials expressed confidence in the nation's ability to achieve this goal, citing investments made over the past four years and actions taken at state, local, and private levels as the driving forces behind the anticipated progress. The administration's climate achievements include the passage of the Inflation Reduction Act (IRA) and the Bipartisan Infrastructure Law (BIL), which allocate nearly USD 500 billion to climate-focused investments in carbon-free energy, manufacturing, and clean technologies. Officials believe meeting the new targets will position the US to achieve net zero greenhouse gas emissions economy-wide by 2050. The Biden administration claims that while the incoming administration may likely bring policy changes that may hinder further advancements, progress made from an investment level and technological advances over the past four years have irreversibly progressed the clean energy revolution in the US.

However, President Trump's recent executive order announcing the United States' withdrawal from the Paris Agreement casts significant doubt on the US' ability to meet these commitments. Indeed, the Trump administration has signaled an intent to target and repeal many aspects of the IRA while supporting the fossil fuel industry. Still, according to the **Rhodium Group,** in a scenario where the Trump administration rolls back most of President Biden's climate policies, US emissions would fall 24 to 40 percent below 2005 levels by 2030 – compared to 38 to 56 percent under current policy pathway estimates. This is still short of the US' pledge but demonstrates that the incoming administration likely cannot undo all progress made thus far.

2. New York to Fine Fossil Fuel Giants USD 75 Billion Under New Climate Superfund Law

New York State has enacted a new **law** to fine fossil fuel companies USD 75 billion over the next 25 years to address climate change damages. Governor Kathy Hochul signed the legislation to shift financial responsibility for climate-related impacts from taxpayers to fossil fuel companies. Fines will be assessed based on greenhouse gas emissions released by fossil fuel companies from 2000 to 2018, targeting companies responsible for over 1 billion tons of global emissions.

Payments into a Climate Superfund are scheduled to begin in 2028, and the funds will be allocated to mitigate climate change impacts, including building more resilient public infrastructure – such as roads, transit systems, water and sewage facilities, and buildings. This initiative follows a similar law recently passed in the State of Vermont and is modeled after existing superfund laws that hold polluters responsible for environmental cleanup. Energy producers are anticipated to challenge the law through legal channels, arguing that federal regulations preempt state-level actions against energy companies and polluters.

3. G&A's 2024 Trends Report: The Few Remaining Non-Participants in ESG Reporting

The Governance & Accountability (G&A) Institute recently released its 2024 Trends Report highlighting current practices in sustainability reporting from companies listed in the Russell 1000 Index. The report reveals that 93% of Russell 1000 companies published sustainability reports or disclosures in 2023, leaving only 7% non-participants. Notably, 90% of non-reporting companies are in the smaller half of the Russell 1000 Index, indicating that larger companies are more likely to engage in sustainability reporting. The report also highlights sector-specific variations, with the Materials and Utilities sectors achieving 100% reporting rates, while the Communication sector had the highest non-reporting rate at 36%.

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At the nexus of state, federal, and corporate levels, ambitious climate-related initiatives are emerging, but their potential impacts remain uncertain. New York has become the second state to enact a law fining fossil fuel companies, representing a historic attempt to shift the financial burdens of climate damages. By targeting companies responsible for over 1 billion tons of historic emissions, the state aims to hold the industry accountable for its role in the climate crisis. Yet, implementing the law isn't guaranteed, as fossil fuel producers are already preparing for legal challenges. Critics may question whether the fines, which are set to be paid out starting in 2028, will ever be collected, whether the fines will survive in court, or whether the funds will come soon enough to address the growing tolls of climate change. A potential unintended consequence, furthermore, is that these fines will lead to higher costs for companies, which could ultimately be passed on to consumers through higher prices, ultimately defeating the original purpose of the laws to align with the 'polluter pays' principle.

At the national level, the Biden administration's newly announced climate goal to cut emissions by up to 66% from 2005 levels by 2035 is ambitious but may also be unfeasible. For example, policies like the Inflation Reduction Act and Bipartisan Infrastructure Law, lauded by the administration for directing nearly USD 500 billion toward clean energy and infrastructure, have not yet translated into systemic transformations needed to meet such emissions reductions. Achieving the new NDCs would require technological breakthroughs, societal shifts, and political alignment – which seem unlikely, especially given the Trump administration's recent climate rollback announcements. Moreover, the administration's confidence in the "irreversibility" of recent progress may underestimate the potential for rollbacks by future leaders or corporate resistance.

Meanwhile, the report from the G&A Institute underscores the growing norm of sustainability reporting among large companies but also highlights critical gaps: smaller companies, which make up the bulk of non-reporting entities, lag significantly behind their larger counterparts. This discrepancy indicates that, while sustainability reporting is increasingly mainstream among major corporations, the broader market remains far from achieving investor-grade transparency. Sectoral differences in reporting rates—such as the 100% participation in the Materials and Utilities sectors versus the 44% reporting rate in the Communication sector—further illustrate the disparate progress. Even as sustainability reporting becomes a global expectation, disparities in participation threaten to create a fragmented landscape. Smaller companies often lack the resources and expertise to produce meaningful disclosures. Similarly, sectors with high non-reporting rates risk falling behind in transparency and accountability. If these gaps persist, they could undermine the broader goal of creating a consistent and comparable framework for sustainability reporting, particularly as regulations and investor demands evolve.

These initiatives highlight the growing recognition of climate risks across different sectors. However, the pathway to meaningful change remains fraught with obstacles. Legal battles, political inertia, and corporate hesitancy all threaten to dilute the impact of these efforts. For now, these policies and plans represent possibilities rather than guarantees. As the impacts of climate change accelerate, the gap between promises and tangible outcomes may grow without sustained pressure and accountability. Governments, businesses, and financial institutions should move toward alignment on the principle that those who profit from environmental degradation must also play a pivotal role in its remediation.

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India

1. India launches world's first green steel taxonomy, aims to cut emissions to 2.2 tCO_2 by 2030

India has launched its first-ever Green Steel Taxonomy, unveiled by Union Minister Shri H.D. Kumaraswamy. The taxonomy defines "Green Steel" based on carbon dioxide equivalent emissions per ton of finished steel (CO_2e/tfs), with star ratings assigned to steel based on emission intensity. Steel plants achieving lower emissions earn higher ratings, with those exceeding 2.2 t-CO_2e/tfs not eligible for certification. The framework includes Scope 1, Scope 2, and parts of Scope 3 emissions, and will be reviewed every three years by policymakers. The initiative aligns with India's commitment to decarbonizing the steel sector, complemented by draft policies for stakeholder consultation.

Uniqus' POV

The introduction of the Green Steel Taxonomy marks a significant step toward promoting low-carbon steel production in India. By setting clear emission thresholds and encouraging innovation, this initiative creates a pathway for the steel industry to reduce its carbon footprint. Including certifications and star ratings enhances accountability, motivating plants to meet stringent environmental standards. While this is a strong start, expanding the emissions' scope and ensuring robust monitoring systems will be essential for long-term success. This effort demonstrates India's determination to balance industrial growth with sustainability and global competitiveness. This is especially crucial, as steel is one of the most carbon-intensive industries, accounting for almost a tenth of worldwide emissions annually.

2. India's Renewable Energy Leadership: 2024 Achievements and Vision for 2030

India made historic progress in renewable energy (RE) in 2024, achieving 214 GW of non-fossil fuel energy capacity by November, representing 14% annual growth from the prior year. Key developments included adding 27 GW RE capacity, reaching 94.17 GW solar and 47.96 GW wind capacity. Initiatives like PM Surya Ghar: Muft Bijli Yojana enabled 7 lakh rooftop solar installations in 10 months. The INR 19,744 crore National Green Hydrogen Mission also advanced India's green hydrogen leadership with a 4.12 lakh TPA target by 2030. Policies like mandating locally manufactured solar cells from 01 June 2026 and Viability Gap Funding for offshore wind projects promote self-reliance and innovation. India's global partnerships, including a Green Ammonia export deal with Japan, strengthened its position as a leader in the energy transition, setting the stage for its 500 GW goal by 2030.

Uniqus' POV

India's renewable energy achievements in 2024 signify more than just numbers—they demonstrate a strategic policy shift toward energy security, self-reliance, and global leadership. The mandate for locally manufactured solar cells from 01 June 2026 is a decisive move to reduce import dependency, particularly from China, while boosting domestic manufacturing capacity. However, ensuring competitive pricing and scaling up production will be critical to its success.

Initiatives like the PM Surya Ghar Yojana and the National Green Hydrogen Mission are transformative, creating scalable solutions for energy transition and job creation. The focus on offshore wind, biomass supply chains, and the Green Energy Corridor showcases a holistic energy strategy. India's global partnerships, particularly in green hydrogen and ammonia, position it as a frontrunner in clean energy innovation, setting a clear path for its 2030 vision.

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India's Climate Challenge: Flood and Drought Risks Revealed at District Level

India is at the forefront of the climate crisis, with nearly half of its districts classified as vulnerable to floods, droughts, and other climate impacts. The recently released District-level Climate Risk Assessment for India: Mapping Flood and Drought Risks report, developed by IITs Mandi and Guwahati and CSTEP Bengaluru, sheds light on the severity of these risks. According to the report, 51 districts face 'Very High' flood risk, while 91 districts are at 'Very High' drought risk. Alarmingly, 11 districts—including Patna (Bihar), Alappuzha (Kerala), and Dibrugarh (Assam)—bear the dual burden of extreme flood and drought risks.

Complementing this, ICAR's findings reveal that 310 districts are highly vulnerable to climate change, threatening India's agriculture sector. In response, ICAR's National Innovations in Climate Resilient Agriculture (NICRA) project has developed over 2,100 climate-resilient crop varieties and created 448 Climate Resilient Villages (CRVs) to equip farmers against weather extremes. Alongside government schemes like Pradhan Mantri Fasal Bima Yojana and Per Drop More Crop, these efforts are building a foundation for climate-resilient agriculture.

Middle East

1. Oman to set up 'Net Zero Centre' to drive 2050 carbon neutrality goals

The Ministry of Energy and Minerals issued Ministerial Decision No. (35/2024) establishing the Oman Net Zero Centre. The move aims to support the Sultanate of Oman's efforts to reach net zero greenhouse gas emissions by 2050.

The Oman Net Zero Centre will undertake a crucial role in expediting the implementation of net zero initiatives and supporting all sectors in achieving their objectives, as outlined in the National Net Zero Strategy.

It will also oversee the monitoring and implementation of net zero projects, spearhead public awareness campaigns, and bolster national capacities in this critical domain. These efforts will ensure the realization of Oman's net zero objectives and broader sustainability goals.

The Centre will also develop and update the national plan to enhance energy consumption efficiency, monitor its implementation across various sectors, evaluate energy consumption levels in approved projects, and propose necessary improvements in coordination with relevant authorities.

As part of its responsibilities, the Centre will provide technical support and advice to various entities to reduce carbon emissions and increase energy use efficiency. It will also focus on adopting and transferring the latest international practices and technologies to the Sultanate of Oman while supporting scientific research, innovation, and developing national capabilities.

Furthermore, the Centre will manage carbon, hydrogen, and low-carbon product certification requests. This includes reviewing and auditing applications and ultimately issuing certificates in coordination with the Ministry of Finance and the Environment Authority.

Uniqus' POV

In 2022, Oman committed to achieve net zero emissions by 2050. Since then, the Sultanate has shown progress in establishing initiatives and policies to ensure a smooth transition to achieving net zero.

The decision to establish the Oman Net Zero Centre aims for it to supervise and follow up on plans and programs in the Sultanate. This will actively contribute to energy efficiency and support relevant entities in reaching net zero in alignment with the country's target. The Centre will actively contribute to defining and refining Oman's net zero strategy, collaborating with relevant authorities to ensure alignment with national objectives.

This will be accomplished through collaboration with both government and private entities.

Oman has subsequently launched various initiatives in its bid to achieve climate neutrality in 2050. A major initiative is the Net Zero 3 Initiative, a package of projects and initiatives to expand efforts toward achieving the 2030 targets in the "National Strategy for an Orderly Transition to Zero Neutrality." The Net Zero 3 package aims to engage new sectors and fields on the pathway to Net Zero (energy, industry, transport, and buildings).

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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.

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Canadian Sustainability Disclosure Standards (CSDS)

The Canadian Sustainability Disclosure Standards (CSDS), in December 2024, were developed to meet growing demands for transparency and comparability in sustainability reporting for Canadian companies. The Canadian Sustainability Standards Board (CSSB) spearheaded this initiative, engaging various Canadian stakeholders – including policymakers, corporations, investors, NGOs, civil society, and indigenous groups – to improve the quality of sustainability-related disclosures among Canadian businesses. CSDS is based on the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) of the International Sustainability Standards Board (ISSB), which provide a voluntary global baseline for sustainability reporting. The CSDS integrates frameworks like the Sustainability Accounting Standards Board (SASB) and aligns with the Global Reporting Initiative (GRI), ensuring compatibility with international standards while addressing Canadian-specific contexts and priorities.

Currently, the CSDS S1 and S2 are voluntary for Canadian companies. These standards lay the groundwork for potential mandatory disclosure regimes in Canada. The Canadian Securities Administrators (CSA) will determine whether and how the CSDS might be mandated. This will likely have future impacts on the 1,200 publicly listed companies in Canada. By aligning with ISSB standards, the CSDS enables Canadian disclosures to align with global best practices, fostering transparency and enhancing Canada's competitive position in global markets while incorporating national priorities.

- **CSDS S1** aligns with IFRS S1 and focuses on general sustainability-related risks and opportunities. It requires companies to disclose material risks and opportunities that could affect their performance, such as dependencies on natural resources or impacts on people. The framework outlines a core set of sustainability-related financial disclosures to meet the needs of general-purpose financial report users. Materiality under CSDS S1 focuses on risks and opportunities that could influence primary users' decisions. Entities are responsible for determining materiality thresholds, guided by the CSDS requirements.
- **CSDS S2** aligns with IFRS S2 and builds upon the Task Force on Climate-Related Disclosures (TCFD) framework, which guides climate-related disclosures across four pillars: governance, strategy, risk management, and metrics and targets. CSDS S2 specifically requires companies to disclose climate-related risks and opportunities that could affect cash flows, access to finance, or cost of capital in the short, medium, or long term. Companies must report climate resilience, business models, and risk management strategies, as well as greenhouse gas (GHG) emissions (Scopes 1, 2, and 3) in accordance with the Greenhouse Gas Protocol.

The CSDS significantly benefits stakeholders by standardizing reporting, enhancing transparency, and supporting decarbonization efforts. By aligning with global standards, the CSDS enables investors to assess Canadian companies on par with international counterparts, potentially improving Canadian companies' access to capital. Mandatory disclosures of GHG emissions encourage companies to identify and reduce their carbon footprints, fostering emission reduction strategies across value chains. For policymakers, the standardized data provided by the CSDS also aids in tracking national progress toward climate commitments, enabling effective monitoring of GHG emissions and developing initiatives to achieve net zero emissions by 2050. Additionally, adherence to the CSDS helps companies navigate emerging regulatory landscapes, ensuring

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compliance with both national and international sustainability requirements.

The finalized CSDS standards will voluntarily apply to annual reporting periods starting 01 January 2025. While not yet mandated, the CSA has indicated it will consider the CSDS when developing future mandatory disclosure regimes. Companies can prepare by voluntarily adopting the standards and evaluating their readiness for compliance. Entities adopting CSDS S2 benefit from a three-year transition relief for Scope 3 GHG emissions disclosures – an extension compared to the one-year relief provided under the ISSB Standards. During this period, companies are not required to disclose Scope 3 emissions but can still claim complete alignment with the CSDS. Additional transition reliefs include **two- and three-year extensions** for other sustainability and climate risks and comparative information disclosures.

While the CSDS aligns with IFRS S1 and S2, it includes unique adaptations to address Canadian-specific challenges and priorities. Developed under the CSSB, the CSDS incorporates extensive stakeholder engagement, including businesses, investors, policymakers, and indigenous groups, ensuring the standards reflect Canadian interests. For example, the CSDS guidance emphasizes industries critical to Canada's economy, such as oil and gas, mining, and forestry, offering tailored guidance. The CSDS guidance highlights issues relevant to Canada, such as Indigenous rights, land use, and biodiversity. Furthermore, the CSDS aligns with Canadian securities laws and frameworks, enhancing applicability for listed Canadian companies.

Assurance Readiness and Reporting Rigor

The CSDS reflects a broader global trend toward regulated sustainability reporting. Other jurisdictions like the European Union and the US State of California mandate disclosures aligned with frameworks like the ISSB Standards and TCFD recommendations. As sustainability reporting becomes integral to business operations, companies face increased oversight, transparency, and accuracy expectations. However, sustainability metrics may differ from financial data, encompassing quantitative indicators (e.g., GHG emissions) and qualitative factors (e.g., incidents of discrimination). These metrics often involve varied units and sources, such as suppliers, clients, and operational assets, and extend across value chains. This complexity necessitates rigorous data collection, management, and verification processes to ensure reliability.

Third-party assurance is increasingly critical for sustainability-related data, mirroring the rigor expected in financial reporting. However, many organizations lack the resources or infrastructure to manage sustainability disclosures effectively. Historical reliance on basic methods like spreadsheets and emails has proven inefficient and prone to errors. Companies need robust internal controls to monitor progress, enhance resilience, and ensure the accuracy of sustainability data. Guidance like COSO's Internal Control over Sustainability Reporting (ICSR) framework provides structured approaches to establishing reliable systems. Successful implementation requires active engagement from boards, senior management, and cross-functional teams. A robust internal control framework also facilitates third-party assurance, building stakeholder trust and demonstrating credibility.

Uniqus Consultech's Role in Assurance Readiness

Uniqus Consultech offers comprehensive solutions to help companies establish adequate internal controls and streamline sustainability reporting. As a provider of integrated accounting, reporting, ESG, and technology consulting services, Uniqus simplifies client data collection and reporting, supporting compliance with evolving sustainability frameworks. By applying financial reporting rigor to ESG disclosure matters, Uniqus enables organizations to achieve their sustainability goals, align with global standards, and build long-term value. To learn more about Uniqus' approach and recommendations for ESG assurance readiness, explore our thought leadership resources and contact us for tailored solutions.

IN CONVERSATION WITH ESG PIONEERS

The National Investment and Infrastructure Fund (NIIF) is a collaborative investment platform for international and Indian investors anchored by the Government of India. Through its funds, NIIF manages over USD 4.4 billion in assets.

We interviewed Mr. Ashok Emani, Director & Head - ESG at NIIF. Mr. Emani has over 27 years of experience in applying ESG and Sustainability considerations across the financial sector, consulting, and research. He heads the NIIF's approach to investing responsibly for impact while working closely with investors, investment champions, and company management to assess and manage ESG risks & impact, opportunities, and value add. Mr. Emani is a member of the ESG working group at the Global Infrastructure Investors Association (GIIA).

Below is an excerpt from our conversation with Mr. Ashok Emani:

1. How have you integrated ESG considerations within your investment and operational strategy? Has ESG been integrated in all phases of your investments – pre-investment, during the holding of investment as well as during exit? (e.g., ESG-focused leadership roles, due diligence processes, portfolio monitoring, reporting responsibilities, etc.)

ESG is fundamental to NIIF's investment strategy. Its requirements are embedded throughout the investment lifecycle, ensuring that all material factors are identified, addressed, and monitored.

NIIF's ESG framework pivots on materiality, guiding us in understanding and addressing issues that have the most significant impact on our investments and stakeholders. By focusing on material issues such as land, local critical biodiversity, etc., we aim to enhance the relevance and effectiveness of our E&S risk management strategies.

Appropriate to the investment type, various tools, such as conducting Environmental and Social Assessments (ESA) and Environmental and Social Due Diligence (ESDD), are used to identify critical issues before any investment. The outcomes of these assessments are included in an E&S action plan, and relevant covenants are incorporated into deal agreements, ensuring that the ESG commitments are legally binding.

Post investment, NIIF remains actively engaged with its investee companies, periodically reviewing the implementation of action plans and providing support through capacity building for the investees' teams. To monitor E&S performance, we have internalized the indicators identified by globally recognized sustainability standards, including IFC Performance Standards. This framework allows us to identify and measure our contributions to specific impacts within the broader environmental and social outcomes associated with our investments.

NIIF regularly collaborates with thought leaders to stay ahead of emerging E&S trends. For instance, NIIF partnered with IIM Ahmedabad to set up India's first ESG chair. This engagement framework reflects NIIF's commitment to driving sustainable, responsible growth while balancing investor returns with societal impact.

Mr. Ashok Emani
Director & Head - ESG

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> At NIIF, ESG isn't just a checklist—it's embedded in every phase of our investment lifecycle, driving sustainable growth while balancing investor returns with societal impact.

2. What are your biggest challenges in driving ESG integration across your portfolio companies? (e.g., data availability, regulatory variations across geographies, capacity building, etc.)

While NIIF has established a robust ESG framework, we recognize several key implementation challenges that we have been able to navigate successfully:

- **Data Quality & Standardization:** Ensuring consistent and comparable ESG metrics across diverse portfolio companies requires significant effort, particularly for social impact measurements
- **Technical Capacity:** Building and maintaining in-house ESG expertise at portfolio companies demands continuous investment in training and development
- **Resource Allocation:** Balancing the costs of comprehensive ESG implementation with other business priorities
- **Regulatory Complexity:** Navigating evolving ESG regulations across different jurisdictions while maintaining consistent standards
- **Supply Chain Integration:** Extending ESG monitoring and compliance throughout complex supply chains

To address these challenges, we've implemented structured capacity-building programs and are investing in digital tools for standardized data collection and reporting. Our close collaboration with portfolio companies' ESG resources helps us promptly identify and address emerging issues, resulting in seamless ESG integration across our portfolio.

3. From a PE perspective, what are the most significant opportunities you foresee in prioritizing ESG? (e.g., unlocking value in portfolio companies, meeting LP expectations, enhancing exit strategies, etc.) Could you elaborate on how investor expectations are shaping your ESG journey?

ESG principles are increasingly recognized by investors and enterprises alike as essential drivers of responsible, long-term growth. Integrating E&S criteria by private equity entities into investment decisions represents a fundamental commitment that delivers tangible, lasting benefits to all stakeholders, including investors. Integrating ESG practices in the investment cycle enhances operational efficiency and improves E&S risk management, increasing profitability and long-term value creation. Adopting ESG standards proactively helps private equity funds to stay ahead of regulatory requirements, reducing the risk of non-compliance and associated penalties.

At NIIF, we constantly endeavor to raise the bar on ESG. The portfolio companies have been able to integrate the Good International Industry Practice (GIIP) into the investment cycle. Climate change is a top priority for many investors. NIIF focuses on investments contributing to climate action and sustainability, such as renewable energy projects, sustainable infrastructure, and green technologies. This aligns with investor interests in mitigating climate risks and supporting a low-carbon economy.

Further, investors are emphasizing social impact and inclusion. NIIF prioritizes investments that promote social inclusion, gender equality, and community development. This includes projects that generate livelihood opportunities, support education, and improve healthcare access.

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4. In your view, what are the key enabling factors for advancing ESG initiatives within a PE portfolio? What role do regulators and policymakers play, and what support is needed to facilitate this transition?

Key enabling factors for advancing ESG initiatives in private equity include:

Regulatory Frameworks:

Clear and supportive regulatory guidelines

- Standardized ESG disclosure requirements
- Incentive mechanisms for sustainable practices

Market Drivers:

- Growing investor demand for ESG integration
- Access to green financing opportunities
- Competitive advantage in international markets

Organizational Factors:

- Strong leadership commitment
- Robust ESG governance structure
- Clear accountability mechanisms

Stakeholder Engagement:

- Transparent communication
- Regular reporting on ESG metrics
- Active collaboration with industry peers

These factors, combined with policy support and stakeholder collaboration, create an enabling environment for effective ESG integration.

> By prioritizing climate action, social inclusion, and robust governance, we're not just meeting investor expectations—we're setting new standards for sustainable, responsible growth in the private equity landscape.

5. What are some ESG best practices you have observed within the PE ecosystem? (Please share one example for each pillar: environmental, social, and governance.)

Early and active engagement on ESG issues enhances long-term shareholder value and benefits for other stakeholders. PE entities must work with their portfolio companies to develop a management framework and hire competent resources to oversee the ESG objectives and targets as established.

Environment: Implement comprehensive carbon reduction strategies, including renewable energy adoption (such as rooftop solar), energy efficiency improvements, and science-based emission reduction targets. Rooftop solar, for instance, has enormous potential to reduce the carbon footprint and save costs incurred on power bills.

Social: A code of conduct for workers, enlisting procedures, and entitlements, among other aspects, helps demonstrate compliance with local and international standards.

Governance: Establishing ESG committees at the board level for portfolio companies has been crucial in furthering the ESG agenda within the fund and its portfolio. This helps strengthen accountability and accelerate ESG integration across operations.

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.

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Governing Body	Update	Uniqus' Impression
Science Based Targets initiative (SBTi)	The Science Based Targets initiative (SBTi) updated its decarbonization plans for three of the highest emitting sectors globally: oil and gas, chemicals, and power. The updates are intended to create science-aligned net zero pathways, which will allow businesses in high-emitting sectors to reduce their environmental impact by providing them with sufficient criteria and guidance. The SBTI is also working on additional sector standards, which are crucial for advancing global decarbonization and aligning high-emission sectors with the Corporate Net Zero Standard.	The SBTi's recent updates illustrate progress made to combat climate change. The goal is to streamline the process, making it easier for companies to follow and comply with target-setting requirements.
European Commission	The European Commission introduced the Flight Emissions Label (FEL). This voluntary program provides airlines with a standardized method to report greenhouse gas emissions for flights within and departing from the EU. The FEL aims to be fully operational by July 2025 to offer passengers transparent emissions data, enabling informed and sustainable travel choices. The European Union Aviation Safety Agency (EASA) will oversee the implementation, ensuring compliance with harmonized methodologies. This initiative seeks to promote fair competition among airlines, encourage the adoption of Sustainable Aviation Fuels (SAF), and support the aviation industry's transition to net zero emissions.	The EU's FEL program highlights the shift towards greater transparency and availability of sustainability-related information. Although a voluntary program, this movement marks a transition towards creating a net zero emissions industry. Europe continues to adopt leading practices in terms of sustainability globally, much of which is driven by environmentally conscious consumer behavior.

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Governing Body	Update	Uniqus' Impression
UK's Department for Transportation	As of 01 January 2025, the UK's Sustainable Aviation Fuel (SAF) Mandate is in effect, requiring 2% of jet fuel for flights departing the UK to be sourced from sustainable feedstocks. This percentage is set to increase to 10% by 2030 and 22% by 2040. SAF, derived from resources like household waste, plant-based materials, and used cooking oil, can reduce carbon emissions by up to 70% compared to conventional jet fuel. The mandate aims to decarbonize the aviation sector, stimulate the UK's clean energy economy, and create thousands of jobs.	The UK's mandate to source aviation fuel from sustainable materials indicates a shift towards decarbonizing one of the biggest carbon-emitting industries. With ambitious goals for transitioning to SAF, there will be challenges such as ensuring affordability and scaling up SAF production. The UK government must prepare for such scenarios to make this mandate effective and successful.
European Union	The European Union has adopted new regulations requiring all packaging to be 100% recyclable by 2030. The rules also include targets to reduce packaging waste by up to 15% by 2040, ban certain single-use plastics, and encourage reusable packaging. Additionally, the rules limit harmful chemicals like PFAS in food packaging. These measures aim to minimize waste and promote sustainability across the EU.	These measures are part of the EU's broader strategy to transition towards a circular economy. The strategy aims to minimize waste and promote the reuse and recycling of materials. Through regulations like these, the EU is positioning itself as a leader in the global effort to reduce plastic pollution and promote sustainable packaging solutions.

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US

Governing Body	Update	Uniqus' Impression
US EPA	The US Environmental Protection Agency (EPA) has granted waivers allowing California to enforce stricter vehicle emissions standards than federal regulations. These waivers permit California to implement its Advanced Clean Cars II (ACC II) and Low-NOx regulations, aiming to reduce smog-forming pollutants and greenhouse gas emissions. This decision reinforces California's leadership in environmental policy under the Clean Air Act.	California continues to mark itself as a climate leader in the US as it takes action to fight climate change. The EPA's approval to enforce stricter vehicle emissions standards highlights the progress being made in the US to reduce greenhouse gas emissions and achieve a cleaner economy.
US Department of Energy	The US Department of Energy (DOE) has announced applications for USD 1.8 billion in funding to advance direct air capture (DAC) technologies, which aim to remove carbon dioxide from the atmosphere. This initiative supports the development of large-scale DAC facilities, with the goal of capturing and storing at least 1 million metric tons of CO_2 annually. The funding is part of the DOE's broader efforts to accelerate the deployment of carbon removal technologies and achieve net zero emissions by 2050.	The DOE's announcement of applications for funding DAC technologies shows its commitment to achieving net zero emissions in the US. By funding technologies dedicated to removing carbon dioxide from the atmosphere, the US will continue to progress towards a cleaner economy and achieving its reduction targets.
US Executive Branch	President Trump signed an executive order on 20 January 2025, withdrawing the United States from the Paris Agreement. The US will join just three other countries – Iran, Libya, and Yemen – which are not members of the climate agreement. This marks one of several energy-related announcements following President Trump's inauguration, signaling his administration's willingness to support fossil fuel industries and de-emphasize the US' clean energy transition. The withdrawal will become official one year after the submission of President Trump's letter to the United Nations stating his intent to withdraw the US.	The incoming administration makes it increasingly challenging for the United States to meet its climate commitments to reduce emissions by 61 to 66 percent below 2005 levels by 2035, despite rapid growth spurred by the Biden administration's climate legislation (e.g., Inflation Reduction Act). Though the US may not be a party to the Paris Agreement for the foreseeable future, it will still be part of the UNFCCC and participate in future COP summits, indicating that the country continues to be willing to engage in global climate-related negotiations and cooperation.

Middle East

Governing Body	Update	Uniqus' Impression
The Environment Agency - Abu Dhabi (EAD)	The Environment Agency – Abu Dhabi (EAD) issued a resolution to assess and manage risks resulting from soil pollution in the Emirate of Abu Dhabi. The ruling aims to regulate the procedures for evaluating and managing risks related to soil pollution and explains the mechanism for taking corrective measures to ensure sound environmental management practices. The resolution aims to mitigate pollution and preserve air, water, soil, and natural resources quality and safety to protect humans and the environment. The provisions of the resolution apply to terrestrial protected areas and unused/undeveloped sites in the Emirate, in addition to polluted or exposed sites and soils that fall within the geographical scope of the environmental license issued by EAD for a facility or project. The resolution specifies the procedures for risk assessment resulting from soil pollution in the targeted sites in accordance with any environmental impact assessments and environmental studies required by the agency from facilities and projects whose activities require an environmental license issued by the EAD. The resolution also specifies the rehabilitation procedures for polluted sites and soils in terms of preparing and implementing mitigation plans and/or environmental action plans based on the results of the initial or detailed assessments.	The Environment Agency – Abu Dhabi (EAD) previously issued guidance regarding the assessment and remediation of contaminated soil in the Emirate. This provided guideline values for screening the soil to assess whether contamination at the site poses a potential risk to human health or agriculture, as well as clean-up levels that can guide the need for remediation. The resolution on the assessment and management of risks resulting from soil pollution helps to address any potential adverse environmental impacts caused by development, industrial, tourism, and other activities on the soil of relevant areas while preserving the environment and its various elements. The Environment Agency – Abu Dhabi will implement the resolution's requirements in the Emirate in coordination and cooperation with strategic partners, based on systematic and organized procedures that will contribute to achieving its desired goals.

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In recent weeks, significant developments have unfolded regarding the European Union's Corporate Sustainability Reporting Directive (CSRD), a key regulatory framework to enhance corporate transparency in sustainability. These updates have far-reaching implications for EU-based organizations and international companies with regional operations in the EU.

EFRAG's Draft Guidance:

The European Financial Reporting Advisory Group (EFRAG) has unveiled a draft of its Transition Plan Implementation Guidance, offering a comprehensive framework to integrate climate transition plans into an organization's core strategy. This guidance underscores the critical need for businesses to provide regular updates on implementing these plans, ensuring transparency and accountability. In addition to addressing climate objectives, the draft highlights the importance of incorporating social and biodiversity considerations into transition plans, recognizing their interconnectedness with sustainable development goals. EFRAG plans to open a public consultation on the draft in early 2025, inviting stakeholders to provide feedback. The final version is expected to be published by March 2025, setting the stage for enhanced corporate climate action.

Member State Transpositions:

The deadline for European Union (EU) member states to transpose the CSRD into national law was 06 July 2024. As of mid-January 2025, the pace of implementation varies significantly across Europe, reflecting differing legislative priorities and approaches. Several countries have made notable progress. For instance, Belgium, Poland, and Slovenia have approved the necessary legislation, with Poland finalizing its law on 06 December 2024 while adjusting financial thresholds to the Polish zloty (PLN). Sweden's implementing legislation took effect on 01 July 2024, requiring initial reports for financial years starting after 30 June 2024. Meanwhile, Greece and Spain have introduced draft laws currently under review. However, other nations are lagging. Austria, Malta, Portugal, and Iceland have yet to begin formal consultations, highlighting the uneven pace of adoption across the region. As the 2025 reporting deadlines approach, European businesses must stay informed on national-level legislation to ensure compliance.

Germany's Implementation Status:

As of late December 2024, Germany has faced delays in transposing the Corporate Sustainability Reporting Directive (CSRD) into national law. This delay poses significant challenges for businesses required to prepare sustainability reports for the 2024 financial year, leaving companies uncertain. Despite the absence of finalized national legislation, German enterprises are strongly encouraged to align with EU-level requirements and the European Sustainability Reporting Standards (ESRS) outlined in the directive. Adhering to these standards proactively will help ensure compliance and minimize risks when the national framework is eventually formalized. In response, auditors and advisory firms emphasize the importance of early preparation.

About Uniqus Consultech:

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

With operations in the US, India, and the Middle East, 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.