ESG Corner

Our Monthly Newsletter

June 2024

Foreword

Greetings and welcome to the latest release of Uniqus' ESG newsletter! We are thrilled to have you on board as we explore the ever-changing realm of Environmental, Social, and Governance practices. Our primary aim is to update you with regulatory shifts, industry news, best practices, and the pivotal themes influencing sustainable business. We are excited to have you join us in navigating the ESG landscape, offering valuable insights and practical knowledge. Enjoy your read!

Anu Chaudhary
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In the News

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

US

01 ISSB Standards To Be Used as Disclosure 'Passport'

With many evolving voluntary and mandatory reporting requirements around ESG, it can take time for companies to keep abreast of their disclosure expectations. The International Sustainability Standards Board (ISSB) chair, Emmanuel Faber, expects US companies to use its standards as a 'passport'. The goal is to enhance interoperability with other reporting requirements, such as California's climate bills and the recently released climate rules from the US Securities and Exchange Commission (SEC). As many companies already report in line with the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD), they may be mostly prepared to disclose in accordance with the ISSB standards. SEC commissioner, Caroline Crenshaw, reported that many requests were made – from both corporates and investors – to satisfy the requirements of the SEC's climate disclosure rules with existing standards, such as the ISSB climate standards (IFRS S2), due to their similarities. Although no substitution has been decided or agreed upon, potential interoperability with another standard would lessen the burden for corporates (e.g., multinational businesses) having to comply with various regulatory standards and requirements.

02 Challenge to SEC's ESG Proxy Vote Rule Dismissed

A U.S. federal court dismissed a challenge by Republican-led states against the Securities and Exchange Commission's (SEC) rule regarding proxy voting on ESG issues. The SEC's rule aims to enhance transparency in proxy voting by asset managers and safeguard investors' interests by requiring investment funds to categorize and disclose their proxy votes on ESG topics. Four of the required fourteen categories funds must disclose voting information pertain to ESG topics, including climate change, human rights, and diversity. This decision is viewed as a victory for supporters of ESG investing, affirming the SEC's authority to regulate proxy voting. The ruling also reinforces the current trend towards increased disclosures and consideration of ESG factors in investment decisions, and the need for companies to address these concerns in a transparent manner to meet the expectations of investors and regulators. Companies are increasingly recognizing the materiality of ESG factors and the importance of integrating them into their decision-making processes to enhance long-term value creation and stakeholder trust. The court's decision serves as a reminder of the evolving regulatory environment around ESG issues and the need for companies to proactively address these considerations in their operations and reporting.

S&P 500 Companies Linking Compensation to Climate Goals

A study recently conducted by S&P Global, using the S&P Global Sustainable1 Net-Zero Commitments Tracker dataset and S&P Global Corporate Sustainability Assessment (CSA) data, found that more than a third of companies in the S&P500 Index (comprising the 500 largest US companies by market capitalization) have executive or board compensation and monetary incentives associated with a company's emissions reduction. The practice of incentivizing emissions reductions by linking reduction achievements to executive compensation is increasing, with 15% of S&P 500 CEOs having monetary incentives tied to emissions goals, up from just 9% in 2021. However, the data also shows that less than half of large, listed US companies have set net-zero targets. The utilities sector shows the highest commitment at 81%, other carbon-intensive sectors like materials, industrials, and energy lag. Companies generally set out to reduce Scope 1 and 2 (e.g., direct and purchased) emissions by approximately 51%, while Scope 3 (value chain) emissions targets were significantly lower at around 11%. Aligning executive incentives with carbon reduction results can help companies further their climate plans by establishing a strong tone at the top and linking climate goals to corporate strategic planning.

Uniqus' POV

As the sustainability reporting landscape evolves, stakeholders must take a collaborative approach to streamline disclosure processes, making it easier for companies to comply and deliver transparency. Regardless of their ESG maturities, companies should start with a comprehensive assessment to determine applicable reporting frameworks and disclosures required or desired by various stakeholders. This often reveals overlaps in requirements, allowing companies to identify existing data and potential information gaps. With sustainability becoming a top priority amidst expanding regulatory developments, not only should companies enhance communication and transparency with investors, but investment funds will also do so through the proxy voting process. As regulatory pressures and investor demands for climate transparency increase, companies should explore adoption of net-zero targets to align with global climate goals. Proactively enhancing sustainability strategies not only helps meet regulatory demands but also provides potential long-term financial benefits that make companies relatively more attractive to investors. Investors alike also face their own pressures related to sustainability, which are passed down the investment value chain to corporates. Integrated and forward-looking business strategies enable companies to link sustainability priorities with investor focus areas.

India

01

SEBI's Master Circular on ESG Rating Providers' Requirements

The SEBI Master Circular for ESG Rating Providers (ERPs) outlines procedural and disclosure requirements applicable to ERPs. It serves as a comprehensive reference point, consolidating all relevant directions related to ESG ratings. ERPs that adhere to these guidelines can help ensure transparency and accuracy in their ESG assessments. The Circular covers data collection, methodology, rating disclosure, and conflict of interest management. By following these norms, ERPs contribute to informed investment decisions and promote sustainable practices in the corporate sector.

Uniqus' POV

The latest SEBI Master Circular for ESG Rating Providers ensures transparency and accuracy in ESG assessments. By adhering to its guidelines on data collection, methodology, disclosure, and conflict of interest management, ERPs can enhance informed investment decisions and promote sustainable corporate practices.

02

SEBI Seeks Public Opinion on Value Chain Disclosures and Green Credits

SEBI proposes including disclosures on the Green Credit Program, generated through sustainable activities, in the Business Responsibility and Sustainability Reporting (BRSR) framework. This aims to incentivize environmentally responsible practices among listed companies and their value chain partners. The proposal also redefines value chain partners and allows for flexibility in ESG data assurance.

Uniqus' POV

SEBI's proposal to include Green Credit Program disclosures in the BRSR framework is a significant step towards encouraging sustainable practices among listed companies and their value chain partners. By redefining value chain partners and allowing flexibility in ESG data assurance, this initiative aims to enhance transparency and accountability. Expected measures incentivize environmentally responsible actions, drive a more sustainable corporate ecosystem, and foster long-term value creation.

03

India Auctions INR 20,000 Crore (USD 2.4B) Sovereign Green Bonds in FY24

In the fiscal year 2023-24, India achieved a notable advancement in green financing by successfully auctioning sovereign green bonds amounting to INR 20,000 crore (USD 2.4 billion). This milestone underscores India's steadfast commitment to sustainable development and proactive climate action. The issuance of these bonds signifies a strategic effort to mobilize substantial funds for environmentally beneficial projects, demonstrating India's leadership in leveraging financial markets to support green initiatives and address global climate challenges.

Uniqus' POV

India's successful auction of INR 20,000 crore (USD 2.4 billion) in sovereign green bonds for 2023-24 marks a significant stride in green financing. This milestone reflects India's dedication to sustainable development and climate action. By leveraging financial markets to fund eco-friendly projects, India sets a precedent in global climate leadership and green investment strategies.

Middle East

01 UAE and Oman unite for Renewable Energy and Sustainable Tech projects.

Driven by dwindling oil reserves and sustainability goals, Middle Eastern countries are investing heavily in renewable energy. This partnership aims to enhance cooperation in the energy sector and drive the development of sustainable technologies in the region. The UAE aims for a 44% renewable energy mix by 2030 and is currently home to three of the world's largest solar plants and is the first country in the Middle East to operate a nuclear power facility. With its expertise, Oman is also transitioning to green hydrogen production, targeting 1 million tonnes annually by 2030. Both countries signed a USD 35 billion deal to develop renewable energy, green metals, and digital infrastructure, aiming to enhance economic collaboration through these strategic investments.

Uniqus' POV

This USD 35 billion deal emphasizes collaboration between governments and private enterprises. Joint ventures can accelerate project implementation, share risks, and create mutually beneficial outcomes. As both nations invest heavily in renewable energy projects, private companies specializing in solar, wind, and hydrogen technologies will find expanded markets.

02 UAE Introduces 10-Year Blue Residency Visa for Environmental Champions

The UAE Prime Minister and Ruler of Dubai launched a 10-year Blue Visa residency program for environmental leaders. This visa aims to attract talent dedicated to sustainability efforts in areas like marine life, clean air, and renewable energy. It aligns with the UAE's year of sustainability and offers benefits like long-term residency and access to resources. Applications are submitted through the Federal Authority for Identity, Citizenship, Customs, and Port Security (ICP). The Cabinet has also adopted the National Youth Agenda until 2031, which is intended to empower the youth, help them further develop scientific skills, and increase their social contributions becoming a positive representation of the nation.

Uniqus' POV

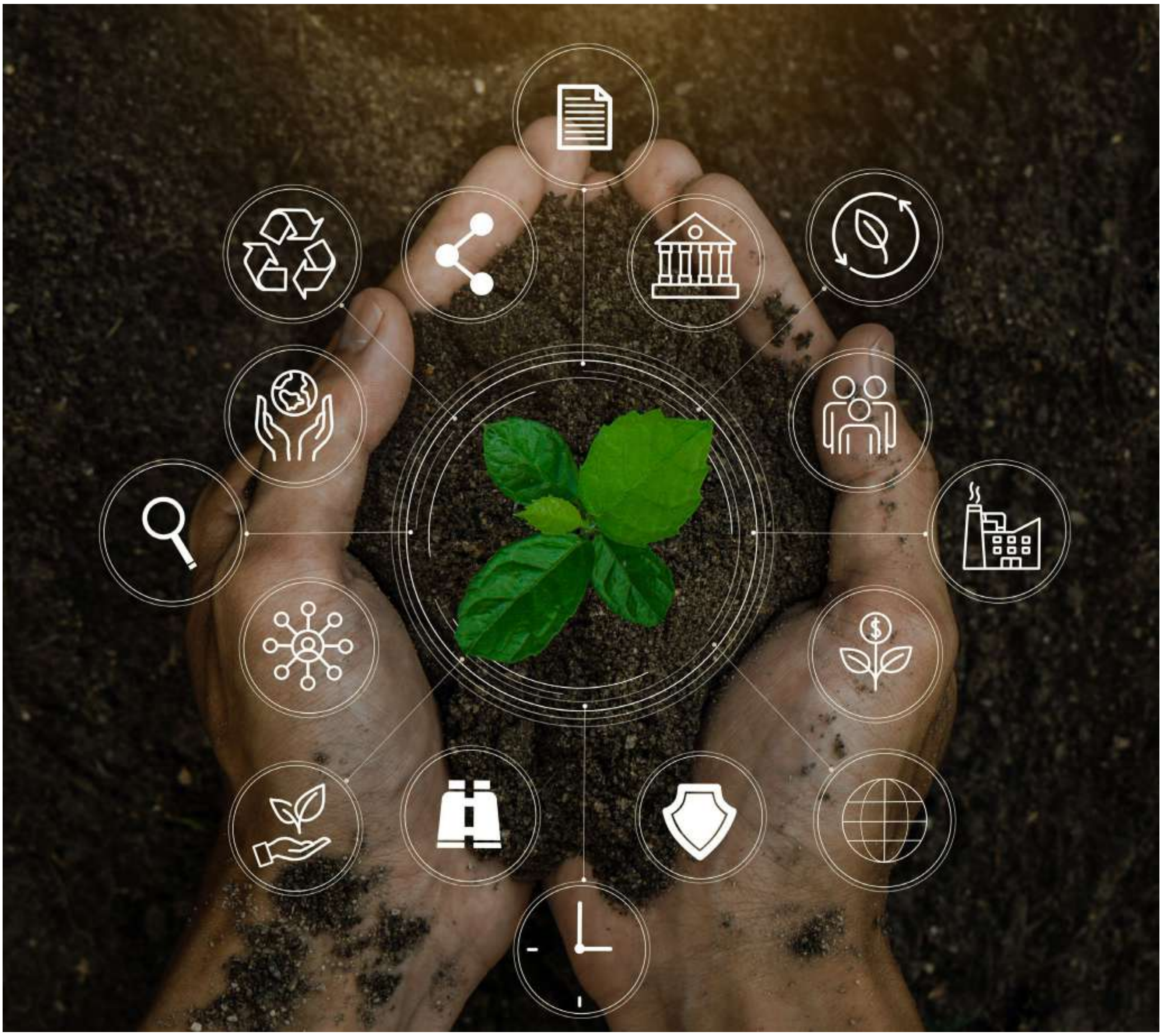
This initiative signifies a bold step toward promoting sustainability. Those granted the visa, will contribute their expertise to critical sustainability efforts of the country. They can actively participate in shaping the UAE's environmental policies, while their insights and experience will influence decisions related to marine conservation, air quality, and renewable energy. The UAE's commitment to environmental leadership will enhance its global reputation. Hosting experts who champion sustainability reinforces the nation's position as a forward-thinking hub for ecological progress.

03 Egypt in talks to secure USD 1.2B from IMF's Resilience and Sustainability Facility

Egypt is set to receive USD 1.2 billion in green financing from the IMF's Resilience and Sustainability Facility following discussions between Egyptian Minister of Environment Yasmine Fouad and the IMF mission. The funds aim to bolster Egypt's environmental and climate policies, supporting initiatives integrating ecological concerns with economic development. The collaboration will focus on implementing Egypt's National Climate Strategy 2050 and exploring effective financing mechanisms, highlighting Egypt's commitment to sustainable practices and its ranking in the Climate Change Performance Index.

Uniqus' POV

This funding represents a pivotal moment for Egypt's climate policies and underscores the nation's dedication to balancing economic growth with environmental stewardship. The private sector in Egypt can expect new investment opportunities in green and sustainable projects. This facility provides an opportunity for increased funding for initiatives related to renewable energy, eco-friendly infrastructure, and climate resilience. Companies specializing in these areas can participate in projects that align with Egypt's National Climate Strategy 2050.



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.

Interoperability Guidelines for Companies Complying with ISSB and ESRS Sustainability Reporting Standards

To streamline reporting and ease implementation challenges, the International Financial Reporting Standards Foundation (IFRS) and European Financial Reporting Advisory Group (EFRAG) released ESRS-ISSB interoperability guidance to align the IFRS' International Sustainability Standards Board (ISSB) standards (i.e., IFRS S1 and S2) and EFRAG's European Sustainability Reporting Standards (ESRS). The content of this guidance is educational and does not supplant the requirements of either reporting standard. Nevertheless, the guidance will help companies efficiently comply with the climate and sustainability-related reporting requirements from both standards, providing comprehensive information on how to begin the disclosure process and alignment on requirements (e.g., materiality). The guidelines will also alleviate efforts for global organizations that have significant operations in multiple jurisdictions, as there may be situations where an organization or its subsidiaries must comply with or voluntarily choose to report against both standards. As investors and other shareholders seek higher transparency and consistency with reporting expectations, EFRAG and the ISSB aim to alleviate the process for companies operating in the EU and elsewhere.

The ESRS, mandated by the EU's Corporate Sustainability Reporting Directive (CSRD), goes beyond just environmental factors. Specifically, the ESRS requires companies to address social aspects like employee treatment and diversity, in addition to environmental issues like emissions and resource use. Following the multi-stakeholder lens of "double materiality," companies must disclose how their sustainability efforts (or lack thereof) affect their business, financially and strategically, and how their business and related value chain operations impact the environment and other stakeholders. This transparency empowers investors and stakeholders to make informed decisions while holding companies accountable for their social and environmental footprints.

On the other hand, by establishing clear guidelines encompassing financially material ESG factors, the ISSB aims to establish investor-grade information transparency and comparability across industries and regions. The ISSB standards (i.e., IFRS S1 and S2) offer companies a structured approach to reporting on critical sustainability issues such as climate change mitigation, biodiversity preservation, human rights, and diversity and inclusion. As stakeholders increasingly prioritize sustainable practices, the ISSB's standards help foster accountability and drive meaningful change in corporate behavior. Through widespread adoption, these standards can potentially reshape the business landscape, encouraging responsible practices and steering the global economy toward a more sustainable future. Though largely voluntary, the ISSB standards are increasingly being mandated across various jurisdictions (e.g., Turkey, Brazil), with other markets adopting unique reporting frameworks based upon the ISSB's standards (e.g., Japan).

Uniqus' POV

The interoperability guidance provides clarity around the alignment of disclosure requirements and provides information that an organization starting with either set of standards must understand to enable compliance with either the ESRS or ISSB standards. For example, regardless of whether an organization begins with ESRS or ISSB standards, it can comply with the climate requirements of both standards by following the content of this guidance. For example, CSRD-compliant companies with economic nexus to the EU that also fall under the jurisdiction of ISSB disclosure requirements (e.g., in Brazil) should consider following any non-ESRS requirements, as highlighted by the interoperability guidance.

Companies can greatly benefit from efficiencies in their reporting practices by identifying common disclosures, definitions, and requirements between both sets of standards, while paying close attention to their unique differences to ensure compliance for each, such as:

Disclosures for Sustainability Topics Other Than Climate:

The ESRS and ISSB standards (i.e., IFRS S1 and S2) both require disclosure of information related to material sustainability-related topics. While the ESRS and ISSB standards both have specific general guidance on sustainability-related disclosures (i.e., ESRS 1 & 2 and IFRS S1, respectively), the ESRS maintains ten chapters on specific environmental, social, and governance topics – such as climate change, pollution, corporate conduct, in-house labor force, and supply chain workers (i.e., ESRS E1, E2, G1, S1, & S2, respectively). In contrast, the ISSB standards only provides specific guidance on the topic of climate change (i.e., IFRS S2), and prescribes sources that an organization can use to identify material topics in the absence of an ISSB standard – such as the SASB Standards and ESRS, provided that the objectives of IFRS S1 are still met. In our view, organizations that have significant presence in geographies that apply ESRS and ISSB standards should encourage adoption of the ESRS standards on non-climate related topics to minimize time and resources and enable dual compliance with ESRS as well as ISSB standards.

Climate-Related Disclosure Requirements:

The requirements laid out around climate-related information under both sets of standards are largely aligned as per the interoperability guidance, but there are slight differences in the language of disclosure guidance between both, and companies should ensure that it refers to all relevant standards when ensuring disclosure compliance. Both sets of standards may address a disclosure topic, but mandate slightly different reporting requirements around the following topics: transition plan assumptions, scenario analysis, GHG emissions disaggregation, GHG emissions reduction targets, GHG emissions organizational boundary, industry-based metrics, climate-related physical and transition risks, climate-related opportunities, capital deployment, quantification of financial effects related to climate change, and carbon credits. Additionally, IFRS S2 requires additional climate-related disclosures on financed emissions for which there are no corresponding disclosure requirements in ESRS E1. Meanwhile, the ESRS requires 'incremental' disclosures (i.e., disclosures with a common objective but requiring a specific incremental datapoint under ESRS, usually regarding impacts as a separate reporting objective or an organization's mitigation performance) and 'additional' disclosures (i.e., additional disclosures under ESRS that are not covered in ISSB standards). These include disclosures pertaining to governance and strategy pillars primarily included in ESRS 2 & E1.

Presentation:

IFRS S1 does not prescribe a specific location for the presentation of disclosures, suggesting formats including general purpose financial reports or management reports. ESRS requires information to be presented in a sustainability statement, clearly denoted as a dedicated section of the management report. While the ESRS disclosure requirements should align with the requirements of the ISSB standards, companies reporting under both should ensure that information which is solely meant to be disclosed under the ISSB standards is delineated from that disclosed under the ESRS, and vice versa (e.g., topics deemed to be material under the ESRS but not ISSB standards).

Materiality:

The definition of financial materiality under the ISSB standards aligns well with the definition of financial materiality under the ESRS, but not the definition of impact materiality under the ESRS. In other words, companies must bear in mind that the ESRS also necessitates a materiality assessment to determine the scope of decision-useful information for not only investors, but also other stakeholder – a concept known as 'double materiality'. As previously stated, ESRS identifies ten chapters from which material sustainability-related topics can be identified, whereas IFRS S1 refers to other sources from which to draw materiality determinations (e.g., SASB Standards, ESRS).

Reliefs:

Both the ISSB standards and ESRS provide relief clauses for climate-related information, often covering similar subjects (e.g. Scope 3 greenhouse gas emissions, undue cost and effort, quantification of financial effects of climate-related factors), but specific reliefs may differ between both sets of standards, and they must be carefully considered when applied.

Businesses can prepare to apply the guidance in conjunction with their relevant standards, which covers only the mandatory requirements under both sets of standards to establish a baseline of interoperability. Technology tools (such as **ESG UniVerse**) can also be leveraged to automate mapping of disclosure requirements to assist disclosure processes, as outlined by the interoperability guidance. As a first step, companies should undertake a gap analysis and map out areas of differences which interoperability guidance does and does not address and then devise processes to obtain data and report ensuring compliance under both the standards.

Regulatory Watch

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

Global

Governing Body	Update	Uniqus' Impression
Taskforce on Nature-related Financial Disclosures (TNFD)	In April 2024, the ISSB announced that it would commence incorporating the TNFD's recommendations into its standards to consider nature-related reporting requirements. The two bodies will work closely together to promote interoperability.	As the landscape of sustainability-related reporting matures, and stakeholders are increasingly recognizing biodiversity as an important consideration, standards setters are increasingly working with the TNFD to improve the interconnectivity and proportionality of disclosure requirements around this specific topic. The ISSB's announcements follow similar initiatives from other standards setters, such as the Global Reporting Initiative (GRI) and EFRAG, to incorporate nature-related topics in sustainability reporting standards and minimize duplication and fragmentation.
Science Based Targets Initiative (SBTi)	On May 15, the SBTi launched a consultation on its Chemicals Sector Project to develop industry-specific guidelines for setting Greenhouse Gas (GHG) Emissions targets aligned with the 1.5-degree threshold of the Paris Agreement. The consultation includes feedback from an Expert Advisory Group and is open until July 15.	The launch of the SBTi Chemicals Sector Project is a key move in standardizing GHG emissions targets across the chemicals industry. It harnesses expert opinions and public feedback, aiming to be thorough and effective. This effort strengthens the industry's alignment with the Paris Agreement and serves as a model for other sectors in setting clear climate goals.

Governing Body	Update	Uniqus' Impression
Science Based Targets Initiative (SBTi)	On May 9, the SBTi unveiled the Terms of Reference for Corporate Net-Zero Standard Version 2.0, highlighting revisions and focusing on Scope 3 targets. SBTi also reviewed Environmental Attribute Certificates (EACs) in their routine evaluation process.	Launching SBTi's Corporate Net-Zero Standard Version 2.0 is essential in improving corporate climate action strategies. It focuses on better handling Scope 3 emissions and evaluating Environmental Attribute Certificates, reflecting SBTi's dedication to making their standards more stringent and applicable. This move aims to help companies set more precise and impactful net-zero goals, promoting increased responsibility and advancement in worldwide climate efforts.
International Financial Reporting Standards (IFRS) Foundation and the Global Reporting Initiative (GRI)	On May 24, the GRI and the IFRS Foundation announced their collaboration on joint projects to ensure interoperability between their global sustainable reporting standards. The projects will start with the GRI 101 Biodiversity Standard and the ISSB's upcoming project on "Biodiversity, Ecosystems, and Ecosystem Services."	The collaboration between GRI and the IFRS Foundation is a significant step towards harmonizing global sustainability reporting standards. This partnership will likely drive more comprehensive and consistent sustainability reporting, benefiting stakeholders and contributing to global environmental objectives.

US

Governing Body	Update	Uniqus' Impression
California Legislature	In October 2023, California enacted several climate-related disclosure laws, with **SB 253 and SB 261** gaining the most attention. However, AB 1305, the Voluntary Carbon Market Disclosures Regulation Act (VCMDA), is a critical but less-discussed law. It mandates that all public and private companies that market, sell, or purchase carbon offsets in California or make corporate-level climate claims must disclose detailed information. This applies to both the "supply side" and the "demand side" of carbon offsets.	Unlike SB 253 and SB 261, AB 1305 has no revenue threshold for disclosures, making it broadly applicable and comprehensive. This legislation could significantly enhance the credibility of corporate climate claims and combat greenwashing by ensuring transparency and accountability in the voluntary carbon market. Despite receiving less attention, the strict penalties for noncompliance underscore its importance. AB 1305 represents a step towards greater sustainability integrity and could serve as a model for other states and countries aiming to tighten climate-related regulations.
US Department of the Treasury and Other Governmental Agencies	On May 28, the US Department of the Treasury, Energy, and Agriculture, along with senior advisors to President Biden, released a Joint Statement of Policy and new Principles for Responsible Participation in Voluntary Carbon Markets (VCMs), emphasizing measurable emissions reductions and promoting high-integrity VCMs. The Department of Agriculture also announced a Request for Information regarding VCM protocols.	The US Government's new Principles for Voluntary Carbon Markets (VCMs) aim to enhance the integrity and effectiveness of carbon offset mechanisms, prioritizing measurable emissions reductions and encouraging investment in high-integrity VCMs. The Department of Agriculture's proactive stance in seeking information on VCM protocols underscores a rigorous approach to ensuring that VCMs contribute meaningfully to the global climate agenda.

India

Governing Body	Update	Uniqus' Impression
Securities and Exchange Board of India (SEBI)	SEBI proposes to ease ESG disclosures for listed companies by making value chain partner disclosures voluntary in the first year if they constitute 2% or more of transactions. Assurance of ESG data is proposed to be changed to assessment, reducing audit challenges.	These proposed revisions from SEBI reflect a pragmatic approach to balancing regulatory rigor with operational feasibility. They will likely ease companies' compliance burdens while effectively promoting initial ESG transparency efforts. SEBI has still provided alternatives on a few matters, which it must finally resolve.

EU

Governing Body	Update	Uniqus' Impression
European Parliament	Voted to adopt the Corporate Sustainability Due Diligence Directive (CS3D) to address forced labor worldwide and ensure large companies operating within the EU promote social rights, environmental sustainability, and good working conditions across operations. Must be transposed into national laws by member states within two years.	Offers a level playing field to corporates based on a standard set of rules, which could be further strengthened by bringing even smaller organizations into the nexus of this Directive. Learn more in our Thought Leadership publication - EU Corporate Sustainability Due Diligence Directive (CS3D)
EU Commission	The European Union Deforestation Regulation (EUDR) will come into effect December 30, 2024. Companies importing products that may be linked to deforestation (e.g. coffee, cocoa, wood) will be required to conduct due diligence and gather extensive data including product traceability.	With non-compliance resulting in significant fines, companies will have no choice but to pay closer attention to their entire value chain.

Governing Body	Update	Uniqus' Impression
EU Commission	The Net-Zero Act has been adopted to establish a framework to strengthen the technology manufacturing ecosystem. The regulation is intended to strengthen the distribution of the technology needed to achieve climate goals, specifically Net-Zero. The European Parliament voted on the act April 25, 2024.	The regulation highlights the EU's advancement and commitment to meeting climate goals and being a leader in the industry.
The European Securities and Markets Authority	The European Securities and Markets Authority (ESMA) has recently finalized guidelines intended on putting an end to greenwashing in the investment sector. The guidelines will protect investors and eliminate any unclear or misleading information about the sustainability of a fund. The guidelines state that if a fund has any ESG or sustainability related words in its name at least 80% of investments in ESG or sustainability will have to meet specific ESG criteria.	As companies are using the term sustainability more frequently, they will now have to pay extra close attention to its validity. This stringent monitoring is a positive step forward in ensuring that companies are delivering sustainable results and solutions.
International Financial Reporting Standards (IFRS) Foundation and European Financial Reporting Advisory Group (EFRAG)	The IFRS Foundation and EFRAG released guidance on harmonizing their reporting standards. The ISSB Standards aim to set the global benchmark for disclosing sustainability-related financial information, while the ESRS will oversee sustainability-related disclosures within the European Union.	This guidance provides alignment between the two sets of disclosure standards and offers instructions for businesses on compliance. ISSB Chair Emmanuel Faber highlighted the collaboration with EFRAG, emphasizing its benefits for companies operating globally and within the EU.

UK

Governing Body	Update	Uniqus' Impression
UK Government	The UK Government released the 2024 update for the UK's Sustainability Disclosure Requirements (SDR) framework on May 16. This update outlines proposal timelines, integration across the financial services sector and the broader economy, and critical announcements regarding UK-endorsed ISSB standards and disclosure requirements for UK companies. Additionally, the FCA will consult on enhancing the Transition Plan Taskforce.	The UK Government's 2024 update on the SDR framework reaffirms its commitment to enhancing sustainability disclosure and aligning with global standards. The plan includes introducing UK-endorsed ISSB standards by Q1 2025 and creating comprehensive disclosure requirements. Additionally, there is a consultation on strengthening the Transition Plan Taskforce, demonstrating the UK's proactive approach to promoting transparency and driving progress in sustainability.

ESG Best Practices Around the Globe

Uniqus has observed and summarized leading ESG practices worldwide, aiming to inspire governments, businesses, and individuals alike. We highlight exemplary initiatives and strategies that set environmental stewardship, social responsibility, and governance excellence standards. Learn how these best practices achieve sustainable outcomes and drive meaningful change across various sectors and communities.

Microsoft has signed the 'world's largest' carbon removal deal

Microsoft has signed a groundbreaking carbon removal contract with Stockholm Exergi to deliver 3.33 million tonnes of permanent carbon removals. This will be done by installing a carbon capture unit on existing biomass plants. These biomass power plants burn natural materials such as wood pellets and forestry scraps. Carbon dioxide, which is released when the wood is burned, is absorbed by replanted trees, creating a closed carbon loop. The addition of the carbon capture unit intends to capture the carbon emissions before they enter the atmosphere. The project is expected to start construction in 2025 and deliver carbon removal certificates by 2028. The project is expected to capture up to 800,000 tonnes of CO_2 annually.

Microsoft aims to be carbon negative by 2030 and remove all CO_2 it has ever emitted by 2050.

Beyond this carbon removal contract, Microsoft continues to push forward on sustainability goals through initiatives such as a recent partnership with Qcells for solar energy and the launch of a new AI solution to help companies translate sustainability goals into concrete actions.

ESG Encyclopedia

Dive into the essentials of ESG with our monthly spotlight on key topics, themes, and concepts shaping the landscape of sustainable business practices. In each issue of our newsletter, we select a new focal area to give you an in-depth understanding of its significance and application.

Carbon Credits

Carbon credits permit the release of a specific quantity of carbon dioxide or other greenhouse gases (GHGs). Each credit corresponds to the emission of one metric ton of carbon dioxide or its equivalent in other greenhouse gases. These credits are often referred to as carbon offsets.

Carbon credits are a vital component of cap-and-trade programs. In these programs, polluting companies receive credits that allow them to emit up to a specific limit, which is regularly reduced over time. If a company has excess credits, it can sell them to other companies in need, creating a financial incentive for companies to reduce their greenhouse gas emissions.

Supporters of the carbon credit system argue that it leads to measurable and verifiable reductions in emissions from certified climate action projects. They believe it is an essential tool for governments and private enterprises to address the climate crisis. As a result, various carbon compliance markets are operational worldwide.

Sources

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2. *IFRS, EFRAG Publish Guide for Companies Complying with Both ISSB and CSRD Sustainability Reporting Standards*
3. *ESG round up: IFRS, EFARG issue interoperability guidance for sustainability standards*
4. *ESRS–ISSB Standards*
5. *Court rejects Republican states' challenge to SEC's ESG proxy vote rule*
6. *More than a Third of S&P 500 Companies Now Have Compensation Tied to Climate Goals: S&P Global*
7. *Net-zero commitments are still the exception for top US companies, not the rule*
8. *IFRS Foundation and EFRAG publish interoperability guidance*
9. *Microsoft signs 'world's largest' carbon removal deal*
10. *Final Report Guidelines on funds' names using ESG or sustainability-related term*
11. *Tim Mohin – EU Trade Rules: Shaping Global Sustainability*
12. *Master Circular For ESG Rating Providers*
13. *Consultation Paper on the Recommendations of the Expert Committee for Facilitating Ease of Doing Business with respect to Business Responsibility and Sustainability Report (BRSR)*
14. *Green financing: India auctioned ₹20,000 crore worth sovereign green bonds in FY24*
15. *Egypt in talks to secure $1.2B from IMF's Resilience and Sustainability Facility*
16. *UAE and Oman unite for Renewable Energy and Sustainable Tech projects*
17. *UAE Launches 10-year Blue Residency Visa for Environment Champions*

About Uniqus

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.