

ESG CORNER

OUR MONTHLY NEWSLETTER

In this Month's Edition

ESMA consults on rules for ESG Rating Providers.

California's climate disclosure laws, SB 253 and SB 261, are prompting important questions for companies navigating upcoming requirements.

International Auditing and Assurance Standards Board (IAASB) and the International Accreditation Forum (IAF).



FOREWORD

This month, we delve into the rapidly changing realm of sustainability, offering relevant insights into regulatory updates and their practical impact on businesses globally. Our In-Depth Analysis this month centers on California's Climate Accountability Laws, which are in the process of being implemented and are becoming a significant example for state-level climate regulation in the U.S. We outline key questions, anticipated compliance points to be clarified by the California Air Resources Board (CARB), and we provide some recommendations for how companies operating in multiple jurisdictions can gear up for stricter climate-related disclosure and governance standards.

Additionally, we offer updates on global decarbonization efforts, including new policy initiatives, market shifts, and the increasing role of public-private partnerships in speeding up the energy transition. As sustainability-related expectations continue to evolve in a volatile macroeconomic environment, we emphasize how organizations can remain resilient and proactive by aligning their operational strategies with emerging regulatory and stakeholder demands.

As always, our goal is to equip you with actionable insights that help you navigate the complexities of ESG with clarity and confidence.

Enjoy the read!



Anu Chaudhary
Partner, Global Head of ESG Consulting

IN THE NEWS

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

GLOBAL

ESMA CONSULTS ON RULES FOR ESG RATING PROVIDERS

The European Securities and Markets Authority (ESMA) released a consultation paper on May 2, 2025, inviting stakeholders to comment on proposed technical standards under the new ESG Rating Regulation (EU Regulation 2024/3005). This initiative aims to bolster the transparency, reliability, and governance of ESG rating activities across the EU. Some of the proposals include:

- **Authorization and Recognition:** ESG rating providers operating within the EU must obtain authorization from ESMA. Non-EU providers can seek recognition, ensuring they meet equivalent standards.
- **Separation of Activities:** To prevent conflicts of interest, ESG rating providers are prohibited from offering consulting services, credit ratings, or developing benchmarks.
- **Transparency Requirements:** Providers must disclose their methodologies, models, and key rating assumptions. Separate ratings for Environmental (E), Social (S), and Governance (G) factors are encouraged to enhance clarity.
- **Disclosure Obligations:** Detailed information about rating methodologies, data sources, and potential conflicts of interest must be made publicly available, to ensure users can assess the credibility of ESG ratings.

ESMA invites comments on the consultation paper until June 20, 2025. Stakeholders, including ESG rating providers, financial market participants, and rated entities, are encouraged to provide feedback. The finalized technical standards will play a crucial role in shaping the ESG rating landscape, promoting sustainable finance, and protecting investors from greenwashing.

EUROPEAN BANKING AUTHORITY (EBA) LAUNCHES ESG DASHBOARD TO TRACK CLIMATE RISK IN BANKING SECTOR

On April 25, 2025, the European Banking Authority (EBA) unveiled a new Environmental, Social, and Governance (ESG) dashboard aimed at enhancing the assessment and monitoring of climate-related risks within the EU/EEA banking sector. This initiative provides centralized access to comparable climate risk indicators, facilitating a broader ESG risk monitoring framework. Key features of the dashboard include:

- **Comprehensive Risk Assessment:** The dashboard evaluates both transition risks associated with the shift to a low-carbon economy and physical risks stemming from climate change impacts.
- **Green Financing Spectrum:** It presents data on green financing activities, aligning with the EU Taxonomy and incorporating institutions' internal definitions of green finance.
- **Exposure Indicators:** The dashboard reveals that EU/EEA banks have substantial exposures, exceeding 70% in most countries, to corporates in sectors significantly contributing to climate change. This indicates a notable exposure to climate-related transition risks, especially if these companies face policy changes, technological shifts, or evolving consumer preferences.

The ESG dashboard is based on information disclosed by banks as part of their Pillar 3 ESG disclosures, promoting transparency and comparability across the sector. By providing benchmarks and centralized data, the EBA aims to support banks, regulators, and stakeholders in understanding and managing climate-related financial risks effectively.



IFC LAUNCHES COMPREHENSIVE UPDATE TO SUSTAINABILITY FRAMEWORK TO REFLECT EVOLVING ESG LANDSCAPE

In May 2025, the International Finance Corporation (IFC), part of the World Bank Group, focused on the private sector, announced the launch of a significant update to its Sustainability Framework. This marks the most extensive revision since the last major update in 2012, reflecting changes in ESG priorities alongside global challenges like climate change, biodiversity loss, and social inequity. The update aligns with the broader evolution of the World Bank Group to promote sustainable development in emerging markets and developing economies, ensuring that IFC continues to set the global standard for ESG risk management in the private sector.

According to the IFC Approach Paper, the update process will concentrate on eight main priorities. These include integrating lessons learned over the past decade, reaffirming IFC's ESG leadership, expanding differentiated approaches to align with its evolving financial products, clarifying the roles of IFC and its clients, improving interoperability with other standards, and aligning with global reporting frameworks such as IFRS S1 and S2. A key objective is to ensure the updated Sustainability Framework becomes more agile and responsive to emerging risks while adapting efficiently to global best practices and regulatory changes. The update will also entail a redesign of IFC's Access to Information Policy to enhance transparency commitments and meet stakeholder expectations.

The update process will adopt a phased, consultative approach throughout 2025–2026, engaging a diverse range of stakeholders, including private sector clients, financial institutions, development finance institutions, civil society, indigenous peoples, and investors. IFC emphasizes the relevance of the revised Sustainability Framework for its operations and over 150 global institutions that rely on the Performance Standards, including Equator Principles signatories. By enhancing its risk-based and adaptable ESG framework while addressing complex issues such as nature loss, just transitions, and supply chain due diligence, IFC aims to establish the updated Framework as a leading global reference for private sector sustainability practices.





Uniquus' POV

In the past month, there has been a significant acceleration in the global ESG regulatory and standard-setting landscape, highlighted by important developments from the European Union and the International Finance Corporation. The proposed technical standards from the ESMA for ESG rating providers aim to enhance transparency, governance, and integrity in the ESG ratings arena. This directly addresses the rising concerns about greenwashing and conflicts of interest. By requiring clearer methodologies, separation of services, and the disclosure of assumptions and data sources, ESMA is taking firm steps to protect investors and strengthen confidence in ESG-labeled financial products. These initiatives, along with the necessity for separate ESG factor ratings, may promote greater market discipline and allow for more informed capital allocations that reflect genuine sustainability outcomes.

In addition to this regulatory encouragement, the European Banking Authority (EBA) has introduced its ESG Dashboard, equipping the European Economic Area banking sector and its stakeholders with essential tools to monitor and evaluate climate-related financial risks. The dashboard highlights banks' systemic exposure to high-emitting sectors, increasing the urgency for institutions to hasten their transition strategies and address balance sheet vulnerabilities amid the net-zero transition. By incorporating data aligned with the EU Taxonomy and Pillar 3 disclosures, the EBA is reinforcing the foundation for comparability, risk management, and regulatory oversight, underscoring the importance of ESG transparency for sustaining financial stability and resilience throughout the European banking sector.

Globally, the updated Sustainability Framework from the IFC signifies a notable advancement in ESG standards for the private sector, especially in emerging markets. These suggested modifications seek to prepare the Performance Standards for future challenges, such as biodiversity loss, equitable transitions, and enhanced supply chain due diligence, while encouraging alignment with international benchmarks like IFRS and the evolving EU sustainable finance framework. Notably, the IFC emphasizes interoperability, stakeholder involvement, and framework adaptability, recognizing that ESG expectations are shifting rapidly rather than remaining constant. As frameworks for ESG disclosure and accountability increasingly align, businesses, investors, and regulators must regard these improvements as more than mere compliance requirements. They represent vital strategic instruments for resilience, capital access, and sustainable value creation.



US

NOAA TO STOP TRACKING COSTS OF CLIMATE-RELATED EXTREME WEATHER EVENTS

The National Oceanic and Atmospheric Administration (NOAA) will cease updates to its Billion-Dollar Weather and Climate Disasters database, with no updates beyond 2024. This database has recorded the costs of significant weather events since 1980. NOAA stated this change aligns with “evolving priorities, statutory mandates, and staffing changes.” NOAA emphasizes the need to pause to reevaluate its methodology and guarantee consistency in reporting. However, it has not specified any timeline for when or if tracking will restart. The agency’s database has been essential for measuring the escalating costs of climate-driven disasters, with 28 distinct events in 2023 exceeding the billion-dollar damage mark.

Climate scientists, policymakers, and insurers have expressed concern, noting that this comes at [a crucial time when understanding the financial impact of increasing climate-related disasters is essential](#). Critics argue that halting the database could undermine transparency and weaken the government’s ability to communicate the economic effects of climate change to the public and decision makers. This data is vital for risk management, policy development, and insurance modeling. Experts warn that the absence of timely, authoritative data could create gaps in understanding the real costs of disasters, hinder resilience planning, and complicate justifying investments in climate adaptation. However, NOAA maintains that the review aims to strengthen the program and improve its scientific robustness.

EPA KEEPS MAXIMUM LIMITS FOR FOREVER CHEMICALS AND ANNOUNCES FLEXIBILITY

In May 2025, the U.S. Environmental Protection Agency (EPA) announced its decision to keep the current National Primary Drinking Water Regulations in place for PFOA and PFOS, two widely recognized and harmful per- and polyfluoroalkyl substances (PFAS), commonly known as “forever chemicals.” These regulations establish enforceable drinking water limits of 4 parts per trillion for both substances across the country. The EPA stressed that upholding these limits is crucial for safeguarding public health, especially given the strong evidence linking these chemicals to cancer, liver damage, and harm to the immune system. To support communities, particularly smaller and rural water systems, the agency introduced the new “PFAS OUTreach Initiative” (PFAS OUT), aimed at enhancing technical assistance, offering flexibility in compliance timelines, and developing an exemption framework in instances where strict compliance may not be immediately feasible.

The EPA also stated its plan to re-evaluate the regulatory decisions regarding four more PFAS chemicals, including PFHxS, PFNA, HFPO-DA (known as GenX), and PFBS, by retracting the currently proposed limits as it reviews the scientific evidence. This decision has faced criticism from environmental organizations, claiming that relaxing the proposed standards for these chemicals could undermine public health protections and have a disproportionate effect on vulnerable communities. Conversely, industry representatives welcomed the review, contending that the earlier proposals lacked adequate scientific and economic support. The EPA’s strategy aims to address public health concerns while maintaining regulatory adaptability. Critics, however, argue that the EPA’s actions do not sufficiently address the rising concerns around PFAS pollution in the U.S. drinking water supply.

REPUBLICANS TARGET CLEAN ENERGY ROLLBACKS IN U.S. HOUSE BUDGET PROPOSAL

In May 2025, House Republicans introduced a budget proposal aimed at significantly reducing President Biden’s climate and clean energy initiatives, including essential tax incentives for renewable energy, electric vehicles, and energy-efficient technologies established under the Inflation Reduction Act (IRA). The proposal also aims to cut funding for EPA climate programs and clean energy research. Though the budget is unlikely to pass in the Democrat-controlled Senate, it represents the Republican party’s strong opposition to federal clean energy subsidies and an emphasis on fossil fuel industries.

However, an [analysis](#) by the New York Times revealed an interesting counterpoint against the Republican proposal: a substantial portion of the clean energy projects and investments supported by the IRA predominantly benefit districts controlled by Republicans. According to the analysis, more than two-thirds of private-sector investments announced for clean energy manufacturing, such as battery production facilities, solar panel plants, and EV supply chains, are situated in Republican-led states or congressional districts. Critics contend that repealing these tax credits and incentives could unintentionally threaten economic growth, job creation, and industrial progress in these Republican strongholds, where communities increasingly depend on the clean energy sector for future economic opportunities.



Uniquis' POV

Recent actions by NOAA and the EPA, along with the U.S. House Republican budget proposal, point to a troubling shift in the federal government's strategy regarding climate risk management, public health safety, and the promotion of clean energy. NOAA's halt on updates to its Billion-Dollar Weather and Climate Disasters database eliminates a vital resource for assessing the increasing costs of climate-related disasters when the U.S. faces rising climate threats. This information has traditionally guided resilience strategies, policy formulation, and insurance assessments. Delaying such a crucial tool without a specified timeline for its return may jeopardize the ability of decision-makers, businesses, and communities to prepare for, lessen, and adjust to the growing economic and human impacts of climate-related disasters.

Likewise, the EPA's choice to maintain strict limits on forever chemicals while postponing regulations on other PFAS substances raises concerns regarding the sufficiency of public health protections in light of mounting evidence of PFAS contamination in drinking water supplies. Although the launch of the PFAS OUTreach Initiative shows an effort to assist small and rural water systems, critics contend that withdrawing proposed standards for additional PFAS compounds could undermine gains in protecting at-risk populations. This two-pronged approach illustrates a wider federal trend of reconciling regulatory flexibility with the need for public health, a method that may ultimately fail to tackle the pressing and systemic challenges posed by chemical pollution within the U.S. water system.

These developments are compounded by the House Republican budget proposal aimed at dismantling clean energy incentives established during the Biden administration, which would dilute U.S. climate and sustainability leadership efforts. Ironically, as the New York Times noted, a significant portion of clean energy investments triggered by the Inflation Reduction Act occurs in Republican-held regions, bolstering local economies, manufacturing jobs, and future industrial growth. Reversing these initiatives not only jeopardizes national climate objectives but also threatens economic prospects in the areas the proposal seeks to represent. Together, these actions could erode the U.S.' competitive edge in clean energy, compromise climate resilience, and reduce public confidence in the federal government's commitment to protecting communities from climate and environmental hazards.

Businesses and governments must adhere to their sustainability commitments, considering increasing climate risks. This is essential not only for managing long-term risks and maintaining stakeholder trust but also for enhancing economic competitiveness, attracting investment, and fostering innovation during the low-carbon transition. An unwavering commitment to sustainability is still fundamental to creating resilient economies and societies.



INDIA

INDIA SETS BINDING EMISSION TARGETS FOR HIGH-POLLUTING INDUSTRIES

The Ministry of Environment, Forest and Climate Change has introduced, for the first time, binding greenhouse gas emission intensity (GEI) **reduction targets** for 282 industrial units across high-emission sectors such as aluminum, cement, pulp & paper, and chlor-alkali. These targets, applicable for financial years 2025–26 and 2026–27, are part of the compliance mechanism of the Carbon Credit Trading Scheme, 2023. Industries that fail to meet their targets must purchase carbon credit certificates or pay environmental compensation equivalent to twice the average market price of carbon credits during that compliance year. The Central Pollution Control Board (CPCB) will enforce penalties, while the Bureau of Energy Efficiency (BEE) will oversee target-setting and price determination. This initiative supports India's net-zero goal for 2070 and Nationally Determined Contributions (NDCs), while also preparing domestic industries for trade challenges such as the European Union's Carbon Border Adjustment Mechanism (CBAM), set to begin in 2026.

INDIA UNVEILS DRAFT CLIMATE FINANCE TAXONOMY TO BOOST GREEN CAPITAL FLOWS

India's Ministry of Finance has released a **draft Climate Finance Taxonomy** aimed at mobilizing up to USD 2.5 trillion in investments by 2030 for climate-aligned sectors. Open for public consultation until 25 June 2025, the taxonomy is designed to classify sustainable economic activities that align with India's climate objectives, including achieving net-zero emissions by 2070, reducing emissions intensity by 45% by 2030, and sourcing 50% of electric power from non-fossil-based sources by 2030. It defines two categories: climate-supportive (direct mitigation, adaptation, or relevant R&D) and transition-supportive (efficiency improvements in hard-to-abate sectors). The initial scope covers industries such as iron, steel, cement, power, mobility, buildings, agriculture, and water security. The taxonomy mirrors global frameworks from the European Union, United Kingdom, and others, aiming to improve investor confidence and avoid greenwashing.



Uniquis' POV

The introduction of enforceable emission targets represents a significant shift in India's climate policy framework. By embedding accountability through a market-based compliance system, the government is encouraging industries to adopt low-carbon practices while laying the foundation for a functional domestic carbon market. This move not only reinforces India's climate commitments but also strengthens the competitiveness of its industries in the face of evolving global trade regulations. Ensuring the success of this initiative will depend on transparent monitoring systems, clear sectoral guidance, and sufficient credit market liquidity to drive real emissions reductions.



Uniquis' POV

India's Climate Finance Taxonomy lays the groundwork for a more structured and credible green investment environment. By aligning with international best practices while addressing national climate priorities, the taxonomy enhances India's ability to attract foreign and domestic capital toward transformative projects. Its two-category design acknowledges the complexity of decarbonization in emerging economies, offering realistic pathways for high-emitting sectors to transition. As India pushes forward on its 2070 net-zero target, integrating this taxonomy into financial regulations and disclosure standards will be key to ensuring capital is directed toward activities that deliver measurable climate benefits.

INDIA'S MARKET REGULATOR SEBI ISSUES NEW GUIDELINES FOR ESG RATING WITHDRAWALS

SEBI has issued new guidelines on ESG rating withdrawals to align with credit rating norms and global standards. Under the new rules effective 29 April 2025, ESG ratings can be withdrawn in subscriber-pays models if a company lacks active subscribers or fails to submit a valid Business Responsibility and Sustainability Reporting (BRSR) report. In issuer-pays models, withdrawal is allowed after three years (or 50% of the bond's tenure) and requires approval from 75% of bondholders, except for company-level ratings, which only need a three-year track record. Withdrawn ratings cannot be reused, and rating providers must disclose their withdrawal policies. Additionally, stock exchanges must now display ESG ratings prominently on listed company pages to enhance investor transparency.



Uniquus' POV

This move by SEBI marks a significant step in tightening ESG oversight and aligning India's sustainability disclosure regime with global regulatory shifts. By linking ESG rating validity to BRSR compliance and establishing clear withdrawal protocols, SEBI not only addresses operational concerns of rating agencies but also incentivizes better corporate disclosure. For companies, the pressure to maintain transparent ESG data is likely to increase, while investors benefit from improved visibility and reliability of ratings. Strategically, this strengthens India's position in the global ESG ecosystem, though it may challenge smaller firms that are still developing their ESG reporting capabilities.



MIDDLE EAST

SAUDI ARABIA'S FIRST EURO GREEN BOND DEAL, RAISING EUR 1.5B FOR CLIMATE PROJECTS

Saudi Arabia has made a significant move in the global green finance arena, issuing the first-ever Euro-denominated green bond by a sovereign from the MENA region. The EUR 1.5 billion (USD 1.6 billion) issuance highlights the Kingdom's growing commitment to sustainable development and economic diversification under the Saudi Vision 2030.

The green bond is designed to fund projects aligned with Saudi Arabia's Green Financing Framework. Targeted initiatives include energy-efficient technologies, planting 10 billion trees, and expanding public transport infrastructure.

The bond drew over EUR 7.2 billion in investor demand, more than four times the amount offered – a strong signal of investor confidence and appetite for sustainability-linked securities.

The bond priced competitively. The seven-year green tranche tightened by 40 basis points and closed 115 basis points above its benchmark. Additionally, the offer included a USD 820 million 12-year conventional bond, priced at 145 basis points over mid-swaps.



Uniquis' POV

Green financing in Saudi Arabia has seen considerable evolution, driven by both governmental initiatives and private sector involvement. The Saudi Vision 2030 has been a critical catalyst which emphasizes the importance of sustainable development and environmental stewardship, creating fertile ground for green financing.

Furthermore, in 2021, the Saudi Central Bank (SAMA) launched the Sustainable Finance Framework, which provides guidelines for banks and financial institutions to support green projects. This framework outlines the criteria for classifying projects as sustainable and sets standards for transparency and reporting.

Saudi Arabia builds upon this remarkable progress to issue the first-ever Euro-denominated green bond by a sovereign from the MENA region worth about EUR 1.5 billion. The proceeds from the bond will directly support environmental initiatives that contribute to a low carbon economy, in alignment with the Saudi Vision 2030 and the Central Bank's Sustainable Finance Framework.

THE UAE FEDERAL DECREE-LAW ON THE REDUCTION OF CLIMATE CHANGE EFFECTS COMES INTO FORCE

In August 2024, the UAE issued the Federal Decree-Law No. (11) of 2024 On the Reduction of Climate Change Effects, with the aim to combat climate change. This law requires businesses to track and report their greenhouse gas (GHG) emissions, ensuring greater accountability in reducing environmental impact. This law comes into effect from 30 May 2025.

Under the new law, Businesses (in the UAE, including those in Free Zones) whose operations or activities release GHG emissions into the atmosphere must follow key regulations. They are required to measure and report their GHG emissions regularly, keep a detailed record of emissions and reduction efforts, and meet industry-specific targets set by authorities to help lower emissions. Failure to comply may result in fines ranging from AED 50,000 to AED 2,000,000, with doubled penalties for repeat violations within two years.



Uniquis' POV

The Federal Decree-Law aims to tackle climate change through three key objectives: mitigation, by reducing emissions to support global efforts; adaptation, by strengthening ecosystems and industries against climate risks; and innovation, by encouraging new technologies for a more sustainable future.

The time is now for businesses to begin the implementation of the new law, by taking stock of their emissions through a GHG inventory, thereby establishing a comprehensive baseline. Then, businesses should put together a reduction plan with clear steps to help them meet the targets ahead.

A one-year grace period is provided for implementation, with potential extensions, and incentives are possible for companies that proactively establish decarbonization plans ahead of the mandated schedule.

QATAR CENTRAL BANK (QCB) ISSUES SUSTAINABLE FINANCE FRAMEWORK TO ALIGN FINANCIAL SECTOR WITH ESG GOALS

As part of Qatar's ongoing efforts to integrate ESG priorities into its financial system, the QCB has released its inaugural Sustainable Finance Framework. The move reinforces national sustainability objectives enshrined in the Qatar National Vision 2030 and reflects a broader strategy to align local banking practices with international ESG standards.

The Framework is immediately applicable to all banks operating in the State of Qatar. Its primary goal is to formalize and promote responsible investment and lending, directing financial flows toward environmentally and socially beneficial projects. These include initiatives in renewable energy, clean transportation, sustainable water and waste management, and affordable housing.

In addition to setting out definitions, the Framework introduces principles intended to bring consistency to how banks structure, evaluate, and report on sustainable finance activities. Particular attention is given to sustainability-linked financing, where credit terms vary based on the borrower's achievement of defined sustainability performance targets.

Furthermore, the Framework addresses the integration of Islamic finance with sustainability criteria, recognizing the growing role of Shariah-compliant instruments in the ESG space. This aligns Qatar with other Gulf states that are positioning Islamic finance as a key lever in sustainable development financing.



Uniquis' POV

The issuance of the QCB Sustainable Finance Framework represent a pivotal step toward catalyzing the adoption of sustainable finance practices within Qatar's financial sector, fostering a shift toward finance instruments that deliver positive environmental and social outcomes alongside financial returns for the State of Qatar. This initiative has a core dual purpose: to boost sustainable finance volumes and to encourage widespread adoption of sustainable finance principles among financial sector stakeholders.

The Framework aligns with the Loan Market Association principles (for example, Green Loan Principles, Social Loan Principles, and Sustainability Linked Loan Principles). In acknowledgement of the benefits of sustainable finance to both borrowers and creditors, the Framework encourages all relevant stakeholders to harness the opportunities inherent in issuing sustainable, and sustainability-linked credits.

The alignment of borrowers and creditors with the Framework presents opportunities to align their portfolios with broader national goals, mitigate risks associated with environmental and social issues, access new markets and investment opportunities, and ultimately improve long-term financial performance. The Federal Decree-Law aims to tackle climate change through three key objectives: mitigation, by reducing emissions to support global efforts; adaptation, by strengthening ecosystems and industries against climate risks; and innovation, by encouraging new technologies for a more sustainable future.



IN-DEPTH ANALYSIS

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

California Climate Laws

California's climate disclosure laws, SB 253 and SB 261, are prompting important questions for companies navigating upcoming requirements. The California Air Resources Board (CARB) is expected to finalize implementing regulations by July 2025, leaving many aspects unclear at present. Nevertheless, in the meantime, businesses can begin preparing by taking proactive steps such as those outlined below.

Applicability

SB 253 and 261 both require an entity that "does business in California" to report climate-related information. CARB has yet to determine what specifically constitutes doing business in California.

(SB 253) Climate Corporate Data Accountability Act

Applies to companies generating over **USD 1B** in gross annual revenue and doing business in CA

(SB 261) Climate- Related Financial Risk Act

Applies to companies generating over **USD 500M** in gross annual revenue and doing business in CA

Reporting Mechanism

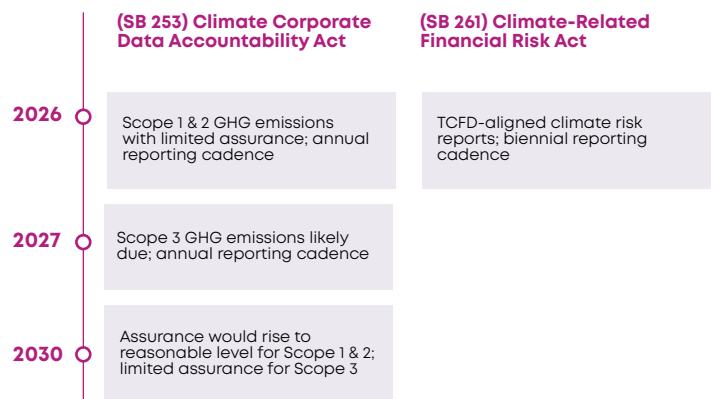
CARB will determine if it will develop and manage its own submission platform or contract out to an "emissions" and/or "climate" reporting organization.

Standardization

Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, which allows for flexibility in some areas. CARB will determine specific aspects of Scopes 1, 2, or 3 GHG reporting to be standardized.

Timing

CARB is expected to adopt implementing regulations for SB 253 and SB 261 by July 1, 2025. Reporting timelines are expected to be as follows but could be further adjusted by CARB depending on when regulations are officially adopted.



Timeline of Applicability for Reporting on Prior Fiscal Year

In each year noted above, CARB must still determine appropriate reporting deadlines within the year that ensure data from an entity's prior fiscal year is available, complete, and the necessary assurance reviews are completed.

Alignment

CARB wants to take steps to ensure the regulations address California-specific needs while determining how to align reporting requirements with other global reporting standards, such as IFRS S2 and ESRS E1.

Assurance

SB 253 requires that reporting entities obtain "assurance providers." An assurance provider is required to be third-party, independent, and have significant experience in measuring, analyzing, reporting, or attesting in accordance with professional standards and applicable legal and regulatory requirements. CARB is yet to determine the standards that should be used to define limited assurance and reasonable assurance (e.g., will the existing definition for "reasonable assurance" in Mandatory Reporting Regulation be utilized?).

Disclosure Readiness

If you are a sustainability, finance, legal, risk or regulatory leader within a company that may be in scope for SB 253 or SB 261, below are some questions you should be asking now:

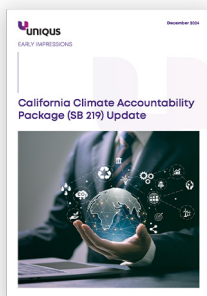
- Are your internal teams prepared to manage evolving climate disclosure requirements?
- Have you identified the right technology for GHG data management and assurance readiness?
- How long will it take to implement the technology and prepare for external disclosure — and is your roadmap in place?
- Do you have strong controls to ensure disclosure accuracy, completeness, and timeliness?
- Are you engaging with the right internal and external stakeholders to proactively prepare?

Staying Ahead

Uniqus will continue to monitor developments pertaining to the California Climate Disclosure Laws. Even while we await clarity from CARB, early preparation will be crucial for a smooth and effective transition to mandatory climate reporting. Companies should begin to build the necessary infrastructure, processes, and expertise.

We welcome the opportunity to discuss and answer any questions. Please refer to our resources below for additional information and do not hesitate to reach out: mattberner@uniqus.com

Uniqus Thought Leadership



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.

Governing Body

Update

Uniquis' Impression

GLOBAL

International Auditing and Assurance Standards Board (IAASB) and the International Accreditation Forum (IAF)

[The IAASB and IAF have entered into a cooperation agreement to improve global sustainability assurance.](#) This partnership seeks to align standard setting with accreditation processes, particularly as the IAASB finalizes its new International Standard on Sustainability Assurance (ISSA) 5000.

As the global push for credible sustainability disclosures gains momentum, aligning assurance standards with accreditation is vital for fostering market trust and ensuring audit quality. This partnership enhances the credibility of third-party assurance and highlights the necessity for companies to incorporate high-quality sustainability assurance into their ESG reporting strategies.

Parliament of the United Kingdom

On 15 May 2025, the UK Parliament enacted the [Great British Energy legislation](#). This law creates a state-owned energy company dedicated to investing in clean, locally sourced energy. Its objectives include bolstering the nation's energy security, diminishing dependence on unpredictable global markets, and accelerating advancements towards net-zero goals.

The UK's introduction of a public clean energy organization demonstrates a strategic dedication to climate resilience via state-supported innovation and investment. As global energy policies increasingly focus on security, Uniquis interprets this as a prompt for other governments to consider hybrid public-private approaches that facilitate large-scale clean energy implementation.

Governing Body

Update

Uniquis' Impression

GLOBAL

European Securities and Markets Authority (ESMA)

In response to findings that European investment funds labeled as “sustainable” (including SFDR article 8 and 9 funds) were invested in over USD 33.5 billion of major fossil fuel companies, [the ESMA has implemented stricter guidelines to ensure that ESG-labeled funds align with their sustainability-related claims](#). These guidelines are not legally binding, but from 21 May 2025, national financial regulators will be able to require investment managers to report publicly whether their products comply with the rules and can choose to sanction any noncompliance.

This finding highlights the pressing necessity for improved oversight of fund labeling and consistent enforcement of ESG taxonomy to maintain market confidence. Uniquis advocates for greater transparency initiatives that enable investors to differentiate authentic sustainability approaches from greenwashing claims. The ESMA's approach, though not legally binding, provides optionality for national financial regulators to address the significant concerns about greenwashing.

US

New York City Comptroller

The New York City Comptroller, investment advisor and custodian of the city's pension funds, announced that the city's pension funds will [assess asset managers according to their net-zero strategies](#). Managers who do not comply with the defined standards may have their investment strategies reviewed. These standards will mandate managers to actively involve portfolio companies in decarbonization initiatives and consider climate-related risks when making investment choices.

NYC's pension funds include the New York City Employees Retirement System, the Teachers Retirement System, and the Board of Education Retirement System. Collectively, these funds represent around USD 280 billion in assets under management, the fourth largest in the nation. This announcement highlights the growing role of subnational actors in driving climate leadership in the U.S., showing how institutional investors can still maintain climate accountability and long-term fiduciary responsibility despite any national regulatory challenges rollbacks.

Environmental Protection Agency (EPA)

The U.S. Environmental Protection Agency (EPA) has submitted its proposed biofuel blending volume requirements for 2026 and beyond to the White House for review. The proposal details the amount of renewable fuels that oil refiners must blend into the national fuel supply, continuing efforts under the Renewable Fuel Standard (RFS) to reduce greenhouse gas emissions.

The SEC's extension of compliance deadlines for the amended Names Rule provides fund managers with operational flexibility amid ongoing adjustments to product labeling and disclosure practices, especially for ESG and thematic funds. This is an opportunity for asset managers to re-evaluate product labeling conventions and ensure alignment with investor expectations, regulatory intent, and the underlying characteristics of their portfolios.

Governing Body

Update

Uniquis' Impression

US

Environmental Protection Agency (EPA)

The U.S. Environmental Protection Agency (EPA) has submitted its [proposed biofuel blending volume requirements for 2026 and beyond](#) to the White House for review. The proposal details the amount of renewable fuels that oil refiners must blend into the national fuel supply, continuing efforts under the Renewable Fuel Standard (RFS) to reduce greenhouse gas emissions.

As the U.S. defines its long-term biofuel strategy, it remains crucial to align blending mandates with decarbonization goals. Energy and fuel sector stakeholders must anticipate changing compliance obligations and engage in scenario planning to adapt their operational strategies to the shifting federal sustainability benchmarks.

U.S. Federal Branch, Interior Department

The Presidential administration intends to [rescind a 2024 rule that lowered federal land fees for wind and solar projects](#), claiming that the former policy unjustly benefited renewable energy at the expense of fossil fuels. The White House would review the planned rescission before formally proposing and opening the proposal to public comment. This reversal may raise costs for clean energy developers and indicate a wider policy change that favors more traditional energy sources.

This rollback threatens to disrupt the progress of utility-scale renewable energy initiatives precisely when regulatory certainty is vital for investment. Energy developers and investors must closely track federal land use policies and consider diverse siting strategies to reduce permitting and pricing risks amidst a changing policy environment.

About Uniquis Consultech:

Uniquis Consultech is a global tech-enabled consulting company that specializes in Accounting & Reporting; Governance, Risk & Compliance; Tech, and ESG 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, UST, and other angel investors globally. Anu Chaudhary, a global ESG specialist with over 20 years of experience, serves as the Global Head of ESG. Abhijit Varma, a veteran technology specialist, leads Tech Consulting globally.

Uniquis has a global team of 550+ professionals led by 60+ Partners & Directors across eleven offices in the USA, Middle East, and India. The company serves more than 250 clients, including marquee names in each of the markets it operates in.

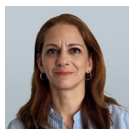
Uniquis is committed to leveraging technology and an integrated global delivery model to provide best-in-class consulting services to its clients.

For more information, please visit: www.uniquis.com

Contributing Authors



Nirav Patel
Partner, ESG Consulting



Dr. Elena Primikiri
Partner, ESG Consulting



Matt Berner
Managing Director, ESG Consulting



Nachiketa Das
Director, ESG Consulting

Tiphaine Delepine, Manager, ESG Consulting

Samuel Aisabokhae, Assistant Manager, ESG Consulting

Kanishk Gomes, Consultant, ESG Consulting

Ryan Kim, Consultant, ESG Consulting

Rahil Shah, Associate Consultant, ESG Consulting

Feedback

We encourage you to share this newsletter with your colleagues and networks, and to provide us with feedback on topics that you would like to see covered in future issues. Uniquis is here to support you in navigating this evolving landscape. Contact us to learn more about how we can help you on your ESG journey.



Visit us at www.uniquis.com

or Follow us on

