Pierag

ESG Perspective

Key insights on the evolving ESG landscape, highlighting essential regulatory updates, market trends, and their real-world impact on businesses and policymakers

EDITION

JULY 2026 (07.26)

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FOREWORD

We are pleased to present the July edition of our ESG & Sustainability Newsletter, building on the continued engagement with our earlier issues.

Recent developments signal a decisive shift in the sustainability landscape: jurisdictions are moving from aspirational commitments toward concrete execution, with regulators and standard-setters prioritizing implementation and measurable outcomes.

Beyond individual updates, a broader trend is evident: sustainability frameworks are converging toward implementation, comparability, and accountability.

Highlights include the ILO's first convention on decent work in the platform economy, the SBTi release of its Corporate Net-Zero Standard Version 2.0 and ISO's new global standard for net zero transition planning. Equally significant are CDP's expansion into ocean disclosure, together with India's advancing green hydrogen ecosystem and China's accelerating energy transition agenda.

This edition underscores the growing emphasis on sustainability data that is usable, comparable, and verifiable whether through simplified disclosure categories, interoperable reporting standards, or enhances monitoring programmes for environmental and social domains.

As reporting frameworks mature, the conversation is shifting from whether organizations disclose to how effectively that disclosure translates into credible action and informed decision-making.

We sincerely value the engagement and feedback of our readers, which strengthens this initiative with each edition. We look forward to continuing to build this platform as a trusted source of ESG regulatory insights and thought leadership in the months ahead.

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CLIMATE POLICY & ENERGY TRANSITION

01

EU Introduces Standardized Framework for Transport Emissions Calculations (June 1, 2026)

ESG Focus: Environment (E), Governance (G)

The European Commission, through Regulation (EU) 2026/1030, introduced the CountEmissionsEU framework, establishing the first EU-wide standardized methodology for calculating greenhouse gas emissions from freight and passenger transport. The framework aligns with the international standard EN ISO 14083:2023 to ensure consistency in emissions accounting.

The framework applies to transport operators, logistics providers, supply chain businesses, and public authorities across the European Union (EU). This includes organizations disclosing transport-related emissions to improve transparency, benchmarking, and cross-modal comparability.

CountEmissionsEU enables door-to-door emissions calculations, making reported data more accurate and comparable across modes. Beyond reporting, the framework is expected to support better logistics optimization, smarter procurement decisions, and greater visibility for consumers and other stakeholders. It also reduces long-standing inconsistencies in cross-operator and cross-mode comparisons, giving transport decarbonization efforts a stronger data foundation.

Entered into force June 1, 2026. Further implementing acts, guidance, and digital tools are expected through 2030 to support phased application.

EU Commission Releases Strategic Roadmap for Digitalization and AI in Energy (June 3, 2026)

ESG Focus: Environment (E), Governance (G)

The European Commission published a Strategic Roadmap for Digitalization and Artificial Intelligence in Energy on June 3, 2026, as part of its European Technological Sovereignty Package. The initiative comes as energy systems grow more dependent on digitalization, just as rising prices and geopolitical pressures squeeze industrial competitiveness and household purchasing power. The roadmap is structured around three pillars:

Integrating data centers into the energy system in a sustainable and transparent manner through tripartite agreements and structured stakeholder dialogue between energy-related stakeholders, data center operators, and public authorities;

Accelerating the rollout of digital and AI solutions, including grid-enhancing technologies and smart meters; and

Building a framework for secure and efficient cross-border data sharing across EU member states.

Complementary measures include AI trustworthiness, cybersecurity of energy infrastructure, digital skills development, and international cooperation.

The roadmap targets energy utilities, grid operators, data center operators, industrial consumers, public authorities, and digital technology providers. Expected benefits include:

1. Demand-side flexibility cutting consumer electricity costs by over €71 billion annually.
2. AI-based optimization delivering up to €94 billion in industrial savings by 2035.
3. Strengthened EU energy autonomy and reduced exposure to geopolitical and supply-side risks.

Published June 3 2026 by the Directorate-General for Energy, implementation will proceed through sectoral commitments, regulatory action, and phased rollout of supporting measures.

China Sets Three-Year Drive to Cut Energy Use and Carbon Emissions in Key Industries (June 15, 2026)

ESG Focus: Environment (E), Governance (G)

China's National Development and Reform Commission (NDRC), jointly with several other government departments and agencies, rolled out a three-year action plan targeting energy-saving and carbon-reduction upgrades across key industries. The plan targets nine industries with high energy consumption and carbon emissions: steel, electrolytic aluminum, cement, flat glass, oil refining, ethylene, synthetic ammonia, methanol, and coal-fired power generation. Covering the period 2026 to 2028, the plan aims to enhance enterprises' energy and carbon efficiency while significantly advancing green and low-carbon development across these sectors. It sets out major targets through end 2028, details specific upgrade tasks for each industry, and calls for better support through funding, price guidance, policy incentives, and standards-based constraints.

The plan primarily affects enterprises in the nine targeted industries, relevant government authorities, and financial institutions supporting energy-efficiency and decarbonization investments.

The action plan translates China's broader climate commitments into measurable efficiency improvements across some of the country's most carbon-intensive industries. The campaign is designed to expand effective investment, promote industrial upgrading, foster new drivers of green development, and support China's carbon-peaking goal. China has set dual carbon goals of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060 and has built the world's largest and fastest-growing renewable energy system in pursuit of those objectives. The NDRC has committed to working with relevant departments to implement the plan and support China's carbon-peaking and broader green transformation goals.

Effective from 2026, with targets and sector-specific upgrade requirements running through end 2028.

Union Minister Launches Green Hydrogen Certification Portal; Six States Notify Dedicated Policies (June 17, 2026)

ESG Focus: Environment (E), Governance (G)

The Union Minister for New and Renewable Energy and Consumer Affairs, Food and Public Distribution, launched the Green Hydrogen Certification Portal of India (GHCI) on June 17, 2026, during a national workshop on "strengthening the National Green Hydrogen Mission." Developed under the Green Hydrogen Certification Scheme of India, the portal is meant to back transparent certification, regulatory compliance, and consistent standardization across the entire green hydrogen value chain, from production to usage. The launch coincided with celebrations marking 12 years of governance, underscoring India's momentum across the clean energy transition, green hydrogen, and industrial decarbonization. On the manufacturing side, 15 companies have received financial incentives to enable 3,000 MW per annum of indigenous electrolyzer capacity, reducing reliance on imported supply chains. Contracts have also been awarded for supplying 30,000 MTPA of green hydrogen to IOCL, BPCL, HPCL, and NRL, and ₹84 crore has been sanctioned for pilot projects testing 100% hydrogen injection in the steel sector. For clean mobility, nearly ₹208 crore has been earmarked to support 37 hydrogen-fueled vehicles and 9 strategic refueling stations, backed by ₹193.35 crore invested across seven national testing facilities.

The initiative is relevant for green hydrogen producers, electrolyzer manufacturers, refineries, fertilizer plants, mobility stakeholders, and state governments participating in the National Green Hydrogen Mission. Already, 6 states have notified dedicated Green Hydrogen Policies, 7 more have blended hydrogen into their existing industrial and renewable energy frameworks, and 4 others are currently in the final stage of putting policy pieces together.

The launch comes amid continued progress under the National Green Hydrogen Mission, which aims to establish 5 MMT of annual green hydrogen production capacity, supported by 125 GW of renewable energy and expected to catalyze investments exceeding ₹8 lakh crore, creating over 6 lakh jobs, and reducing annual carbon emissions by 50 million tonnes. In research and development, a dedicated R&D roadmap worth ₹113 crore is supporting 21 approved projects, while ₹100 crore has been allocated for start-ups working on green hydrogen technologies.

Launched June 17, 2026. The portal is available for implementation under the Green Hydrogen Certification Scheme of India.

European Commission Launches Biomethane Mechanism to Connect Buyers and Sellers(June 18, 2026)

ESG Focus: Environment (E), Governance (G)

The European Commission officially launched the Biomethane Mechanism, under the EU Energy and Raw Materials Platform to accelerate the development of Europe's biomethane market. It is a voluntary and free-to-use mechanism that connects market participants, helps projects gain traction, and improves transparency across the biomethane value chain. It offers buyer-supplier matching, regulatory information, investment guidance, and financing links at the EU, national, and regional levels. The Mechanism offers four core functionalities: a matching service connecting buyers and suppliers; a regulatory dashboard providing up-to-date information on national frameworks; investment conditions data to support project development; and links to financing opportunities.

The mechanism is relevant for biomethane producers, energy buyers, project developers, investors, agricultural stakeholders, utilities, and other organizations participating in the renewable gas market across the EU.

The initiative supports the EU's broader objectives of energy security, decarbonization, and competitiveness by encouraging the scale-up of a domestic and renewable energy source. While the EU already has proven technologies, sustainable feedstock availability, and compatible infrastructure, biomethane production remains concentrated in a limited number of member states. By closing information gaps, and by improving market coordination, this mechanism is expected to support new investment and advance the EU's biomethane objectives for 2030 and beyond. All rounds are planned and organized by the European Commission, and the Commission will not be involved in commercial negotiations between participants.

Launched June 18, 2026. Registrations are open. First matching round is planned for September 2026, with additional features rolling out gradually after that.

China Recognizes Renewable Hydrogen as Non-Electric Renewable Energy (June 23, 2026)

ESG Focus: Environment (E), Governance (G)

On June 23, 2026, China's NDRC issued Notice No. 42, introducing new implementation measures for the Minimum Proportion Target for Renewable Energy Consumption and the Renewable Energy Power Consumption Responsibility Weight System. Effective August 1, 2026, the measures formally recognize renewable hydrogen, ammonia, and methanol as forms of non-electric renewable energy consumption.

The framework establishes minimum proportion targets for renewable energy use, divided between power and non-power categories. The non-electric share covers low-carbon industrial fuels, including hydrogen, ammonia, and methanol. Provincial authorities must conduct separate accounting and assessments for these products. Companies using renewable hydrogen, ammonia, or methanol as fuel may include such consumption in their non-electric renewable energy accounting.

Recognized compliance pathways include green power procurement, direct renewable supply, and green certificate purchases to cover shortfalls. The rules apply to energy users subject to minimum renewable consumption targets, provincial energy authorities, power grid and trading institutions, and industrial enterprises across China.

This policy marks a significant step in integrating renewable fuels into China's formal energy transition and compliance systems. The policy comes weeks after China set a 2028 deadline for nine key industries to meet specified energy-efficiency benchmarks, reinforcing a broader pattern of policies targeting renewable energy development and hard-to-abate industries as the country moves toward the 15th Five-Year Plan period.

China Releases 15th Five-Year Plan for New Energy System, Targets Green Power Links for Data Centers (June 25, 2026)

ESG Focus: Environment (E), Governance (G)

China's NDRC and National Energy Administration released a blueprint for building a new energy system through the 15th Five-Year Plan period, covering 2026 to 2030. The plan encourages direct green power connection for data centers, energy-intensive industries subject to green electricity consumption requirements, and export-oriented companies needing traceable green power, alongside expanded multi-user direct-connection models in industrial parks, zero-carbon parks, and distribution networks. By 2030, China's power grid is targeted to integrate 900 million kilowatts of new energy capacity, supported by accelerated development of smart grids and intelligent dispatch systems.

The broader plan targets a comprehensive energy production capacity of 5.8 billion tonnes of standard coal equivalent, non-fossil energy reaching 25% of total energy consumption, and wind and solar combined exceeding 50% of installed power capacity, with non-fossil sources providing 50% of power generation.

The plan applies to power generation and grid operators, energy-intensive industries, renewable energy developers, data center operators, and provincial governments across China. It also places significant emphasis on hydrogen, green fuels, energy storage, smart grids, electric vehicle integration, and the development of domestic energy technology capabilities.

The plan strengthens renewable energy integration capacity and positions green power infrastructure for China's broader energy goals. By 2030, China targets approximately 410 GW of conventional hydropower capacity, around 110 GW of operating nuclear power capacity, about 160 GW of pumped storage hydropower, and roughly 300 GW of new energy storage capacity. The plan also promotes the development of green hydrogen, ammonia, and methanol production bases, with annual renewable hydrogen production capacity targeted at 2 million tonnes by 2030

Published June 25, 2026. The plan will guide China's energy development and energy transition priorities through the 15th Five-Year Plan period and up to 2030.

USDA Finalizes Updated Carbon Intensity Guidelines for Biofuel Feedstock Crops (June 29, 2026)

ESG Focus: Environment (E), Governance (G)

The US Department of Agriculture's (USDA) Office of Energy and Environmental Policy published a final rule revising technical guidelines for quantifying, reporting, and verifying the carbon intensity of agricultural commodity crops used as biofuel feedstocks, updating a January 2025 interim rule. The final rule establishes a framework for measuring greenhouse gas emissions associated with crop production at the field level using the USDA Feedstock Carbon Intensity Calculator (USDA FD-CIC). This approach shifts to a nitrogen use efficiency approach, requiring farm producers to report actual nitrogen applied and actual and expected yield rather than relying on assumptions tied to specific practices. Carbon intensity is now calculated at the field or management unit level rather than the whole-farm level. Spring canola has been added as an eligible feedstock alongside field corn, soybeans, and sorghum. The rule also recognizes nitrification inhibitors and manure as nutrient management practices and introduces a new Tillage Disturbance Index for Soil Carbon (T-DISC) to classify tillage systems, replacing the previous Soil Tillage Intensity Rating.

The rule applies to farm producers, first points of aggregation, intermediary entities, and biofuel refiners across the US biofuel supply chain, subject to recordkeeping and third-party verification requirements tied to ISO 14065 accreditation.

It is expected to improve the accuracy and standardization of carbon intensity quantification for biofuel feedstocks, reduce transaction costs across the supply chain, and support broader participation in clean fuels policies, while encouraging continued adoption of low-carbon agricultural practices such as no-till farming and cover cropping.

Effective July 29, 2026. USDA will make the USDA FD-CIC and supporting methodology documents publicly available for implementation and reporting purposes.

SUSTAINABILITY REPORTING & STANDARDS

02

ISO Publishes Standard for Net Zero Transition Planning by Financial Institutions (June 4, 2026)

ESG Focus: Governance (G), Environment (E)

The International Organization for Standardization (ISO) has published ISO 32212: Sustainable Finance - Net Zero Transition Planning for Financial Institutions. The standard defines transition planning as a dynamic, iterative process not a one-off disclosure exercise through which institutions develop an organization-wide approach to aligning their financial activities with a net zero and climate-resilient global economy. It applies across all financial activities an institution controls or can influence, including lending, insurance, asset owner and asset manager investing, and capital market activities, and can also extend to emerging financial institution types such as decentralized finance (DeFi) platforms.

Governance expectations, target-setting, policy integration, scenario analysis, client and investee engagement, and continual improvement mechanisms are all within scope. The document goes beyond decarbonization to address climate adaptation, nature-related dependencies, and just transition, complementing rather than replacing ISO 14060, which covers operational net zero commitments. One stated limitation is that the standard does not address financial institutions' own operational emissions. It builds on and is designed to be compatible with existing guidance from Glasgow Financial Alliance for Net Zero (GFANZ), the Institutional Investors Group on Climate Change (IIGCC), the International Sustainability Standards Board (ISSB), SBTi, Partnership for Carbon Accounting Financials (PCAF), the TPI Global Climate Transition Centre (TPI Centre), and the Network for Greening the Financial System (NGFS).

The standard applies to financial institutions of any size, type, or geography, with particular focus on banking, insurance, and investment institutions. It explicitly incorporates flexibility and proportionality for institutions in emerging markets and developing economies where data constraints and regulatory gaps may exist. It is also relevant to regulators and supervisors developing or refining their own climate risk expectations.

The release of the standard reflects growing recognition that financial institutions need a consistent framework for planning and tracking net-zero transition activities.

According to the Climate Policy Initiative (CPI), an estimated USD 8.6 trillion in annual capital deployment is required through 2050 to advance the goals of the Paris Agreement. A shared, globally applicable framework for governing and tracking that capital carries practical weight, given the inconsistent measurement of such activities until now. Financial institutions have an enabling role, not a controlling one, in the transition; but that enabling role, applied consistently and on a scale, is what the standard is designed to support.

The standard was published in June 2026 and is globally applicable, supporting iterative transition planning across financial systems.

CDP Expands Environmental Disclosure System to Include Ocean Data for the First Time (June 5, 2026)

ESG Focus: Environment (E), Governance (G)

CDP, the world's only independent environmental disclosure system, announced on June 5, 2026, that its 2026 disclosure cycle will include ocean-related data for the first time. Oceans join climate, forests, water security, biodiversity, and plastics as a formal disclosure theme. CDP introduced the new disclosure category in response to growing investor and stakeholder interest in understanding ocean-related risks and dependencies. Around 90% of global trade moves across the world's ocean, yet the data needed to understand exposure to ocean-related risks and opportunities has not been consistently available. The expansion aims to close this gap. The new questions cover target setting, supply chain engagement, and board-level oversight on ocean issues. They are designed to deliver data in the standardized, comparable format that mainstream financial institutions need to assess environmental performance and risk. The ocean metrics will shed light on how companies identify, assess, and act on their ocean-related dependencies, risks, impacts, and opportunities including how those factors feed into strategy, financial planning, and environmental policy decisions.

The expansion applies to companies participating in CDP's 2026 disclosure cycle. In 2025, more than 23,100 companies, cities, states, and regions disclosed environmental data through CDP globally. The addition closes a longstanding data gap for investors, lenders, and other stakeholders who have had no consistent or standardized basis on which to assess ocean-related exposure across corporate portfolios.
This is expected to strengthen how companies, investors, and financial institutions factor ocean-related risk into strategy and capital allocation.

CDP's 2026 Disclosure Cycle opened the week of June 15, 2026.

SBTi Releases Corporate Net-Zero Standard Version 2.0 to Accelerate Corporate Climate Action (June 11, 2026)

ESG Focus: Environment (E), Governance (G)

The Science Based Targets initiative (SBTi) published its Corporate Net-Zero Standard Version 2.0, it moves away from a one-size-fits-all approach, introducing a range of target-setting options that reflect different business realities. The revision places greater emphasis on execution, providing companies with clearer guidance on how to deliver emissions reductions after targets have been set. Key features include a clear implementation hierarchy that prioritizes direct emissions reductions across operations and value chains. Targets are set on a best-efforts basis, acknowledging that factors outside a company's control may affect progress. Companies facing such barriers are expected to be transparent about them and continue using all available levers to advance. The Standard also introduces a voluntary recognition mechanism for companies taking action on ongoing emissions in the short term, alongside a longer-term requirement for larger companies to take progressive responsibility for those emissions.

The Standard applies to companies with existing science-based targets, as well as organizations developing, renewing, or updating targets under the current Corporate Net-Zero Standard Version 1.3. It is relevant across sectors and geographies, particularly for businesses seeking to strengthen climate governance, manage transition risks, improve resilience, and maintain competitiveness amid evolving regulatory and stakeholder expectations.

Published on June 11, 2026. The Standard is available for immediate adoption by companies establishing new science-based targets and those updating existing commitments within the SBTi framework.

TNFD Publishes Final Recommendations for Nature-Related Financial Disclosures (June 2026)

ESG Focus: Environment (E), Governance (G)

The Taskforce on Nature-related Financial Disclosures (TNFD) released its final recommendations to guide businesses and financial institutions in integrating nature-related issues into decision-making. The recommendations are structured around four pillars: governance, strategy, risk and impact management, and metrics and targets.

The framework sets out general requirements for nature-related disclosures alongside 14 recommended disclosures and a detailed metrics architecture. It covers the importance of nature's health and resilience for societies, economies, business, and finance; foundational concepts for understanding nature and business; the structure of the TNFD disclosure framework itself; and an overview of the metrics architecture and recommended disclosure metrics.

The recommendations apply to organizations across sectors, sizes, and value chains. By establishing a comprehensive disclosure framework, the TNFD aims to encourage transparency and accountability in nature-related financial reporting, helping organizations assess and communicate nature-related risks and opportunities. The recommendations are intended to support businesses and financial institutions in integrating nature-related considerations into decision-making, risk management, and disclosure practices as recognition grows of the interconnection between nature and financial performance.

TRADE & INDUSTRIAL REGULATIONS

03

EU Steel Regulation Enters Into Application, Setting New Tariff Quota Distribution (June 30, 2026)

ESG Focus: Governance (G), Environment (E)

A new regulation protecting the EU steel sector from global overcapacity entered into application on July 1, 2026. The European Commission published the implementing regulation setting out how tariff quotas will be distributed among the EU's trading partners, following the expiry of the EU's previous steel safeguard. The new system combines reduced overall tariff quotas with a higher out-of-quota duty of 50% across 26 categories of steel products, set at 18.3 million tonnes annually. Distribution follows criteria defined in the EU's Steel Regulation, with half the annual quota reserved exclusively for Free Trade Agreement (FTA) partners and the remaining half open to all trading partners without discrimination, including FTA partners.

The regulation also introduces a traceability requirement, requiring companies to disclose where the "melt & pour" stage of imported steel production takes place. Because quotas required allocation from July 1, the Commission is applying an urgency procedure: Member States must vote within 14 days of adoption by the College of Commissioners, and the implementing regulation remains valid for up to six months before returning to normal comitology procedure by year-end.

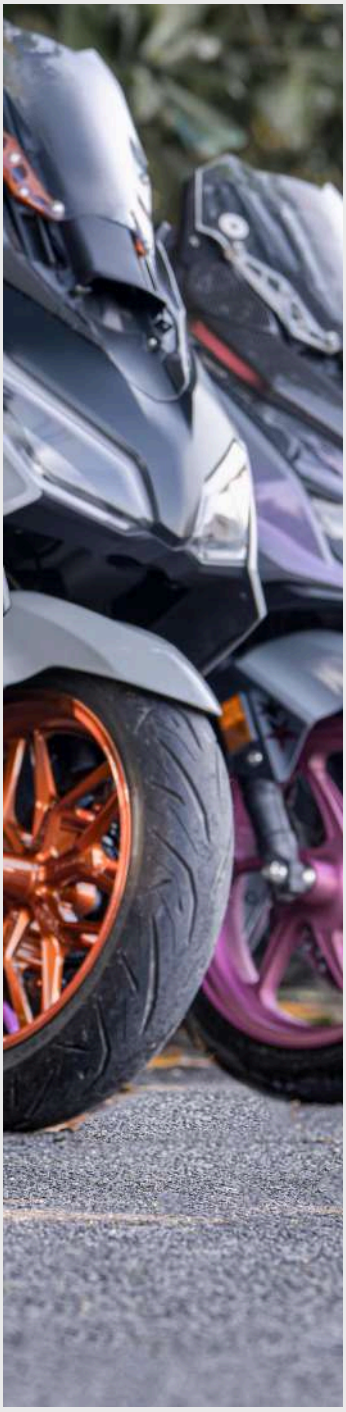
The measure applies to third-country steel suppliers exporting to the EU, EU downstream steel users, and FTA trading partners, roughly 80% of whom account for EU steel imports. The framework is designed to restore fair competition in a market distorted by global overcapacity, protect jobs in EU steel production, and give European steelmakers room to invest in cleaner, more innovative production. FTA partners retain a significantly higher share of market access than the average 47% reduction otherwise foreseen under the Steel Regulation, reflecting ongoing engagement through WTO Article XXVIII GATT negotiations, where a number of partners have provisionally agreed to their allocated quotas.

CIRCULAR ECONOMY & WASTE MANAGEMENT

04

EU Releases Third Edition of Sustainable Urban Mobility Planning Guidelines (June 11, 2026)

ESG Focus: Environment (E), Governance (G)



The Directorate-General for Mobility and Transport released the third edition of the Sustainable Urban Mobility Planning (SUMP) Guidelines providing updated guidance for cities to plan, develop, and implement sustainable urban transport systems. The 2026 edition is aligned with the European Green Deal, the Sustainable and Smart Mobility Strategy, and the EU Urban Mobility Framework.

The guidelines are relevant for city authorities, transport planners, public agencies, policymakers, and other stakeholders responsible for urban mobility planning across the EU. Their importance is reinforced by the revised Trans-European Transport Network (TEN-T) Regulation, which requires 431 urban nodes across Europe to adopt a Sustainable Urban Mobility Plan by the end of 2027.

Overall, the updated approach is expected to help cities develop transport systems that are more sustainable, more inclusive, and also more efficient. Alongside the revised guidelines, the European Commission also published complementary reference documents on SUMP Reference Document on Cycling, which covers how cycling can be integrated throughout the SUMP process and Urban Vehicle Access Regulations (UVARs), supporting the integration of active mobility and vehicle access management into broader urban transport strategies. The initiative aims to improve mobility outcomes while advancing the EU's climate and transport objectives.

Published on June 11, 2026. The guidelines are available for immediate use by cities and urban mobility stakeholders across the EU.

Council Adopts Regulation to Strengthen Circularity in the Automotive Sector (June 29, 2026)

ESG Focus: Environment (E), Governance (G)

The Council of the EU formally adopted a new regulation establishing circularity requirements for vehicle design and the management of end-of-life vehicles. The regulation aims to make the automotive sector more circular by ensuring that vehicles are designed and produced to facilitate re-use, recycling, and recovery throughout their lifecycle. Under the new rules, at least 15% of the plastic used in new vehicles must come from recycled sources six years after entry into force, increasing to 25% within ten years. In addition, at least 20% of the recycled plastic used must be recovered from end-of-life vehicles. The regulation also introduces extended producer responsibility requirements, making vehicle manufacturers financially and organizationally responsible for managing vehicles throughout their lifecycle, including their collection and treatment once they become waste.

The regulation is relevant for vehicle manufacturers, automotive suppliers, recyclers, waste treatment operators, importers, exporters, and other stakeholders across the automotive value chain. Passenger cars and light commercial vehicles will be fully covered by the requirements, while heavy-duty vehicles, motorcycles, and special-purpose vehicles will be subject to a more limited set of obligations, particularly regarding end-of-life treatment.

The new framework also seeks to address the issue of illegally dismantled or exported vehicles by strengthening traceability and control measures. Vehicles that meet the criteria of an end-of-life vehicle must be treated by authorized facilities and cannot be exported or sold as used vehicles. The regulation further prohibits the export of used vehicles that are no longer roadworthy, with the objective of preventing pollution in third countries and retaining valuable materials within the EU. The European Commission is also expected to examine future recycled-content targets for additional materials, including steel, aluminum, magnesium, and critical raw materials, based on a feasibility study to be completed after the regulation enters into force.

Formally adopted by the Council in June 2026. The regulation will begin applying two years after its entry into force.

Commission Clarifies Rules on Chemically Recycled Content in Plastic Bottles (June 30, 2026)

ESG Focus: Environment (E), Governance (G)

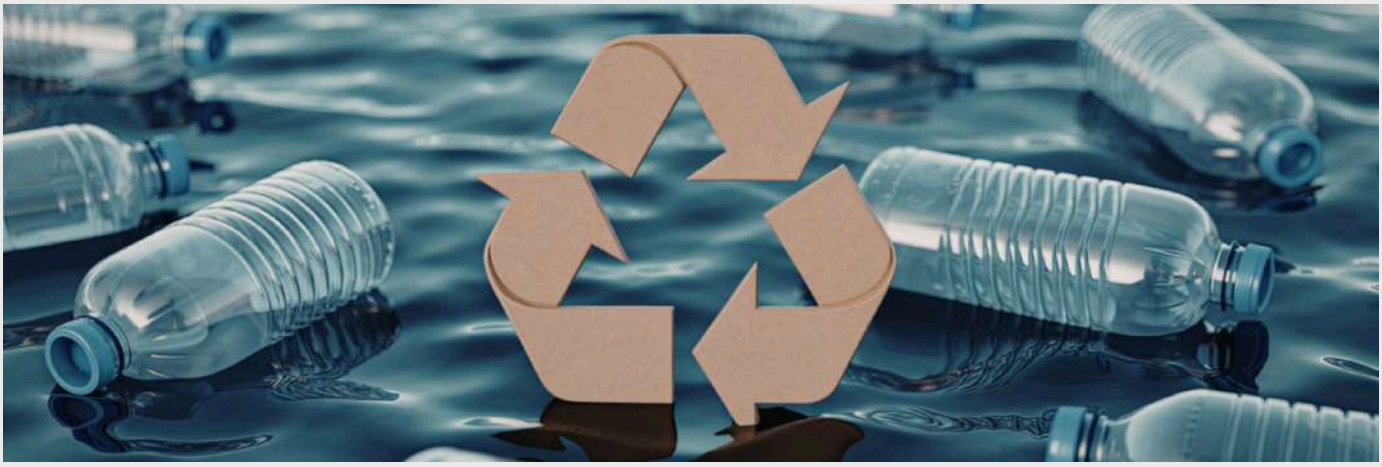
The European Commission adopted new rules on June 30, 2026 governing the recycling of single-use PET beverage bottles, as part of its December 2025 plastics package. The rules establish, for the first time, a methodology to calculate, verify, and report chemically recycled content.

The methodology can be applied to any recycling technology, including both chemical and mechanical processes, and is intended to bring transparency to how recycled content is calculated in new single-use PET bottles. While mechanical recycling remains the most widely used method, sorting, cleaning, shredding, and remolding plastics into new products, some waste streams, such as those with food residues, additives, or mixed materials, cannot be effectively recycled this way. Chemical recycling complements mechanical recycling in these cases by breaking plastics down into smaller molecules that can be reused as feedstock, including for products requiring high-quality standards like food-contact packaging. In a first phase, material from EU and EEA countries will count as recycled; from November 21, 2027, material from Organisation for Economic Co-operation and Development (OECD) countries will also count, alongside material from non-OECD countries covered by arrangements ensuring equivalent environmental and health standards.

The rules apply to plastic recyclers, PET bottle manufacturers, and Member States working to meet the recycled-content target under the Single-Use Plastics Directive.

The measure is expected to create a level playing field and provide investment security for the plastic recycling sector, helping return more plastic waste to the circular economy.

The Implementing Act will be published in the Official Journal shortly and enters into force 20 days thereafter.



SOCIAL & LABOR REGULATIONS

05

MCA Expands CSR Scope to Include Social Stock Exchange Instruments (June 1, 2026)

ESG Focus: Social (S), Governance (G)

The Ministry of Corporate Affairs (MCA), through Notifications G.S.R. 415(E) and G.S.R. 416(E), has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 to include subscription to Zero Coupon Zero Principal (ZCZP) instruments listed on the Social Stock Exchange as an eligible Corporate Social Responsibility (CSR) activity. ZCZP instruments are SEBI regulated securities issued by eligible non-profit organizations, but they do not provide monetary benefits like interest, principal repayment, or capital growth. Instead of returns, they come with structured impact reporting on how the funds are used, how far beneficiaries reach, and how outcomes are delivered. This is backed by required disclosures, and also by clearly defined eligibility standards.

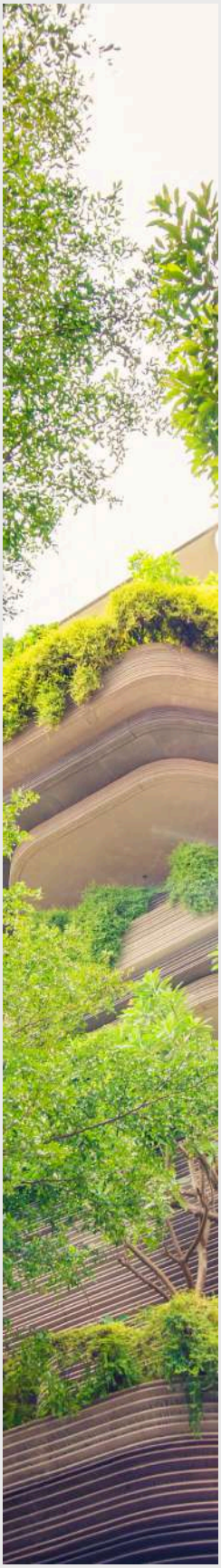
The update is particularly relevant for all listed entities, not-for-profit organizations, and market participants engaged in CSR planning and execution. It applies to companies required to undertake CSR activities under the Companies Act, 2013, as well as stakeholders participating in the Social Stock Exchange ecosystem.

In practice, companies can now channel CSR budgets into ZCZP instruments issued by eligible social enterprises, widening the financing options available for social impact programmes. The change is expected to improve transparency and accountability in CSR spending and may strengthen the role of market-based mechanisms in directing capital toward social development while also giving the Social Stock Exchange platform a meaningful push in terms of participation and credibility.

Effective from May 27, 2026. Companies are advised to review and align their CSR policies accordingly.

ILO Adopts Decent Work in the Platform Economy Convention (June 11, 2026)

ESG Focus: Social (S), Governance (G)



The International Labor Organization's (ILO) General Conference, convened in Geneva by the Governing Body, met at its 114th Session on June 1, 2026 adopted the Decent Work in the Platform Economy Convention, 2026. The Convention is the ILO's first dedicated international labor standard for digital labor platforms and digital platform workers, covering fundamental principles and rights at work, occupational safety and health, protection against violence and harassment, fair and timely remuneration, social security access, and the use of automated decision-making systems. Where automated systems generate decisions affecting pay, working arrangements, or access to work, platform workers are entitled to a written explanation and a review involving appropriate human input. The Convention also requires Member States to ensure correct classification of workers' employment status, guided mainly by the facts relating to how work is performed and how workers are remunerated, while considering the specificities of platform-based work.

The Convention applies to all digital labor platforms and digital platform workers globally, whether in the formal or informal economy. Member States may exclude limited categories of platforms or workers where problems of a substantial nature arise, but only after consulting representative employer and worker organizations, and must communicate the reasons for any exclusion, along with progress on extending coverage, in reports submitted under Article 22 of the ILO Constitution.

It strengthens labor protections and accountability for a fast-growing segment of the global workforce, supporting fairer treatment of platform workers while preserving flexibility for differing national circumstances and business models.

It will enter into force twelve months after two Member States register their ratifications with the ILO Director-General, and twelve months after registration for any Member ratifying thereafter. A ratifying Member may denounce the Convention only after ten years from its first entry into force, within a defined one-year window; absent denunciation; the Member remains bound for a further ten-year period.

CBP Releases Updated Operational Guidance on Forced Labor Import Enforcement(June 12, 2026)

ESG Focus: Social (S), Governance (G)

U.S. Customs and Border Protection (CBP) issued updated Forced Labor Enforcement Operational Guidance for Importers, expanding on its June 2022 guidance under the Uyghur Forced Labor Prevention Act (UFLPA) to now cover all forced labor enforcement authorities.

The guidance consolidates three statutory authorities, 19 U.S.C. § 1307, the UFLPA, and the Countering America's Adversaries Through Sanctions Act (CAATSA), into a single resource. It provides new enforcement process maps and dedicated sections outlining importer obligations when goods are subject to detentions, exclusions, or redelivery. It also includes appendices with recommended supply chain documentation for UFLPA high-priority sectors, practical due diligence examples, and sample enforcement notices.

The guidance applies directly to importers, with implications for their vendors, suppliers, and manufacturers, particularly in sectors at elevated risk of forced labor. CBP states its objective is to clarify distinctions among the various authorities, specify records required to establish admissibility, and support businesses in exercising reasonable care across their supply chains.

While underlying legal requirements remain unchanged, CBP underscores heightened expectations for supply chain transparency and documentation. Importers should be prepared to demonstrate, with clear evidence, that goods are not produced with forced labor if shipments are reviewed.

PIERAG PERSPECTIVE

From the desk of –
Gaurav Khandelwal, Partner & Leader – Risk Advisory Services

The conversation around ESG is no longer confined to sustainability function or investor disclosures. It is increasingly becoming a matter of governance, risk, and assurance. Internal audit, with its independence from management and its role as the third line of defense, is uniquely positioned to provide objective assurance in this space.

As organizations begin their ESG journeys, challenges abound: fragmented data across departments, lack of uniform frameworks, and the novelty of topics such as climate change, GHG emissions, and sustainability reporting. These are not just technical hurdles; they are governance gaps that demand structured oversight.

Internal auditors bring a deep understanding of business systems and processes, making them critical counterparts to governing bodies. Their role extends beyond financial controls into validating ESG risk management goals, assessing the design and operating effectiveness of controls, and ensuring that both financial and non-financial reporting metrics are reliable.

Integration is key. Internal audit must collaborate with enterprise risk management, compliance, HR, supply chain, and IT functions to evaluate ESG maturity, perform materiality analyses, and benchmark against peers. The task is not simply to review disclosures but to ensure that sustainability information is gathered, measured, validated, and reported with the same rigor as financial data.

At Pierag, we believe that embedding ESG into the internal audit function is not just a compliance exercise, it is a governance imperative. Organizations that empower their auditors to take on this role will strengthen trust with stakeholders and build resilience in the face of evolving sustainability challenges.

About Us

Pierag Consulting was founded in February 2021 by Abhishek Gupta, Thomas Raffa and Pierian Services as a unique business model to serve clients globally by blending domestic proficiency with global expertise. Since then, we have been serving prominent clients across the US, SEA, India and UK in the field of Accounting Advisory, Business Risk, Technology Risk, Assurance, ESG &Sustainability, Deals Advisory, Tax and Digital.

With highly skilled team members, we are fueled by our purpose of 'Inspiring people to do things that inspires them' and our values of 'Excellence, Equity & Empathy'.

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