

ESG Perspective

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



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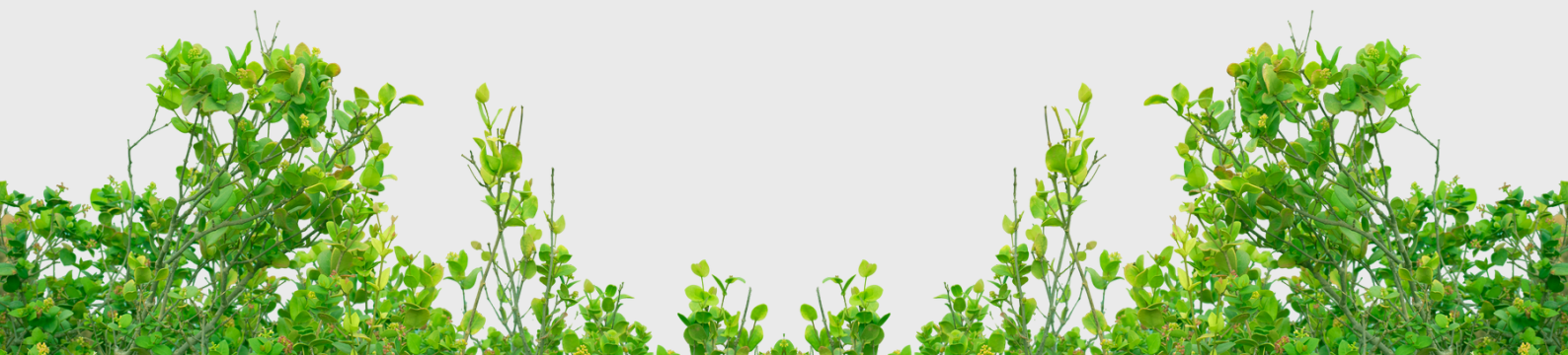
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FOREWORD

Following the encouraging response to the inaugural edition, we are pleased to present the second edition of our ESG & Sustainability Newsletter.

Since our first release, the pace, scope, and complexity of ESG-related developments have continued to accelerate. Governments and regulators across jurisdictions are recalibrating environmental governance frameworks, expanding carbon market mechanisms, and formalizing sustainability and climate-related disclosure standards. At the same time, policy choices on biodiversity, pollution control, and climate transition are increasingly shaping business strategy, investment decisions, and operational risk. In this context, staying informed is no longer optional, it is a strategic imperative.

This edition continues our effort to provide a curated, structured, and decision-relevant overview of key ESG developments in India and globally. The newsletter captures significant regulatory reforms, policy signals, and market-based initiatives spanning sustainability reporting and disclosure standards, carbon markets, decarbonization pathways, environmental protection, and governance reforms. Our intent is to distil complex regulatory and policy developments into clear insights that help organizations anticipate change, assess implications, and respond with confidence.

As a firm, we view ESG not merely as a compliance exercise, but as a value-creation and risk-management lens, one that supports resilience, long-term growth, and responsible decision-making. Through this newsletter series, we aim to foster informed dialogue, support strategic ESG integration, and share perspectives that are relevant to organizations operating in an increasingly interconnected and sustainability-driven economy.

We thank our readers for their continued engagement and feedback, which have helped shape this edition. We look forward to strengthening this platform as a trusted source of ESG regulatory intelligence and thought leadership in the editions to come.



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ENVIRONMENTAL GOVERNANCE & REGULATORY REFORMS (INDIA)

01

Government Amends Uniform Consent Guidelines under Air and Water Acts to Speed Up Approvals and Strengthen Environmental Oversight (January 28, 2026)

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

The Ministry of Environment, Forests and Climate Change (MoEF&CC) has published updates to the Uniform Consent Guidelines for the Air and Water Act to speed up and make it easier for industries in all states and UTs to receive with confidence the relevant approvals. The new framework offers "consolidated consent and authorization," which enables State Pollution Control Boards (SPCBs) to issue a single integrated consent for the relevant Air & Water Act consents as well as disposal under the Waste Management Rules. The benefits of this new method include shortened timelines for approvals, decreased paperwork, and increased monitoring and enforcement.

The reform will affect all industries and all levels of enterprise (Micro, Small and Large), SPCBs, Pollution Control Challengers, and Registered Environmental Auditors. As a significant change, the Consent to Operate will remain in effect indefinitely but may be revoked if required. The processing time for Red Category Industries has been reduced from 120 days to 90 days. Registered Environmental Auditors, certified under the Environmental Audit Rules 2022, are now able to perform onsite inspections and verify compliance, thus allowing SPCBs to allocate resources to focus on higher risk sources. There are also special provisions for Micro and Small Enterprises which can be given deemed Consent to Establish where the site is within a pre-approved industrial estate.



MoEFCC Streamlines Regulatory Framework for Common Effluent Treatment Plants (*January 28, 2026*)

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

The MoEF&CC has eased some norms regarding Common Effluent Treatment Plants (CETPs) to encourage more installations in industrial zones. According to the notification, CETPs will not require environmental clearance, as they are already regulated through the Consent to Establish and Consent to Operate procedures, along with regular inspections and monitoring as per the existing pollution control laws.

The new policy will apply to CETPs serving industrial estates, particularly those serving small and medium-scale industries that rely on collective effluent treatment plants. The notification will also apply to SPCBs and Pollution Control Committees, which are responsible for CETPs' regulatory control and enforcement.

The notification aims to simplify the approval process, accelerate the development of treatment capacity, and prevent the discharge of untreated industrial effluents, thus reiterating success in pollution control. The notification specifies strict measures, such as mandatory closed-pipeline transport of effluents, online monitoring of treatment processes that are accessible to environmental regulators, and a ban on reusing treated effluents.

These will be prospective, with the revised Environmental Protection Rules for CETPs coming into force from September 1, 2025.

Centre Eases Forest Rules for Private Plantations (*January 2026*)

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

The MoEF&CC has amended forest conservation guidelines under Van (Sanrakshan Evam Samvardhan) Adhiniyam, 2023 to classify certain commercial plantations as "forestry activities," thereby removing requirement to pay Net Present Value (NPV) charges and undertake compensatory afforestation. The update allows private and government entities to carry out assisted natural regeneration, afforestation, and plantation projects in forest areas, subject to state government approval and alignment with approved working or management plans through a Detailed Project Report.

Private sector companies, NGOs, and government entities doing plantation on state-owned forest property with state approval and under State Forest Department's direction are all subject to this legislation.

The proposed amendment is expected to lower costs and facilitate the implementation of the project, which will help in the regeneration of the degraded forest areas and will also help in reducing the import of timber and paper products. However, certain risks have been identified, which include the weakening of conservation policies, reduced allocation of budget for the conservation of forests, biodiversity, and the effect on the forest-dependent communities and tribes.

The revised provision was approved on January 2, 2026, effective immediately.



CARBON MARKETS, CLIMATE POLICY & DECARBONIZATION PATHWAYS

02

India Expands Carbon Market Coverage with New Emission Intensity Targets (*January 22, 2026*)

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



The MoEF&CC has notified Greenhouse Gas Emission Intensity (GEI) targets for 208 additional carbon-intensive industrial entities, significantly expanding the compliance framework of India's Carbon Credit Trading Scheme (CCTS). Issued on January 13, 2026, the notification brings Petroleum Refineries, Petrochemicals, Textiles and Secondary Aluminium under the compliance mechanism of the Indian Carbon Market (ICM).

With this expansion, a total of 490 obligated entities across India's most emission-intensive sectors are now covered under the ICM. Earlier, in October 2025, GEI targets were notified for Aluminium, Cement, Chlor-Alkali and Pulp & Paper sectors, covering 282 entities. The CCTS operates through both a Compliance Mechanism and an Offset Mechanism, pricing emissions to incentivize reductions across the economy. Under this, obligated entities are required to meet assigned GEI reduction targets, with over-performers eligible to earn tradable carbon credit certificates.

This move will strengthen India's market-based strategy on emission reductions, spur efficiency-enhancing activities in other sectors that are heavily industrialized and ensure that industrialization is consistent with long-term mitigation targets. With increasing sector coverage, the ICM is set to become the focal point in the country's race to net-zero.

NITI Aayog Releases Decarbonization Roadmaps for Cement, Aluminium and MSME Sectors (January 21, 2026)

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

On January 21, 2026, NITI Aayog released three sector-specific decarbonization roadmaps to support India's goal of becoming Viksit Bharat by 2047 and achieving a USD 30 trillion economy, aligned with its net-zero target by 2070. The reports were developed in consultation with line ministries, industry stakeholders, research institutions, and knowledge partners.

Cement production is anticipated to increase from 391 million tonnes in 2023 to staggering ~2,100 million tonnes by 2070. Under the decarbonization strategy, the cement sector is required to reduce its carbon intensity from 0.63 tCO₂e/t to 0.09-0.13 tCO₂e/t. Techniques suggested for this target include the use of refuse-derived fuels, the substitution of clinker, the use of Carbon Capture, Utilization & Storage (CCUS) technology, and the use of a CCTS.

For aluminium sector the output is expected to grow from 4 million tonnes to 37 million tonnes by 2070. Short-term measures mentioned were RE-RTC power and grid enhancements, medium-term adoption of nuclear power and long-term CCUS integration.

At last, for Micro, Small and Medium Enterprises (MSME) sector contributing nearly 30% to national GDP and accounting for approximately 46% of exports, they are encouraged to deploy energy-efficient equipment, adopt alternative fuels and integrate green electricity. Technology adoption, affordable finance, skilling, regulatory reform and women's participation in the MSME sector were some other measures highlighted.

NITI Aayog officials emphasized that these roadmaps would provide reference for achieving industrial growth with deep decarbonization.



SUSTAINABILITY DISCLOSURE & REPORTING STANDARDS

03

IPSASB Introduces First Climate-Related Disclosure Standard for the Public Sector (*January 29, 2026*)

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

The International Public Sector Accounting Standards Board (IPSASB) has published its first global climate-related disclosure standard for governments and public agencies: the IPSASB SRS 1, Climate-Related Disclosures. Although it was developed with assistance from the World Bank, this new standard aims to provide a consistent framework for all public entities worldwide to report on climate-related risks and opportunities, when no other public entity has previously offered guidance in this area.

The new framework is closely aligned to the International Financial Reporting Standard (IFRS) S2 Framework for reporting on Governance, Strategy, Risk and Management and Metrics, including Scopes 1, 2, and 3 emissions. The IPSASB has stressed that this framework is intended to fulfil a broader range of public interest requirements rather than simply being to meet investor-driven needs; thus, reflecting differences between public and private sector entities. The framework will apply to financial statements for all reporting periods that will commence on or after January 1, 2028; however, entities may choose to adopt the Standard early. The board also stated that improved climate disclosures will allow governments to manage their risk more effectively, improve decision-making and provide access to capital to undertake initiatives to improve climate preparedness.

As most of the world's carbon emissions are generated by public sector entities, the new standards will significantly enhance global climate reporting by enhancing the precision and transparency of climate reports from all levels of government around the globe.



Philippines Adopts IFRS-Based Mandatory Sustainability Reporting (December 2025)

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

The Philippines has confirmed that the Securities and Exchange Commission (SEC) in the country has adopted the Philippine Financial Reporting Standards (PFRS) for Sustainability Disclosure, which is based on the framework established by the IFRS Foundation. The new PFRS S1 and PFRS S2 standards mirror those of the International Sustainability Standards Board (ISSB) by establishing global disclosure standards for sustainability and climate change reporting and will provide standards for sustainability reporting in line with the best international practices.



The new standards will be applied to publicly listed companies and to large unlisted companies in three phases. Companies with a total market capitalization exceeding PHP 50 billion will be required to commence sustainability reporting for reporting periods beginning on or after January 1, 2026. Smaller listed companies and large unlisted companies will be subject to the requirement in subsequent phases. The new standards also impose mandatory limited assurance on Scope 1 and 2 greenhouse gas emissions from the time a company begins to report under the new standard and provide leniency for Scope 3 emissions.

The implementation of these new regulations will provide significant improvements to governance, transparency, and climate accountability in the Philippine market as well as align them with ISSB standards throughout the Association of Southeast Asian Nations (ASEAN) and improve comparability of sustainability reports for investors, provide for greater regulatory compliance, and establish a commitment to mandatory sustainability reporting supported by independent assurance in the region.

China Introduces IFRS-Aligned Corporate Climate Disclosure Standard (December 25, 2025)

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



Corporate Sustainable Disclosure Standard No. 1 – Climate (Testing) issued recently by China’s Ministry of Finance along with other central ministries, regulatory agencies, and the Central Bank represents progress toward standardized corporate climate disclosure in China. The above reference is to the IFRS S2; it serves to assist corporates in disclosing risks, opportunities, impacts, and governance practices of climate-related issues in terms of assisting furthering China’s green and low-carbon development ambitions.

This standard has been established as a voluntary temporary framework with a view to being incrementally transformed as a preferred mandatory requirement for corporations disclosing climate-related information. The standard largely follows the fundamental ISSB outline that is, Governance, Strategy, Risk & Opportunity Management, and Performance Measurement; however, China-specific components have been added to address how companies should provide disclosures related to the impact of climate change on their operations and supply chain(s). This framework is expected to enhance transparency within and between corporations regarding their climate-related data, improve the comparability of climate-related data, and provide evidence against “greenwashing” by providing guidance to help direct capital investment into low-carbon activities/initiatives.

The above elements are intended to allow for the eventual extension of application of the framework to include non-listed companies and to include both large companies as well as small to medium-sized (SME) companies and to transition from qualitative to quantitative requirements. Industry-specific guidelines have been established and will continue to be developed at the Industry Sector level (power, steel, cement and automotive will be first examples) which indicates an obvious progression from voluntary to mandatory climate disclosure practices nationally in China.

POLLUTION CONTROL, WASTE MANAGEMENT & CHEMICAL SAFETY

04

India Notifies New Solid Waste Management Rules, 2026 (January 28, 2026)

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

On April 1, 2026, new Solid Waste Management Rules will be implemented by the MoEF&CC. These new regulations replace the prior 2016 version of the Solid Waste Framework and create more clearly defined obligations, establish a legal obligation to segregate waste into four streams, and include stronger compliance mechanisms based on the principle of "Polluter Pays". This includes penalties for operating without registration as well as civil and criminal penalties for any form of false or misleading reporting, with Central Pollution Control Board (CPCB) established guidelines for implementing these rules and SPCB overseeing the implementation of any compensatory measures imposed as a result of violations.

The Solid Waste Management Rules apply to local bodies, bulk generators of waste, waste-processing enterprises, businesses, and industry currently using solid fuels. Bulk waste generators must now manage their own waste, either on their own site or through approved methods. Local bodies must ensure that waste is collected, segregated, and disposed of in a coordinated manner. A central online database will maintain records of all activities from collection to disposal, in addition to being the database for records of registration and records of authorization for waste operations, and database for mandatory audits of waste operations.

The economic impact and environmental benefits of the new Solid Waste Management Rules are expected to result in decreased dependence on landfills and a reduction in the time required to obtain land for waste-processing facilities, which will result in companies gradually transitioning away from using solid fuels to using Refuse-Derived Fuel. Additional provisions for the unique requirements of waste disposal and processing in mountainous and island communities have been included in the new Solid Waste Management Rules.



EU Introduces “One Substance, One Assessment” Framework for Chemicals (January 5, 2026)

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

The European Commission’s Directorate, General for Environment has introduced new regulations to simplify chemical safety assessments in the European Union (EU), aiming to improve consistency, transparency, and efficiency in evaluating chemicals that impact human health and the environment. The update is a part of the Chemicals Strategy for Sustainability within European Green Deal.

The “one substance, one assessment” framework covers a wide range of chemical-based products, including food, toys, pesticides and biocides. It also creates a single standardized data platform for all chemicals and consolidates scientific and technical tasks among EU agencies and introduces a monitoring and outlook framework to detect emerging chemical risks early.

This framework is applicable to EU chemicals regulators, industry stakeholders, authorities and agencies like European Chemicals Agency. By taking this unified approach redundancy can be reduced, identification of risks and regulatory action can be expedited thereby protecting public health and the environment through coordinated assessments and better data sharing.

It is anticipated that these policies will foster scientific collaboration, make regulatory processes more efficient, and provide EU with an improved capability for prediction and management of chemical risks, helping to create a safer and sustainable environment throughout Europe. The regulations shall be applicable on January 1, 2026.



GLOBAL CLIMATE GOVERNANCE & 05 GEOPOLITICAL DEVELOPMENTS

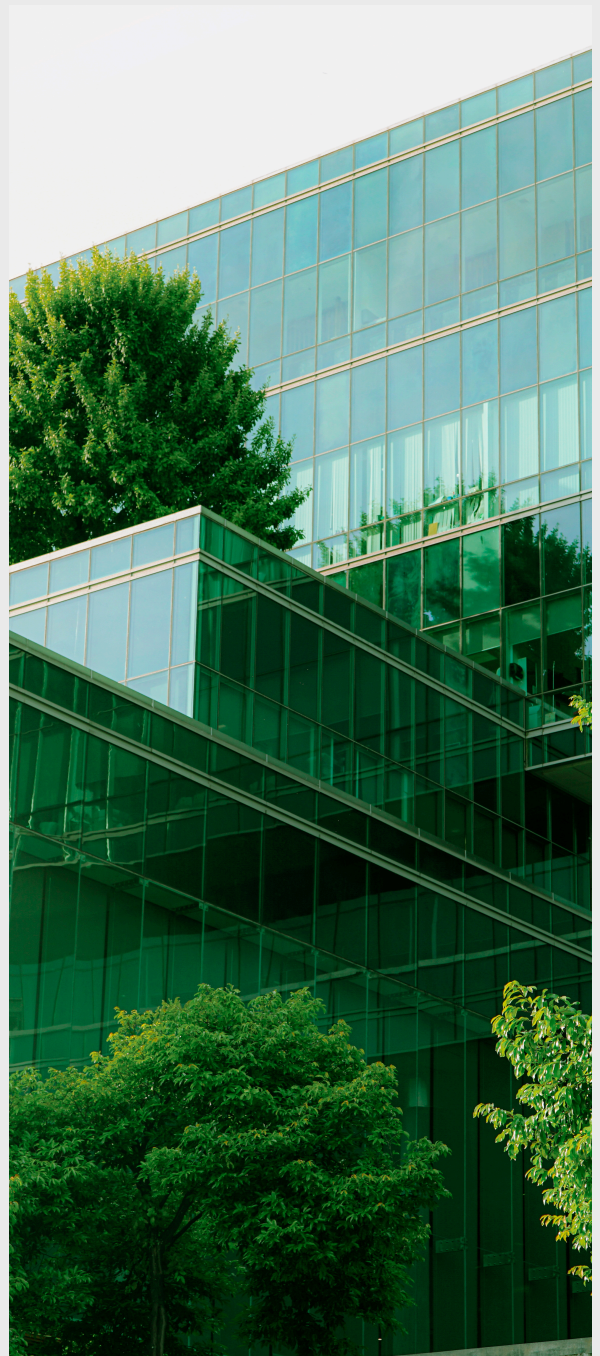
European Commission Explains CBAM “Emergency Brake” Under Article 27a (*January 8, 2026*)

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

The European Commission published Q&A guidance on the proposed Article 27a of the Carbon Border Adjustment Mechanism (CBAM) Regulation on January 8, 2026, explaining how an emergency safeguard might be applied to waive CBAM obligations for certain products in the event of a serious market disturbance.

As per the existing rules of CBAM, products cannot be suspended or excluded without a formal legislative change. Article 27a, proposed by the Commission in December 2025 and still awaiting approval from the European Parliament and Council, would change this by giving the Commission limited powers to act through a delegated measure. This would apply where CBAM causes severe harm to the internal market, particularly due to sharp and unforeseen price impacts.

If implemented, the mechanism would be retroactive from January 1, 2026. The Commission explained that this would not produce financial effects in 2026, as CBAM certificates can only be bought from February 1, 2027. Any certificates that have been purchased after that would be completely reimbursed if a retroactive suspension is applicable.



PIERAG PERSPECTIVE

From the desk of -

Abhishek Gupta, Founder & Managing Partner

The Union Budget for 2026-27 (the 'Budget') comes at a time when the global economy is undergoing rapid change. Geopolitical shifts, climate risks, and the need for sustainable growth are influencing how countries and businesses plan for the future. Across markets, businesses are being asked to balance long-term sustainability with commercial performance.

What stands out in the Budget is the confidence in long-term decision-making. Rather than focusing on short-term outcomes, the Budget lays the groundwork for a stable and predictable business environment. The proposed allocation of **₹20,000 crore over five years for CCUS** is a clear signal that decarbonization is now becoming part of mainstream industrial policy. This is further supported by **customs duty exemptions for nuclear energy, battery storage, and solar manufacturing**, helping make clean energy supply chains more cost competitive. With similar investments underway in the United States and other countries, India's approach is well aligned with global trends. Public investment priorities further reinforce this direction.

The Budget also reflects confidence in India's growing market and workforce. Nearly **25 crore people have moved out of multidimensional poverty over the past decade**, expanding both consumption and talent availability. Continued support for MSMEs, including the proposed **₹10,000 crore MSME Growth Fund**, encourages entrepreneurship, strengthens supply chains, and aligns with global efforts to empower small businesses.

From a business perspective, the message is clear. Markets perform best when policies are predictable, governance is transparent, and reforms are guided by long-term thinking. The Budget seeks to provide this foundation offering confidence, stability, and opportunity for businesses navigating an increasingly uncertain global environment.





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 Assurance, Accounting & Transactions Advisory, Business Risk, Technology Risk Advisory and ESG & Sustainability.

With highly skilled team, 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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