

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

MARCH 2026 (03.26)

www.pierag.com

This issue at a glance

Climate Policy & Carbon Market Developments

- Europe Sets Benchmark with World's First Ever Voluntary Carbon Removal Framework (February 3, 2026)
-

Sustainability Reporting & ESG Disclosure Frameworks

- UK Finalizes Sustainability Reporting Standards Aligned with ISSB Framework (February 25, 2026)
 - Egypt Mandates Carbon Disclosure & 20% Offset for Non-Banking Financial Firms (February 15, 2026)
 - California Introduces New Climate Disclosure Requirements for Businesses (February 26, 2026)
-

ESG Standards, Methodologies & Guidance

- GRI Releases Biodiversity Reporting Guide to Strengthen Nature Disclosures (February 16, 2026)
 - GHG Protocol Launches Land-Sector and Removals (LSR) Standard (January 30, 2026)
 - ISO Releases ISO 14092:2026 for Climate Adaptation Planning (February 2026)
-

Sustainable Finance & ESG Governance

- SEBI Sets Up Working Group to Review ESG Rating Providers Regulatory Framework (February 18, 2026)
 - Norway's Wealth Fund Uses AI to Spot ESG Risks (February 26, 2026)
-

Circular Economy & Sustainable Product Regulations

- EU Advances Circular Fashion by Halting the Destruction of Unsold Apparel (February 9, 2026)
-

Sustainability Initiatives & Development Finance

- Saudi Arabia Launches Namaa Endowment Fund for Environmental and Agricultural Sustainability (February 17, 2026)
-

Corporate Sustainability Regulation Reforms

- EU Simplifies Corporate Sustainability and Due Diligence Requirements through Omnibus Package (February 26, 2026)

FOREWORD

Building on the continued engagement with our previous editions, we are pleased to present the third edition of our ESG & Sustainability Newsletter.

Over the past month, the global sustainability landscape has demonstrated a clear shift toward implementation, recalibration, and sector-specific transition. Policymakers are refining carbon market frameworks, strengthening industrial decarbonization pathways, and advancing sustainability disclosure regimes to enhance transparency, comparability and accountability. At the same time, economic strategy, trade measures, and climate objectives are becoming increasingly interconnected, reflecting the growing integration of ESG considerations into core policy and business decision-making.

In this context, the need for structured and forward-looking regulatory intelligence remains critical. This edition provides a curated overview of key ESG developments across India and globally, covering areas such as carbon markets, sustainability reporting and disclosure frameworks, global ESG standard-setting, circular economy initiatives, and emerging regulatory reforms. Our objective remains to distill complex regulatory developments into clear, decision-relevant insights that help organizations assess risk, identify opportunities, and prepare for the transition to a more sustainable economy.

As a firm, we view ESG not merely as a compliance requirement, but as an integrated framework for resilience, competitiveness, and responsible growth. Through this newsletter series, we aim to support informed dialogue, enable strategic ESG integration, and provide clarity amid an evolving and increasingly complex regulatory environment.

We sincerely appreciate the continued engagement and feedback from our readers, which helps strengthen this initiative with each edition. We look forward to further developing this platform as a trusted source of ESG regulatory insights and thought leadership in the months ahead.



Sarika Gosain

Partner & Leader – ESG & Sustainability
esg@pierag.com

CLIMATE POLICY & CARBON MARKET DEVELOPMENTS

01

Europe Sets Benchmark with World's First Ever Voluntary Carbon Removal Framework (*February 3, 2026*)

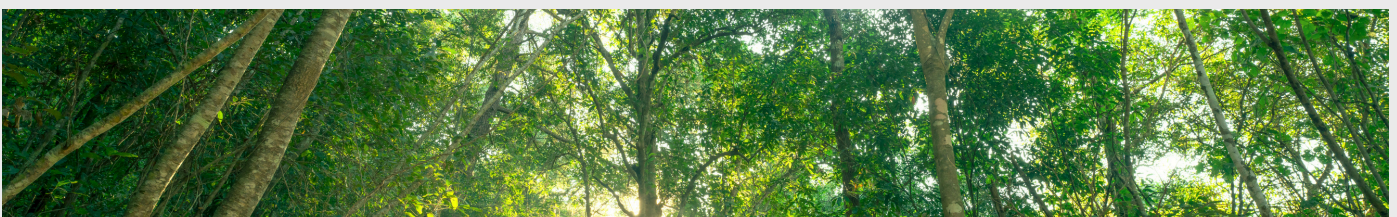
ESG Focus: Environment (E) & Governance (G)

On February 3, 2026, the European Commission adopted the first certification methodologies under the Carbon Removals and Carbon Farming (CRCF) Regulation (Regulation 2024/3012), creating the world's first European Union (EU)-wide voluntary standard for permanent carbon removals. By defining what a tonne of CO₂ removal is, establishing permanence standards, and addressing concerns like liability and leakage, the framework improves environmental integrity and minimizes greenwashing.

The methodologies cover three mature technologies which are Direct Air Capture with Carbon Storage (DACCS), Biogenic Emissions Capture with Carbon Storage (BioCCS), and Biochar Carbon Removal (BCR). Carbon removal project developers, certification schemes, investors, start-ups, and bioeconomy participants can now apply for EU certification.

To stimulate the voluntary carbon removal market, the Commission also announced the creation of an EU Buyers' Club under the EU Bioeconomy Strategy to mobilize demand and finance. Additionally, two further delegated acts are expected in 2026 covering carbon farming (including agriculture, peatland rewetting and afforestation) and carbon storage in bio-based construction products.

The objective of the initiative is to promote innovation in relation to climate, create access to public and private financing, and create a structured voluntary market for high-quality credits for the removal of carbon thereby supporting the EU's 2050 climate neutrality objective. The delegated Regulation will undergo a two-month scrutiny period by the European Parliament and the Council. Subject to no objections, it is expected to be published in early April 2026 and enter into force 20 days thereafter.



SUSTAINABILITY REPORTING & ESG DISCLOSURE FRAMEWORKS

02

UK Finalizes Sustainability Reporting Standards Aligned with ISSB Framework (*February 25, 2026*)

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



On February 25, 2026, the UK government released the final versions of the UK Sustainability Reporting Standards (UK SRS S1 and UK SRS S2), in line with the International Financial Reporting Standard (IFRS) Foundation's International Sustainability Standards Board (ISSB) standards (IFRS S1 and IFRS S2), establishing a framework for consistent and internationally aligned sustainability and climate-related financial disclosures.

UK SRS S1 establishes the general requirements for reporting sustainability-related risks and opportunities, while UK SRS S2 focuses specifically on climate-related risks and opportunities.

The standards are currently endorsed for voluntary use. However, the government signaled potential future mandatory application. The Financial Conduct Authority (FCA) is currently in the process of consulting on the requirement for listed companies to report using UK SRS-based disclosures. Additionally, the government will be considering the possibility of extending these requirements to private companies as part of an imminent corporate reporting reform consultation.

A notable change in the finalized standards is the removal of fixed timelines for transitional reliefs, including Scope 3 emissions reporting, with implementation details to be determined by regulators. The update strengthens the UK's alignment with global sustainability reporting frameworks while allowing regulatory flexibility, and the standards became effective upon release for voluntary application.

Egypt Mandates Carbon Disclosure & 20% Offset for Non-Banking Financial Firms (*February 15, 2026*)

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

On February 15, 2026, Egypt's Financial Regulatory Authority (FRA) issued Decision No. 36 of 2026 mandating carbon emissions disclosure and partial offsetting for entities regulated under its non-banking financial framework. The decision requires companies with issued capital or net equity exceeding EGP 100 million to submit an annual carbon footprint report covering both Scope 1 direct emissions and Scope 2 indirect emissions.

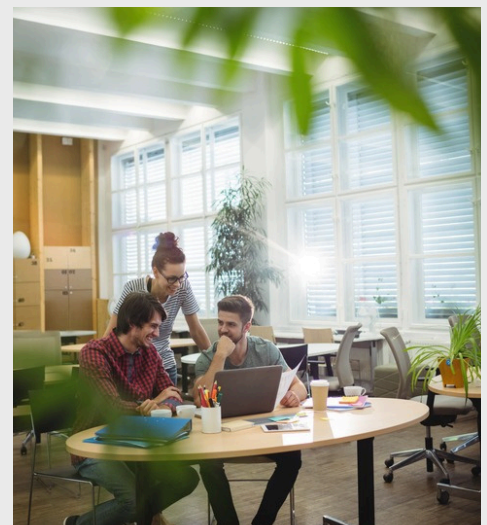
The regulation applies to FRA-regulated non-banking financial companies meeting the specified financial threshold. Reports must be verified by FRA-approved verification bodies and submitted by the end of June 2026, with annual reporting required thereafter. In addition, firms must offset approximately 20% of their disclosed emissions by purchasing carbon reduction certificates from the FRA-regulated voluntary carbon market within 90 days of report submission.

The measure is expected to strengthen ESG transparency and increase demand in Egypt's voluntary carbon market. The regulation will enter into force the day after its publication in the Egyptian Gazette and on the FRA's official website.

California Introduces New Climate Disclosure Requirements for Businesses (*February 26, 2026*)

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

On February 26, 2026, California Air Resources Board (CARB) adopted the California Greenhouse Gas Reporting and Climate Financial Risk Disclosure Initial Regulation to implement the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, as amended by Senate Bill (SB) 219. The regulation clarifies key definitions, establishes programme administration fees, and confirms that the deadline for the first year of reporting under SB 253 will be August 10, 2026, enabling CARB to administer and fund the statutory disclosure requirements.



The requirements apply to U.S.-based companies doing business in California with annual revenues exceeding \$1 billion under SB 253 and \$500 million under SB 261. In the first reporting year, companies must disclose Scope 1 and Scope 2 greenhouse gas emissions, while Scope 3 emissions reporting will begin in 2027. The regulation also introduces a flat-rate fee structure based on gross receipts reported to the California Franchise Tax Board. Certain entities including tax-exempt nonprofits, government or majority government-owned entities, and insurance companies regulated by the Department of Insurance are exempt. Reporting under SB 261 currently remains voluntary following a court order.

Over 120 climate-related financial risk reports have already been voluntarily submitted through CARB's public docket, across sectors such as manufacturing, technology, healthcare, energy, transportation, and finance. CARB indicated it will prioritize stakeholder engagement and exercise enforcement discretion for good-faith submissions during the first-year of reporting. Originally enacted in 2023 and amended in 2024, the rules aim to provide investors and consumers with consistent and decision-useful climate risk and emissions data, positioning California as a leading jurisdiction in corporate climate transparency.



GRI Releases Biodiversity Reporting Guide to Strengthen Nature Disclosures (*February 16, 2026*)

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

On February 16, 2026, the Global Reporting Initiative (GRI) released a practical guide titled *"Decoding biodiversity impacts: A practical guide to corporate reporting with the GRI Standards"*. The release comes after the *IPBES Business and Biodiversity Assessment Report* which has been approved by 150 governments and released on February 9, 2026, which outlined around 100 actions for systemic change and cautioned that businesses frequently face limited financial consequences for biodiversity damage.

The guide provides practical support for implementing GRI 101: Biodiversity 2024, including case studies and expert insights to assist companies assess biodiversity impacts across operations and geographies, integrate nature-related data into governance and decision-making processes, utilize location-specific data, and address supply chain data challenge.

The guide is applicable to organizations reporting under the GRI Standards, including companies beginning their biodiversity reporting journey as well as advanced reporters seeking to strengthen decision-useful disclosures. The initiative is expected to improve transparency, credibility, and risk management related to biodiversity impacts while helping companies meet increasing stakeholder and regulatory expectations.

GRI 101: Biodiversity 2024 replaces GRI 304: Biodiversity 2016 and will apply to all GRI reporting from January 1, 2026.

GHG Protocol Launches Land-Sector and Removals (LSR) Standard (*January 30, 2026*)

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

On January 30, 2026, the Greenhouse Gas Protocol issued the Land Sector and Removals Standard, establishing the first global framework allowing corporations to report greenhouse gas emissions and CO2 removals associated with agricultural land use and emerging carbon removal technologies.

The standard addresses a long-standing gap in corporate greenhouse gas accounting, as land sector emissions (accounting for 25% of global emissions) previously lacked a consistent reporting methodology.

The LSR Standard applies to companies of all sizes with significant land-sector activities across their operations or value chains, including producers, buyers, sellers of agricultural products, and carbon removal technology developers. It allows optional reporting of both natural and technological carbon removals within Scope 1 and Scope 3 inventories, subject to safeguards on lifecycle accounting, data quality, permanence, traceability, and measures to prevent double counting.

Developed over a five-year period through a multi-stakeholder process involving over 300 reviewers, 4,000+ public comments, and pilot testing with 96 companies, the Standard aims to strengthen transparency and integrity in corporate climate disclosures. Forest carbon accounting will be addressed in a future update following stakeholder consultation.

The LSR Standard will become effective from January 1, 2027, allowing companies time to prepare for implementation. The framework is expected to improve measurement, reporting, and management of land-sector climate impacts while supporting corporate net-zero transition strategies.



ISO Releases ISO 14092:2026 for Climate Adaptation Planning (February 2026)

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



In February 2026, the International Organization for Standardization (ISO) released ISO 14092:2026 - Climate Change Adaptation, providing a structured governance and planning framework to support local climate adaptation efforts. The standard aims to strengthen evidence-based planning and measurable readiness for climate risks, reflecting growing recognition that adaptation initiatives are increasingly implemented but often remain inadequately planned, executed, or financed.

ISO 14092:2026 provides guidelines on establishing governance roles, engaging stakeholders, evaluation and prioritizing of climate risks, and planning and implementing adaptation measures, along with mechanisms to track progress and enable continual improvement. The standard supersedes ISO/TS 14092:2020, upgrading the previous technical specification to a formal International Standard and introducing additional guidance and an annex to support implementation.

The guidance is applicable to organizations and communities across all sectors seeking to develop structured climate adaptation strategies. The standard aligns with ISO 14091 and ISO 14093, which address climate risk assessment and climate finance mechanisms, and supports the objectives of the Paris Agreement and the Sustainable Development Goals.

The voluntary standard is expected to enhance climate resilience, governance transparency, and access to climate finance by helping communities better prepare for risks such as floods, heatwaves, droughts, and coastal erosion.

The standard became effective upon its release in February 2026.

SEBI Sets Up Working Group to Review ESG Rating Providers Regulatory Framework (February 18, 2026)

ESG Focus: Governance (G), Environment (E) & Social (S)

On February 18, 2026, the Securities and Exchange Board of India (SEBI) established a Working Group to thoroughly examine the regulatory framework governing ESG Rating Providers (ERPs). The action comes after input from stakeholders and market participants emphasizing the necessity of fortifying the current ERP rules in view of changing investor expectations and ESG reporting.

The Working Group comprises representatives from academia, domestic and international ERPs, issuers, investors, and users of ESG ratings, ESG analysts, and legal experts. Its mandate includes reviewing the current ERP regulatory framework, examining stakeholder representations, identifying measures to improve the transparency, reliability, and credibility of ESG ratings, and assessing international regulatory developments to align Indian practices with global standards while considering domestic market dynamics.

The review will be relevant to ERPs that fall under SEBI's regulatory purview, as well as issuers and investors that rely on ESG ratings for investment and disclosure purposes. The outcome is anticipated to strengthen governance standards, improve comparability and credibility in ESG ratings, and support the development of sustainable finance markets in India.

The Working Group will submit its recommendations to SEBI for further regulatory consideration.



Norway's Wealth Fund Uses AI to Spot ESG Risks (February 26, 2026)

ESG Focus: Governance (G), Environment (E) & Social (S)

On February 26, 2026, Norway's Government Pension Fund Global published its Responsible Investment 2025 Report, highlighting the use of artificial intelligence tools to evaluate the companies for ESG-related risks such as the forced labor, corruption, and fraud. The \$2.2 trillion fund, managed by Norges Bank Investment Management (NBIM) is the world's largest sovereign wealth fund and holds stakes in around 7,200 companies globally, representing about 1.5% of all listed stocks.

Since 2025, NBIM has deployed large language models to screen companies on the day they enter its equity portfolio. The fund's investments are benchmarked against the FTSE Global All Cap Index, set by Norway's finance ministry, and every new inclusion in the index must be screened before becoming part of the portfolio. Within 24 hours of investment, AI tools scan publicly available information beyond traditional data vendor coverage and flag potential ESG risks.

NBIM noted that in several cases the system helped identify risks early, enabling the fund to exit positions before broader market reactions. The AI system is particularly valuable for assessing smaller companies in emerging markets, where vendor data is limited and relevant reporting may only appear in local-language media. The initiative highlights how AI can strengthen risk management and protect long-term portfolio value.



CIRCULAR ECONOMY & SUSTAINABLE PRODUCT REGULATIONS

05

EU Advances Circular Fashion by Halting the Destruction of Unsold Apparel (*February 9, 2026*)

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

On February 9, 2026, the European Commission adopted Delegated and Implementing Acts under the Ecodesign for Sustainable Products Regulation (ESPR) to prevent the destruction of unsold apparel, clothing accessories and footwear in the EU. The measures aim to address the environmental impact of textile waste, as an estimated 4-9% of unsold textiles in Europe are annually destroyed, resulting in the production of approximately 5.6 million tonnes of CO2 emissions.

The framework introduces a ban on destroying unsold textile products while allowing limited derogations where destruction is justified, such as for safety reasons or damaged goods. It also establishes a standardized disclosure format requiring companies to report the quantities of unsold textile products discarded. Businesses are encouraged to adopt circular economy alternatives such as resale, remanufacturing, donation, and reuse to manage excess inventory.

The restrictions will apply to large enterprises starting July 19, 2026, while medium-sized companies will be subject to the rules from 2030. Large companies are already subject to disclosure obligations under the ESPR, with similar reporting requirements expected to apply to medium-sized companies by 2030. The standardized reporting format for discarded textiles will take effect in February 2027.

The measures are expected to reduce textile waste and emissions, promote circular economy practices in the fashion sector, and create a more level playing field for sustainable businesses operating within the EU market.



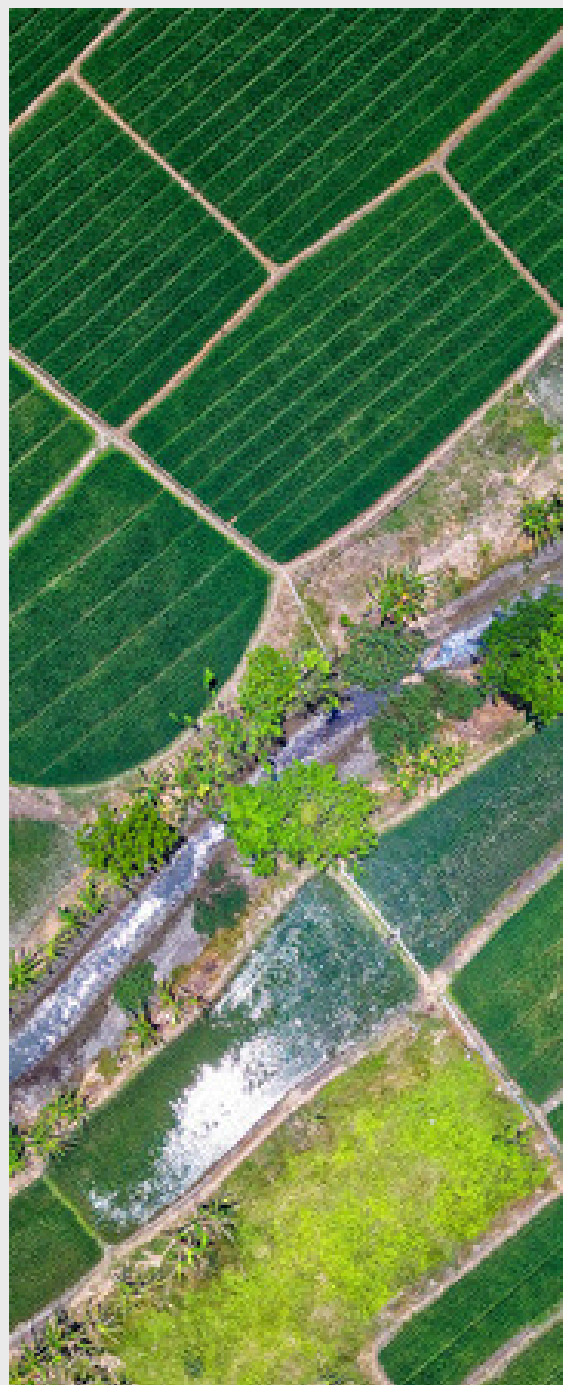
Saudi Arabia Launches Namaa Endowment Fund for Environmental and Agricultural Sustainability (*February 17, 2026*)

ESG Focus: Environment (E) & Social (S)

On February 17, 2026, Saudi Arabia's Ministry of Environment, Water and Agriculture launched the Namaa Endowment Fund as a new institutional endowment model to strengthen the sustainability within the Kingdom's environmental and agricultural ecosystem. The fund aims to mobilize long-term capital to support water provision and conservation, afforestation, biodiversity protection, expansion of vegetation cover, circular economy initiatives, agricultural and irrigation development, and reduction of food waste in line with Saudi Vision 2030.

Applicable to nonprofit organizations, environmental and agricultural initiatives, philanthropic contributors, and institutional participants investing through an authorized platform, the fund will operate under a structured governance and financial management framework in collaboration with the General Authority for Awqaf, the Capital Market Authority, and SNB Capital.

The Governor of the General Authority for Awqaf announced an initial contribution of SAR 100 million to establish a sustainable endowment base. The initiative is expected to enhance the nonprofit sector's contribution to GDP while creating a sustainable financing mechanism for environmental and social development.



CORPORATE SUSTAINABILITY REGULATION REFORMS

07

EU Simplifies Corporate Sustainability and Due Diligence Requirements through Omnibus Package (*February 26, 2026*)

ESG Focus: Governance (G), Environment (E) & Social (S)

On February 26, 2026, the EU published Directive (EU) 2026/470 in the Official Journal, finalizing the “Omnibus I” simplification package scaling back sustainability reporting and due diligence requirements under the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The directive reflects revisions made during negotiations between the European Parliament and the Council, adjusting the scope and implementation timelines of existing sustainability regulations.



Under the revised framework, the CSRD will apply only to companies with more than 1,000 employees and over €450 million in annual revenue, significantly reducing the number of companies subject to reporting obligations. For the CSDDD, the threshold has been increased to 5,000 employees and €1.5 billion in annual revenue, narrowing the scope of companies required to conduct mandatory human rights and environmental due diligence across their value chains. The agreement also introduces changes including limits on information requests to SMEs within value chains, adjustments to penalty structures capped at 3% of global turnover, and a delay in the application of CSDDD obligations until July 2029.

The Directive is effective from March 18, 2026, which is 20 days after it is published. EU Member States are required to transpose the CSRD-related amendments into national law by March 19, 2027, and the CSDDD-related amendments by July 26, 2028.

PIERAG PERSPECTIVE

From the desk of –
Gaurav Popli, Partner - Business Risk Advisory

As Pierag Consulting marks its five-year milestone, it is a moment of reflection and gratitude for me. Having been part of this journey since day one, I have had the honor of witnessing how an entrepreneurial vision gradually evolved into a growing advisory practice driven by passion, determination, and purpose. Being part of the building blocks of our practice from the ground up has been an enriching experience shaped by knowledge, faith, and the shared dedication of our firm and clients who believed in our vision.

One of the most significant changes in the global business environment in recent years has been the increasing importance of sustainability and ESG factors. What was once viewed largely as a voluntary initiative is now steadily becoming a structured and regulated aspect of business operations. Governments, regulators, and investors are placing increasing emphasis on transparency, responsibility, and measurable progress in environmental and social commitments.

In response to this changing environment, Pierag Consulting established its **ESG & Sustainability Service Line** to support businesses in navigating these changes with clarity and confidence. Our approach focuses on integrating ESG into core business strategy rather than treating it as a standalone compliance activity. From strategy and governance frameworks to sustainability reporting, assurance, digital enablement, and capacity building, our services assist businesses at every stage of their ESG journey.

Our ESG services combine both qualitative and quantitative dimensions, helping businesses with risk assessment, alignment with leading global frameworks, strengthening disclosures, and embedding responsible business practices into day-to-day operations. With increasing regulatory momentum and stakeholder expectations, building structured ESG capabilities has become the need of the hour for businesses seeking preparedness and sustained competitiveness.

As we continue to grow, our commitment remains unchanged, which is to deliver thoughtful advisory, technical expertise, and insights that help businesses translate sustainability goals into substantial actions.





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

Copyright @ 2026, Pierag Consulting (operating under brand name 'Pierag'). All rights reserved. This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice. Pierag expressly disclaims all liabilities in respect to actions taken or not taken based on any or all the contents of this document.

Our Locations:

Gurugram
DLF Square,
Level 18, DLF Phase II,
Gurugram - 122002

Bengaluru
Brigade Software Park
Banashankari Stage II,
Bengaluru - 560070,

Chandigarh
Godrej Eternia Towers,
Level 4, Tower A,
Chandigarh - 160002

Melbourne
214, Ill Overton Road
Williams Landing,
Melbourne, VIC - 3027

Mumbai
One International Centre,
Tower 1, Level 8, Lower Parel,
Mumbai - 400013

Jaipur
Jaipur Centre,
Level 5, Tonk Road,
Jaipur - 302018

Washington, D.C.
34, Kalorama Circle
NW, Washington
D.C. - 20008

Singapore
Marina Bay Financial Centre
12 Marina Boulevard
Singapore 018982



More information
www.pierag.com | esg@pierag.com



[pierag/socialmedia](https://www.pierag.com/socialmedia)