

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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FOREWORD

We are pleased to present the September 2026 edition of our ESG & Sustainability Newsletter, building on the continued engagement with our earlier issues.

Recent developments reveal a landscape moving in two directions at once: while some jurisdictions are locking in stricter, more operational rules, others are stepping back to ease compliance burdens or defer implementation altogether. Regulators and market participants are increasingly navigating this tension between deepening accountability and managing the practical costs of compliance, signaling a maturing but uneven phase in the sustainability journey.

Highlights in this edition include the European Commission's continued rollout of CBAM implementation guidance, the entry into force of the EU's PPWR and End-of-Life Vehicles Regulation, and the UK's decision to delay bringing waste incineration into its Emissions Trading Scheme. Equally significant are developments in carbon markets, including Vietnam's approval of its Article 6 carbon credit framework with Singapore and Gold Standard and Verra's joint tool supporting corresponding adjustment reporting.



This edition underscores the growing divergence in the sustainability landscape deeper implementation and market infrastructure in some areas, paired with delay and pushback in others. As frameworks mature, the conversation shifts from whether rules will apply to how consistently they will be enforced, recognised, and reconciled across borders and markets.

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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European Commission Issues CBAM Guidance documents during Definitive Period Compliance (August 14, 2026)

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

The European Commission has published 10 guidance documents to support the implementation of the CBAM during its definitive period, which began on 1 January 2026. The package comprises four general guidance documents covering CBAM concepts, compliance requirements, embedded emissions calculations, and free allocation adjustments, along with six sector-specific guides for cement, hydrogen, fertilisers, iron and steel, aluminium, and electricity. The documents are explanatory and not legally binding.

The guidance is applicable to non-EU producers of CBAM-covered goods, authorised CBAM declarants, verifiers, and businesses operating within CBAM-regulated sectors that export carbon-intensive products to the EU.

The publication is expected to enhance compliance readiness by providing practical direction on emissions monitoring, reporting methodologies, verification requirements, and the calculation of embedded emissions, helping businesses establish robust data collection and reporting systems, improve the accuracy of emissions disclosures, and prepare for certificate surrender obligations under the CBAM framework.

The guidance documents were published on 14 August 2026.



The European Commission publishes guidance for CBAM verifiers and accreditation bodies (August 24, 2026)

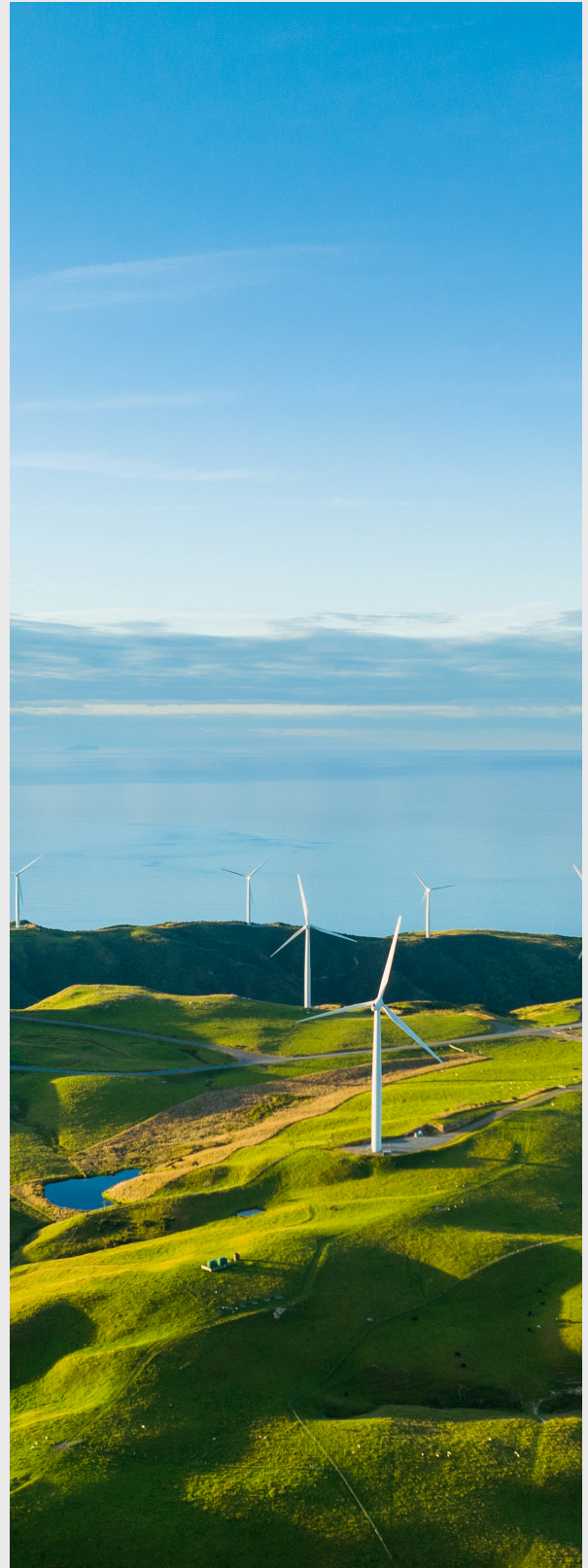
ESG Focus: Governance (G), Environment (E)

The European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD) has published new guidance on CBAM verification and accreditation requirements to support the implementation of the CBAM during its definitive period. Alongside the guidance, the Commission has also released a procedure outlining how accredited verifiers can obtain access to the CBAM Registry, providing greater operational clarity for stakeholders involved in emissions verification and reporting.

The guidance is applicable to CBAM verifiers responsible for validating emissions data of non-EU installations producing CBAM-covered goods imported into the EU, as well as National Accreditation Bodies (NABs) that accredit and supervise these verifiers.

The update is expected to improve the consistency, reliability, and credibility of embedded emissions reporting under CBAM by clarifying verification standards, accreditation procedures, and registry access requirements, helping importers and regulators rely on verified emissions data.

The guidance was published on 24 August 2026. Accredited verifiers may apply for access to the CBAM Registry from 1 September 2026, while verification reports will begin to be issued through the Registry from January 2027, enabling importers to use verified emissions data in their CBAM declarations.



Vietnam Approves Singapore Carbon Credit Framework (August 14, 2026)

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



The Government of Vietnam, through Resolution No. 235/NQ-CP, has approved the Implementation Agreement on carbon credit cooperation with Singapore under Article 6 of the Paris Agreement. The framework establishes a legal foundation for Vietnamese entities to generate, authorize, and transfer eligible carbon credits to Singapore, supporting bilateral climate cooperation and international carbon market participation.

The update is applicable to Vietnamese businesses, project developers, investors, and organizations undertaking greenhouse gas emission reduction projects, as well as entities seeking access to international carbon credit markets.

The framework is expected to strengthen Vietnam's carbon market ecosystem by providing a clearer legal pathway for cross-border carbon credit transfers, attracting climate finance and creating new revenue opportunities for emissions reduction projects. However, the resolution itself does not set out detailed rules on project approval, authorization, or credit issuance, these are expected to follow.

The Resolution was approved and published on 14 August 2026, with the Ministry of Foreign Affairs tasked with completing the procedures required for the agreement to formally enter into force.

Gold Standard and Verra Launch Article 6.2 Reporting Tool (August 20,2026)

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

Gold Standard and Verra have jointly launched a reporting tool to help host countries manage and report corresponding adjustments for carbon credits authorised under Article 6.2 of the Paris Agreement. The tool consolidates corresponding adjustments records for authorised credits issued by either standards body and is designed to support countries preparing their 2026 Biennial Transparency Reports (BTRs), automatically populating the required summary tables based on each country's accounting approach.

This tool primarily host country governments authorising Article 6.2 credits under Gold Standard or Verra methodologies for BTR reporting, as well as project developers, credit buyers, and market participants who rely on corresponding adjustment data for due diligence and transaction integrity.

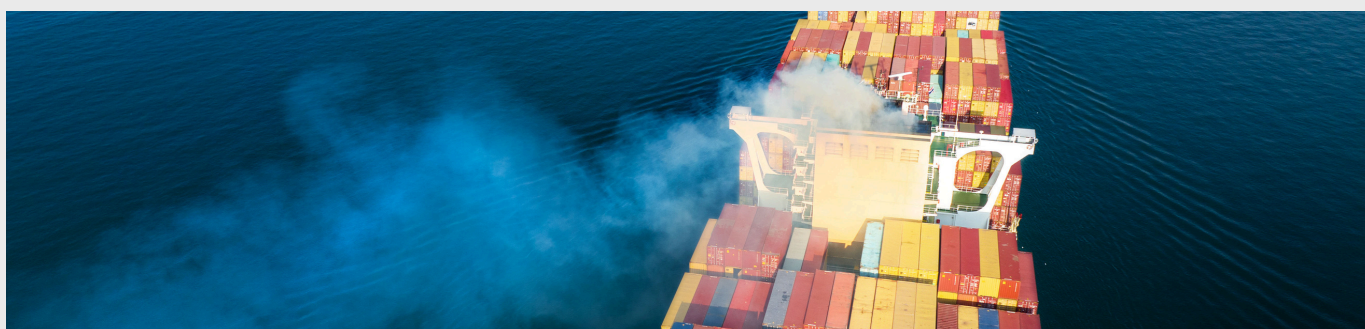


The initiative is expected to improve the accuracy, consistency, and efficiency of carbon market reporting by reducing administrative complexity and the risk of reporting errors. It supports compliance with corresponding adjustment requirements, helps prevent double counting, and strengthens confidence in international carbon markets ahead of the 2026 reporting cycle.

The reporting tool was launched on 20 August 2026.

UK Delays Inclusion of Waste Incineration in Emissions Trading Scheme (August 26, 2026)

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



The UK Emissions Trading Scheme (UK ETS) Authority has announced that the planned expansion of the UK ETS to waste incineration and energy-from-waste facilities will no longer take effect from 1 January 2028, as originally proposed. The Authority stated that further work is required on policy design and implementation details, and a revised timeline will be communicated later. It has also confirmed a Monitoring, Reporting and Verification (MRV)-only phase will continue to support data collection and policy development.

The update is applicable to waste incineration operators, energy-from-waste facilities, local authorities, waste management companies, regulators, and other stakeholders that would potentially fall within the scope of the UK ETS expansion.

The delay provides additional time for stakeholders to prepare for future carbon market obligations while allowing the government to address concerns regarding policy design, cost pass-through, clinical waste treatment, and potential waste diversion risks. The continued voluntary MRV phase is expected to improve emissions data quality and support a smoother future integration of the sector into the UK's carbon pricing framework.

The update was published on 26 August 2026. The MRV-only period, running since 1 January 2026, remains voluntary; the previous 1 January 2028 implementation date has been withdrawn, with a new date yet to be announced.

ISCC EU Recognised Under California's Low Carbon Fuel Standard Framework (August 12, 2026)

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



The International Sustainability and Carbon Certification (ISCC) has announced that ISCC EU is now recognised as an eligible certification scheme under California's Low Carbon Fuel Standard (LCFS), administered by the California Air Resources Board (CARB). The update follows changes to the LCFS framework that recognise voluntary certification schemes already approved under the EU Renewable Energy Directive (EU RED), enabling their use for demonstrating sustainability compliance within California's clean fuel programme.

The development is relevant to companies participating in North American low-carbon fuel and biomass supply chains that are required to demonstrate compliance with sustainability and traceability requirements.

The recognition is expected to streamline sustainability verification for market participants operating across EU and North American regulatory frameworks. By allowing ISCC EU certification within the LCFS, the measure may reduce compliance complexity, enhance market access for certified sustainable fuels and feedstocks, and support the growth of low-carbon fuel markets in line with LCFS goal of reducing transportation fuels carbon intensity.

The update was announced on 12 August 2026.

UAE Introduces First Dedicated Transition Finance Framework to Support Decarbonisation (August 17,2026)

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

Emirates NBD a private UAE banking group has launched the UAE's first dedicated Transition Finance Framework, establishing a structured voluntary methodology for identifying, assessing, and labelling financing activities that supports decarbonisation in high-emitting, hard-to-abate sectors. It draws on the ICMA Climate Transition Finance Handbook, ICMA Climate Transition Bond Guidelines 2025, and the Loan Market Association's Guide to Transition Loan Finance 2025, and covers clients undertaking credible emissions reduction measures even if their activities do not yet qualify as fully "green."

The framework applies to corporate and institutional customers operating in sectors such as manufacturing, mining, power and energy, real estate, transportation and storage, agriculture, and information technology, where decarbonisation efforts are often capital-intensive and complex.

The initiative is expected to improve access to transition finance by providing clearer eligibility criteria for sustainability-linked investments and supporting emissions reduction, energy efficiency, cleaner technologies, and lower-carbon business models. It also aims to enhance alignment with evolving investor, lender, and regulatory expectations while helping channel capital towards industrial transformation and climate resilience. The framework underpins Emirates NBD's commitment to mobilise USD 30 billion in sustainable and transition finance by 2030.

The Transition Finance Framework was launched on 17 August 2026



EU Packaging and Packaging Waste Regulation (PPWR) Comes into Effect (August 12, 2026)

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

The European Commission has announced the application of new rules on packaging and packaging waste under the PPWR across the EU to help protect the environment, improve public health outcomes, and support a more circular and competitive economy. The regulation aims to reduce packaging waste, improve recyclability, strengthen circular economy practices, and restrict the use of harmful substances such as per- and polyfluoroalkyl substances (PFAS) in food-contact packaging. The new rules replace fragmented national requirements with a common EU-wide framework covering the entire packaging lifecycle, while addressing concerns that packaging waste in the EU could increase by 19% by 2030 and plastic packaging waste by 46%.

The regulation applies to all businesses manufacturing, importing, distributing, or placing packaging and packaged products on the EU market, including companies across the packaging, retail, consumer goods, logistics, recycling, and waste management value chains.

The measures are expected to reduce packaging waste, improve recycling efficiency, increase the use of recycled content in plastic packaging, and enhance consumer protection through PFAS restrictions. Key future requirements include a harmonised packaging labelling system from 2028, while by 2030 all packaging must be recyclable, certain single-use packaging formats will be prohibited, and minimum recycled content requirements will apply to plastic packaging. The regulation is also expected to lower greenhouse gas emissions, reduce resource dependence, and create growth opportunities for circular packaging solutions.

PPWR entered into force in 11 February 2025, with its first applicable provisions taking effect from 12 August 2026.

EU Adopts New Rules to Advance a Circular Automotive Sector (August 12, 2026)

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

The European Commission has announced the entry into force of the new End-of-Life Vehicles Regulation, which revises the rules governing the design, production, collection, and treatment of vehicles at the end of their lifecycle. The new rules encourage vehicle designs that facilitate dismantling, reuse, recycling, and recovery of materials, while strengthening traceability and collection requirements for end-of-life vehicles.

The regulation introduces mandatory recycled plastic content targets of 15% from 2032 and 25% from 2036, with future recycled content targets for steel and aluminium expected from 2033.

The regulation applies to vehicle manufacturers, producers, recyclers, waste management operators, and other stakeholders involved in the automotive value chain. It also extends key requirements to additional vehicle categories, including lorries, buses, and motorcycles.

The regulation is expected to strengthen the Extended Producer Responsibility (EPR), ensuring that producers contribute to the costs of collecting and treating end-of-life vehicles.

The End-of-Life Vehicles Regulation entered into force on 13 August 2026.



India Expands Notified Disaster List to Include Heatwaves and Lightning (August 4, 2026)

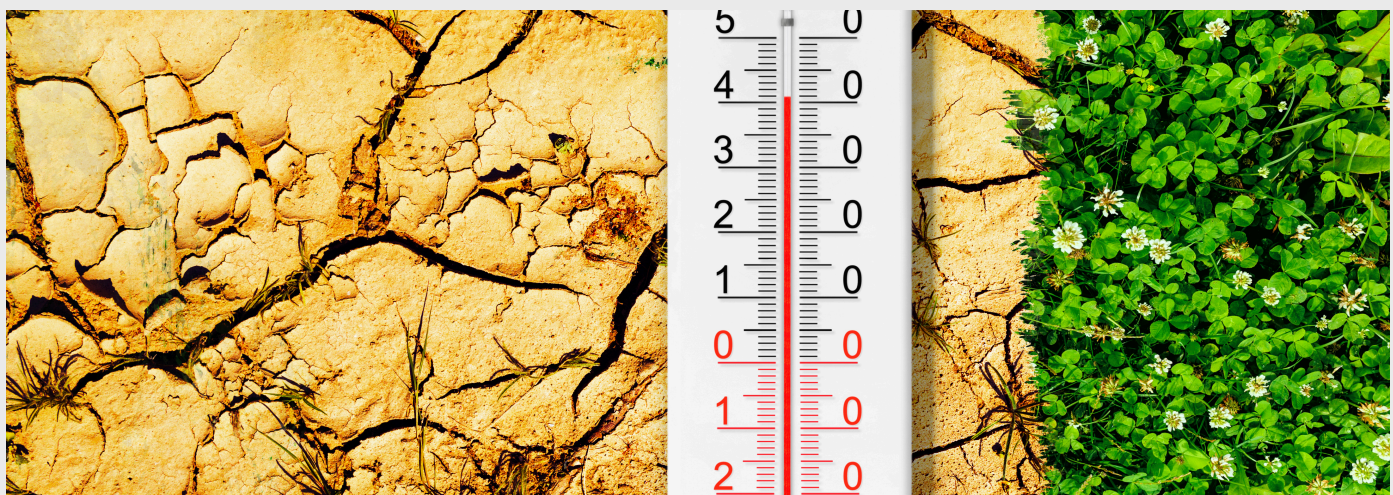
ESG Focus: Social (S), Environment (E)

The Ministry of Home Affairs, Government of India has included heatwaves and lightning in the list of notified natural calamities under the operational guidelines governing the State Disaster Response Fund (SDRF) and National Disaster Response Fund (NDRF) for the 2026-31 period, expanding the list from 12 to 14 disasters. Previously, heatwaves were treated only as a "local disaster," capping usable SDRF funds at 10% of a state's annual allocation, while lightning was not recognised at all. The decision follows recommendations of the 16th Finance Commission, which highlighted the growing frequency and severity of extreme weather events associated with climate change.

The update applies primarily to state governments, disaster management authorities, vulnerable communities, and agencies responsible for disaster preparedness, response, and climate adaptation measures across India.

The inclusion is expected to strengthen climate resilience by enabling states to access larger pools of disaster relief and mitigation funding for heatwave- and lightning-related events.

The revised framework was announced in August 2026 and is applicable under the SDRF and NDRF operational guidelines for 2026-31 period.



BIODIVERSITY & NATURE-RELATED DISCLOSURE 08

Japan Strengthens Use of Corporate Nature Disclosure Data for Biodiversity Policy and Monitoring (August 6, 2026)

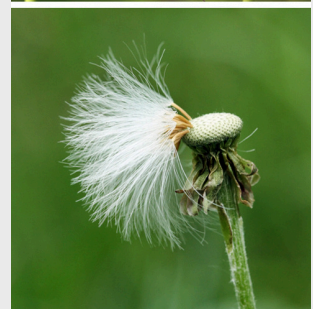
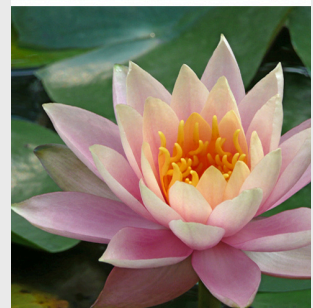
ESG Focus: Environmental (E), Governance (G)

The Nature Conservation Bureau, Ministry of the Environment, Japan and CDP have announced a collaboration to enhance the use of corporate nature-related disclosure data in support of biodiversity and nature-positive objectives. Under the initiative, nature-related information disclosed through CDP will be leveraged to inform policymaking, strengthen stakeholder engagement, and support the monitoring and assessment of progress towards domestic and international nature-positive goals.

This is applicable to Japanese and multinational companies that disclose nature-related data through CDP, particularly those aligned with the Taskforce on Nature-related Financial Disclosures (TNFD), as well as Japanese policymakers, regulators, investors, and other stakeholders involved in biodiversity policy.

The partnership is expected to improve the integration of corporate environmental data into biodiversity governance and policy frameworks. By utilizing disclosure data aligned with the TNFD framework, the initiative aims to strengthen transparency, support evidence-based policymaking, facilitate stakeholder dialogue, and track progress towards nature-positive outcomes.

The collaboration was announced on 6 August 2026 following discussions at the Global Nature Positive Summit held on 16-17 July 2026.



PIERAG PERSPECTIVE

From the desk of –
Manik Bansal, Partner - Accounting Advisory

ESG reporting has evolved from a voluntary exercise into a critical pillar of corporate transparency and stakeholder trust. As disclosures face greater regulatory scrutiny and external assurance, stakeholders are no longer asking only what is reported, they want to know whether it can be trusted.

Financial reporting offers a useful benchmark - one we work with directly as we build accounting tools for clients. Today's financial data is backed by decades of standards, controls, and assurance practices but that credibility wasn't instant. Fragmented data sources, manual processes, and limited standardization were once common challenges in financial reporting too. Over time, advances in technology, coupled with stronger governance and assurance mechanisms, transformed it into a trusted foundation for decision-making.

ESG reporting is at a similar inflection point, but on data management, it still lags well behind financial reporting. Financial data typically sits on structured, system-based platforms with clear controls and audit trails; ESG data is still largely spreadsheet-driven, manually collected, and poorly standardized across sources. The advantage ESG has is that it doesn't need to repeat this journey from scratch, it can borrow directly from financial reporting's playbook, making the path to reliable, system-based ESG data much faster.

Technology, such as enterprise systems, automation, integrated ESG platforms, and AI is central to closing this gap, improving data quality, traceability, and anomaly detection. But technology alone can't make ESG data credible. Judging whether a methodology is sound, a boundary correctly defined, or a disclosure faithful to actual performance requires deep understanding of ESG KPIs and strong professional judgement. To summarize, accuracy in capturing source data, transformation led by Technology, and a critical lens of assurance, working together will give ESG data the same credibility that financial numbers commands today.

At Pierag, we believe that getting this foundation right is not just a compliance exercise, it is a governance imperative. Organizations that get the fundamentals right today will be better placed to earn stakeholder trust and stay resilient as sustainability reporting requirements continue to evolve.





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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