

ESG Compliance Horizon

Rules, priorities, and actions over the next three, six, nine, and twelve months.



The environmental, social, and governance (ESG) regulatory landscape is rapidly evolving, making it challenging for regulated firms to stay ahead of their obligations. This quarterly newsletter gives you a clear overview of the most relevant ESG requirements and best practices. Content is organised by jurisdiction, regulator, and effective date to help you stay informed and prepared.

Spotlight

On 7 November 2025, a draft of SFDR 2.0 was leaked, revealing substantial simplifications intended to enhance clarity and coherence across EU sustainable finance rules. The final proposal is expected from the European Commission later this year.

Key changes include the deletion of the “sustainable investment” definition, with its core concepts integrated across all product categories; the replacement of the DNSH test with a common exclusion list targeting activities like coal, oil, tobacco, and controversial weapons; and the removal of entity-level PAI disclosures to avoid overlap with CSRD. Three simplified product categories are introduced, each requiring at least 70% alignment with a firm’s sustainability strategy. The use of estimates and third-party ESG data is formally endorsed.

The proposal will now move to the European Parliament and Council for approval, with implementation anticipated between 2027 and 2028.

What Changed in ESG This Quarter: Ten Key Updates

- 1. US** | SEC withdrew its [proposed ESG disclosure rule](#), which would have required ESG-focused funds to disclose GHG emissions.
- 2. UK** | Released draft Sustainability Reporting Standards (UK [SRS 1](#) and [SRS 2](#)) aligned with ISSB standards and [announced](#) the discontinuation of plans for a UK Green Taxonomy.
- 3. EU** | Adopted a [“quick-fix” Delegated Act](#) revising the first phase of ESRS implementation for companies already reporting under CSRD.
- 4. EU** | Deferred the [adoption of ESRS for non-EU companies](#), while ESMA issued its [Regulatory Technical Standards](#) on ESG rating activities.
- 5. UAE** | Enacted a [national climate law](#) mandating annual GHG measurement, climate adaptation plans, and alignment with national mitigation strategies.
- 6. India** | Published a [draft climate taxonomy](#) to support the national net-zero 2070 target.
- 7. Singapore** | The Competition and Consumer authority issued [anti-greenwashing rules](#) for companies making environmentally-related claims.
- 8. China** | Announced a [major reform](#) of the national carbon market introducing absolute emission caps for selected industries from 2027.
- 9. SBTi** | Launched the [first standard](#) setting net-zero requirements for financial institutions.
- 10. ISO & GHG Protocol** | [Announced](#) a partnership to harmonize carbon accounting standards (ISO 1406X and GHG Protocol).

Q4 2025: Oct. 1 – Dec. 31

Annual reporting, Nov. 30

UK | FCA – First SDR performance-related ongoing [Public Product-Level Sustainability Report](#) (Part B), for funds using SDR labels.

Annual reporting, Dec. 2

UK | FCA – First [Sustainability Entity Report](#), for firms with more than £50 billion AUM.

Revision expected Q4 2025

EU | EC - [Revision](#) of the Sustainable Finance Disclosure Regulation.

Q1 2026: Jan. 1 – March 31

Annual reporting, Jan. 1

Global | FRC – Revised [UK Stewardship Code](#), for signatories.

Simplification measures, expected Jan. 1

EU | EC - [Set of measures](#) to simplify the application of the EU Taxonomy.

Q2 2026: Apr 1 – June 30

Consider planning ahead and establishing a data collection process in preparation for the first [SDR Sustainability Entity Report](#) for firms with AUM between £5 billion and £50 billion (deadline is Dec. 2, 2026).

Q3 2026: July 1 – Sept. 30

Consider setting up a risk heat-map and compliance monitoring program related to anti-greenwashing risks.

For more information, contact us [here](#).

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