



Sustainability Watch

Monthly Regulatory Highlights

March 2025

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Gulf Cooperation Council's shift towards ESG principles



Transition from fossil fuel **reliance to sustainability**

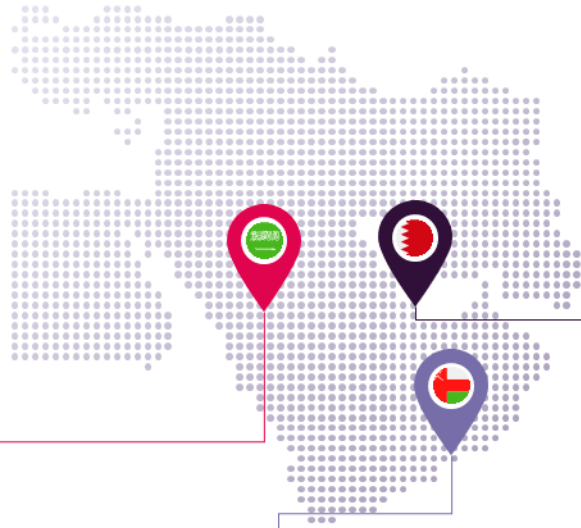


Driven by Investor expectations, regulatory developments, foreign investment appeal, economic resilience.



Challenges

- Lack of standardized ESG frameworks
- Limited access to reliable ESG data
- Shortage of trained ESG professionals



Saudi Arabia


- National Guidelines: Developing unified ESG guidelines.
- Current Reporting: 30% of top companies report on sustainability.
- Mandates: Improving report accuracy and transparency.
- Trends: Growth in green instruments, clean energy technologies, measurable ESG metrics, link between sustainability and financial stability.
- Impact: 3,000 companies affected by Corporate Sustainability Reporting Directive

Oman

- Initial Framework: Launched in September 2021.
- Central Bank: Issued circular aligning with UN SDGs.
- Muscat Stock Exchange: Joined UN Sustainable Stock Exchange initiative.
- Mandatory Reporting: Based on GRI standards starting in 2025.

Bahrain

- Mandates: ESG reporting for listed companies and financial institutions from end of 2024.
- Scope: Covers scope 1, 2, and 3 emissions.
- Goals: Improve reputation, attract investment, enhance risk management.
- Requirements: Report energy consumption by source, address labor and human rights issues, avoid greenwashing.



The **European Union** has published the 'Omnibus' package, proposing amendments to the CSRD, CSDDD, CBAM, and the EU taxonomy, including a postponement of the application of CSRD and CSDDD. The European Commission also announced its 'Clean Industrial Deal' to achieve a decarbonized economy by 2050, with an intermediate target of a 90% reduction in emissions by 2040. Meanwhile, **the U.S.** has rejected the United Nations Sustainable Development Goals, citing conflicts with national sovereignty and interests, and has introduced legislation to protect American companies from EU sustainability regulations. In **Canada**, Prime Minister Mark Carney has eliminated the consumer carbon tax to address inflation concerns while maintaining carbon pricing for businesses.

In **South America**, **Chile** has updated its emission standards for thermoelectric plants and collaborated with Argentina on a pioneering translocation project to conserve the endangered Patagonian area. Additionally, Chile is set to implement a groundbreaking forest certification standard, while Brazil plans to launch a substantial fund to protect tropical forests. In the Asia-Pacific region, **Japan** is working to adopt a comprehensive sustainability disclosure standard in line with IFRS rules, and **China** seeks to include green power consumption in sustainability reporting, setting up a special fund to spur green energy development. The **Philippines'** SEC is implementing mandatory sustainability reporting for listed companies by 2026, adopting a phased approach to facilitate the transition.

These developments reflect a complex interplay between national interests, economic pressures, and global sustainability commitments, highlighting the diverse approaches countries are taking to address climate change and promote sustainability.



EU's 'Omnibus' package has been published aiming at proposing amendments to the [CSRD](#), [CSDDD](#), [CBAM](#), and the [EU taxonomy](#), including a postponement of the application of CSRD and CSDDD. Detailed proposals will need to be adopted by the [European Council](#) and the Parliament before they can be made law. The [European Commission](#) has announced its 'Clean Industrial Deal' for achieving a decarbonized economy by 2050, with an intermediate target of a 90% reduction in emissions by 2040. The [EBA](#) has published a report on data availability and the feasibility of a common methodology for ESG exposures to evaluate the availability of data on ESG risks, and the possibility of creating a standardized method for identifying banking book credit exposures to risks related sustainability. The [FCA](#) published a statement setting out its position on sustainability regulations and UK defense, clarifying that there is nothing in its rules, including those relating to sustainability, that prevents investment or finance for defense companies. [Climate Change Committee](#) (CCC) presented to the Secretary of State, a new pathway for the UK to achieve decarbonization by 2050. This statutory report provides advice to the UK Government on the level of the Seventh Carbon Budget (2038 to 2042).

Omnibus Package: EU's Newly Launched ESG Reporting

The EC's new proposals aim to simplify ESG reporting by delaying deadlines, raising reporting thresholds, reducing data points, and streamlining due diligence and taxonomy disclosures. These changes are expected to ease compliance burdens and provide companies more time to prepare, benefiting especially non-EU corporations with significant EU operations.

EU Commission Unveils €6 Billion Administrative Relief Package to Boost Sustainability and Investments

The European Commission's new proposals aim to simplify EU rules, reduce administrative burdens by 25% (35% for SMEs), and mobilize €50 billion in investments. Key areas include sustainable finance reporting, sustainability due diligence, and the carbon border adjustment mechanism, focusing on large companies while easing requirements for smaller businesses.





North America

The U.S. rejected the United Nations Sustainable Development Goals (UN SDGs), citing conflicts with U.S. sovereignty and interests. This stance is part of a broader retreat from international climate agreements, including the Paris Agreement. Concurrently, U.S. legislation like the "PROTECT USA" Act aims to shield American companies from the EU's Corporate Sustainability Due Diligence Directive, emphasizing national sovereignty. Following this trend, the SEC, under new leadership, has moved away from enforcing climate disclosure rules, despite investor demand. Additionally, the Trump administration's closure of the Department of Education could significantly impact student loans, creating uncertainty and delays, potentially affecting students' financial planning. In Canada, new Prime Minister Mark Carney has eliminated the consumer carbon tax to address inflation concerns while maintaining carbon pricing for businesses and introducing measures to prevent carbon leakage. These actions reflect a complex interplay between national interests, economic pressures, and global sustainability commitments.

[Carney Eliminates Canada's Consumer Carbon Tax](#)

Canada's new Prime Minister, Mark Carney, eliminated the consumer carbon tax, effective April 1, 2025. The tax, introduced in 2019, aimed to reduce emissions. Carney's decision follows criticism of the tax's impact on consumers amid high inflation. The carbon price on businesses remains.

[SEC Drops its Defense of Climate Reporting Rules](#)

The SEC has decided to stop defending its climate disclosure rules, which required companies to report on climate risks and greenhouse gas emissions. This decision follows legal challenges and opposition from key figures. Critics argue the move undermines investor demand for climate risk information.

[Improving Education Outcomes by Empowering Parents, States, and Communities](#)

President Trump orders the closure of the Department of Education, returning authority over education to states and local communities. He criticizes federal control and bureaucracy, citing poor student performance and inefficiency. The Secretary of Education is tasked with ensuring a smooth transition while maintaining compliance with federal laws and policies.





South America

In recent developments across South America, some countries are taking significant strides towards sustainability. Chile has updated its emission standards for thermoelectric plants, aiming for carbon neutrality and impacting existing and future plants regardless of fuel type. This move aligns with the country's broader decarbonization strategy. Concurrently, Chile and Argentina have collaborated on a pioneering translocation project to conserve the endangered Patagonian rhea, showcasing the importance of international cooperation in biodiversity conservation. Additionally, Chile is set to implement a groundbreaking forest certification standard to ensure sustainable forest management and combat deforestation, positioning itself as a global leader in this area. Meanwhile, Brazil plans to launch a substantial fund to protect tropical forests, managed by the World Bank, emphasizing the role of financial mechanisms in environmental preservation. These initiatives collectively highlight a regional commitment to biodiversity conservation, and climate action.

[Council of Ministers approves key update to advance decarbonization](#)

The Chilean government updated emission regulations for thermoelectric plants, increasing restrictions on particulate matter, sulfur dioxide, and nitrogen oxides. This affects existing and future plants, with a transition period extended to 2040. Companies express concerns about operational impacts and may pursue legal actions. The goal is to achieve carbon neutrality.





A Member's bill titled "[Financial Markets \(Conduct of Institutions\) Amendment \(Duty to Provide Financial Services\) Amendment Bill](#)" was introduced by Andy Foster, Member of the New Zealand Parliament. The proposed bill aims to amend the Financial Markets (Conduct of Institutions) Amendment Act 2022 to place a new duty on financial institutions to provide financial services to customers except in situations based on law or for valid and verifiable commercial grounds. If enacted, the Bill would prevent banks from refusing banking services to businesses based on ESG (environmental, social, and governance) criteria. It would ensure that New Zealand businesses can only be denied banking services if the decision is legally justified.

The [Securities and Exchange Commission of Philippines](#) is implementing a mandatory sustainability reporting for listed companies by 2026, adopting a phased approach to facilitate the transition. The SEC plans a market readiness study to identify barriers and ensure compliance with [IFRS](#).

As the agenda to achieve net zero progresses, governments in the APAC region are constantly revising reporting standards and improving administrative efficiency. Japan is working to adopt a comprehensive sustainability disclosure standard in line with IFRS rules and has updated its greenhouse gas emission accounting manual. China seeks to include green power consumption in sustainability reporting and has set up a special fund to spur green energy development.

Sustainability Standards Board of Japan (SSBJ) Issues Inaugural Sustainability Disclosure Standards to Be Applied in Japan

The Sustainability Standards Board of Japan issued its inaugural sustainability disclosure standards comprising three standards in line with the IFRS S1 and IFRS S2 published by the International Sustainability Standards Board (ISSB). The standards also include some jurisdiction-specific alternatives not included in ISSB Standards and can be voluntarily applied by entities not listed on the Prime Market of the Tokyo Stock Exchange (TSE).

Japan Updates Greenhouse Gas Emission Accounting and Reporting Manual 6.0

The Ministry of Environment released the sixth version of *Greenhouse Gas Emission Accounting and Reporting Manual*. Major revisions include the separate reporting of direct and



indirect emissions, additional reporting of carbon-recycled fuels, new adoption of basic emission accounting methods, and replacement of "international collaborative GHG reduction" with "overseas certified GHG reduction".

Japan Revises Basic Policy for Natural Regeneration

The Japanese government decided on the update of *Basic Policy for Natural Regeneration* based on the Kunming-Montreal Global Biodiversity Framework. The revision focuses on reaching consensus with local councils and landowners as well as enhancing support for private companies on natural restoration activities.

China to Incorporate Green Power Consumption into Sustainability Reporting of Listed Companies

The National Development and Reform Commission and other authorities jointly issued the *Opinions on Promoting the High-Quality Development of Renewable Energy Green Power Certificate Market*. The document proposed 17 specific and operational measures in response to the current insufficient demand in the green power certificate market and the underestimated environmental value of green power.

China Expands Carbon Trading Market to Steel, Cement, Aluminum Smelting Sectors

China released a work plan to expand its carbon trading market to include the steel, cement and aluminum smelting industries in the market's first industrial expansion since its launch in 2021. The three sectors account for over 20 percent of the country's total carbon emissions. The expansion is expected to add 1,500 enterprises to the carbon trading market.

Thailand Introduces ESG Fund to Stabilize Stock Market and Promote Sustainable Growth

The Thai Cabinet approved the "Thai ESG Extra" fund to boost sustainable investments with tax incentives. Investors can transfer LTF holdings for a tax deduction and new investments also qualify. The fund aims to stabilize the market amid global volatility, focusing on sustainable growth and technology-driven companies.

Other sources: <https://www.nationthailand.com/business/economy/40047286>

Singapore and Bhutan's Carbon Credits Deal: A Step Towards Global Sustainability

Singapore and Bhutan signed an agreement for carbon credits transfer under the Paris Agreement. This partnership aims to promote sustainable development, reduce global carbon levels, and support local communities. Bhutan, a carbon-negative country, emphasizes environmental conservation. Singapore targets net zero emissions by 2050, with significant reductions by 2035.

Other sources: [Debate Over EU's Sustainability Reporting Reforms: Investor Concerns and Industry Reactions](#)

Additional News

Strategic Partnerships and Collaborations

- [Transforming Manufacturing: DBS and SMF's Strategic Partnership for a Low-Carbon Economy](#)
- [Archroma and Gradiant collaborate to enhance water sustainability in Thailand](#)

Policy Developments

- [SGX Climate Reporting: Compliance Up, But Detailed Disclosures Lagging](#)
- [Japan Announced Proposed Amendments to the Act on the Development of Marine Renewable Power Generation Facilities](#)
- [Four Ministries Advocates Corporate Voluntary Greenhouse Gas Disclosure to Achieve China's Dual Carbon Goals](#)
- [China Issues Administrative Measures for Special Funds for Clean Energy Development](#)
- [Shanghai Issues Administrative Measures for Carbon Emissions](#)
- [Senate Republicans Launch Legislation to Shield U.S. Companies from EU Sustainability Due Diligence Rules](#)
- [U.S. Lawmakers Advocate for American Business Interests Against EU Regulations](#)
- [U.S. Rejects UN Sustainable Development Goals](#)

Environmental Conservation and Sustainability Initiatives

- [From Carbon Footprint to Cost Savings: The Impact of ESGpedia on Singapore Construction Firms](#)
- [Gold Standard and Tokyo Metropolitan Government Signs Memorandum of Understanding to Advance Corporate Decarbonization Efforts in Tokyo](#)
- [Argentina and Chile mark conservation milestone with first binational wildlife translocation in Latin America](#)
- [Brazil is expected to launch a fund to protect tropical forests](#)
- [Chile becomes the first country in the world to adopt the "Zero Deforestation" standard](#)

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