



Sustainability Watch

Monthly Regulatory Highlights

April 2025

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In April, significant strides were made globally in sustainability efforts, with notable actions from Asia, Australia, and Papua New Guinea.

Japan and China are advancing their regulatory frameworks to align with global sustainability standards, focusing on sector-specific guidelines for carbon reduction. Japan issued new guidelines for the food and agriculture sectors, while China completed its GHG accounting standard for food-related companies and continues to push for a green transition through energy-focused policies. Meanwhile, the ***Australian Public Service (APS) introduced the Net Zero Emissions Reporting Framework***, mandating annual greenhouse gas emissions reporting by Commonwealth entities to achieve net zero by 2030. Papua New Guinea lifted its three-year ban on forest carbon credit schemes, re-entering the global carbon offset market with new regulations to ensure transparency and equity.

In Latin America, ***Colombia launched initiatives focused on white hydrogen and coastal ecosystem protection***, while Ecuador's ecolabelling project aims to protect consumers and prevent greenwashing. However, Peru faces concerns over an amendment to the Forest and Wildlife Law, potentially accelerating Amazon deforestation.

In North America, ***President Trump's executive orders in the U.S. to reactivate the economy may have adverse environmental impacts, while Mexico introduced a green tax targeting high CO2 emitters***. Canadian regulators paused the development of mandatory climate-related disclosure rules, influenced by recent changes in the EU and U.S., with the upcoming Federal General Election in Canada expected to shape future sustainability policies.

Europe saw legislative updates with the European Parliament approving a "stop-the-clock" Directive, delaying the implementation of the CSRD and CSDDD reporting waves. The European Commission tasked EFRAG with simplifying the ESRS under CSRD by October 2025, and the EU Platform on Sustainable Finance updated its Handbook of Climate Transition Benchmarks and Paris-Aligned Benchmarks. The U.K. Home Office updated its statutory guidance for entities under the Modern Slavery Act, providing detailed recommendations on preventing, identifying, and remediating modern slavery. Germany's upcoming coalition government agreed to repeal the national Supply Chain Due Diligence Act (LkSG), opting to adhere to the EU's CSDDD due to economic and geopolitical challenges.

Japan Sustainability Disclosure Regulation Overview



Japan is one of the leading performers in sustainability disclosure in line with global standards such as TCFD and GRI. Moreover, the country showcases its commitment to net zero by active participation in major initiatives including CDP and SBTi.

	CDP	2,172	climate disclosers via CDP questionnaire in Japan in 2024
	SBTi	1,569	companies in Japan committed to SBTi or set net zero targets as of 2025
	TCFD	1,488	companies in Japan registered official TCFD signatories as of 2023
	GRI	87%	of top 100 companies in Japan used GRI standards as of 2022

Apart from a sound performance in keeping compliance with international disclosure standards, regulators in Japan are taking a step further by levelling up its existing sustainability disclosure requirements for listed companies to ensure stricter compliance with global standards.

Amendments to the Financial Instruments and Exchange Act (FIEA)



Authority: Financial Services Agency (FSA)



Adopter: Half mandatory for all Japan-listed companies (3,959 units as of Mar 2025)



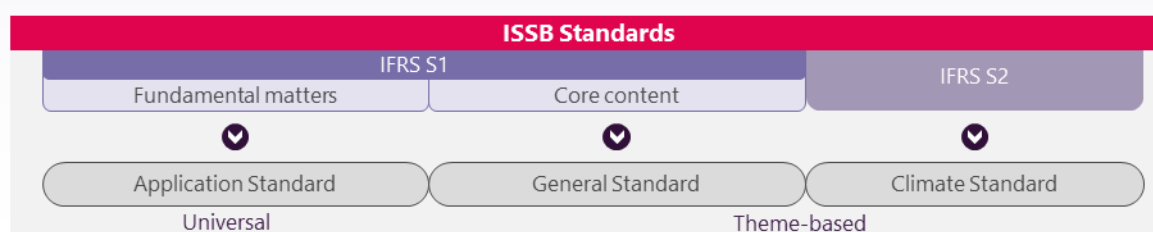
Requirements: Report against **TCFD** and address social matters in a "comply-or-explain" manner in annual reports

Basis



SSBJ Standards

- Authority: Sustainability Standards Board of Japan (SSBJ)
- Adopter: Entities listed on the Prime Market of the Tokyo Stock Exchange (1,634 units as of Mar 2025)
- Goals: Support investor decision-making with more transparent sustainability disclosure
- Elements: Governance, strategy, risk management, targets & indicators
- Mandatory timelines:
 - March FY2027: Companies with a market capitalization of JPY 3 trillion or more
 - March FY2028: Companies with a market capitalization of JPY 1 trillion or more
 - March FY2029: Companies with a market capitalization of JPY 500 billion or more
 - FY2030s: All other prime-listed companies



Field-specific Disclosure Standards

In terms of specific fields of sustainability disclosure, Japan has also issued regulations on GHG accounting, transition finance, as well as guidelines for ESG evaluation and data providers.

GHG Accounting and Reporting Manual



- Authority: Ministry of the Environment
- Adopter: Public and private entities with a certain amount of GHG emissions
- Coverage: Scope 1-3 emissions
- Goal: Promote self-motivated GHG reduction activities through transparent emission accounting and reporting
- **Key latest revisions:**
 - Separate report of direct and indirect energy-generated emissions
 - Updated basic emission calculation from energy supplied by third parties
 - Additional report of emission removal via carbon-recycled fuel production

Basic Guidelines on Climate Transition Finance



- Authority: Financial Services Agency (FSA)
- Application: Voluntary for fundraisers
- Goals: Balance decarbonization and funding, improve sustainability management in funding
- **Disclosure elements:**
 - Bond issuers' climate transition strategy and governance
 - Business model environmental materiality
 - Science-based climate transition strategy
 - Implementation transparency

Code of Conduct for ESG Evaluation and Data Providers



- Authority: Financial Services Agency (FSA)
- Scope: ESG evaluation and data providers that participate in Japanese financial markets or provide services to the participants of Japanese financial markets
- **Key principles:**
 - Ensure quality and transparency
 - Ensure independence and manage conflicts of interest
 - Protect confidential information
 - Keep efficient information gathering and effective communication



The [European Parliament has voted to approve a “stop-the-clock” Directive](#) to delay the implementation of the second and third waves of reporting under the CSRD to 2027 and 2028, and the first wave of the CSDDD till 2028. Legislation will be finalized by the European Parliament and the Council, and the “stop-the-clock” Directive will enter into force once it has been published in the Official Journal. Member States of the European Parliament will have until 31st December 2025 to transpose the delay provisions into national law.

European Commission communicated a letter to the [EFrag](#) mandating it to provide its technical advice by 31st October 2025 regarding the Commission’s proposal to adopt a delegated act simplifying the ESRS under CSRD. In its letter, the Commission referred to its Omnibus proposal and emphasized that EFRAG should focus on substantially reducing the number of mandatory ESRS data points, clarifying unclear provisions and providing clearer instructions on applying the double materiality principle.

[EU Platform on Sustainable Finance](#) published its updated version of its [Handbook of Climate Transition Benchmarks and Paris-Aligned Benchmarks](#), with responses to FAQs regarding the [EU Climate Transition Benchmark](#) and [EU Paris Aligned Benchmark](#), and the benchmarks’ disclosure guidance on ESG issues.

The [United Kingdom’s Home Office](#) has updated and published its statutory guidance for entities in scope of the U.K. Modern Slavery Act that mandates to communicate annual slavery and human trafficking statements. The Guidance aims to provide businesses to prevent, identify and remediate modern slavery across their operations. Detailed recommendations on stakeholder engagement, grievance mechanisms, and remediation are provided in the updated guidance.



Germany's upcoming coalition government of CDU/CSU and SPD has agreed to repeal the national [Supply Chain Due Diligence Act \(LkSG\)](#). Blaming its economic stagnation and rising geopolitical uncertainty, the coalition government revealed that it will put an end to the existing Supply Chain Act and adhere to EU's CSDDD.

[EU Council Approves 'Stop-the-Clock' Mechanism to Enhance Competitiveness and Legal Certainty](#)

The EU Council has approved the 'Stop-the-Clock' mechanism, delaying key sustainability reporting and due diligence requirements. This directive aims to simplify regulations, boost competitiveness, and provide legal certainty to businesses, ensuring a clear and smart regulatory framework. It reflects the EU's commitment to supporting businesses in navigating complex regulatory landscapes while promoting sustainable practices.

[EU Commission Seeks Feedback to Boost Capital Markets Integration](#)

The European Commission has launched a targeted consultation to identify and address obstacles to capital markets integration across the EU. This initiative aims to enhance the Savings and Investments Union (SIU) strategy, improving financial opportunities for businesses and citizens by removing barriers to cross-border trading and harmonizing supervisory practices.

[UK Updates Modern Slavery Guidance to Enhance Business Compliance](#)

The UK Home Office has updated its statutory guidance on transparency in supply chains under the Modern Slavery Act 2015. The new guidance provides detailed advice for businesses on addressing modern slavery, integrating with



existing frameworks, and encouraging proactive identification and prevention of slavery in supply chains.

[EU Eases Corporate Obligations Ahead of Deforestation Law](#)

The European Commission has simplified corporate obligations under the upcoming EU deforestation regulation, reducing costs and administrative burdens by 30%. This move aims to prevent the entry of products derived from deforestation into the single market, ensuring greater control over corporate supply chains and promoting sustainable practices.

[EU Adopts Ecodesign and Energy Labelling Plan for 2025-2030](#)

The European Commission has adopted the 2025-2030 working plan for the Ecodesign for Sustainable Products Regulation (ESPR) and Energy Labelling Regulation. This plan aims to enhance product sustainability, reduce environmental impact, and promote energy efficiency across various sectors, supporting the EU's green transition and circular economy goals.





North America

April has been consistent with the trends observed throughout this year in the United States. President Trump has signed several executive orders aimed at reactivating the economy, which is beneficial for U.S. citizens. However, some of these orders could negatively impact the environment and have social implications, not only locally but also globally, considering the U.S. is the second-largest contributor of GHG emissions after China. In Mexico, the green tax was introduced this month, targeting companies that emit over one ton of CO₂ annually. Lastly, Canadian regulators have paused the development of mandatory climate-related disclosure rules and amendments to diversity-related disclosure requirements, considering recent regulatory changes in the EU and U.S. Additionally, it is important to highlight the Federal General Election in Canada on April 28th. The outcome will shape the direction of Canada's policies across various domains, with anticipated impacts on sustainability regulations and initiatives.

[Protecting American Energy From State Overreach](#)

President Trump signed an executive order, "Protecting American Energy from State Overreach," to shield energy companies from state laws imposing fines for greenhouse gas emissions. The order aims to reverse the Biden administration's climate change policies and challenges state laws like New York's Climate Change Superfund Act and California's cap-and-trade system.

Other source: [ESGtoday](#)

[Zero-Based Regulatory Budgeting to Unleash American Energy](#)

The order aims to boost the U.S. energy sector by removing outdated and unnecessary regulations. It requires periodic



reviews and automatic expiration dates for energy-related rules unless renewed. This approach seeks to streamline regulations, promote innovation, and enhance energy production efficiency.

Other source: [The White House](#)

[Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241](#)

The order aims to boost coal production by removing regulatory barriers and designating coal as a critical mineral. It directs agencies to identify coal resources on federal lands, lift barriers to coal mining, and prioritize coal leasing. It also promotes coal exports and coal technology development.

Other source: [The White House](#)

[Restoring American Seafood Competitiveness](#)

This executive order aims to boost the U.S. seafood industry by reducing regulatory burdens, combating unfair foreign trade practices, and enhancing domestic seafood production and exports. It directs agencies to revise or rescind regulations that overly burden commercial fishing, aquaculture, and fish processing industries.

Other source: [Oceanographic](#)

[The Government of the Capital informs of the entry into force of the Green Tax for CO2 emitting companies](#)

Mexico City has implemented a "Green Tax" starting April 1, 2025, targeting companies emitting over one ton of CO2 annually. The tax aims to raise environmental awareness and fund ecological projects, with an estimated revenue of 60 million pesos earmarked for initiatives like electromobility and animal care.





South America

This month, Colombia has launched initiatives focused on white hydrogen and the protection of coastal ecosystems. In Ecuador, the ecolabelling project is progressing, aiming to protect consumers and establish clear regulations to prevent greenwashing in sustainability claims. Conversely, concerns have arisen in Peru due to an amendment to the Forest and Wildlife Law, which could accelerate deforestation in the Amazon. This is a significant issue, as Peru encompasses approximately 13% of the Amazon, making it the second-largest holder of Amazonian territory after Brazil.

[Peru's Amendment to Law Sparks Fears of Destruction in Amazon Rainforest](#)

A recent amendment to Peru's Forest and Wildlife Law has sparked concerns among environmental and indigenous groups. The change removes the requirement for state authorization before converting forest lands, potentially accelerating deforestation in the Amazon under the guise of economic development.





APAC & Oceania

Japan and China are following the latest global sustainability standards while setting up regulatory frameworks with a sector-specific focus. Japan issued guidelines for food, and agriculture industries to advance the goal of carbon reduction. Meanwhile, China also completed the GHG accounting standard for food-related companies and continues its plan for green transition via policies aimed at the energy segment.

The [Australian Public Service](#) (APS) has introduced the Net Zero Emissions Reporting Framework, requiring Commonwealth entities and companies to report their greenhouse gas emissions annually to achieve net zero by 2030. This framework is designed to ensure accountability, transparency, and alignment with the [Paris Agreement](#). Initial reporting will focus on direct emissions, purchased electricity, and specific indirect emissions, with plans for continuous improvements in data accuracy and methodology.

Papua New Guinea has lifted its three-year ban on forest carbon credit schemes, allowing the country to re-enter the global carbon offset market. This strategic decision aims to utilize PNG's extensive rainforests for carbon sequestration while implementing new regulations to ensure transparency and equity. The move positions Papua New Guinea as a significant player in international carbon markets, promoting both economic and ecological benefits.

The [Australian Securities and Investments Commission](#) (ASIC) released [Regulatory Guide 280](#) to assist entities with mandatory sustainability reporting under Chapter 2M of the [Corporations Act 2001](#). The guide outlines who must report, the required content, and the administration of the requirements, including relief provisions for stapled entities. This initiative aims to streamline sustainability reporting and ensure compliance with regulatory standards.



[Japan Updates Climate and Nature-Related Information \(TCFD/TNFD\) Disclosure Guide](#)

The Ministry of Environment released the *Guide 2.0 for Sustainability Information Disclosure (Climate and Nature-Related)*. The guide provides additional advice for nature-related scenario analysis and target setting, helping corporates take concrete measures to integrate nature-related risks and opportunities into business strategy planning.

[Japan Releases Guide on Carbon Footprint Calculation and Verification for Processed Food Sector](#)

The Ministry of Agriculture, Forestry and Fisheries published a comprehensive framework for calculating the carbon footprints (CFP) of processed food products throughout the life cycle from raw material procurement to waste disposal and recycling, including all elements inseparable from the product at the time of sale. The guide also includes methodologies on data collection and reporting.

[Japan Revises Basic Policies and Goals Related to Livestock Farming](#)

The Ministry of Agriculture, Forestry and Fisheries revised the *Basic Policy for Modernizing Dairy and Beef Cattle Production* regarding livestock, following the Cabinet decision on the new *Basic Plan for Food, Agriculture and Rural Areas*. The policy mentions promoting resource-recycling livestock breeding and seeks to reduce GHG emissions caused by such sectors.

[Japan Issues Handbook for Recruitment and Settlement of Skilled Foreigners in Construction Sector](#)

The Ministry of Land, Infrastructure, Transport and Tourism has created a Handbook for Hiring and Retaining Foreign Engineers in response to the rising demand for skilled



personnel in the construction sector. The handbook shows key points for hiring and retaining foreign human resources who have residence status in the country of their residence and work as construction management engineers, design engineers, and surveyors.

[China Issues Energy Price Policy to Promote Green and Low Carbon Transformation](#)

To further improve the price governance mechanism, the State Council issued the *Opinions on Improving the Price Governance Mechanism*. The document proposed practical measures including an improved price policy for local transactions of new energy and optimized price mechanism for incremental distribution networks, in addition to the market-oriented reform of on-grid electricity prices for various power sources.

[China Releases National GHG Accounting Standard for Food, Beverage and Tobacco Sectors](#)

The national standard *GB/T32151.25-2024 Greenhouse Gas Emissions Accounting and Reporting Requirements Part 25* went into effect on April 1, applying to food, beverage and tobacco sectors. It covers five carbon accounting scopes and requires companies to establish a greenhouse gas data quality management system. The Standard stipulates a unified accounting method and ensures transparent ESG disclosure by wine companies.

[China Issues First Overseas RMB-Denominated Sovereign Green Bond in London](#)

China issued its first-ever overseas RMB-denominated sovereign green bond in London. The deal totals 6 billion yuan (about 833.33 million U.S. dollars), including 3 billion yuan for a three-year term with an interest rate of 1.88 percent, and 3 billion yuan for a five-year term at an interest



rate of 1.93 percent. Total subscriptions hit 41.58 billion yuan, 6.9 times the issuance value.

[China Issues the Special Action Plan for Upgrading Next-Generation Coal-Fired Power](#)

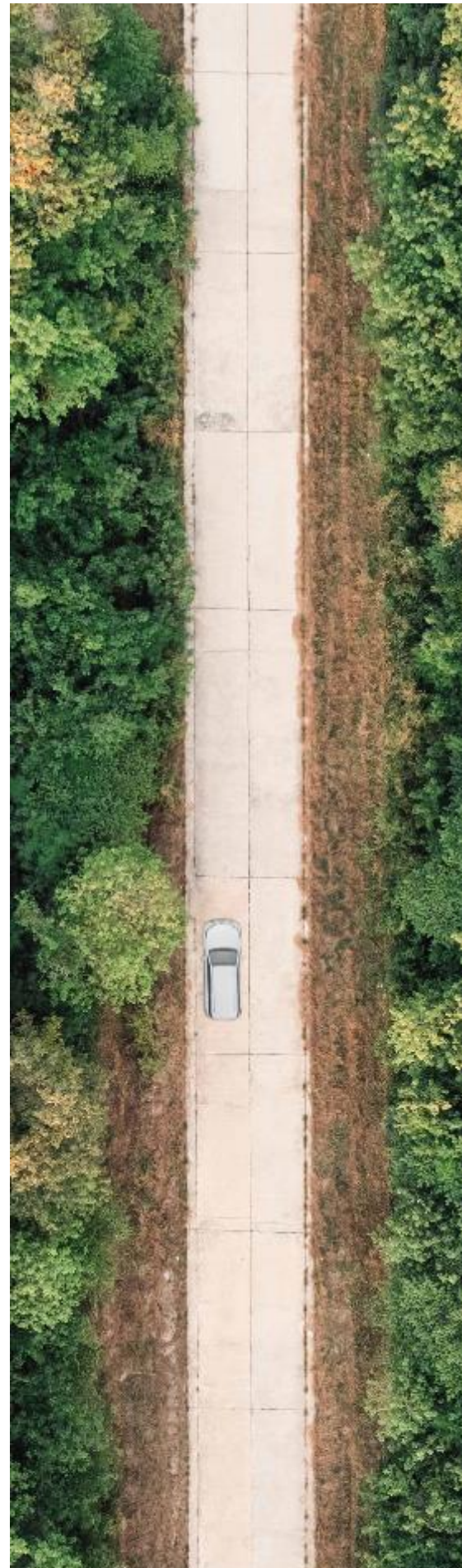
The National Development and Reform Commission and relevant authorities issued the *Special Action Plan for Upgrading Next-Generation Coal-Fired Power (2025–2027)*, aiming to improve coal power performance across such areas as cleaner and lower-carbon operation, reliability and safety, flexible regulation, and intelligent operation. The plan also encourages pilot projects to meet quantified carbon intensity targets.

[Taipei Exchange Introduces “Green Stock Designations”](#)

Taipei Exchange (TPEX) established “Green Stock Designations” to be officially launched in 2026 in order to encourage companies to keep on path of green transformation. The new rule refers to “Green Equity Principles” promulgated by World Federation of Exchanges, and it regulates that qualified listed companies whose green revenue register a certain proportion of annual revenue will be awarded green stock designations to acknowledge their environmental contributions.

[Philippines Expands Green Force to Drive Sustainable Finance](#)

The Philippine Finance Department has strengthened its Green Force, enhancing the role of the Inter-Agency Technical Working Group on Sustainable Finance. This initiative aims to accelerate the country's sustainable finance agenda by aligning government policies, developing a robust green investment pipeline, and promoting climate adaptation and mitigation projects.



[Australia's APS Net Zero by 2030: New Emissions Reporting Framework Unveiled](#)

The Australian Public Service (APS) Net Zero Emissions Reporting Framework mandates Commonwealth entities and companies to annually report their greenhouse gas emissions to achieve net zero by 2030. This framework ensures accountability, transparency, and alignment with the Paris Agreement. Initial reporting focuses on direct emissions, purchased electricity, and specific indirect emissions, with continuous improvements planned for data accuracy and methodology.

[Papua New Guinea Reopens Forest Carbon Credit Market with New Regulations](#)

Papua New Guinea has lifted its three-year ban on forest carbon credit schemes, allowing the country to re-enter the global carbon offset market. This decision aims to leverage PNG's vast rainforests for carbon sequestration while implementing new regulations to ensure transparency and equity. The move positions PNG as a significant player in international carbon markets, promoting both economic and ecological benefits.

[ASIC Issues New Guidance on Mandatory Sustainability Reporting](#)

On 31 March 2025, ASIC released Regulatory Guide 280 to assist entities with mandatory sustainability reporting under Chapter 2M of the Corporations Act 2001. The guide covers who must report, required content, and administration of the requirements, including relief provisions for stapled entities.



Additional News

Major Regulatory Developments

[Canadian Regulators Hit Pause on Mandatory Climate Reporting Requirements](#)

[New York Proposes Mandatory GHG Reporting for Large Emitting Sectors](#)

[Trump Admin Halts \\$5 Billion New York Offshore Wind Project](#)

[NYC Pension Funds to Drop Asset Managers Without Strong Net Zero Action Plans](#)

Latin American Initiatives

[Colombia advances in regulation to explore and exploit white hydrogen](#)

[Project to protect and restore Colombia's coasts advances](#)

[Ecolabeling in Ecuador advances to promote responsible consumption](#)

Global and Regional Updates

[EU Emissions Halved in Key Carbon-Intensive Sectors](#)

[Saudi Arabia Secures \\$1.5 Billion for Green Initiatives](#)



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