

EVALUESERVE



Sustainability Watch

Monthly Regulatory Highlights

February 2025

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Welcome to the February edition of the Sustainability Watch newsletter. This month, we delve into the latest regulatory highlights across North America, the EU, South America, and the APAC region. In North America, we explore the contrasting sustainability regulations in the United States and Canada, including California's Climate Reporting Law and Canada's diversity reporting proposals. The EU's efforts to simplify sustainability reporting and the ongoing debates around ESG regulations are also covered. South America's regulatory landscape remains relatively quiet, with minor developments in Peru and Brazil. Meanwhile, APAC sees significant advancements in renewable energy and green finance, with notable reforms in China and Japan. Stay informed on these critical updates and more in this comprehensive overview of global sustainability initiatives.



EU's Platform of Sustainable Finance publishes its Simplifying the EU Taxonomy to Foster Sustainable Finance report that has aimed at reducing corporate reporting burden by mandating OpEx KPIs as voluntary disclosures, introducing simplified Green Asset Ratio, helping SMEs to access sustainable finance, and many more to simplify reporting templates. EU Commission's European Commission's Work Programme 2025 has set out key strategies, action plans and legislative initiatives that will complement the functioning of CSDDD and CSDR. International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) have collaborated to develop fit for purpose and interoperable global baseline standards namely ISSA 5000 and IESSA. On the other hand, the Financial Conduct Authority of the UK has published its 2025 Adaptation Report to focus on the climate change challenges faced by financial firms and the adjustments needed to manage climate risk.

[EU Proposes Amendments to Corporate Sustainability Due Diligence Directive Amidst Pressure](#)

The EU is proposing amendments to the CSDDD, including limiting corporate obligations and reducing fines. This follows pressure from businesses and officials concerned about competitiveness. Critics argue the changes undermine sustainability efforts. Companies in the EU have warned that complying with CSDDD will make it harder to compete with the US and Asia.

Other source:

<https://www.insurancejournal.com/news/international/2025/02/24/812952.htm>

[EU Faces Investor Pushback Against Scaling Back ESG Rules](#)

A group of investors managing €6.6 trillion urges EU officials to maintain ESG regulations despite pressure from Germany and France to scale back. They argue that changes should be limited to technical standards to avoid regulatory uncertainty and support the EU's Green Deal goals.

Other source:

<https://www.insurancejournal.com/news/international/2025/02/06/811013.htm>

[EU's Coordinated Efforts to Ensure Safe and Fair Online Marketplaces](#)

The EU is addressing environmental impact of e-commerce, including the negative climate footprint of increased low-value imports. Measures include adopting the Ecodesign for Sustainable Products Regulation, amending the Waste Framework Directive, and using digital tools for compliance supervision. These efforts aim to ensure sustainable practices and reduce the environmental impact of e-commerce.

[EU Proposes Sweeping Reforms to Simplify Business Regulations and Enhance Investment](#)

EU's new Omnibus proposals aim to simplify EU rules, reduce administrative burdens, and boost investment. Key areas include sustainable finance reporting, due diligence, and the carbon border adjustment mechanism. The changes are expected to save €6.3 billion



annually and mobilize €50 billion in investments, benefiting SMEs and supporting climate goals.



North America

Regulations and initiatives in North America reflect the contradictions and power struggles inherent in this new geopolitical scenario. In the United States, regulatory developments around sustainability have been divided between executive orders, which typically end regulations that are pro-environment or pro-social, and initiatives undertaken by states not aligned with the current national administration, such as California's Climate Reporting Law. In Canada, the situation is similarly mixed, with proposals to exempt the financial sector from disclosing financed emissions, while mandating the reporting of diversity at the board and top management levels.

[Acting Chairman Statement on Climate-Related Disclosure Rules](#)

Acting Chairman Mark T. Uyeda criticized the SEC's climate-related disclosure rule, citing lack of statutory authority and potential economic harm. He directed staff to notify the court of changes and requested a delay in litigation to reassess the rule's necessity and compliance with proper procedures.

[California Climate Reporting Law Survives Challenge Claiming that "Shaming" Companies Through Emissions Disclosure Violates Constitution](#)

A federal judge upheld California's new climate disclosure laws, rejecting the U.S. Chamber of Commerce's claims that the laws violate the constitution. SB 253 and SB 261 require large companies to disclose emissions and climate risks. The Chamber may continue its challenges, but current claims were deemed not ripe for review.

[Withdrawing the United States From and Ending Funding to Certain United Nations Organizations and Reviewing United States Support to All International Organizations](#)

The United States will cease participation in the UNHRC, review its UNESCO membership, and halt funding to UNRWA due to concerns over anti-Semitism and actions against U.S. interests. A broader review of international organizations and treaties will be conducted to determine alignment with U.S. interests, with recommendations for potential withdrawal.

[Ending Procurement and Forced Use of Paper Straws](#)



The policy aims to end the use of paper straws in the United States, citing their inefficiency, health risks, and higher costs. Federal agencies are directed to stop procuring paper straws and reverse policies disfavoring plastic straws. A national strategy will be developed to enforce this policy nationwide.

Initiatives:

[New York sued by 22 US states over \\$75 billion climate superfund](#)

New York faces a lawsuit from 22 states over a law requiring fossil fuel companies to pay \$75 billion over 25 years into a climate superfund. The states argue the law is unconstitutional and could harm the economy.

[Canada pushes back requirement for banks, insurance companies to report financed emissions](#)

Canada's financial regulator, OSFI, delayed the requirement for banks and insurance companies to disclose financed emissions (Scope 3) until 2028. This aligns with new standards from the Canadian Sustainability Standards Board (CSSB) and aims to give institutions more time to prepare.

[Canadian banks must reveal diversity of board, top managers under proposed rules](#)

Canadian banks and national institutions must disclose board and top management diversity under proposed rules. These rules, requiring consultation, aim to increase transparency on representation of women, Indigenous peoples, persons with disabilities, and visible minorities. Implementation is uncertain due to upcoming leadership changes and potential federal election outcomes.



South America

South America has been notably quiet throughout the entire month of February, with no major new regulations or initiatives in the areas of environmental or social issues. However, there have been minor developments, such as a new regulation in Peru and Brazil's collaboration with Germany on environmental protection through a €25 million agreement. Additionally, controversy arose when the Argentine government used derogatory terminology to describe individuals with disabilities in a resolution published in the nation's Official Gazette. This slow progress in the region's socio-environmental regulatory landscape could be attributed to the caution of countries due to the slowdown in sustainability issues in major markets such as the United States and the European Union, as well as the summer holiday period for parliaments in Chile, Argentina, and Colombia.

Peru sets hake reproductive ban to ensure its sustainability

The Ministry of Production (Produce) in Peru has imposed a reproductive ban on hake to protect its reproductive process and ensure sustainability. Only pre-ban captured hake can be traded with proper documentation. Produce also announced measures for jumbo-flying squid sustainability and conducted over 163,000 IUU fishing inspections to protect key species.





Apart from the continuous improvement in renewable energy planning, China and Japan has commenced institutional reforms in other areas of environmental conservation. Japan revised policies on air pollution and waste disposal while China focuses on green finance, including carbon credit trading.

Cabinet Decides on the Seventh Strategic Energy Plan

The Japanese Cabinet decided on the Seventh Strategic Energy Plan. The plan focuses on strengthening the supply of decarbonized electricity and expand renewable energy as the main energy source. The government has set a new target to cut GHG emissions by 73% as of 2040 with 2013 as the baseline.

Japan Revises Implementation Rules on Air Pollution Prevention Law

The Ministry of Environment released the revised Implementation Rules on Air Pollution Prevention Law. Major changes include the introduction of continuous measurement methods at municipal waste incineration facilities and non-ferrous metal manufacturing facilities, revised emission standards for secondary raffinage facilities for copper, lead and zinc and the additional emission standards for integrated coal gasification combined cycle facilities.

China Releases Framework for Sovereign Green Bonds

China's Ministry of Finance released a framework for sovereign green bonds to be allocated to eligible green projects included in the central fiscal budget. The funds are expected to contribute to achieving environmental goals such as climate change mitigation and adaptation, natural resource protection, pollution control, and biodiversity preservation.

China Accelerates Reform of Renewable Power Pricing to Promote Sustainable Development

The National Development and Reform Commission (NDRC) and the National Energy Administration (NEA) issued a joint notice on deepening the pricing reform for electricity generated from renewable energy. The reform will allow market forces to determine renewable power pricing, establish a sustainable pricing and settlement mechanism, and adopt differentiated policies for existing and new projects.

China Is Working Hard to Enrich the Low-Carbon Product System

The China Securities Regulatory Commission issued the Implementation Opinions on the Capital Market's "Five Major Articles" in Finance. For green finance, the document puts forth a series of specific measures around enriching the product system of the capital market to promote green and low-carbon transformation. It also proposes to continue improve the green financing standards on the capital market.

The Ministry of Natural Resources and the National Forestry and Grassland Administration Jointly Issued Five Industry Standards

The Ministry of Natural Resources and the National Forestry and Grassland Administration jointly issued five industry standards aimed at evaluating the basic situation of the forest and grassland resource quality and improving the forest and grassland resource price evaluation system at a faster pace.

Companies (Directors' Duties) Amendment Bill — In Committee - New Zealand Parliament

The New Zealand Parliament debated the Companies (Directors' Duties) Amendment Bill, which aims to clarify that company directors may consider environmental, social, and governance (ESG) factors in their

decision-making. The bill faced opposition, with critics arguing it is unnecessary and lacks legal effect. Despite this, the bill was amended and adopted.

Additional news:

[Japan Revises Waste Disposal Policy on Daily Incineration Per Capita](#)

[Japan Sets up Consultation Desk for Enterprises in Response to US Tariffs](#)

[China to Boost New-Energy Storage Manufacturing Industry, Targeting Leadership, Sustainable Growth by 2027](#)

[China Releases the Document of Opinions to Reform the Indemnification System for Ecological Damage](#)

[State Taxation Administration Clarifies Carbon Emission Quota Transactions Subject to a 6% Tax Rate as Intangible Assets](#)

[APEC 2025: Korea Advances Regional Trade, AI, and Sustainability Agenda | APEC](#)

[Republic of the Philippines Announces launch of SEC-registered Global Bond issuance in USD and EUR](#)

[Singapore reached 2025 solar target beforehand and secures new carbon trading deal](#)



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