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Public Policy Sustainability Bulletin

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This month, we explore the latest global sustainability policy updates across the following themes:

1. Key developments in sustainability policy and governance
2. Developments in sustainability reporting and disclosures
3. Carbon markets, pricing and trade
4. Spotlight: Critical minerals

Please note that developments are fluid, and this edition is current as of 5 March 2026.

Key developments in sustainability policy and governance

Malaysia announces plans to develop a sustainable finance taxonomy
On 29 January, Malaysia's central bank and securities regulator announced it will develop a national sustainable finance taxonomy aligned with the ASEAN Taxonomy. The initiative aims to create a unified, science-based classification system to mobilize capital toward climate and nature positive activities. A public consultation is expected next, marking a key step in strengthening Malaysia's sustainable finance ecosystem and improving regional interoperability.

Report finds significant interdependencies between business and nature
On 9 February, the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) published its *Business and Biodiversity Report*, a methodological framework for assessing the impact and dependency of business on biodiversity. The report finds that all businesses depend on and impact nature, yet harmful finance flows vastly outweigh investments in conservation. At the same time, it highlights growing momentum among businesses and financial institutions to better understand nature-related risks and opportunities, providing a foundation for more effective action. It calls for credible, transparent corporate strategies and immediate action across operations, value chains and portfolios to support nature-positive transformation, and is expected to directly inform future biodiversity related standards and reporting frameworks.

Key developments in sustainability policy and governance (continued)

Report illustrates updated prioritization of environmental risks
On 14 January, the World Economic Forum (WEF) published its Global Risks Report 2026. The report contains findings based on the "insights of over 1,300 experts world-wide" regarding geopolitical, economic, environmental, technological and societal risks across three time horizons ("immediate" (2026), "short- to medium-term" (2026-2028), and "long term" (2026-2036)). The analysis warns of heightened uncertainty, weakening multilateral cooperation and intensifying geoeconomic tensions. While noting declining short-term prioritization of environmental risks, representing only two of the top ten risks in the short-term, environmental risks have retained their ranking as the most severe in the long-term, representing five of the top ten long-term risks. This report underscores the complexity in navigating concurrent shocks and systemic sustainability challenges, and the latest Global Cooperation Barometer from the WEF highlights how new forms of international cooperation are evolving through flexible and localized partnerships, to overcome these challenges.

EU creates flexibility in how countries can meet net-zero target
On 10 February, the European Parliament adopted amendments to the European Union (EU) Climate Law establishing a binding 2040 target to reduce greenhouse gas emissions by 90% relative to 1990 levels. The amendments allow greater flexibility in how countries can meet this target, such as permitting limited use of international carbon credits after 2036, possibly allowing domestic permanent carbon removals to compensate for hard-to-abate emissions, and biennial progress reviews. These provisions are intended to address competitiveness concerns while maintaining alignment with the EU's statutory obligation to achieve net-zero greenhouse gas emissions by 2050.

US repeals finding that greenhouse gas emissions are a health hazard
On 12 February, the United States Environmental Protection Agency (EPA) issued a final rule to repeal its 2009 Endangerment Finding, the scientific determination that greenhouse gases (GHGs) pose a threat to public health and the environment, and the legal foundation for federal climate regulation under the US Clean Air Act. The repeal narrows federal authority to regulate GHG emissions. The rule is expected to have implications for future emissions control standards and US federal climate policy and is also expected to prompt legal and legislative challenges in both federal and state courts and legislatures. In that regard, a coalition of over a dozen environmental and public health groups has already filed a suit against the EPA.

Developments in sustainability reporting and disclosures

South Korea shares plans for ESG disclosure requirements
On 25 February, South Korea released a draft roadmap (*link in Korean only*) outlining plans to introduce mandatory environmental, social and governance (ESG) disclosures. The feedback period ends on 31 March, and phased reporting is expected to begin in FY2027 for large KOSPI-listed (publicly listed) companies, and Scope 3 emissions disclosure planned from FY2030. Separately, the Korea Sustainability Standards Board approved the Korea Sustainability Disclosure Standards No. 1 and No. 2 (aligned with IFRS S1/S2).

Indonesia proposes introduction of sustainability reporting requirements
On 10 February, Indonesia released a draft regulation (*link in Indonesian only*) on sustainable finance implementation. The draft proposes phased sustainability reporting requirements for listed companies and financial sector entities, beginning in FY27 for the largest entities. The framework would align disclosures with PSPK 1 and PSPK 2 — Indonesia's equivalents to IFRS S1 and IFRS S2 — and operate alongside existing national sustainability reporting obligations. The proposal signals Indonesia's continued move toward harmonizing domestic reporting with global baseline standards.

China stock exchanges announce sustainability reporting requirements
On 30 January, the Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) and Beijing Stock Exchange (BSE) (*link in Chinese only*) released comprehensive technical guidelines to standardize sustainability reporting for listed companies. The guidelines codify key environmental disclosure methodologies as China enters its first mandatory ESG assessment period in 2026. According to the exchanges, this coordinated approach signals China's effort to elevate disclosure quality and strengthen regulatory oversight.

Additional guidance released to support corporate reporting on nature
On 16 February, the Global Reporting Initiative (GRI) released *Decoding biodiversity impacts: a practical guide to corporate reporting on nature with the GRI Standards*. The guide discusses the new GRI 101 Biodiversity Standard, which was adopted on a pilot basis by 14 companies in 2024 and 2025, and which became available for general adoption in January 2026. It explains how companies can assess biodiversity impacts, integrate nature-related information into governance and decision-making, value location-specific data, and respond to data-collection challenges across supply chains. The publication follows the IPBES Business and Biodiversity Assessment and reflects growing market interest in credible, decision-useful biodiversity reporting.

UK issues new sustainability reporting standards
On 25 February, the UK Department for Business & Trade (DBT) issued the UK Sustainability Reporting Standards (SRS) S1 and UK SRS S2 for voluntary use (in whole or in part). These final UK SRS incorporate amendments developed following the June 2025 consultation, which are explained in the DBT response. DBT's broader Modernising Corporate Reporting (MCR) consultation will consider the need for mandatory reporting for private entities against the UK SRS, with further information to be included in a consultation later this year.

Developments in sustainability reporting and disclosures (continued)

UK plans to improve the quality of sustainability assurance
On 30 January 2026, the UK DBT announced that it plans to establish a voluntary oversight regime for sustainability assurance in the UK, for voluntary sustainability-related disclosures made in line with a range of internationally recognized sustainability-related reporting frameworks. The regime will be conducted by the Financial Reporting Council (FRC), and practitioners will be able to opt in subject meeting FRC eligibility criteria. An interim, non-legislative regime is due to be established by mid-2026 with an interim public register operational ahead of the 1 January 2027 reporting year. The government intends to legislate at a later date to formalize the arrangements, while maintaining the regime's voluntary status. The regime will also support high-quality assurance through guidance, capacity-building and alignment with recognized sustainability-reporting frameworks.

EU takes next step in simplification agenda with adoption of Omnibus I
On 24 February, the Council of the EU adopted the agreement on Omnibus I. Omnibus I revises the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CS3D), two laws that mandate reporting of sustainability-related information. Proponents of these revisions say that the revisions will reduce reporting burdens by reducing the number of companies required to report, reducing the amount of information required to be reported, and delaying the date by which covered firms are obligated to report. The text was published in the Official Journal of the EU on 26th February and enters into force on 18 March. Member states have 12 months for implementation, except for article 4 on the level of harmonization, which they must comply with by 26 July 2028.

The Netherlands seeks greater robustness of sustainability assurance
On 17 February, the Dutch Authority for the Financial Markets (AFM) published four guidelines to strengthen the robustness of CSRD assurance engagements. The guidelines focus on four key pillars: maintaining robust quality control systems for CSRD assurance, ensuring competent assurance teams, improving understanding of clients, and tailoring procedures to the assessed assurance risk and materiality. In publishing these guidelines, the AFM encourages CSRD assurance which contributes to reliable, understandable and consistent sustainability reporting.

Carbon markets, pricing and trade

Australia seeks feedback on carbon credit scheme for farm and land management

On 27 January, Australia opened a consultation for the exposure draft of its Integrated Farm and Land Management (IFLM) method, under the Australian Carbon Credit Unit (ACCU) Scheme. This draft method enables landholders to earn carbon credits by implementing various carbon storage activities. It introduces two approaches for estimating carbon sequestration using a model-only approach and a hybrid approach that combines modeling with field measurements. The draft reflects efforts to streamline participation, enhance integrity and reduce administrative burden across land sector carbon projects. The consultation is open until 9 March.

New framework for reporting on land-sector emissions

On 30 January 2026, the Greenhouse Gas (GHG) Protocol released its *Land Sector and Removals Standard*, establishing the first unified framework for reporting land-sector emissions and CO_2 removals. Supported by the European Commission's new voluntary certification methodology for carbon removals, the Standard addresses major gaps in agricultural and land-use accounting. Effective 1 January 2027, it introduces requirements for land-based emissions, biological and technological removals, and safeguards for data quality and permanence, laying groundwork for future carbon-market integration. While the initial version excludes forestry and nonproductive land, further guidance is expected. The new Standard lays the groundwork for future potential carbon pricing across the sector.

Launch of new database for understanding global carbon pricing

On 27 January, the OECD's Inclusive Forum on Carbon Mitigation Approaches (IFCMA) released the first edition of its Climate Policy Database, covering 38 countries and 1,600 mitigation policy instruments. The database analyses taxes, emissions trading systems and regulatory measures to assess spillovers, carbon leakage risks and policy overlaps. The initiative supports OECD efforts to strengthen global interoperability in carbon pricing architecture and inform future reforms, and signals accelerating global alignment on sustainability taxes and incentives, influencing cross-border operations, compliance strategies and investment decisions.

UK seeks comment on its CBAM proposal

On 10 February, the UK's HM Revenue and Customs (HMRC) published a consultation on its proposed UK Carbon Border Adjustment Mechanism (UK CBAM), planned for implementation from 1 January 2027. In conjunction with the consultation, HMRC also released a policy paper to provide an overview of the policy framework. The UK CBAM will cover aluminium, cement, fertilizers, hydrogen, and iron and steel. The consultation is open until 24 March.

Brazil makes progress on building an emissions trading system

On 28 January, Brazil's Ministry of Finance confirmed (*link in Portuguese only*) the start of work on the digital platform and Central Registry underpinning the Brazilian Emissions Trading System (SBCE). The system will manage emissions data and administer Brazilian Emission Quotas (CBEs) and Carbon Reduction or Verified Removal Certificates (CRVs). Operating under a cap-and-trade model with declining sectoral limits, the SBCE enables trading of surplus allowances and supports Brazil's Paris Agreement commitments by fostering a transparent and internationally connected carbon market.

Spotlight

Critical minerals

On 4 February, the United States hosted representatives from 54 countries and the European Union for the 2026 Critical Minerals Ministerial, reflecting the US' interest in securing diverse mineral supply chains, underscoring the intensifying strategic importance of resource security. The meeting produced eleven new bilateral frameworks and memorandums of understanding (MOUs), expanded investment commitments and formalised the Forum on Resource Geostrategic Engagement (FORGE) as the central coordinating architecture.

FORGE is a new plurilateral platform designed to coordinate pricing, investment and supply-chain development for critical minerals. FORGE succeeds the Minerals Security Partnership and aims to harmonize trade policies and support project investment across partner economies. The FORGE framework indicates plans for a preferential trade zone for critical minerals, which would establish common trade and regulatory mechanisms including coordinated subsidies, price floors and tariff adjustments.

During the Critical Minerals Ministerial, the United States, the EU and Japan agreed to accelerate cooperation on critical mineral supply chain resilience. The partners intended to conclude an MOU within 30 days to identify priority mining, processing and recycling projects, develop coordinated trade mechanisms and share stockpiling information—this is yet to be announced at the time of publication of this bulletin edition.

On 2 February, the United States launched Project Vault, creating the US Strategic Critical Minerals Reserve, a public-private partnership backed by a USD 10 billion Export-Import Bank loan and nearly USD 2 billion in private capital. The reserve is intended to protect manufacturers from supply volatility and strengthen domestic processing capacity.

Contact us

Benjamin N. Villacorte
Sustainability Services Leader
Benjamin.N.Villacorte@ph.ey.com

Katrina F. Francisco
Partner, Sustainability Services
Katrina.F.Francisco@ph.ey.com

Glenda C. Anisco-Niño
Partner, Audit, Financial Services Organization and Sustainability Services
Glenda.C.Anisco-Nino@ph.ey.com

Bonar A. Laureto
Principal, Sustainability Services
Bonar.A.Laureto@ph.ey.com

Julia Tay
Partner and EY Asia-Pacific Public Policy Leader
Julia.Tay@sg.ey.com

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