SGV Sustainability

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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. Developments in sustainability reporting and assurance
2. Additional developments in sustainability policy and governance
3. Carbon markets, pricing and trade
4. Spotlight: Ecosperity Week 2026 and Asia’s transition momentum

Please note that developments are fluid, and this edition includes updates from mid-April to 5 June 2026.

## Developments in sustainability reporting and disclosures

### ISSB Chair addresses the 2026 Beijing International Sustainability Conference

On 11 May, Emmanuel Faber, Chair of the International Sustainability Standards Board (ISSB), addressed the 2026 Beijing International Sustainability Conference. In his speech, he highlighted that the “adoption of [the ISSB] Standards continues with momentum,” with more than 40 jurisdictions now using or adopting the Standards. Mr. Faber highlighted a shift in emphasis toward business resilience and capital market relevance, alongside plans to advance nonmandatory nature related disclosures in the form of an IFRS Practice Statement. The speech also outlined progress with the ISSB passporting initiative, designed to reduce reporting friction for cross-border issuers and support foreign direct investment.

### Brazil goes from mandatory to voluntary sustainability reporting

On 29 May, Brazil’s securities regulator, Comissão de Valores Mobiliários (CVM), amended its sustainability disclosure framework, shifting from a planned mandatory regime to a voluntary, “comply-or-explain” system. Mandatory reporting had been set to begin for the fiscal year starting on or after 1 January 2026. Under the revised rules, listed companies may choose whether to publish sustainability reports; however, those opting in must prepare disclosures in accordance with the Brazilian standards that are aligned with International Financial Reporting Standards (IFRS) S1 and S2, obtain reasonable assurance and commit to reporting for at least three consecutive years. Companies that do not publish sustainability reports are required to publicly explain their decision when filing annual financial statements. Companies that later opt to discontinue reporting must also disclose this decision in advance.

# Developments in sustainability reporting and disclosures (continued)

### US SEC proposes rescission of the 2024 climate-related disclosure rules

On 29 May, the United States Securities and Exchange Commission (US SEC) proposed rescinding its climate-related disclosure rules adopted in 2024. The rules would have required public companies to disclose material climate-related risks, including the impacts on a business' strategy, model and outlook, and certain issuers to report material greenhouse gas emissions. The US SEC halted implementation of the rules in 2024 due to litigation and stopped defending them in court in 2025. In the proposed rule rescission, the US SEC stated that the rules exceed the US SEC's statutory authority, depart from materiality-based disclosure and could impose costs that outweigh the benefits. The comment period is open until 3 August 2026.

### European Commission consults on revised ESRS

On 6 May, the European Commission launched a consultation on its draft revised European Sustainability Reporting Standards (ESRS). The consultation period closed on 3 June 2026. The consultation follows the February 2025 Sustainability Omnibus Package, which amended the Corporate Sustainability Reporting Directive (CSRD) to reduce reporting burdens. The draft revised ESRS would reduce mandatory datapoints by more than 60% and total datapoints by more than 70%. The revised draft would also introduce additional phase ins and flexibilities, with the aim of improving interoperability with global standards.

### European Commission consults on draft voluntary sustainability reporting standard

On 6 May, the European Commission launched a consultation on a draft voluntary sustainability reporting standard for small and medium sized enterprises (SMEs). The consultation period closed on 3 June 2026. The draft standard aims to support proportionate sustainability reporting for entities with fewer than 1,000 employees, helping to reduce reporting burdens while maintaining consistency across value chains. It would introduce a "value chain cap," limiting the information that CSRD in scope companies can request from smaller entities. The standard is intended to reduce administrative burden while preserving the quality and usefulness of sustainability information across value chains.

### EFRAG submits 2026 Sustainability Reporting Work Program

On 24 April, the European Financial Reporting Advisory Group (EFRAG) submitted its 2026 Sustainability Reporting Work Program to the European Commission. The program outlines EFRAG's priorities for 2026, including: (i) development of sustainability reporting standards for non-EU groups (N-ESRS); (ii) continued support for voluntary SME reporting and capacity building; (iii) implementation guidance and enhanced interoperability with international frameworks such as ISSB and the Global Reporting Initiative (GRI) and (iv) continued digitalization of reporting.

### New Zealand releases sustainability disclosure guidance

On 12 May, New Zealand's Financial Markets Authority (FMA) released updated sustainability-related disclosure guidance for sustainable financial products, emphasizing clarity, substantiation, consistency and managing third-party involvement to prevent greenwashing. Issuers must ensure sustainability-related promotions are not misleading and clearly disclose material information, including relevant strategies, targets and risks.

# Additional developments in sustainability policy and governance

### COP30 Presidency consults on "Roadmap to Halt and Reverse Deforestation"

On 9 May, the COP30 Presidency announced a global consultation process to support the development of a "Roadmap to Halt and Reverse Deforestation by 2030." The consultation seeks global input to develop a nonbinding, action-oriented framework consolidating policy approaches, best practices, financing mechanisms, governance models and international cooperation pathways to support countries to develop their own pathways to halt and reverse deforestation. The consultation process will continue through 2026, with a consolidated roadmap expected to be presented during the United Nations General Assembly in September 2026.

### International Maritime Organization advances global shipping emissions framework

On 1 May, the International Maritime Organization (IMO) reported outcomes from the 84th session of its Marine Environment Protection Committee (MEPC), held from 27 April to 1 May 2026. Following negotiations at the meeting, countries reaffirmed their commitment to rebuilding consensus on a global shipping emissions framework (known as the IMO Net Zero Framework), with further negotiations scheduled throughout the year.

### Cambodia releases Sustainable Finance Taxonomy

On 27 April, the National Bank of Cambodia released its first Sustainable Finance Taxonomy for its banking sector. The taxonomy aims to classify sustainable economic activities, enhance transparency and consistency, and mitigate greenwashing risk. The taxonomy employs a traffic light system to categorize activities and focuses on the energy, transport and buildings and construction sectors.

### China announces new campaign to promote local climate action

On 24 April, China announced (*link in Chinese*) a campaign to accelerate climate action by provincial-level governments. Under a new assessment framework, these governments will be graded on emissions reductions, increasing clean energy consumption, and limiting coal and oil use. Those rated as underperforming will be required to submit corrective plans within 30 working days and may face disciplinary action. The results will inform evaluations, promotions, and oversight of regional leaders. A similar assessment system is to apply to state owned enterprises.

### EU and US enhance coordination for critical minerals

On 24 April, the European Union (EU) and the US announced an agreement on critical minerals supply chains. Through a nonbinding memorandum of understanding and an accompanying action plan, both sides committed to closer coordination across the full critical minerals value chain. The agreement reflects shared economic security priorities and strengthens access to essential materials.

# Additional developments in sustainability policy and governance (continued)

### European Commission publishes review of EUDR simplification

On 4 May, the European Commission released a report on the simplification of the revised EU Deforestation Regulation (EUDR) and a set of measures to support implementation of the regulation. The measures include updated guidance, frequently asked questions and draft delegated act on product scope to address stakeholder concerns, including:

- Clarification of the ability to cover multiple shipments under a single due diligence statement.
- Guidance on the obligations of downstream operators, including supply chain positioning and scenarios where a company acts as both importer and producer.
- Definition of downstream operators' role as limited to the passive collection and retention of relevant information.
- Explanations covering e-commerce, geolocation alternatives, and thresholds for micro and small primary operators.
- Proportionality of legality-related information requirements, with more detailed evidence expected in higher-risk supply chains.
- Practical examples illustrating a range of supply chain scenarios.

The report aims to clarify obligations and support effective implementation ahead of the Regulation's application from 30 December 2026, while maintaining requirements that commodities placed on the EU market are deforestation-free.

### European Commission prepares for upcoming Circular Economy Act

On 30 April, the European Commission convened a high-level stakeholder dialogue to inform the upcoming Circular Economy Act legislative proposal, which aims to establish a Single Market for secondary raw materials, increase the supply of high-quality recycled materials and stimulate demand for these materials within the EU. The dialogue focused on accelerating the EU's transition to a circular economy, reducing dependence on critical raw materials and strengthening economic resilience. Participants discussed unlocking the single market for circular solutions, recovering critical materials from waste and building markets for secondary raw materials. A final stakeholder workshop will also be held to explore options under the law. The Circular Economy Act legislative proposal is expected to be published in Fall 2026.

### Canada launches Taxonomy and Transition Planning Council

On 8 April, Canada's Business Future Pathways announced the inaugural leadership of a new Taxonomy and Transition Planning Council that will standardize Canada's sustainable finance framework. In support of the framework, the Canadian government selected the Business Future Pathways to develop made-in-Canada sustainable investment guidelines. The Council will oversee the development of a national sustainable finance taxonomy, defining evidence-based criteria for both "green" and "transition" investments, and will also develop climate transition planning guidance for companies. The initiative aims to improve clarity for investors, mobilize capital toward climate-aligned activities and align Canada's financial system with internationally recognized frameworks.

# Carbon markets, pricing and trade

### Launch of the Open Coalition on Compliance Carbon Markets

On 7 May, China, Brazil, and the EU launched the Open Coalition on Compliance Carbon Markets. The Coalition seeks to strengthen cooperation among the approximately 50 countries that have national compliance carbon markets. It will focus on promoting common understanding and standards around carbon pricing systems, carbon accounting methodologies, potential use of high-integrity offsets, and robust monitoring, reporting, and verification (MRV). The Coalition intends to develop a work plan that will be adopted in September 2026 at the meeting of the Carbon Market Conference in Wuhan, China.

### European Commission consults on CBAM rules for recognizing carbon prices paid in third countries

On 13 May, the European Commission launched a public consultation on a draft implementing act clarifying how a carbon price paid in a third country can be recognized under the EU Carbon Border Adjustment Mechanism (CBAM). The proposal details how to determine the “carbon price effectively paid,” including conditional recognition of international carbon credits aligned with Article 6 of the Paris Agreement, capped at 10% of emissions. The draft implementing act sets out rules on the equivalence of foreign carbon pricing systems, the methodology for calculating the carbon price effectively paid (including currency conversion), and evidentiary and verification requirement. The consultation is open until 10 June 2026.

### European Commission consults on EU ETS benchmarks

On 11 May, the European Commission launched a consultation on the revision of EU Emissions Trading System (ETS) benchmark values for the period 2026 through 2030. The proposed benchmarks determine the level of free emission allowances allocated to industrial installations, based on the emissions performance of the most efficient producers. Companies emitting above these benchmark levels must purchase additional allowances to cover their emissions. Under the proposal, industrial companies on average are expected to continue receiving free allowances covering around 75% of their emissions. The consultation is open until 8 June 2026.

### UK consults on CBAM implementation

From 9 April to 21 May, the UK government conducted a technical consultation on draft secondary legislation for the UK’s CBAM. The consultation supports the planned introduction of the mechanism on 1 January 2027 and seeks stakeholder feedback to ensure the legislation operates as intended and delivers the policy correctly and effectively.

### Canada temporarily suspends fuel taxes on gasoline, diesel and aviation fuel

On 14 April, Canada announced a temporary suspension of its federal fuel excise taxes on gasoline, diesel, and aviation fuels, as part of a broader cost of living and energy security package. Effective from 20 April to 7 September 2026, the measure is intended to reduce fuel costs for households and businesses amid global energy price pressures generated by supply disruptions caused by military conflict in the Middle East.

Spotlight

# Ecosperity Week 2026 and Asia's transition momentum

*Framing the transition: from sustainability ambition to economic competitiveness*
Ecosperity Week 2026, Temasek's flagship sustainability convening held in Singapore from 18 to 21 May, brought together policymakers, investors and industry leaders to highlight Asia's acceleration of clean economic growth. Under the theme "Asia's Race Towards 2030," discussions focused on capital mobilization, enabling policy frameworks and cross-sector collaboration to scale commercially viable, resilient solutions. The transition was consistently framed not only as an environmental priority, but as a driver of competitiveness, industrial strategy and long-term economic positioning.

*Capital allocation and competitive advantage*
Across the week, participants emphasized aligning capital with credible, investable pathways. Blended finance, risk-sharing mechanisms and policy certainty were seen as critical to unlocking investment across infrastructure and emerging markets. The integration of sustainability into long-term business strategy is advancing, driven by regulatory expectations, energy security and supply chain pressures. Access to transition finance and the ability to deploy capital efficiently are increasingly viewed as differentiators shaping competitiveness.

*Infrastructure, digital growth and the cost of competitiveness*
Discussions highlighted the intersection of digital growth and sustainability, particularly the rising energy and water demands associated with AI and data centers. Expanding enabling infrastructure (i.e., grids, storage and renewable systems, etc.) was seen as essential to sustaining low-carbon growth. Energy transition pathways were framed as a balance between decarbonization and maintaining secure, reliable and affordable supply, with implications for industrial competitiveness.

*Resilience as an economic and strategic imperative*
Resilience and adaptation emerged as core themes, reflecting the growing economic importance of investment in infrastructure, energy systems and food security. These investments are increasingly viewed as essential to reducing exposure to shocks, stabilizing supply chains and supporting long-term productivity. More broadly, Ecosperity Week underscored a shift from target-setting to implementation, with delivery capacity, coordination and policy alignment seen as critical to both climate outcomes and economic resilience.

Spotlight

# Ecosperity Week 2026 and Asia's transition momentum (continued)

*Asia's transition in context*

- Many jurisdictions, including Japan, Singapore, China and ASEAN markets, have moved towards the development and adoption of sustainability reporting standards based on the ISSB Standards.
- The Asia-Pacific is the largest region for energy transition investment, accounting for 47% of the global total in 2025. China, the largest market, is still the leader in overall investment ($800 billion in 2025).
- Japan, South Korea and Singapore have implemented mature carbon pricing systems and are expanding voluntary and cross-border mechanisms to complement domestic action.
- The region is also scaling electric vehicle production and adoption through industrial policy, with ASEAN countries setting aggressive electrification and manufacturing targets through 2030–40.

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