

Webinar

Asia's ESG & Sustainability Landscape: ***Compliance Essentials for 2025***

4 June 2025

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Session**

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Mission Statement

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— Agenda

- 01. Key Trends in Asia**
- 02. China, Thailand & Hong Kong's ESG Framework & Initiatives**
- 03. Japan & India's Approach to Sustainability Regulations**
- 04. Key ESG Regulatory Developments in Singapore, South Korea and Vietnam**
- 05. Key Takeaways**
- 06. Q&A Session**



Key Trends of ESG Regulations in Asia

- **Prioritising ESG/Climate Disclosures**
 - Rapidly evolving regulatory landscape (Alignment with ISSB)
 - Initially voluntary disclosures, gradual shift to mandatory requirements
 - Emphasis on climate action and decarbonisation
- **Looking Forward: Broader ESG Consideration**
 - Supply chain due diligence - material-focused: minerals, timber, etc.
 - Human rights and business: supply chain, labour practices, etc
 - Currently mostly voluntary or in preparation
- **Diversified Implementation, Less Cross-Country Coordination**



ESG Reporting and Supply Chain Due Diligence in China (Mainland)



Sustainability Disclosure Standards for Business Enterprises - Basic Standards (Trial) (CSDS)

Introduction

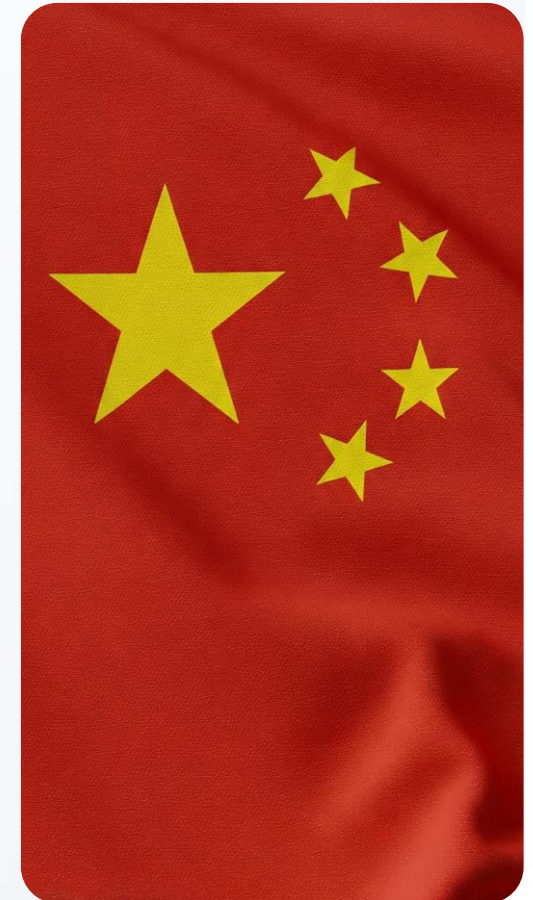
- Basic principles
- Specific standards
- Application guidelines

Adoption of Double Materiality Principle

- Information on sustainable risks and opportunities;
- Information on sustainable impact.

Implementation: Voluntary

- By 2030, establishment of a unified national sustainable disclosure system.



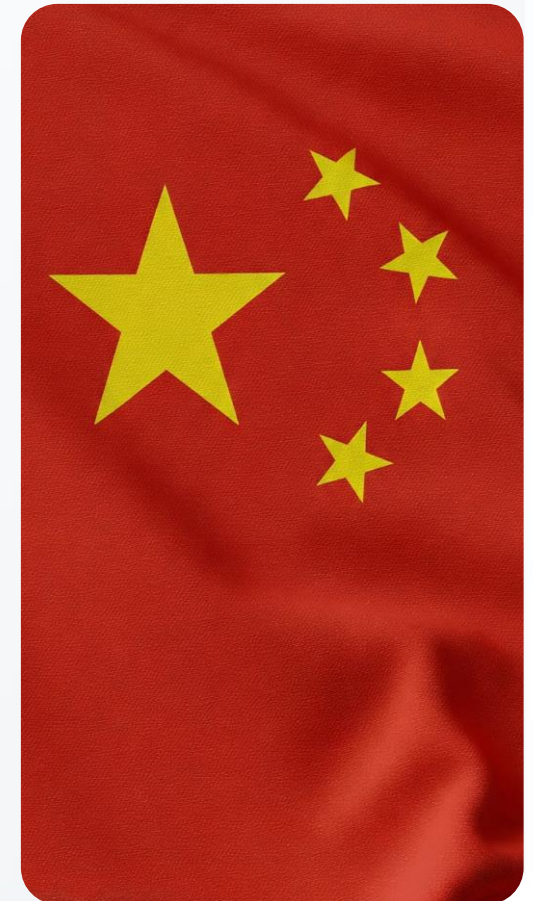
Climate Disclosures for Business Enterprises - Draft Exposure Standard (Trial)

Deadline for comments: **31 May 2025**

- **Disclosure of Climate-Related Impact Information**
- **Carbon Emission Accounting Standards**
- **Disclosure of Financing Emissions**

Implementation: **Voluntary**

- By 2027, climate-related reporting standard will be introduced.



Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains

Objective

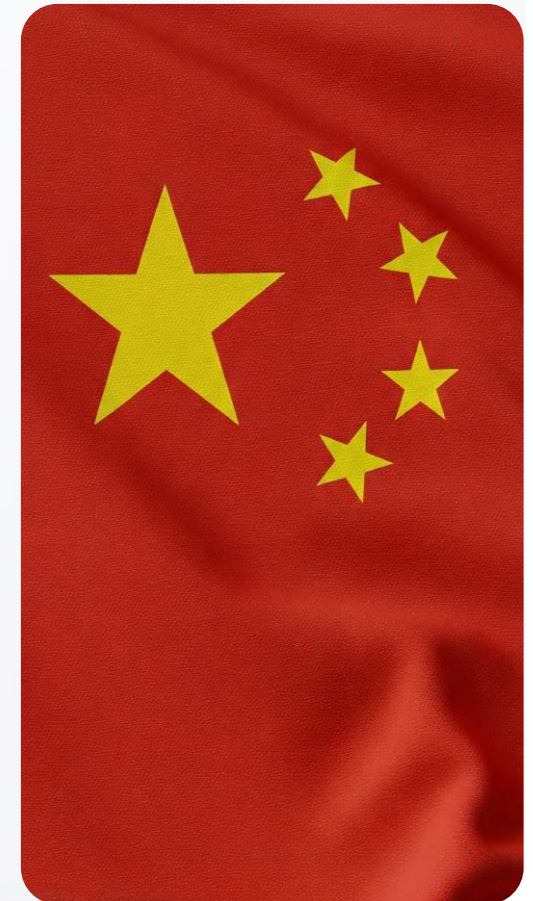
- Guides companies to identify, prevent and mitigate risks of contributing to conflict, serious human rights abuses, and serious misconduct in mineral supply chains.

Scope

- Applies to all Chinese companies engaged in extracting, trading, processing, transporting, and/or using mineral resources and their related products.

5-Step Due Diligence Framework -> Type 1 and Type 2 Risks + Warning Signs

Implementation: **Voluntary**



Guidelines on the Sustainability Reporting for Major Listed Companies

Date of EIF: 1 May 2024

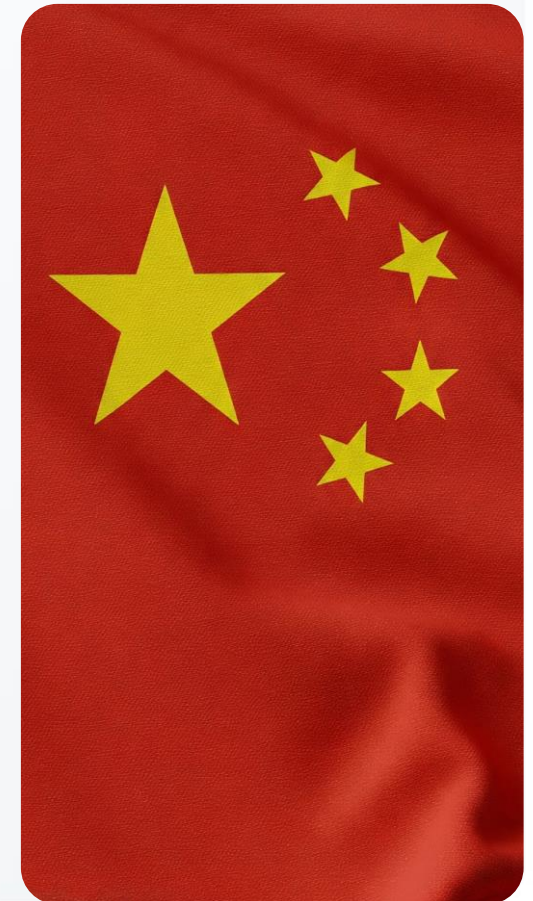
Requires companies to disclose sustainability-related information covering different ESG aspects.

Implementation Depending on Companies

- SSE: SSE 180 Index companies, Kechuang 50 Index companies, and companies dual-listed in Shanghai and overseas.
- SZSE: Shenzhen 100 Index companies, ChiNext Index companies, and companies dual-listed in Shanghai and overseas.
- BSE: all other issuers are encouraged to disclose voluntarily.

Highlights

- Double Materiality principle adoption
- Disclosure framework



ESG Reporting and Supply Chain Due Diligence Standards in Thailand



Annual Report “Form 56-1 One Report” for Listed Companies

Objective

- Requires listed companies to disclosure further information on a company’s business sustainability, corporate governance and environmental and social footprint, including carbon emissions and human rights commitments.

Reference to Sustainability Report Guide for Listed Companies

- “How to Report” in detail

EIF Date

- Officially implemented for fiscal years ending on December 31, 2021



Draft Law on Climate Change

Objective

- Establish specific mechanisms to achieve climate change mitigation targets

Key Elements

- Mandatory GHG reporting
- Carbon pricing mechanisms
 - Emissions trading system
 - Carbon tax
 - Carbon border adjustment mechanism
- Penalties for non-compliance



Guidelines for Greenhouse Gas Emission and ESG Reporting (Draft)

Align with the IFRS Standards S1 and S2

Categorisation

- SET 50 - index of 50 largest and most liquid stocks
- SET 100 - index includes the SET50 and the next 50 largest and most liquid companies.

Transition Reliefs

- Comparative reporting
- Climate-First reporting
- Reporting Timing
- Greenhouse Gas (GHG) Protocol
- Delay for Disclosure of Scope 3 GHG Emissions
- Implementation: **Voluntary**

National Action Plan on Business and Human Rights (NAP 2023-2027)

Objective

- Guiding framework for promoting responsible business conduct and includes the exploration of human rights due diligence measures

Refers to publication of a **mandatory human rights and environmental due diligence law** in the future (mHREDD)

- Online reports suggest that consultations for draft expected before the end of the year.
- Strengthen corporate responsibility, business compliance and protect workers in supply chain
- Aligns with United Nations Guiding Principles on Business and Human Rights (UNGPs)



Sustainability Reporting Standards in Japan



Japan: Ordinance No. 11 of 2023, Amending the Disclosure of Corporate Affairs Ordinance

Date of EIF: 31 January 2023

Requires companies to disclose a wide range of non-financial information

Additional items to be included in securities reports:

- **Employee Status**
 - Ratio of female managers, Rate of men taking parental leave, Gender wage gap
- **Corporate Governance Status**
 - Activities of the board of directors, etc.
- **Concepts and Initiatives Regarding Sustainability**
 - Governance and risk management (**mandatory**)
 - Strategies, metrics and targets
 - Climate change: Scope 1 and 2 GHG emissions (voluntary, but proactive disclosure encouraged)
 - Human capital diversity (**mandatory**)



Japan: SSBJ Sustainability Disclosure Standards

Date of publication: 5 March 2025

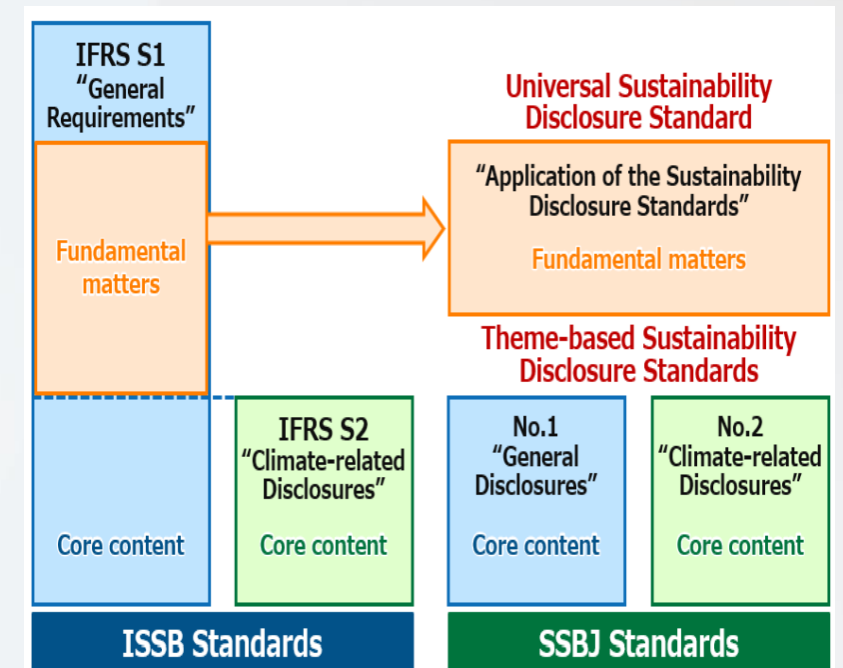
SSBJ Standards are aligned with the IFRS Sustainability Disclosure Standards (ISSB Standards).

Composition

Japan's Sustainability Standards Board (SSBJ) has issued:

- Universal Sustainability Disclosure Standard "Application of the Sustainability Disclosure Standards"
- Thematic Standard No. 1 "General Disclosures"
- Thematic Standard No. 2 "Climate-related Disclosures"

IFRS S1 has been divided into two separate standards in the Japanese version.



Source : https://www.ssb-j.jp/jp/wp-content/uploads/sites/7/news_release_20250305_e.pdf

Japan: SSBJ Sustainability Disclosure Standards

SSBJ Standards are currently **voluntary**.

→ Expected to gradually become mandatory.

Timeline

According to the Financial Services Agency's Financial System Council, the proposed timeline for mandatory application is as follows:

- Fiscal year ending **March 2027**: Companies with a market capitalisation of 3 trillion JPY or more
- Fiscal year ending **March 2028**: Companies with a market capitalisation of 1 trillion JPY or more
- Fiscal year ending **March 2029**: Companies with a market capitalisation of 500 billion JPY or more
- Fiscal year ending **March 203X** (to be determined): Full application to all companies listed on the Tokyo Stock Exchange Prime Market



Japan: Respect for Human Rights in Responsible Supply Chains Guideline, 2022

Objective

To help companies operating in Japan, identify and prevent human rights violations in global supply chains.

Scope

Focuses only on human rights due diligence (DD), not environmental DD.
Applies to all companies, regardless of size or industry.

Recommendations for Companies

- Establish a human rights policy
- Implement human rights DD
- Establish a grievance mechanism
- Disclose information annually to stakeholders

This guideline is **voluntary**.



Sustainability Reporting Standards in Hong Kong (China)



Hong Kong: Environmental, Social and Governance Reporting Rules

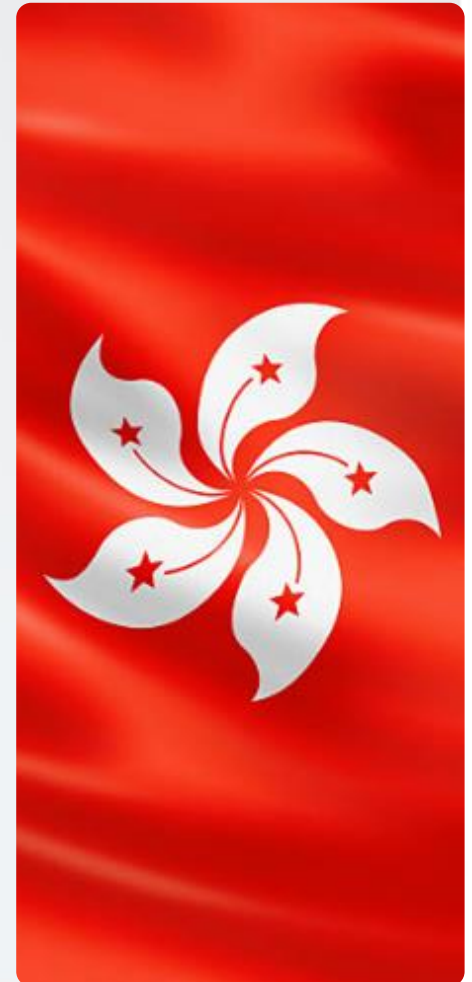
HKEX sets ESG disclosure requirements that Hong Kong primary-listed companies must report annually.

Appendix C1 Corporate Governance Code

- Mandatory disclosure requirements for Diversity, etc

Appendix C2 Environmental, Social and Governance Reporting Code

- Mandatory disclosure requirements (Part B)
 - Governance structure, reporting principles, and reporting boundary
- "Comply or explain" provisions (Part C)
 - 12 categories of environmental and social issues
- Climate-related disclosures (Part D)
 - Disclosures of Scope 1 and Scope 2 GHG emissions is mandatory



Hong Kong: Environmental, Social and Governance Reporting Rules

New Climate Requirements Effective Date		
	Disclosure on Scope 1 and Scope 2 GHG emissions	Disclosure other than Scope 1 and Scope 2 GHG emissions
LargeCap Issuers* <i>* Hang Seng Composite LargeCap Index constituents</i>	Mandatory disclosure (Financial years commencing on or after 1 January 2025)	<ul style="list-style-type: none">● "Comply or explain": in financial years commencing on or after 1 January 2025● Mandatory disclosure: in financial years commencing on or after 1 January 2026
Main Board Issuers (other than LargeCap Issuers)		"Comply or explain" (Financial years commencing on or after 1 January 2025)
GEM issuers		Voluntary disclosure (Financial years commencing on or after 1 January 2025)



Hong Kong: Non-Financial Reporting Standards S1 and S2

Date of publication: 12 December 2024

Date of EIF: **1 August 2025**

HKFRS are fully aligned with the IFRS Sustainability Disclosure Standards (ISSB Standards):

- **S1: General Requirements for Disclosure of Sustainability-related Financial Information**
- **S2: Climate-related Disclosures**

HKFRS to be implemented in stages:

- Hong Kong's largest non-listed financial institutions will be required to implement HKFRS S1 and HKFRS S2 by **2028** at the latest.



Sustainability Reporting Standards in India



Business Responsibility and Sustainability Reporting by Listed Entities (BRSR), Circular, 2021

The Business Responsibility and Sustainability Report (BRSR) is a reporting framework for the top 1000 listed companies (by market capitalization) to disclose ESG performance from FY 2022-23.

Reporting of essential indicators is mandatory whilst reporting of leadership indicators is voluntary.

Examples of Essential Indicators

- Provide goods and services in safe and sustainable manner;
- Respect and promote human rights;
- Respect and make efforts to protect and restore the environment.
- Scope 1 & 2 emissions are mandatory disclosures;
- Scope 3 emissions are voluntary disclosures.



Disclosure of Green Credits as Leadership Indication Under BRSR Core

What are Green Credits?

Initially launched in 2023, the green credit programme incentivises environmental positive actions through market-based mechanism and **generate green credit, which shall be tradable and made available for trading on a domestic market platform.**

In March 2025, SEBI introduced a new leadership indicator under Principle 6 of the BRSR Core framework.

- Requires companies to **disclose the number of Green Credits** they have generated or procured, both for their own operations and for their top 10 value chain partners (based on the value of purchases and sales).
- The provisions under this Section shall be **applicable for BRSR disclosures for FY 2024-25 and onwards.**

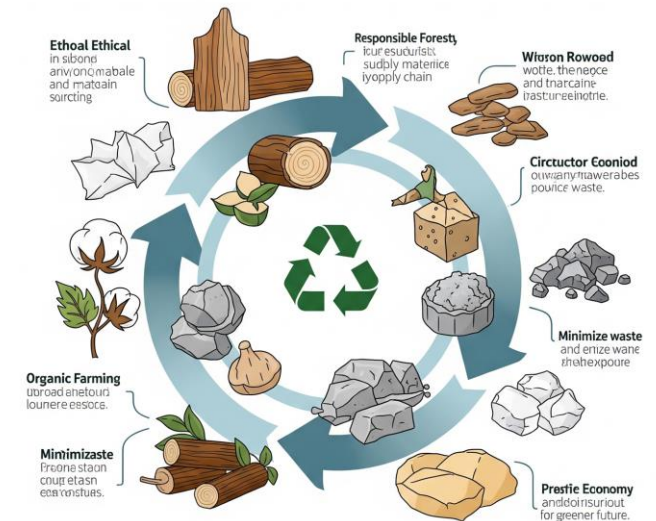


Streamlining the Reporting of Value Chain Partners (VCP) Under BRSR Core

Value Chain Partners (VCPs) are individuals or entities that directly or indirectly contribute to a company's operations and have a business relationship with that company. This includes, for instance, **suppliers of materials or human resources**.

- Companies are now only required to report on VCPs that individually contribute 2% or more to their total sales or purchases by value.
- ESG disclosures for the value chain shall be applicable to the **top 250 listed entities (by market capitalization), on a voluntary basis from FY 2025- 26**; reporting of previous year data (i.e., data for FY 2024-25) shall be voluntary.

Sustainable Raw Material Sourcing



Climate Finance Taxonomy Framework, Draft Plan, May 2025

Provides a comprehensive approach to mobilizing & classifying climate finance to support India's climate goals.

Designed as a tool to identify activities consistent with India's climate action objectives.

Specifically, the taxonomy will encompass:

Mitigation

- Activities that improve energy efficiency, reduce emission intensity, and avoid greenhouse gas emissions, including the expansion of non-fossil fuel energy;

Adaptation

- Greater resource flow to climate-friendly technologies and activities;

Support for Transition in Hard-to-Abate Sectors

- Tailored transition plans for hard-to-decarbonize industries, prioritizing innovation and R&D to develop new low-carbon solutions.



ESG Reporting and Supply Chain Due Diligence in South Korea



ESG Reporting Framework

Corporate Governance Disclosure Guidelines (2019; rev. 2024)

- From 2021, all KOSPI-listed companies were **required** to disclose governance information in line with the ten core principles;
- Focusing on protection of stakeholder/investor interests.

ESG Disclosure Guidance (2021)

- **Voluntary** guideline for KOSPI issuers who wish to disclose;
- From issue selection and report design to verification and reporting.

Draft Act on ESG to Support Sustainable Management (2023)

- Requires public disclosure of ESG information;
- Companies may seek certification and support from government.



Proposed ESG Reporting Standards

- **KSSB 1 General Requirements for ESG Disclosure (Mandatory)**
 - Climate-first approach: non-climate risks to be reported on a topic-by-topic basis decided by reporting entities;
 - Date of authorization and responsible person included in the report for greater transparency.
- **KSSB 2 Climate-Related Disclosure (Mandatory)**
 - Reporting of Scope 1, 2 and 3 GHG emissions required, timeline for Scope 3 disclosure pending consultation results
 - Highlighting industry-based metrics and internal carbon prices.
- **KSSB 101 Additional Policy-Aligned Disclosures (Voluntary)**



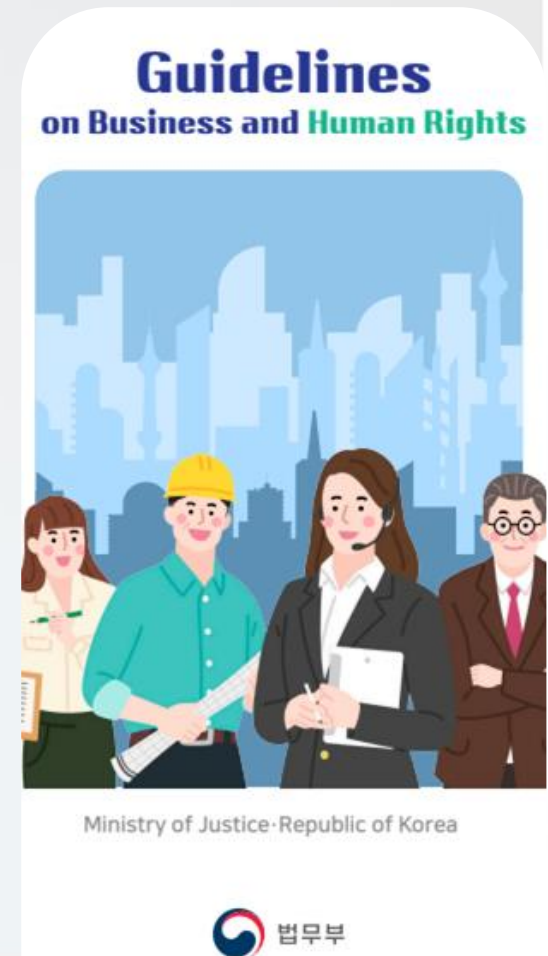
Sustainable Use of Timber Act & Regulations

- **Act No. 11429** (2012, amd. 2019 and 2024)
- **Enforcement Rules No. 33** (2013, amd. 2020 and 2024)
- **Presidential Decree No. 24539** (2013, amd. 2020, 2023 and 2024)
- **Key Requirements**
 - Verification of **legality of harvest** of imported timber through **import declaration** in the system (**due diligence**);
 - Promotion of **sustainable use of timber** by selecting them by grade;
 - Application for **certification or authorization** of timber products;
 - **Self-inspection** of produced or imported timber products to ensure standard dimensions and quality;
 - **Recordkeeping** of types and volume of distribution of timber;
 - **Reporting** each quarter the performance and sales of timber ops.



Guidelines on Business and Human Rights (2021)

- **Covers various areas of business and human rights:**
 - Establishment of a business and human rights framework;
 - Non-discrimination in **employment**;
 - Guarantee of freedom of association and collective bargaining;
 - Prohibition of **forced labor and child labor**;
 - Guarantee of **industrial/occupational safety**;
 - Prevention of **workplace harassment**;
 - Responsible **supply chain management**;
 - Protection of human rights of **local residents/indigenous people**;
 - Guarantee of environmental rights;
 - Protection of consumers' human rights
- **Industry-specific implementation of human rights due diligence**

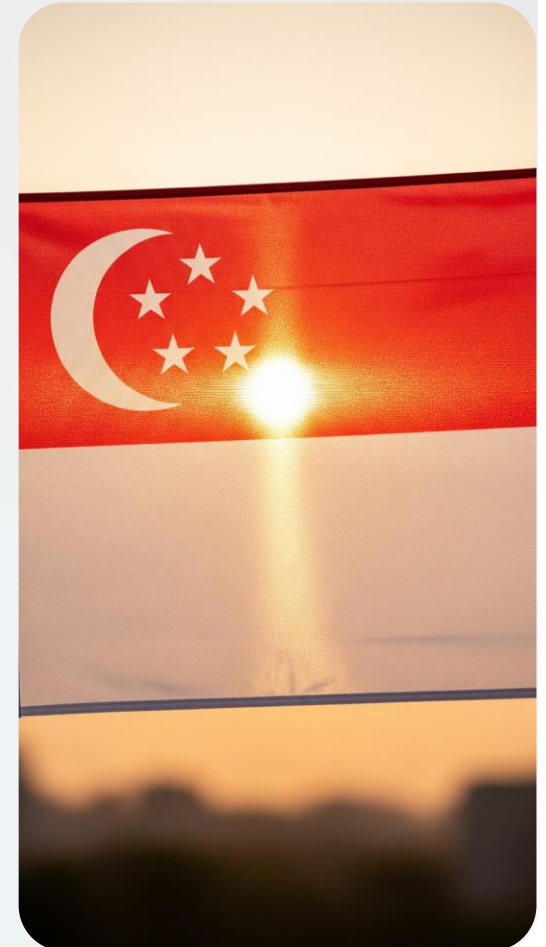


ESG Reporting in Singapore



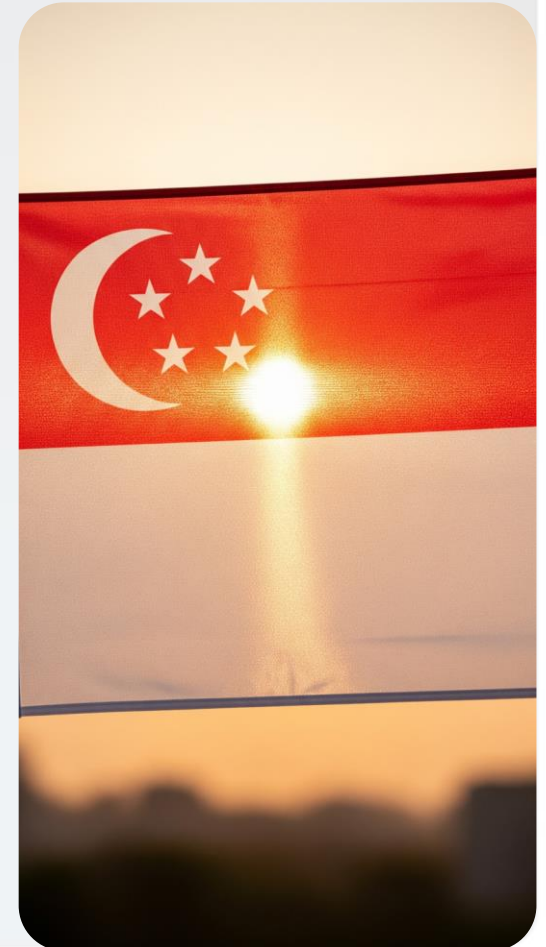
IFRS-Aligned Reporting Rules

- **Climate-first Approach**
 - Application of IFRS S2 (Climate Disclosures) and climate-related provisions in IFRS S1 first
 - "Comply or explain" for other primary ESG reporting components
- **Phased Implementation**
 - Scope 1 and 2 emissions first with Scope 3 timeline still under review for all issuers
- **Expansion to Private Companies**
 - Climate disclosures for large non-listed companies (NLCos) beginning in FY 2027 (expected)



Expected Timeline for Climate Disclosures

Requirements	Listed Issuers	Large NLCos (Annual revenue ≥\$1B and total assets ≥\$0.5B)
CRD including Scope 1 and 2 GHG emissions	FY 2025	FY 2027
CRD for Scope 3 GHG emissions	FY 2026	No earlier than FY 2029
External limited assurance on Scope 1 and 2 GHG emissions	FY 2027	FY 2029



ESG Reporting and Supply Chain Due Diligence in Vietnam



Corporate ESG Disclosure

- Governed by **Circular No. 96/2020/TT-BTC**
- Covers **public companies** and requires annual reporting of:
 - Total direct and indirect **GHG emissions**;
 - Measures and Initiatives to **reduce GHG emissions**;
 - Management of raw materials (incl. amount of **recycled materials**);
 - Energy consumption (incl. energy savings through efficient use);
 - Water consumption;
 - Compliance with law on environmental protection;
 - **Labor policies** (overview, occupational health, training);
 - Report on responsibility for local community
- Companies encouraged to apply globally accepted standards
- **ESG Disclosure and Implementation Handbook** (Oct. 2024)



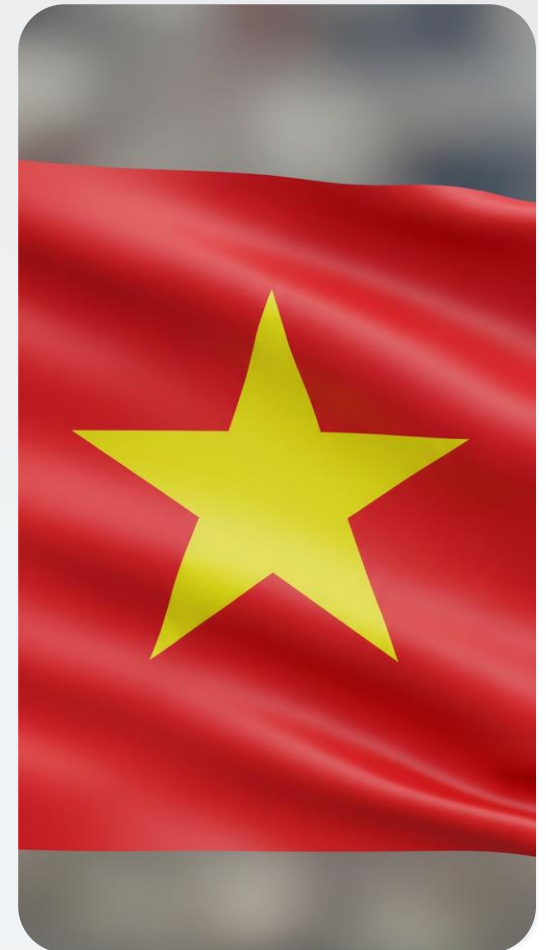
Management and Traceability of Forest Products, Circular No. 26/2022/TT-BNNPTNT

- **Scope**

- Use and exploitation of common forest products;
- Legal forest product dossiers, **management and traceability** of forest products;
- Labelling of products from species from the CITES list

- **Key Requirements**

- **Certification and record-keeping** for buying, selling and transferring ownership of and transporting products as well as processing, trading and storing species from the CITES list;
- Establishing and maintaining a **forest product inventory**;
- **Labelling** for certain forest products.



Key Takeaways



Key Takeaways

Development Status of IFRS-Aligned National Standards in Each Jurisdiction

- **China, Japan and Hong Kong** have issued national standards highly aligned with **IFRS Sustainability Standards**.
 - Currently voluntary but expected to become mandatory in the future.
- **South Korea and Thailand** are in the process of publishing IFRS-aligned national standards.
- **India and Vietnam** have not yet indicated plans to publish IFRS-aligned national standards.

From Climate-Focused Disclosures to a Comprehensive ESG Regulatory Framework

- **Thailand, India, South Korea and Vietnam** are already enforcing ESG reporting requirements that encompass corporate governance, business responsibility, and human rights.
- **Japan and Hong Kong** have amended existing regulations and rules to mandate disclosure of certain sustainability-related information.
- **China and Singapore** have pushed for voluntary disclosure of non-climate sustainability information.
- Regulations and guidelines are moving towards **broader ESG-focused issues** including Supply Chain Due Diligence, Sustainable Resource Use, and Human Rights and Affected Communities.
- **Regulatory tracking and horizon scanning tools like C2P are key to stay on top of developments.**



Questions?



Lets Talk



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