



# Thought Leadership 2025

## ESG: Environment, Social, and Governance

The Architecture of a Sustainable Future



## Foreword & Editorial Note

### ✂ The Architecture of a Sustainable Future

This opening editorial of the SLLS Global Thought Leadership Series frames ESG not as a passing trend or corporate gloss, but as a rising global imperative, deeply local in its expression, yet increasingly unified in its ambition. From Nigeria's sovereign green bonds and Morocco's localized ESG taxonomies to Colombia's judicial enforcement of environmental rights under the Escazú Agreement, this report illustrates that ESG is no longer aspirational; it has become legal, financial, industrial, regional, and structurally global.

Despite the regulatory fragmentation across EU directives, U.S. policy reversals, and ASEAN's piecemeal taxonomies, we urge readers to focus on the emergent coherence taking root in initiatives such as Indonesia's JETP and Brazil's SBCE carbon market. Importantly, this note moves beyond legislation and disclosures, spotlighting real-world frictions: can small businesses in Ethiopia get green credit? Will Hong Kong SAR tokenized bonds democratize ESG investing? Can Third-country exporters comply with the CSRD without suffocating under bureaucracy?

Rather than offering abstract commentary, this edition aims to equip professionals, entrepreneurs, and industry leaders with a practical, actionable and grounded perspective. It insists that ESG must navigate complexity with clarity, serving both as a compass and a contract in a world reshaping its values under pressure.

This report provides only summaries of each article, if you wish to access any full article referenced in this edition, please get in touch via [contact@slls.global](mailto:contact@slls.global)



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# Executive Summary and the Global Landscape



ESG is no longer a boardroom buzzword: it has become the scaffolding of modern economic legitimacy. From Lagos to London, Santiago to Singapore, ESG has moved from the periphery to the heart of business accountability, regulatory architecture, and investment strategy.

In Latin America, the once fragmented landscape is coalescing. Mexico mandates ESG disclosures for all listed firms, while Brazil's CVM aligns with global taxonomies. Chile sharpens its climate risk lens; Peru targets governance in mining; and Colombia reinforces corporate due diligence. ESG here isn't imported: it's reinterpreted through local priorities like indigenous rights and environmental justice.

In ASEAN, the transformation is structural. Singapore leads with the ASEAN taxonomy; Indonesia integrates ESG into sovereign *sukuk*; and MSMEs are brought into the fold through green financing ecosystems. The shift isn't just toward sustainable finance: it's toward finance with purpose.

Africa is emerging as a compelling frontier. Nigeria's Financial Reporting Council has adopted IFRS-aligned ESG standards; Kenya is scaling green bonds; South Africa embeds climate risk in listing rules. Fragmentation and data gaps remain, but the momentum is real. Under the AfCFTA, the continent inches toward an interoperable, locally grounded ESG model.

Europe sets the bar with binding regulation. The EU's CSRD and CS3D impose ESG as a legal obligation, even on non-EU firms. Fiduciary duties now

extend to environmental and human rights risks: deep into global supply chains.

Asia, while more fragmented, shows strong alignment. Hong Kong SAR develops ISSB-linked ESG codes; Singapore invests SGD 35 million in green finance capabilities; China signals a national ESG framework in the making.

The U.S. presents a split screen: federal retrenchment under Trump's second term contrasts sharply with state-level assertiveness. California enforces climate disclosure laws (SB 253, SB 261), while Texas and Florida pursue anti-ESG paths. For multinationals, the regulatory terrain is increasingly complex.

Meanwhile, global harmonization slowly advances. ISSB's IFRS S1 and S2 gain traction across jurisdictions; UNEP FI's ESRS-PRB tools help connect disparate regimes.

Boards and legal counsel must adapt. Under EU law, ESG missteps can mean liability. General counsels must integrate ESG across contracts and compliance. Finance leaders must bake ESG into investment logic but not treat it as a footnote.

Looking ahead to 2026, the mandate is clear: harmonize compliance globally, localize execution meaningfully. ESG isn't a side conversation: it's the architecture of durable trust, real capital, and future-proofed.





## Global Perspectives by Industry

### Energy: The Pivotal Role of Energy and Carbon Management in ESG Strategy



Carbon is no longer just an environmental metric, it has become a strategic lever that defines credibility, resilience, and enterprise value. In every ESG conversation I lead, one truth keeps surfacing: if we can't track, audit, and operationalize our energy and carbon systems, we're not managing risk, we're accumulating it.

What was once a side note in CSR reports is now a front-page governance challenge. With frameworks like ISSB's IFRS S2, the EU CSRD, and regulations such as California SB 253 and the UK's Sustainability Disclosure Standards, carbon reporting has become legally binding and board-relevant. Compliance is no longer optional; it is measurable, verifiable, and monetizable. Scope 1 and 2 are now expected. Scope 3 is the battlefield, where supply chain opacity and data chaos collide.

That's why I propose five non-negotiable qualities for high-integrity carbon systems: clear boundaries, standardized methods, traceable data, real business integration, and adaptable tech. Anything less risks not just greenwashing accusations, but audit failures and investor backlash. We must stop treating carbon reports like brochures, they

are becoming binding financial disclosures.

I've seen too many firms chase "net zero" without defining what that means operationally. So I use a 4-part governance lens: Why, What, How, and Audit to pressure-test ESG credibility. This isn't branding. Under CSRD and incoming SEC rules, it's legal exposure. It demands new board roles, CFO-CSO alignment, carbon-led budgeting, and traceable supplier performance.

For Chinese and emerging market firms, the stakes are even higher. It's not just about complying with global standards, it's about shaping them. If we can design carbon platforms with real data trust and sectoral clarity, we shift from rule-followers to rule-co-authors. That's geopolitical ESG power.

Energy and carbon aren't just ESG chapters: they are the backbone of whether ESG is real. When we embed carbon metrics into investment models, procurement policies, incentive plans, and dispute resolution clauses, we're no longer reporting sustainability, rather, we're executing it. That's where value begins.

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## Global Perspectives by Industry

### Finance: How FinTech Is Rewiring Sustainability Verification and Impact Financing

As ESG standards tighten globally, businesses are under unprecedented pressure to prove, not just promise, their sustainability credentials. Yet today's ESG reporting systems are plagued by fragmented data sources, non-standardized metrics, and mounting regulatory expectations. Over 67% of companies admit they are underprepared for rising oversight, and greenwashing, whether intentional or accidental, is undermining stakeholder confidence. Into this credibility gap steps blockchain tokenization, offering not just a technological upgrade, but a paradigm shift in how sustainability is verified, financed, and scaled.

I managed to map out how blockchain's core traits, immutability, decentralization, and smart contract automation, are redefining ESG verification. From tracking carbon footprints in real time to embedding disclosure triggers within self-executing smart contracts, blockchain enforces accountability where legacy systems fall short. Unlike traditional audits, these systems offer tamper-proof trails that align corporate rhetoric with on-the-ground impact.

Hong Kong SAR's digital green bond framework stands out as a real-world proof-of-concept. Its 2024 HKD \$6 billion multi-currency issuance, backed by distributed ledger technology, has demonstrated how tokenized instruments can enable automated coupon payments, real-time impact tracking, and near-instant settlement, all while democratizing access through fractional ownership. Similar breakthroughs include FRACSIO's solar project tokens, which open up renewable energy investments to everyday investors, and Veridium's carbon credit tokens, which integrate blockchain with IBM's Hyperledger and Stellar networks to solve persistent verification and liquidity challenges in the carbon market.

Tokenization is more than a fintech fix. It recalibrates ESG finance from a compliance burden into a capital opportunity. By digitizing green assets (from real estate to carbon offsets) tokenization enables fractional trading, real-time auditability, and programmable compliance, fundamentally transforming capital formation. Most critically, it builds the architecture for trust in ESG markets: trust not in self-reported metrics, but in immutable, independently verifiable data.

As ESG regulations grow stricter, from the EU's CSRD to the SEC's intensified scrutiny, tokenization isn't just an innovation. It's becoming an operational necessity. We believe that we are witnessing the rise of a new infrastructure for sustainable finance, one where trust is engineered into the system, and ESG moves from aspiration to auditable fact.

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## Global Perspectives by Region

### EU: The Rise of ESG Standards in Europe

In recent years, Europe has emerged as a global frontrunner in integrating ESG standards into corporate and financial systems. This momentum is not only regulatory-driven but reflects a broader societal shift toward responsible business conduct. The EU has implemented a comprehensive framework, spearheaded by the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR), to define what constitutes sustainable activity and to enhance transparency across the financial sector. Simultaneously, member states like Germany and France have introduced national laws, such as the Supply Chain Act and Loi de Vigilance, which impose ESG obligations on corporate supply chains.

The impact of these regulations reaches deep into boardrooms. ESG is no longer a branding add-on, it's being embedded into core corporate strategies. Companies are aligning business goals with ESG metrics, from reducing CO<sub>2</sub> emissions to promoting workforce diversity. Transparency is a cornerstone of this transformation. With the advent of the Corporate Sustainability Reporting Directive (CSRD), non-financial disclosures are becoming more rigorous, helping investors make data-driven, ethical decisions.

ESG ratings now exert tangible influence on capital flows. Companies with higher ESG scores enjoy better access to funding and market trust, while those lagging face investor pressure. Stakeholder engagement, whether employees, suppliers, or the wider public, is becoming indispensable, not just for social legitimacy but for risk anticipation.

A significant focus lies on energy and carbon management. Firms are adopting renewable energy, digital monitoring systems, and technologies like

carbon capture and storage to meet emission reduction goals. BMW and Deutsche Bank offer compelling case studies: BMW's early adoption of ESG reporting and its carbon-neutral production target by 2020 exemplify how sustainability can drive competitiveness; Deutsche Bank's pivot toward sustainable finance demonstrates how traditional sectors are reinventing themselves under ESG pressures.

Despite these advancements, challenges remain. Companies must navigate regulatory uncertainty, technology costs, and global supply chain complexity. Yet, for those willing to act, the rewards are clear: stronger stakeholder trust, resilience against regulatory shocks, and long-term value creation. We urge firms to embed ESG in their DNA through measurable goals, stakeholder education, and continuous innovation.

Against this backdrop, I also offer clear, actionable recommendations. Companies should start by assessing their current ESG baseline (especially energy use and carbon emissions), then set measurable targets tied to renewables, efficiency, and innovation. Engaging internal and external stakeholders is critical, as is embedding ESG performance indicators into day-to-day operations. Investment in research and digital tools, particularly for carbon tracking and supply chain monitoring, is also encouraged. Ultimately, ESG must become more than a compliance checkbox and it should shape the company's long-term value proposition and corporate identity.

In essence, Europe's ESG evolution is not just a policy trend. It's a fundamental redefinition of what corporate success looks like in the 21st century.

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## Global Perspectives by Region

### UK: The UK's ESG Pathway Through Buildings, Finance, and Accountability

In 2025, the UK's ESG architecture has decisively shifted from aspirational pledges to enforceable obligations, threading legal accountability, financial innovation, and systemic integration into a cohesive, high-stakes operating environment. ESG is no longer an isolated department or symbolic narrative. It is a multi-regulator, cross-sector operating system embedded into construction, finance, legal strategy, and corporate governance.

Legally, the Financial Conduct Authority's (FCA) Sustainability Disclosure Requirements (PS23/16) now demand that ESG-labeled financial products adopt one of four standardized labels, justify claims with measurable outcomes, and disclose pre- and post-contractual data. Misrepresentation can trigger regulatory sanctions, civil liability under the Consumer Protection from Unfair Trading Regulations 2008, or shareholder litigation. UK courts are beginning to reinterpret fiduciary duty to include ESG risks, with pension trustees now expected to integrate climate and sustainability risks into financial stewardship. Greenwashing, once a reputational risk, has become a litigation vector, as seen in enforcement actions by the CMA, ASA, and FCA, particularly in high-risk sectors like fashion and real estate.

On the finance front, the UK's green gilt programme has raised over £35 billion, setting global benchmarks for transparency, allocation, and impact metrics in line with ICMA, TCFD, and ISSB standards. The Transition Finance Pilot, launched in 2025, pioneers capital deployment into hard-to-abate sectors like steel and cement, contingent on credible decarbonization roadmaps and "Just Transition" metrics. Financial instruments are rapidly evolving, like green mortgages tied to EPC ratings, ESG-linked REITs demanded by UK pension schemes, and new climate-resilient insurance products are turning real estate compliance into capital opportunity.

In construction, the Future Homes and Buildings Standard mandates that all new residential properties be "Zero Carbon Ready," eliminating fossil-fuel heating and transitioning toward smart, low-carbon technologies. Simultaneously, the Building Safety Act introduces the 'Golden Thread': a digital compliance chain covering high-risk buildings from planning to handover. This is now a legal requirement with criminal enforcement provisions. EPCs, Part L compliance, BREEAM ratings, and other formerly optional certifications now directly influence green financing eligibility and investor risk calculations.

Data integrity and litigation risk are converging. ESG disclosures are treated as binding representations under FCA 2025/6 and TCFD-aligned rules. Misleading data or outdated methodologies can invite enforcement or shareholder lawsuits. Investors, regulators, and litigators are scrutinizing everything from biodiversity metrics to diversity hiring claims.

Strategically, leading UK firms are dismantling ESG silos and building cross-functional operating systems. Legal teams run simulations, finance teams align bond issuance with taxonomy thresholds, and developers integrate ESG into BIM workflows. Some firms are using real-time performance data to automatically update lenders and regulators. Compliance has become both a litigation shield and an alpha-generating advantage.

At its core, the UK model represents more than regulation. It reflects a mindset shift. ESG is not an appendage to business. It is the infrastructure of credibility, the language of legal exposure, and increasingly, the foundation of financial value. In 2026, those who survive aren't just those who comply, but those who build systems designed to perform.

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## Global Perspectives by Region

### China: China Officially Enters the Era of Mandatory ESG Disclosure

China's push for mandatory ESG disclosure isn't a minor regulatory update; rather, it marks a quiet but profound shift. With the release of the 2024 "Guidelines for Sustainable Development Reports" by the Shanghai and Shenzhen Stock Exchanges, we've entered a new era where sustainability reporting is no longer optional, but legally required for listed companies starting in 2026. This isn't just about aligning with global frameworks like ISSB and TCFD; it's about rewriting how companies engage with the public, investors, and their own responsibilities.

What makes this shift so powerful is its depth. Companies must now disclose Scope 1, 2, and even material Scope 3 emissions, ESG risks across their supply chains, and board-level governance details. Scenario analysis and forward-looking strategies are no longer "nice to have". They're mandatory. And while the law gives some transitional flexibility, enforcement will be real. Greenwashing will carry legal liabilities under China's revised Securities Law.

That said, implementation won't be easy. Many firms (especially SMEs and heavy industry players) lack the data infrastructure, talent, or assurance systems to comply. But early adopters like Ping An have shown the upside: stronger ESG ratings, better access to capital, and credibility in the global marketplace. With RMB 8.8 trillion already in ESG investment products, the markets are responding.

This reform, deeply Chinese in its logic, ties directly to goals like carbon neutrality and common prosperity, yet it's also globally significant. ESG is now woven into our legal DNA. For companies doing business in or with China, the message is simple: the age of informal sustainability is over. The new norm is structured, enforceable, and strategic.



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## Global Perspectives by Region

### Hong Kong SAR: Where Green Finance Meets Real Currency – Hong Kong’s Quiet Climate Revolution



In Hong Kong SAR, green finance has shifted from experimentation to institutional design. Since late 2024, ESG data providers in Hong Kong have operated under a voluntary Code of Conduct aligned with IOSCO principles, developed collaboratively by the SFC and industry bodies. Beginning in 2025, listed companies will be required to disclose Scope 1 and 2 emissions under IFRS S2, marking the phased implementation of ISSB-aligned ESG disclosure obligations. But Hong Kong SAR has gone further, which has been combining tokenization, smart contracts, and legal recognition under the amended Electronic Transactions Ordinance and Trust Law to turn ESG from reporting into real-time, auditable infrastructure.

Hong Kong SAR is accelerating its position as a dual-currency green finance hub. In June 2025 alone, the government issued approximately HKD 27 billion in green and infrastructure bonds across HKD, USD, EUR, and CNH, attracting investors from over

30 jurisdictions. Notably, RMB 8 billion in CNH-denominated green bonds were issued in 20- and 30-year tranches. This offshore RMB channel is emerging as a magnet for ESG capital from global institutions.

On the technology side, Project Genesis enables tokenized green bonds with embedded ESG metrics, dynamic tracking, and smart contract-based payouts. Designed to broaden retail access, it enables investment in government green bonds of any amount via distributed-ledger platforms. For issuers, these tokenised bonds may qualify for support under HKMA’s Digital Bond Grant Scheme (up to HKD 2.5 million per issuance).

Strategically, HKD bonds anchor local carbon and infrastructure markets; CNH bonds extend ESG capital into Belt & Road and GBA initiatives. We’re proposing a unified framework that balances cross-border flexibility with differentiated regulatory treatment. In short, Hong Kong SAR is not just building a marketplace, we’re shaping the region’s next-generation ESG trust system.



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## Global Perspectives by Region

### Turkey: ESG Compliance in the EU, Turkey, and Emerging Markets - Navigating Fragmented ESG Obligations

The global shift toward ESG accountability is no longer a matter of ethics or branding: it has become a strategic imperative driven by legal mandates, investor expectations, and reputational risk. In this case, we provide a sharp, regionally grounded exploration of how ESG compliance is playing out across the European Union, Turkey, and emerging markets, revealing both the power and pitfalls of a fragmented regulatory landscape.

The European Union is shaping global ESG norms through legally binding instruments like the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR). CSRD's double materiality requirement forces companies to report on both the financial impact of ESG risks and their own societal and environmental footprints. SFDR, meanwhile, demands that asset managers classify investment products based on ESG objectives, helping to weed out greenwashing. By 2025, over 14,000 funds had already been categorized under SFDR, underscoring its international sway.

But this regulatory leadership brings complications. Non-EU companies (like a Turkish textile supplier to European brands) face pressure to comply with EU standards to remain viable within cross-border supply chains, even absent direct legal obligations. This "regulatory soft power" can feel like ESG imperialism, imposing rules without context-sensitive engagement or capacity-building, and leaving smaller firms struggling with "compliance fatigue."

In contrast, Turkey's ESG regime is a hybrid of voluntary principles and sector-specific legal duties. The Capital Markets Board's 2020 "comply or explain" sustainability framework remains non-binding, while traditional environmental laws like the ÇED requirements enforce pre-project impact

assessments. Yet, Turkey is rapidly aligning with EU expectations: recent milestones include the 2023 Turkish Sustainability Reporting Standards, new draft Climate Law, Green Taxonomy, and mandatory sustainability reporting set for 2024: all signaling a pivot toward a more structured ESG regime.

In emerging markets like Turkey, where mandatory ESG disclosure is uneven, early-stage due diligence becomes critical. Legal teams are advised to embed ESG obligations contractually (through audit rights, warranties, and phased compliance milestones) to mitigate regulatory and litigation risks. These efforts not only secure market access but also demonstrate good-faith engagement, which regulators increasingly view as a defense against liability. Therefore, a more harmonized and collaborative global ESG framework is essential: one that minimizes duplication, supports smaller stakeholders, and ensures that the drive for sustainability fosters inclusion rather than exclusion. Without such alignment, ESG risks reinforcing global inequalities instead of addressing them.



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## Global Perspectives by Region

### Latin America: ESG Leap – From Fragmentation to Framework

Latin America is no longer adapting ESG, it's re-writing the script. What once felt like a patchwork of CSR, voluntary codes, and foreign pressure is rapidly coalescing into a legally enforceable, region-rooted ESG governance model. I'm witnessing a transformation: from fragmented guidelines to national mandates, from soft reputational incentives to court-enforced accountability. ESG here now means constitutional rights, fiduciary duties, sovereign bond strategies, and market access: all rolled into one.

Mexico is leading the charge, mandating ESG disclosure for public and private firms under the CNBV's 2025 framework. Scope 3 emissions, labor rights, and governance standards must now be externally assured. Development banks are pricing access to credit on disclosure quality, and the new green finance taxonomy is reshaping how capital flows.

In Brazil, ESG is entering the courtroom. CVM is probing greenwashing, courts are citing UNGPs, and Law No. 14,611 makes pay equity disclosure mandatory. ESG isn't just financial reporting; it's being litigated as fiduciary duty. The Central Bank has already made ESG risk part of systemic oversight.

Colombia stands out with its TCFD-aligned disclosure mandates, Escazú implementation, and ESG-infused pension reforms. Courts there are halting projects that ignore Indigenous consultations. Peru, long a laggard, is catching up through financial pressure. This is because insurers and investors are now driving ESG compliance even before regulators. In mining, ESG is now board-level risk.

Chile has woven ESG into its macroeconomic fabric. With over \$33 billion in sovereign sustainable bonds, disclosure is tied to biodiversity, labor, and gender metrics. ESG is now central to pension strategies and public procurement which shows that governance can shape markets, not just react to them.

The "S" and "G" are front and center. From Indigenous rights under Escazú to mandatory wage transparency in Brazil, Latin America's ESG is built on lived inequality and historical neglect. This isn't ESG as PR. It's legal, it's political, and it's enforceable.

Green finance is booming: over \$8B in ESG-labeled debt regionwide, with Mexico's new "reasonable assurance" standard kicking in by 2026. Bond pricing, insurance coverage, and investor access now hinge on ESG metrics. But mislabeling is costly. Brazil has launched probes, and ESG misstatements are now securities violations in Mexico.

Latin America is building an ESG operating system, encompassing not just policies but institutions. Examples include data hubs in Brazil, AI red-flag tools in Colombia, and blockchain traceability in Mexico. Small firms face steep costs, but draft laws and proportionality principles are starting to close the operability gap.

This isn't smooth sailing. Supply chain due diligence laws from Europe and the U.S. are exposing SME exporters to ESG compliance hurdles. However, the region is responding through harmonization talks with ISSB, regional taxonomy alignment, and ESG assurance infrastructure funded by development banks.

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## Global Perspectives by Region

### Brazil: ESG Landscape in Brazil, a Comprehensive Overview

With COP30 on the horizon and global expectations rising, we see Brazil navigating a complex yet promising ESG transformation. Brazil holds 20% of the planet's biodiversity, but we also wrestle with illegal mining, deforestation, and systemic inequality. This paradox is its fuel: we must act.

On the environmental front, Brazil is finally moving from pledge to enforcement. The carbon market (SBCE), operational since December 2024, sets a cap-and-trade foundation with a potential value of USD 120 billion. Resolution No. 9/2024 mandates zero deforestation and restoration of 30% of degraded land by 2030. Our energy matrix is 80% clean, thanks to hydro, wind, and solar, and programs like "Restaura Amazônia" are mobilizing state-backed restoration.

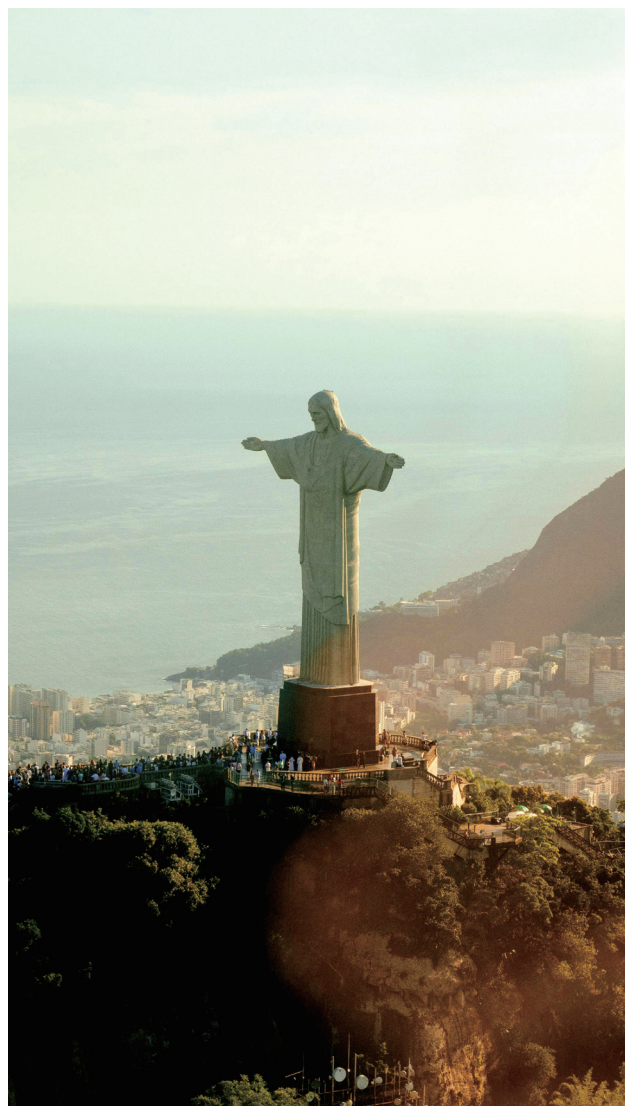
Socially, the wounds are deep: inequality, racial injustice, informal labor, and community displacement persist. However, the Equal Pay Law (2023) now mandates gender pay transparency. The new Ministry for Indigenous Peoples affirms FPIC and land rights, and corporate boards are slowly diversifying. Community relations, labor ethics, and access to basic services are becoming investment criteria.

Governance is where pressure is finally bearing fruit. After Lava Jato and other scandals, the CVM has mandated ISSB-aligned ESG disclosures by 2026, while OCPC 10 introduces carbon credit transparency. Listed firms must comply. Anti-corruption laws (Lei nº 12.846) are strengthening enforcement. Whistleblower protections are improving, and investors now expect real governance, not box-ticking.

Market momentum is undeniable. ESG-labeled investments are projected to reach over 20% of AUM by 2026, and adherence to ESG frameworks has grown 90% since 2020. The B3 stock exchange, Central Bank, and pension funds are embedding ESG into pricing, supervision, and access to capital. And yet, greenwashing remains a huge concern

for 76% of Brazilians. Data quality is uneven, and small businesses need support.

Brazil is not just responding to pressure, but actively trying to redesign the social contract: between markets and communities, between growth and regeneration, and between Brazil and the world. That's the real ESG test. And it's one I believe we're finally prepared to take seriously.



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## Global Perspectives by Region

### ASEAN: ESG Ascent Through Regional Taxonomy, Real-World Finance, and Small Business Systems

Southeast Asia's ESG story is no longer a fragmented patchwork: it's a fast-evolving ecosystem shaped by regional taxonomy, climate pragmatism, and small business resilience. Each country in ASEAN is building its own playbook, but the music is increasingly harmonized by the ASEAN Taxonomy Version 3: a color-coded framework finalized in 2024 that reflects local emissions realities while fostering cross-border trust and alignment.

Singapore leads with infrastructure. Through Project Greenprint and MAS regulations, climate disclosures aligned with ISSB will become mandatory by 2025. Its ESG data highway links carbon registries, disclosure engines, and green fintech in real time. Indonesia, with a bolder transition stance, has launched the \$20B Just Energy Transition Partnership (JETP), applying "Amber" and "Transition" taxonomy tiers to move its cement and power sectors toward verifiable ESG compliance. OJK's regulatory sandboxes now let ESG scoring models be tested live.

Malaysia is blending Islamic finance with ESG. Its Corporate SRI *sukuk* issuances in 2024 amounted to RM 9.98 billion, while GTFS loans tie renewable investments directly to taxonomy benchmarks. Thailand has become the transition finance pioneer, launching Asia's first Transition Bond Framework. IoT-based emissions monitors now stream real-time data into its ESG systems. Vietnam, driven by survival imperatives like Mekong Delta sea-level rise, embeds taxonomy criteria across state investment plans and demands scenario-based risk disclosure for major projects.

Even frontier economies like Cambodia and Laos are aligning. Cambodia's first green bond in 2024 was ASEAN-benchmarked, while Laos focuses on

taxonomy-based hydropower under ADB guidance.

Regionally, ASEAN's ESG transformation is built on more than just top-down mandates. A five-pillar MSME system is surfacing: from tailored disclosure templates and digital reporting hubs (e.g., Vietnam ESG Portal, Greenprint) to capacity-building centers and simplified access to ESG-linked finance. Indonesia's ESG-enabled coffee cooperatives in Aceh, Thailand's SME solar retrofits in Rayong (cutting 63,000 tons CO<sub>2</sub> in one year), and Vietnam's waterless-dyeing textile clusters in Da Nang: all prove that ESG isn't limited to multinationals; it's now local, adaptive, and capital-backed.

The financial system is catching up, too. Sustainability bond issuance also climbed to USD10.7 billion in ASEAN in 2024. ENEGEM, a cross-border renewable electricity market between Singapore and Malaysia, has already traded 50 MW of verified solar power. Meanwhile, the shift from "marketing ESG" to "metrics ESG" is underway: Singapore fined mislabelled ESG funds, and regional frameworks now require third-party validation and verified carbon tracking.

Yes, risks remain, such as greenwashing, fragmented enforcement, and SME overwhelm. But the region isn't chasing perfection. It's designing realism. ESG here is a development strategy, not a branding exercise. It's embedded in trade survival (e.g., EU CBAM), climate resilience, and financial competitiveness. With ASEAN Taxonomy as its unifying language, Southeast Asia isn't just reacting to global ESG pressure: it's authoring its own ESG commons, rooted in context, scaling through policy, and transforming through finance.

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## Global Perspectives by Region

### Indonesia: Navigating ESG in Indonesia - Between Regional Compliance, Digital Transformation, and Sustainability Integrity



Indonesia's ESG journey is a balancing act between rising global expectations and the practical realities of a complex domestic landscape. We have shared the country's evolving regulatory framework, its uneven digital transformation, and the pressing need for sustainability integrity in the face of rising greenwashing risks.

The Financial Services Authority (OJK) anchors ESG governance in Indonesia, with Regulation No. 51 of 2017 and Circular Letter No. 16 of 2021 mandating annual sustainability reports from financial institutions and listed companies. However, the absence of binding alignment with global disclosure standards like GRI or TCFD leaves much to be desired. For non-listed firms, especially those not in the natural resources sector, the landscape is even more ambiguous, with general obligations under Article 74 of the Company Law but little clarity on format or substance.

The digitalization of ESG reporting is happening, but at an uneven pace. While new personal data protection laws are a step in the right direction, ESG tech solutions remain underutilized due to skill gaps and skepticism about data accuracy. Meanwhile, the specter of greenwashing looms large. With no clear legal framework to prosecute false

sustainability claims, Indonesia risks reputational harm unless safeguards are urgently introduced. So far, legal redress remains limited to general doctrines like misrepresentation or breach of directors' fiduciary duty.

Encouragingly, Indonesia's climate commitments are bold. The government has pledged to cut emissions by 31.89% unilaterally and up to 43.2% with global support. Its national carbon exchange, supervised by OJK, is a promising step toward integrating carbon markets into ESG enforcement. Yet, the infrastructure and international recognition mechanisms are still being built, and companies remain uncertain about how foreign-issued credits will be treated.

Ultimately, we think that Indonesia has the potential to lead, but only if it embraces a more coherent regulatory roadmap, enables digital trust in ESG data, and ensures meaningful enforcement. As global capital increasingly demands real accountability, Indonesia's challenge is to move beyond procedural checklists toward real transformation. We believe that strategic legal support, regulatory clarity, and tailored ESG integration are essential for both domestic players and international investors pursuing Indonesia's green pivot.

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## Global Perspectives by Region

### Africa: Africa's ESG Evolution Through Green Capital, Local Policy, and Global Expectation

Across Africa, ESG is no longer an external pressure: it's becoming an internal imperative. With over 70% of African executives now prioritizing ESG for business survival, we're seeing a rapid pivot from voluntary initiatives to enforceable, homegrown frameworks. This isn't about mimicking Europe, on the other hand, it's about building a model rooted in local needs, legal diversity, and development urgency.

From South Africa's King IV Code, which redefines fiduciary duty to include sustainability, to Nigeria's SEC-mandated ESG disclosures and Kenya's ESG-linked governance scores, policy signals are aligning. Regionally, Agenda 2063 and a proposed pan-African ESG taxonomy point toward continental interoperability, despite the complexity of coexisting legal systems.

Finance is adapting fast. Instruments like green bonds (e.g., Egypt, Nigeria), \$2.5B+ in blended green capital, and initiatives by AfDB and Afreximbank show growing institutional muscle. Yet barriers, such as data scarcity, enforcement gaps, and permitting friction, persist. That hasn't stopped innovation: AIIM, Standard Bank, and British International Investment are deploying ESG scoring in lending, while tokenized green assets are being piloted in Ghana.

What's most powerful is the grassroots shift. In a continent where 90% of businesses are SMEs, ESG lives in solar cold chains, women-led reforestation, and informal but impactful sustainability practices. Programs like Rwanda's Green MSME initiative and South Africa's Just Transition plan are bringing small actors into measurable frameworks on their own terms.

Still, only 17% of listed companies report ESG consistently. Global standards often misread African contexts, but domestic ESG metrics (factoring in energy access, informality, and land rights) are gaining ground.

Africa's ESG movement is no longer about catching up. It's about rewriting the logic of accountability. We're not just adapting to global rules. We're helping define what ESG means when justice, resilience, and inclusion lead the agenda.



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## Global Perspectives by Region

### Pan-Africa: Toward a Unified ESG Future - Africa's Legal, Strategic, and Institutional Momentum



Africa is no longer adapting to ESG. It is shaping it. From the issuance of Nigeria's Sustainability Reporting Guidelines and Climate Change Act 2021, to South Africa's Carbon Tax Act and Kenya's amended Climate Change Act 2023, the continent is building a homegrown legal infrastructure that fuses global standards with local imperatives. ESG here isn't a soft policy suggestion. It is legally embedded, judicially enforced, and economically necessary.

Take Nigeria: companies must now submit ESG reports under SEC regulations, and climate alignment is codified into law through a national net-zero obligation by 2060. In South Africa, the Companies Act requires social and ethics committees, while environmental liabilities are backed by criminal and financial sanctions under NEMA. Kenya not only pioneered Africa's first sovereign green bond, but now mandates climate risk disclosures and ESG integration in company decisions under national law. Ghana, Morocco, and Egypt are pushing ESG into finance regulation, green taxonomies, and even cross-border trade alignment.

Pan-African institutions are raising the bar. The AfDB, Africa Finance Corporation, and AUDA-NEPAD are co-designing a Continental ESG Policy that aligns ESG with AfCFTA trade protocols, while promoting shared taxonomies, ESG-linked procure-

ment, and a continental carbon registry. Courts are playing their part too: from Nigeria's *Gbemre v Shell* to Kenya's *Save Lamu v NEMA*, ESG claims are not just moral: they're legal, enforceable, and precedent-setting.

But the path forward isn't seamless. Many firms still lack the data, systems, or legal literacy to comply. Fragmented standards and capacity gaps risk greenwashing or investor confusion. The next step isn't more policy. It's credible enforcement, African-owned audit frameworks, and legal reform that goes beyond cut-and-paste templates.

This is no longer a question of whether ESG matters. The question now is who defines it: Africa is stepping up to that task with clarity, strategy, and legal tools that speak our language.



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## Global Perspectives by Region

### Nigeria: Nigeria's Strategic Shift Toward Binding ESG Compliance



ESG in Nigeria is now embedded in the legal, financial, and strategic DNA of corporate governance. With the Financial Reporting Council's 2024 Roadmap aligning the country with IFRS S1 and S2 standards and full compliance mandatory by 2028, Nigeria has initiated a regulatory countdown that transforms ESG from a voluntary commitment into board-level accountability. The Securities and Exchange Commission and the Nigerian Exchange are reinforcing this momentum with their own disclosure frameworks, while laws like the Climate Change Act 2021 give statutory muscle to net-zero targets and emissions registries.

But this isn't merely top-down regulation: it's colliding with real-world pressures. In the oil sector, Niger Delta litigations have forced giants like Shell to confront environmental liabilities head-on. Banks such as Access and GTCO now tie credit to ESG criteria, while real estate investors are pivoting toward energy-efficient buildings and green certifications. Even SMEs, which make up over 96% of Nigeria's enterprises, are being equipped with simplified ESG toolkits to help them keep pace.

Legal implications are multiplying. Under CAMA 2020, directors face fiduciary obligations to integrate ESG risk into governance. ESG clauses are

becoming standard in M&A, infrastructure, and financing deals, while misstatements may lead to regulatory fines or reputational fallout. Investors are responding in kind: green bonds, once rare but are now mainstream, and 68% of institutional investors say they would reject deals lacking credible ESG disclosures.

Still, Nigeria faces deep structural challenges. Fragmented regulations, a shortage of certified ESG professionals, and inconsistent data plague compliance. Greenwashing remains a threat, and access to ESG financing is skewed toward large firms with the capacity to report. The path forward? A centralized ESG data platform, sector-specific capacity building, convergence across regulatory bodies, and legal reform that codifies ESG duties and dispute resolution.

What's unfolding in Nigeria isn't just a regulatory shift. It's a national repositioning. ESG is becoming the grammar of business credibility and a gateway to capital, legitimacy, and long-term resilience. Done right, it won't just enforce compliance. It could drive a uniquely Nigerian model of sustainable growth, rooted in equity, accountability, and real-world impact.

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## ESG 2030 – Beyond Compliance, Toward Collective Credibility

As we close this edition, one thing is clear: ESG is no longer a distant ideal or a checkbox on an investor's form. It's become the wiring of how institutions prove their legitimacy, how capital earns trust, and how governance builds relevance. Across regions and realities, we're seeing ESG shift from the sidelines to the core, reshaping the language of law, finance, and public accountability.

Africa is asserting its own frameworks, from Nigeria's enforceable IFRS-aligned disclosure mandates, to Kenya's green capital innovation and South Africa's fiduciary ESG obligations. Latin America, meanwhile, is turning ESG into a tool of social justice: where mining regulation in Peru, gender equity in Brazil, and indigenous consultation in Colombia aren't just compliance items but pillars of a more inclusive economic model. Southeast Asia is no less ambitious: the region's focus on taxonomy-building, MSME access, and Islamic green finance proves that ESG can be localized without losing global relevance.

Europe continues to lead on legal enforcement: from CSRD to CS3D, while Asia's financial centers are embedding ESG into capital flows with surgical precision. In contrast, the United States reveals ESG's fragility in the face of political polarization, which reminds us that even well-resourced systems can falter without consensus.

But wherever we look, one insight stands tall: ESG is not about ideology. It's about systems that work, and people who matter. The next generation of ESG cannot simply scale vertically through institutions: it must spread laterally into communities, supply chains, cities, and informal economies. Compliance alone won't cut it; credibility is now earned through transparency, adaptation, and a commitment to equity.

Because behind every metric is a voice. Behind every "G" lies a story of power and accountability. And behind every investment choice is a vision for the world we want to build. As we look to 2030 and beyond, the mandate is not just to comply, but to care, and to embed meaning into every measure.



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