



## “The Sheet”

PRACTICAL TACTICS FOR  
NORTH STAR SUSTAINABILITY

FALL 2023  
REGULATORY OVERVIEW

VOL. 2 - OCT. 2023

▶ The global regulatory environment is moving faster than ever before. California SB 253, for example, was introduced in January 2023 and signed by the Governor on October 7, 2023. Many speculate California moved rapidly in part to put pressure on the SEC to finalize its ruling.

▶ Today, most global regulation is focused heavily on data disclosure requirements, with Scope 1, 2, and 3 carbon emissions data. However, regulations related to human rights and other social and governance areas of ESG are certainly rising in interest globally.



### CSRD

12 EU reporting standards ranging from climate change to human rights

- Scope 1, 2, and 3 emissions disclosure
- Aligns with TCFD
- Also requests information regarding water, biodiversity, communities, and workers

1/1/2025

Compliance date for 2024 data.



### SEC

Proposed rules related to climate emissions disclosure for U.S. companies

- Scope 1 and 2, and in some cases Scope 3 disclosure proposed
- Aligns with TCFD
- No information yet about reporting mechanism or timeline

Proposed

Final rule may release in 2024.



### SB 253 & 261

Climate disclosure rules for any public or private company doing business in California

- Scope 1, 2, and 3 emissions disclosure
- Submission to California Air Resources Board required
- TCFD aligned
- Up to \$500,000 penalty for noncompliance

1/1/2025

Compliance date for 2024 data.



### SECR

Streamlined Energy and Carbon Reporting launched in 2019 in the U.K.

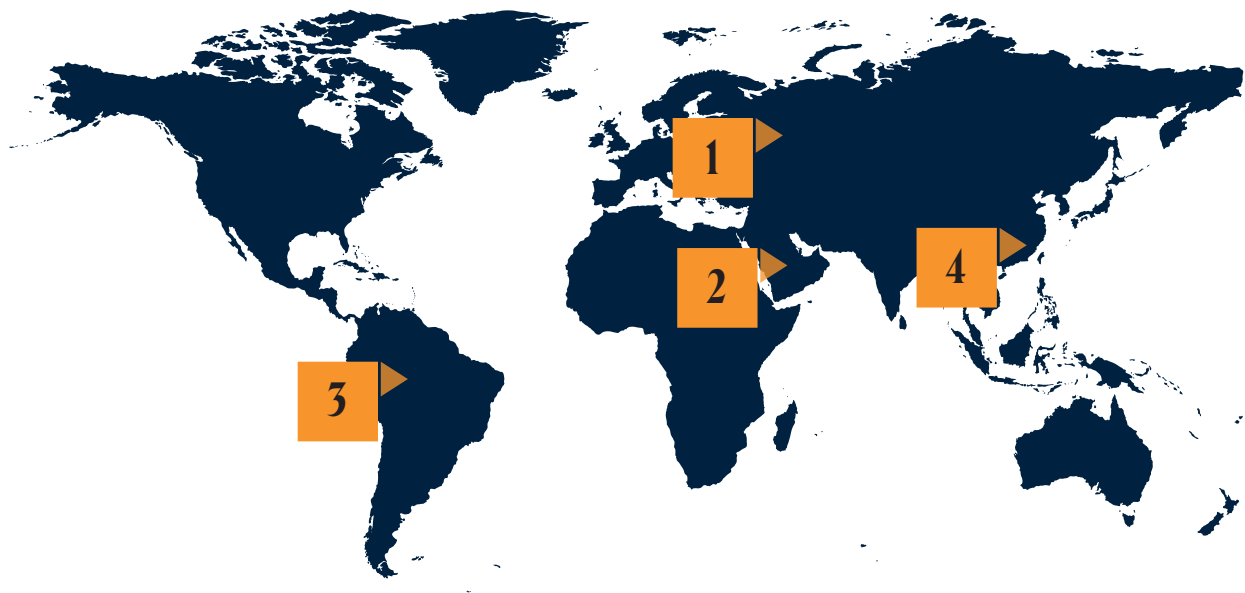
- Launched in 2019, affecting companies with 250+ employees or £36+ revenue
- Requires disclosure of both the energy use and carbon emissions footprint of U.K. locations and offices

1/1/2020

Compliance required for 2019 data.

# GLOBAL EXISTING & EMERGING REGULATION HIGHLIGHTS

Nearly 30 countries globally have some form of ESG disclosure regulation. Investor platform ESG Book research shows more than 1,200 policy introductions related to ESG globally since 2011. This nearly doubled the same number from 2001-2010.



## 1. EUROPE & THE U.K.

### CSDDD

Corporate Sustainability Due Diligence Directive requiring companies to exercise additional due diligence to minimize supply chain risk.

### Labeling

EU also proposing changes to Green Bonds, Eco Labels, and other policies surrounding sustainability claims on products and services.

### Germany

Germany is developing its own stand-alone ESG rules specifically regarding supply chain due diligence.

### U.K.

UK Sustainable Disclosure Requirements (UK SDR) in process to introduce sustainability-related product labels and other disclosure rules.

## 3. SOUTH AMERICA

- ▶ Brazil: Management of Disclosure of Social, Environmental and Climate Risks 2021
- ▶ Argentina published National Sustainable Finance Strategy in 2023

## 2. AFRICA & THE MIDDLE EAST

- ▶ South Africa led the world with the first integrated reporting regulations in 2010.
- ▶ UAE developing Task Force on Sustainable Finance

## 4. APAC

### CHINA & HONG KONG

Sustainable Finance Focus

Hong Kong introduced Green Sustainable Finance Strategy. China also adding ESG disclosure-related amendments for listed companies.

### SINGAPORE

TCFD Alignment

Singapore implementing Environmental Risk Management for Asset Managers regulations

### AUSTRALIA

Disclosure Requirements Loom

Multiple bills related to mandatory climate-related financial disclosure introduced in 2023. Financial risk disclosures on climate change in place in 2021.