ERM
SUSTAINABILITY
INSTITUTE

The Global Regulations Radar

BI-ANNUAL UPDATE ON ESG AND EHS REGULATIONS

July 2024

Contents

Introduction 3

Landscape overview 5

Regulations matrix 11

Appendix: Additional information 28

About and acknowledgements 33

Introduction

Regulations on environmental, social & governance (ESG) and environmental, health & safety (EHS) issues are rapidly expanding across regions and sectors. New rules introduced by the national governments and supranational institutions, such as the European Union, aim to achieve greater transparency and accountability for companies all over the world.

The Global Regulations Radar, to be published by the ERM Sustainability Institute twice a year, will provide an overview of ESG & EHS regulations that have the greatest impact on global companies. It will share information on the scope, timelines, and compliance requirements of such regulations, including any revisions adopted over time and introduction of new policies.

This first edition of the Radar provides a detailed overview of ESG and EHS regulations in Europe, North America, and Asia-Pacific regions. While the regulations matrix does not include a comprehensive list of all regulations enforced in these geographies, it highlights the most important rules that are likely to have the greatest impact on companies with global operations. In addition, this edition also provides a brief overview of global regulatory trends, regional developments, and recommendations for companies on how to move towards regulatory compliance.

We will continue expanding on the list included in this issue in future editions by providing updates and adding new regulations. We hope this will become a valuable publication for all global companies looking to improve their ESG and EHS operations, disclosure, and compliance.

Landscape overview

Landscape Overview

Staying up to date on ESG and EHS regulations is critical for ensuring compliance and avoiding legal repercussions. Implementation of these regulations also plays a significant role in maintaining and enhancing a company's performance and reputation. A proactive approach to ESG and EHS compliance can reveal new business opportunities and attract investors who prioritize sustainability, providing a clear competitive edge. An ongoing review of compliance promotes operational efficiencies and cost savings through improved resource management and potentially lower insurance costs.

This is particularly relevant in the current context of increasing focus on ESG and EHS, and the proliferation of related regulation. Regulatory bodies across the globe have been intensifying their efforts to standardize and enhance the transparency of corporate sustainability performance. This momentum is driven by growing recognition of the significant impacts that businesses have on the environment and society at large (and vice versa), alongside increasing demand from stakeholders for more reliable and comparable information.

The proliferation of regulatory requirements is matched by their broadening scope, both directly and indirectly. Regulations often impact companies that are not directly within the regulator's jurisdiction. For example, product specific due diligence regulation such as the EU Battery Regulation or horizontal due diligence regulation such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD) are likely to indirectly impact value chain partners of those companies within scope through updated product requirements for suppliers or more comprehensive sustainability-related data requests.

Region-specific Developments

Europe: The European Union's focus remains on strengthening its regulatory framework around ESG disclosures through the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The CSRD enhances the reporting requirements of the previous regulation, the Non-financial Reporting Directive (NFRD). The first wave of CSRD-aligned reporting will come in 2025 based on 2024 data. Meanwhile, the CSDDD has been finalized following a turbulent implementation process; the directive will ensure that large companies operating within the EU integrate human rights and environmental considerations into their operations and value chains.

North America: The United States Securities and Exchange Commission (SEC) has finalized its rules requiring public companies to disclose climate-related risks, governance, and GHG emissions. The rule was quickly paused after a deluge of legal challenges from opposition groups. However, California has introduced three significant climate disclosure bills requiring companies operating or doing business in California to report GHG emissions, perform a climate-related financial risk assessment, and disclose details about carbon offsets. US regulation is not limited to a climate focus; the Environmental Protection Agency (EPA) is regulating the manufacture and use of certain per- and polyfluoroalkyl substances (PFAS), commonly referred to as 'forever chemicals', by increasing oversight and disclosure requirements to improve environmental and human health. Canada has also implemented comprehensive regulation; the Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023), Canada's Modern Slavery Act, requires certain entities to report on efforts to prevent forced labor and child labor. And the country's Office of the Superintendent of Financial Institutions (OSFI) has issued guidance for federally regulated financial institutions on reporting climate-related financial risks.

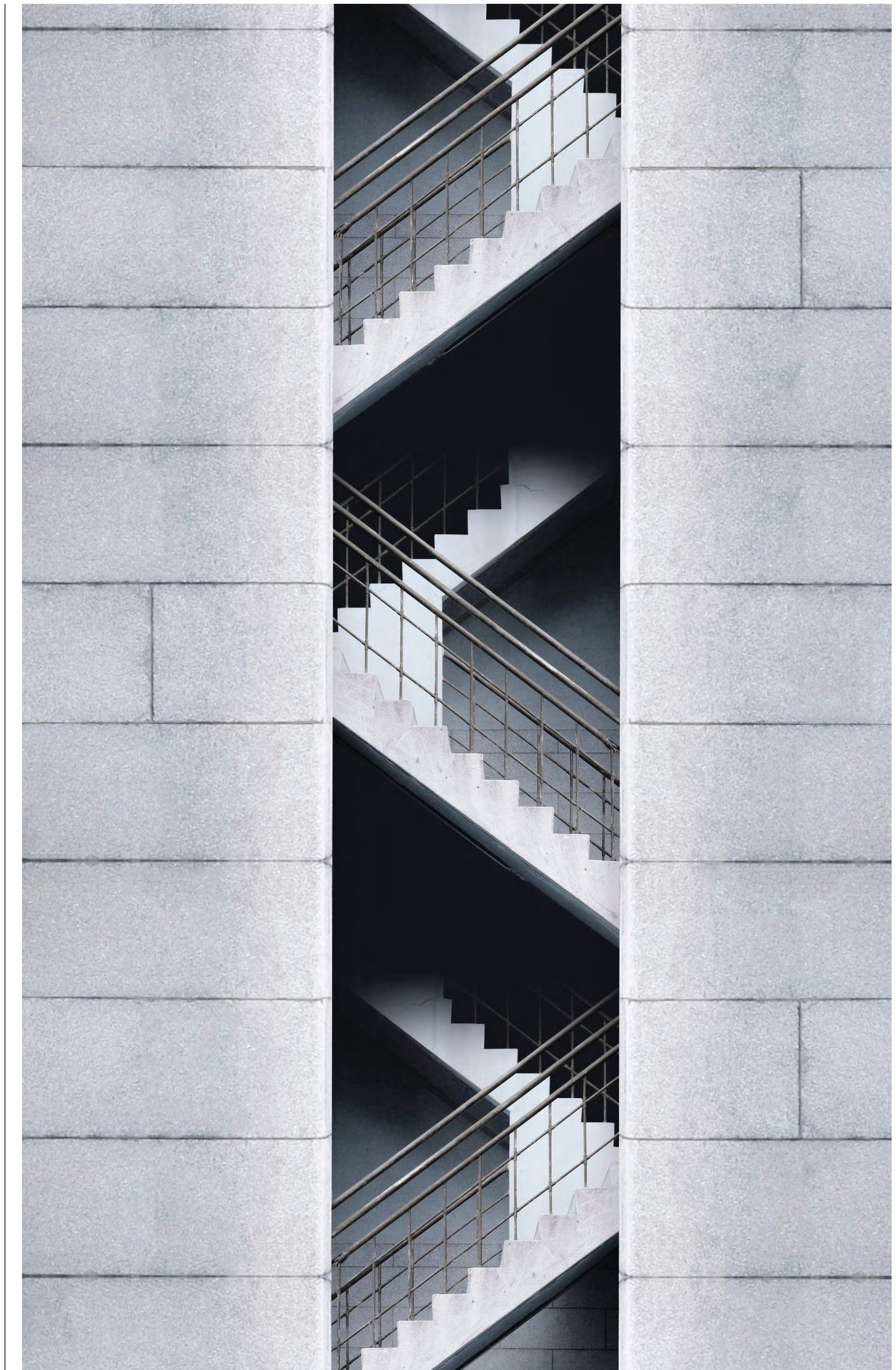
Asia Pacific: ESG- and EHS-related regulations in Asia are evolving at a diverse pace across the region, reflecting varied economic, environmental, and social challenges. Several jurisdictions have introduced or implemented climate-related disclosure requirements, including Australia and Hong Kong, with more expected in the near future. Similarly, the Securities and Exchange Board of India (SEBI) introduced mandatory Business Responsibility and Sustainability Report (BRSR) guidelines and the Reserve Bank of India (RBI) has issued guidelines promoting sustainable finance. The

region as a whole is moving towards standardized ESG-related disclosures, as several jurisdictions have proposed regulations leveraging the International Sustainability Standards Board (ISSB) IFRS S1 and S2 standards in mandatory sustainability disclosure regulation, promoting consistency and comparability in disclosures through the use of a common disclosure standard.

Taking Steps Towards Compliance

ERM recommends following best practices outlined below to maximize the positive benefits of sustainability performance further than regulatory compliance comply with the regulations, improve performance, and maximize business value from the process.

- **Determine applicable regulations:** Companies should first conduct a landscape assessment to determine which regulations they will be subject to and when. Prioritize compliance on each regulation's timelines and requirements, and also consider the decision-useful insights that compliance can provide to the organization.
- **Conduct a compliance gap assessment:** Regulatory compliance often involves more than disclosure; companies may need to take proactive measures to fulfill regulatory demands. For instance, under the CSRD, firms must perform a CSRD-aligned double materiality assessment (DMA) before they can align their disclosures with ESRS Regulation guidelines. To comply effectively, companies must conduct a gap assessment after completing their DMAs to identify necessary actions, required resources, and the timeline to meet the regulation's requirements.
- **Align with relevant frameworks and standards:** Much of the recent ESG- and EHS-related regulation targets disclosure, heightening the reporting burden for companies under multiple regulations. However, many of these requirements align with established frameworks and standards such as the Global Reporting Initiative (GRI), International Sustainability Standards Board (ISSB), Taskforce for Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). Companies that already align their voluntary disclosures with these frameworks and other industry specific frameworks can streamline their reporting processes, reducing the burden and enhancing the efficiency and effectiveness of disclosures across various regulatory requirements.
- **Leverage compliance to create business value:** Compliance with ESG- and EHS-related regulation can often enhance business performance and generate decision-useful insights; by maximizing on compliance activities, companies not only meet regulatory demands but also gain a deeper understanding of risks and opportunities that directly affect their strategic outlook. Effective compliance can attract investors looking for sustainable investment opportunities and can also strengthen stakeholder trust by demonstrating a commitment to sustainable practices. Furthermore, disclosures provide critical data that can be analyzed to improve operational efficiencies, manage sustainability risks, innovate product lines, and anticipate market shifts. Essentially, well-executed ESG and EHS compliance becomes a foundation for strategic decision-making, allowing businesses to align their operations with the values of their customers and investors, thereby securing a competitive edge in an increasingly conscious a rapidly evolving market.



What's Next

Implementation of high-profile regulations such as CSRD and increasing use of the ISSB's standards to shape national disclosure policies are rapidly accelerating proliferation of ESG and EHS regulations. The following regulations that are either in consultation stages or set to be adopted soon should be on the radar for companies:

- **ESMA Guidelines for ESG Ratings / Scores:** The European Securities and Markets Authority (ESMA) is developing requirements for ESG ratings providers to be more transparent with methodology disclosures and to mitigate conflicts of interest. It will also place ESG ratings providers under the market supervision of ESMA. The rules are expected to be finalized in Q2 2024, coming into force in late 2025.[1]
- **EU Forced Labour Regulation:** This regulation will ban goods made with forced labor from the EU market, covering all sectors and countries. The final text was agreed in early March 2024 after only two trialogue negotiations, after which the EU member states formally adopted it into law. The European Parliament adopted the regulation in April. The text now needs to be approved by the EU Council; EU countries will have to start applying it in 3 years.[2]
- **UK Sustainability Disclosure Requirements:** Also known as the SDR, these requirements will build on global best practice and leading standards to facilitate and streamline the flow of robust, decision- useful information between corporates, consumers and investors, and capital markets. The SDR will replace existing climate-related disclosure requirements with standards aligned with the ISSB's IFRS S1 and S2 disclosure standards. If finalized by 2025 as expected, disclosures would be mandatory for listed companies starting in January 2026.[3]
- **UK Carbon Adjustment Border Mechanism (CBAM):** The United Kingdom has announced that it will introduce a CBAM from 1 January 2027, applicable to imports of certain carbon-intensive goods in high-carbon sectors such as cement and fertilizers. The consultation rule is currently in the consultation stage, and the government invites views from interested parties using their consultation response form. The design and delivery of the CBAM is subject to further consultation throughout 2024, including the product list and scope of regulation.[4]

Several other ESG- and EHS-related regulations are currently in the works, with many focusing on ESG-related disclosure requirements utilizing the ISSB's standards. At the publication date of this report, more than 20 jurisdictions have already decided to use or are taking steps to introduce ISSB standards in their legal or regulatory frameworks. Together, these jurisdictions account for: nearly 55% of global GDP; more than 40% of global market capitalization; and more than half of global greenhouse gas emissions.[5] Moving forward, it is likely that more jurisdictions will leverage the standards in the development of their own sustainability-related disclosure requirements just as the UK, India, and other jurisdictions are currently in the process of doing.

Disclaimer: This report is intended for informational purposes only and does not constitute legal advice. We recommend consulting with a qualified legal professional to address any specific legal questions or concerns you may have.

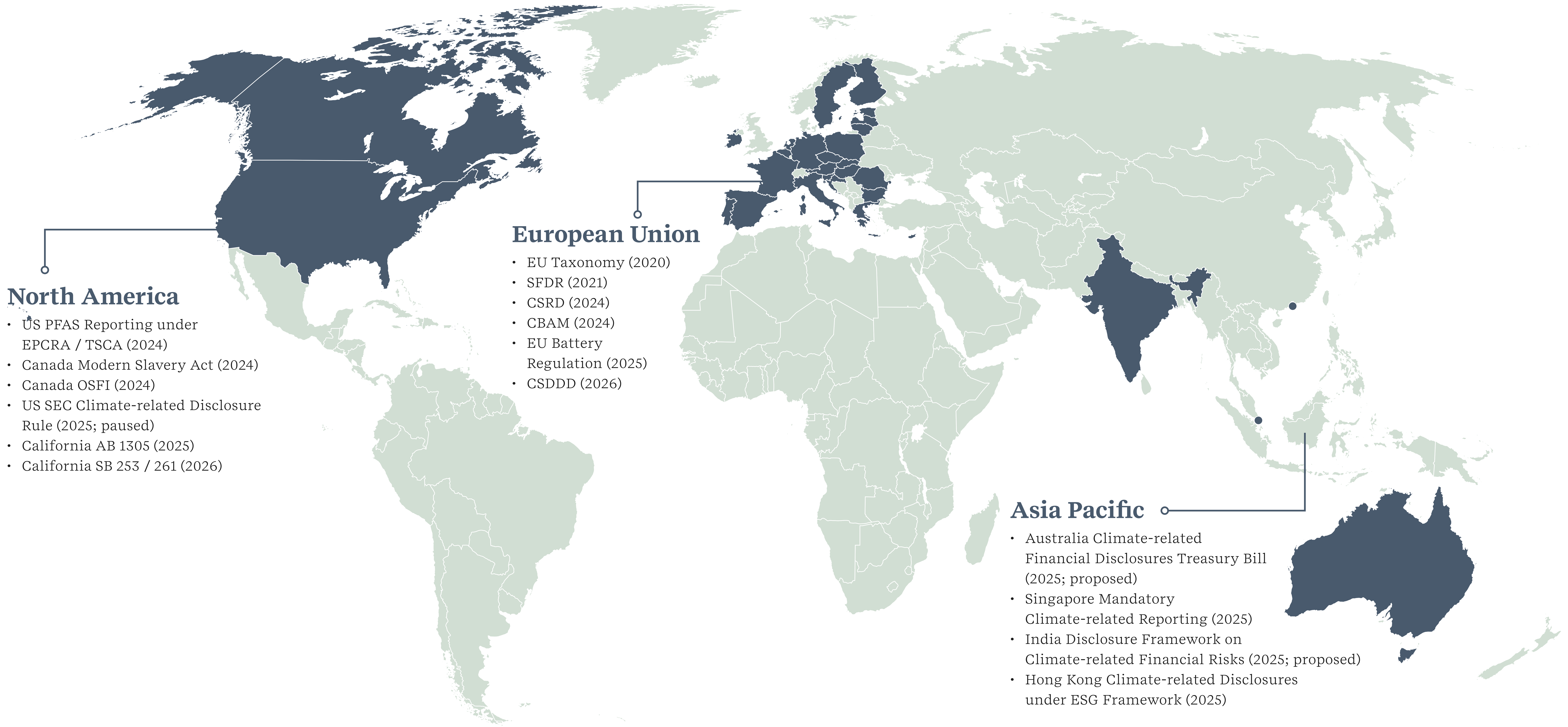


FIGURE 1: ESG AND EHS REGULATION MAP

ESG-related regulations are becoming more prominent across geographies. This map highlights the several high-profile ESG- and EHS-related regulations covered in this publication and the years in which data collection, compliance and / or disclosure requirements begin.

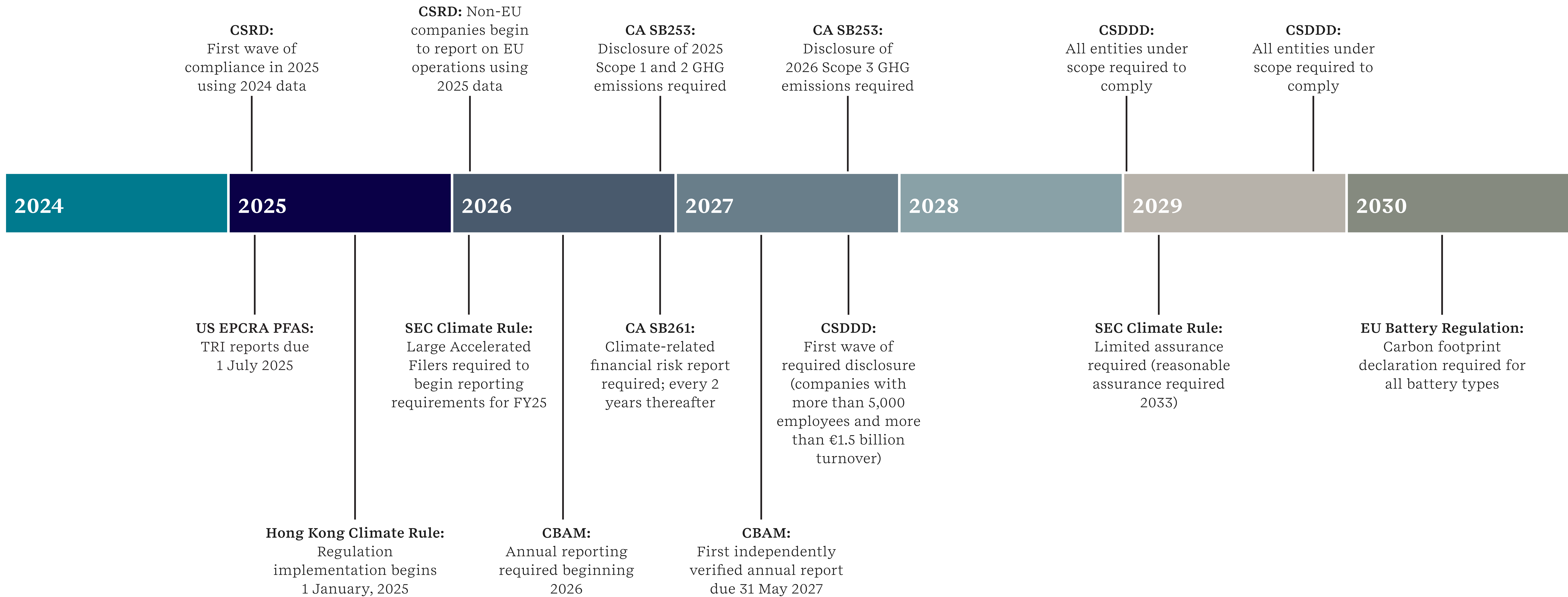


FIGURE 2: ESG AND EHS REGULATION TIMELINE

Deadlines for compliance with ESG-related regulations are fast approaching. This timeline highlights important dates for several key ESG-related regulations covered in this publication.

ESG & EHS Regulation Matrix

ESG & EHS Regulation Matrix

While ESG- and EHS-related regulations span a range of topics, the tables in the following pages have been split into three categories: General Sustainability, Climate, and Materials-related regulations. The list in this report does not represent a comprehensive overview of all ESG and EHS regulations but focuses on the rules that are expected to have the greatest impact on companies with global operations.

The tables include the following information:

- **Rule Highlights:** An overview of the most important components of the regulation
- **Scope of Regulation:** Which geographies / sectors / entities are within scope of the regulation
- **Business Context:** Key risk management and value creation considerations
- **Timeline for Compliance:** Key dates to consider for compliance
- **Applicability Criteria:** Which organizations within the regulation's scope will be required to comply

Additional information can be found in the appendix tables.

General Sustainability

Many regulations address a broad spectrum of sustainability issues, typically through disclosure mandates such as the EU's Corporate Sustainability Reporting Directive (CSRD) or Sustainable Finance Disclosure Regulation (SFDR). Although these regulations cover a wide range of topics, they still provide a detailed focus on specific areas. For instance, the CSRD's European Sustainability Reporting Standards (ESRS) include twelve detailed standards that guide companies in reporting on aspects from climate impact to workforce and governance. As global regulatory bodies begin adopting the International Sustainability Standards Board's (ISSB) IFRS S1 general sustainability standards, we can expect an increase in such comprehensive disclosure regulations. Furthermore, as sustainability becomes more integral to the global economy, the scope of general sustainability regulations is likely to extend beyond disclosures. A recent example is the EU's recent Corporate Sustainability Due Diligence Directive (CSDDD), which establishes baseline requirements for companies to conduct due diligence effectively, enabling them to identify and mitigate adverse human rights and environmental impacts. Regulations like the CSDDD go beyond disclosure focusing on performance and actions.

European Union: Corporate Sustainability Reporting Directive (CSRD)

Rule Highlights

Companies subject to the CSRD will have to report against a potential 1,000+ quantitative and qualitative sustainability KPIs, in addition to associated strategies, targets, and actions.

The rules for reporting are outlined in a linked Regulation, the European Sustainability Reporting Standards (ESRS). The ESRS has twelve standards in total, covering the three pillars of ESG

Companies are required to conduct a double materiality assessment (impact materiality and financial materiality) to determine which ESG KPIs to disclose.

Additional guidance from the European Financial Reporting Advisory Group (EFRAG) beyond the ESRS remains limited.

Scope

The CSRD mandates enterprise-wide reporting for companies with significant operations within the EU. The regulation applies to companies headquartered outside of the EU depending on their in-region operations.

Additionally, the regulation's scope is likely to indirectly extend outside of the EU's borders by setting a new standard for ESG-related disclosures.

Business Context

Significant effort and rigor will be needed to develop and maintain ESG data, (such as strong data governance and internal controls) to meet assurance requirements (limited assurance moving to reasonable assurance beginning in 2029).

Assurance requirements elevate ESG data to the level of financial data, in turn placing a higher bar on achieving compliance.

CSRD requires organizations to conduct a double materiality assessment (DMA) to determine sustainability risks and opportunities to companies (financial materiality) and positive and negative impacts to environment and society because of the company's operations and value chains (impact materiality).

The inclusion of sustainability risks within enterprise risk management systems should improve company resilience but isn't mandated by CSRD.

Instead, companies are required to disclose how risks and opportunities identified by the DMA are being managed.

ESG data in the public domain will enable peer benchmarking of companies by their investors, customers and stakeholders, thereby presenting risks and opportunities from differentiated ESG performance.

Strong ESG performance is expected to give companies easier access to sustainable finance and lower cost of capital.

Impacted industries: All

Timing

The first wave of compliance begins in 2025 reporting on 2024 data, with a phased roll-out until full coverage in 2029. Preparing for compliance is at least a two-year process.

Companies which were already subject to the Non-Financial Reporting Directive (NFRD) must report from 2025, based on 2024 data (mostly publicly traded companies).

Non-EU based companies subject to CSRD will need to report for their European operations from 2026 (on 2025 data) and report for global operations from 2029 (on 2028 data), if they meet the qualifying thresholds (see Applicability Criteria).

Some companies (such as consumer-facing companies) may benefit from consolidating, reporting at the global level from 2026 to provide more clarity in their external reporting.

Small and medium enterprises (SMEs), must report from 2029 (for 2028 data).

Applicability

Any EU company that meets at least two of the requirements must comply with the CSRD:

1) More than 250 employees;
2) Net turnover of more than €50 million;
3) Balance sheet of more than €25 million.

Subsidiaries of non-EU companies exceeding these thresholds in the EU must comply with the CSRD.

Small and medium companies listed on an EU regulated market will be required to report against SME-specific reporting standards.

Non-EU based companies generating more than €150 million in revenues within the EU and with at least one subsidiary or branch in the EU will be required to report from 2029 (for 2028 data) against reporting standards specifically designed for companies outside of the EU for their global operations. Reporting for their European operations will be required from 2026 (for 2025 data).

European Union: Sustainable Finance Disclosure Regulation (SFDR)

Rule Highlights	Scope	Business Context	Timing	Applicability
The aim of the SFDR is to increase transparency and comparability on sustainability among financial institutions and Financial Market Participants (FMPs) industrywide and prevent greenwashing. The SFDR is closely linked to the EU Taxonomy, applying the framework of Do No Significant Harm. SFDR sets out requirements relating to financial products, including portfolios managed by Markets in Financial Instruments Directive (MiFID) and managers and Alternative Investment Funds (AIFs) managed by AIFMs. SFDR requires financial market participants (FMP) to disclose at an entity (firm) level and at a product (fund) level on integration of sustainability risks in the investment decision-making process/, transparency of adverse sustainability impacts - principal adverse impacts (PAI), remuneration policy information on integration of sustainability risks, and whether the products either promote environmental or social characteristics (referred to as Article 8 products) or whether they have sustainable investments at their core objective (Article 9 products). Websites, pre-contractual and periodic (annual) disclosures are required for Article 8 and 9 products.	The regulation applies to FMPs who do business in Europe, non-EU FMPs (and their subsidiaries) whose business is in Europe or who sell products in the EU, and non-EU firms who sub-manage EU assets or funds.	SFDR compliance requires companies to have risk management policies and procedures in place, and data collection and monitoring processes to collect PAI and metrics from their portfolio companies. Significant effort for FMPs to collect data from the portfolio companies on principal adverse impacts. SFDR compliance requires high involvement from fund managers and risk departments. During the fundraising stages, fund classification under SFDR becomes important, with most investors wanting to invest in, at a minimum, Article 8 funds. There is high risk of greenwashing or overstating Article 8 and Article 9 funds if robust data management, due diligence and portfolio monitoring processes and procedures are not in place. Those who can demonstrate that they are investing in sustainable investments will have more investor interest and access to sustainable finance. Impacted industries: Financial sector	The regulation came into force for Level 1 (entity) disclosures on March 10th, 2021. By June 30th, 2021, firms with over 500 employees had to disclose their due diligence policies for consideration of PAI on sustainability. Level 2 (product) disclosures began January 1st, 2022, requiring periodic (annual) disclosure on Environmental and Social characteristics (Article 8) and sustainable investment objectives (Article 9). As of December 30th, 2022, firms that consider PAIs have to disclose how their products consider these impacts, while others have to explain why they do not. As of January 2023, Products that promote "Environmental" or "Social" characteristics (art. 8) and products with sustainable investment as their objective must have periodic and pre-contractual reporting in place. From June 30th, 2023, firms must disclose the detailed indicators for PAIs for the period from January 2022 to December 2022.	SFDR applies to FMPs (credit institutions and investment firms, pension funds, UCITS, insurance undertakings), and Financial Advisors (credit institutions, investment firms, Alternative Investment Fund Managers (AIFM) and Undertakings for Collective Investment in Transferable Securities (UCITS) that provide investment advice as defined in EU Markets in Financial Instruments Directive (MiFID), and insurance undertakings and intermediaries that provide advice with regards to Insurance-based Investment Products (IBIP)).

European Union: Corporate Sustainability Due Diligence Directive (CSDDD)

Rule Highlights

The CSDDD sets minimum requirements on companies to develop and implement appropriate measures to conduct due diligence, such that companies can effectively identify and address adverse human rights and environmental impacts.

The Directive focuses on measures in place and actions taken by companies to identify and address adverse impacts, rather than the results of these measures.

Although companies are not expected to show how their value chains are free of impacts, they are required to demonstrate that they have taken all appropriate measures to effectively identify risks and prevent, cease, mitigate, address or remediate actual and potential adverse impacts.

Companies should embed a risk-based approach into due diligence activities by screening value chain activities to identify potential areas of concern and prioritize actions in line with their respective level of severity and likelihood.

Companies must develop appropriate measures that consider the level of impact and the extent to which a company can influence an outcome that will minimize or prevent an impact.

The CSDDD will be enforced on a phased-in approach from 2027, with phases based on company size and turnover.

Scope

The regulation's scope includes companies in all sectors with significant activities in the EU. Both EU and non-EU companies are in scope, depending on operations in-region.

The value chain scope includes -

- Own operations: All activities directly conducted by the company or companies in a consolidated group
- Upstream value chain: Design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or part of the products and development of the product or the service.
- Downstream value chain: Distribution, transport and storage of the product.

Business Context

The CSDDD requires companies to have effective human rights and environmental risk management policies and procedures (due diligence) integrated into the company's enterprise risk management. This will enable companies to have more visibility of potential severe impacts that may take place either in their own operations or across their value chain, and therefore the possibility to take prevention, mitigation or remedial action as relevant.

Having robust human rights and environmental due diligence in place will also help companies mitigate reputational or other ESG risks that may result in legal or financial impacts.

The CSDDD will also help streamline due diligence requirements that have been developing with different scope and requirements in individual EU Member States (ex: Germany's Supply Chain Due Diligence Act). It sets the minimum standard, based on international voluntary standards which many companies are already working with, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Impacted industries: All

Timing

The regulation came into force in May 2024. It must be transposed into national law by EU Member States and European Economic Area countries by 2026.

The phased-in application is based on turnover and employee thresholds, with compliance requirements as follows:

- From 2027: >5000 employees,>€1.5 billion turnover
- From 2028: >3000 employees, >€900 million turnover
- From 2029: >1000 employees, >€450 million turnover + franchised companies in scope

Applicability

Applicability is divided into three distinct groups:

- Group 1: EU companies > 1000 employees + EUR 450 million turnover globally
- Group 2: Non-EU companies > EUR 450 million turnover in EU
- Group 3: Franchised companies > 1000 employees, EUR 80 million turnover + EUR 22.5 million in royalties
- If non-EU franchised: financial threshold only

European Union: Taxonomy for Sustainable Activities

Rule Highlights	Scope	Business Context	Timing	Applicability
The EU Taxonomy is a policy instrument to identify and support the finance measures that will help to achieve the aims of the EU Green Deal (climate mitigation & adaptation, circularity, pollution, biodiversity and water). Activities aligned with the EU Green Deal's objectives are defined as "eligible activities". Activities are defined (i.e. construction of buildings, electricity generation from hydropower, or restoration of wetlands) along with "substantial contribution criteria" and Do No Significant Harm (DNSH) Criteria. To be aligned with eligible activities, companies must meet the substantial contribution criteria, the DNSH criteria, and minimum social safeguards (OECD Guidelines for Multinational Enterprises; UNGPs; ILO Fundamental Principles & Rights at Work; and the International Bill of Human Rights).	Currently, the Taxonomy only applies to companies subject to the NFRD and those in scope of the SFDR. The scope will be broadened in line with CSRD as CSRD scope increases. In the future, a voluntary European Green Bond Standard will also be linked to the EU Taxonomy.	The EU Taxonomy is a classification system to clarify which economic activities are environmentally sustainable under the EU Green Deal. EU Taxonomy data is expected to be used by banks, credit institutions, investors and insurance providers to make investment decisions thereby directing investment flows to sustainable activities. This presents significant business opportunities for companies if they succeed in shifting their turnover generating activities to more sustainable products and services. Significant effort and rigor will be needed to develop and maintain ESG data disclosures with strong data governance and internal controls in place in order to meet assurance requirements. Impacted industries: All	Already in force. The CSRD requires disclosure and assurance aligned with the EU Taxonomy's guidelines; as such, a company's EU Taxonomy timeline will match their CSRD disclosure timeline (see CSRD timeline above). Companies in scope are required to report their EU Taxonomy alignment (in terms of percentages for turnover, Capex and OpEx) on an annual basis.	The Taxonomy currently applies to NFRD in-scope companies that have more than 500 employees during the financial year. From 2026 onwards it will apply to CSRD in-scope companies (See above CSRD scope). Companies falling under scope of the SFDR, and financial products with sustainability, environmental and/or social claims also need to report on alignment with the EU Taxonomy (see SFDR scope above).

Canada: Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9)

Rule Highlights	Scope	Business Context	Timing	Applicability
Also known as Canada's Modern Slavery Act, the regulation focuses on identifying & preventing forced labor/child labor in supply chains.	Eligible entities and government institutions must submit a report to the Minister of Public Safety by May 31 of each year. Reports must detail the steps taken during the previous financial year to prevent and reduce the risk that forced labor or child labor is used by them or in their supply chains.	The regulation helps ensure ethical sourcing & supply chains. There is the potential for fines and reputational damage if violations occur. It will require supply chain due diligence and potentially changes to sourcing practices. Impacted industries: All	It takes effect on January 1, 2024, with first reports by companies due to May 31, 2024.	Entities include any corporation, trust, partnership or other unincorporated organization that is listed on a stock exchange in Canada, or has a place of business in Canada, does business in Canada or has assets in Canada and meets two of the following three criteria for at least one of its two most recent financial years: • $20 million or more in assets • $40 million or more in revenue • An average of 250 or more employees The reporting obligations apply to any government institution producing, purchasing or distributing goods in Canada or elsewhere.

Climate

Many companies have long anticipated mandatory greenhouse gas (GHG) emissions disclosures and are already well-prepared for existing regulation due to their voluntary reporting practices. These voluntary disclosures will set companies on the path to compliance with new regulatory requirements like the SEC's climate-related disclosure rule and California's SB 253 / SB 261 / AB 1305. The introduction of the ISSB's IFRS S2, a standard focused on climate-related disclosures, is streamlining the adoption of climate-related disclosure rules, making implementation simpler and more efficient. This standard supports global regulators in enforcing consistent and effective climate-related disclosure requirements. However, climate regulations are evolving beyond GHG disclosures to address the broader complexities of climate change. A notable advancement is the EU's Carbon Border Adjustment Mechanism (CBAM), which combats carbon leakage by imposing a carbon price on specific imports from outside the EU, particularly targeting high-emitting sectors like steel and cement. Other jurisdictions such as the UK are also considering the implementation of a CBAM-type regulation or an emissions trading scheme (ETS). This shift signifies a move from requiring disclosure of GHG emissions towards fostering substantive actions against the multifaceted challenges posed by climate change.

European Union: Carbon Border Adjustment Mechanism (CBAM)

Rule Highlights

The CBAM aims to prevent carbon leakage through pricing of emissions as if they had happened in the EU. Importers of qualifying CBAM goods will need to declare quantities imported, product specific GHG footprints, and electricity consumption based on application of the CBAM rules.

Disclosure is required on a quarterly basis. Importers will need to develop an understanding of their value chain in detail and declare the actual GHG footprint.

After a short "implementation phase" for data gathering, the "definitive phase" begins on 1 January 2026 and will introduce carbon pricing to match the EU Emissions Trading System (ETS), with a gradual ramp down of free allocation support through to 2034 when 100% of the emissions will need to be paid for through purchase of CBAM certificates.

Independent verifiers are required to be compliant with the EU ETS Accreditation and Verification Regulations Verification is to a reasonable assurance standard.

Although specifics are not yet defined, CBAM is expected to expand in scope to potentially cover all EU ETS sectors. The first sector review is expected in 2026.

Scope

Application is at the point of entry into the EU and will eventually be based on net-carbon pricing, accounting for price paid in country of origin and any free allocation. Although the legal requirement is strictly on the importer of record, this imposes indirect expectations on manufacturers along the value chain from raw material production through to the final CBAM goods.

Business Context

Linked to the EU's Fit for 55 program, this regulation is seen as a strong decarbonization lever based on pricing. Forecasts assume prices exceeding €150/ton of CO_2 by 2034, which may result in significant price exposure, making this a potentially significant financial driver impacting Balance Sheet and profit & loss (P&L) statements.

CBAM may present risk or opportunities throughout the supply chain, with those able to decarbonize effectively potentially able to take advantage by selling initial free allocation of credits on the open market, and potentially charging a premium for lower impact production. Depending on degree of cost pass through, downstream purchasers of affected goods may also see an effect of CBAM.

At a macro-level there may also be disruption to trade flows, and several non-EU countries are either considering or have begun implementation of their own CBAM or other carbon pricing mechanism in response.

In the initial phase the most significant risk appears to be lack of supply chain engagement with many companies either unaware of the requirements or unclear on how to implement them, companies have also reported a refusal by their importer or supply chain to engage and provide relevant information.

Anecdotally the EU received less than 15% of expected reports in the first two cycles.

Impacted industries: Iron and steel, cement, aluminum, fertilisers, hydrogen, and electricity at the point of import. Will also impact producers, intermediate manufacturing industries, and downstream consumers who are also importers.

Timing

CBAM reports must be submitted on a quarterly basis. For reporting before the end of June 2024, default values may be used but for footprints from July 1 2024 (reported in October 2024) default values may make up no more than 20% of the footprint. Reporters are expected to use supply-chain-specific data from this point. In the transition period reporting is quarterly and uses either the default values or the previous year's supply chain data.

The Definitive Period begins in 2026, when annual reporting will be required, with the first independently verified annual report due by 31st May 2027, with associated surrender of CBAM certificates either awarded under the free allocation or purchased.

Applicability

The CBAM currently covers six sectors: Iron & steel, aluminum, cement, fertilizers, hydrogen, and electricity.

Qualifying CBAM goods are based on defined CN (combined nomenclature) customs codes within each sector. CBAM does not apply to finished goods, but rather to the elements that go into them such as sheet metal, steel structures, nuts and bolts. There are limited exemptions for goods under €150 or for military purposes.

Coverage / responsibility is on the importer, either direct or through a customs agent.

Rule-sets for GHG accounting are based on the EU ETS and therefore existing environmental product declarations (EPDs) or Life Cycle Assessments (LCA) are not likely to be aligned to the CBAM boundaries.

United States: Securities and Exchange Commission Climate-related Disclosures

Rule Highlights

The U.S. Securities and Exchange Commission (SEC) adopted the final regulation on March 6th, 2024.

Upon adoption the regulation was immediately stayed, and the date of implementation is currently unknown.

The rule will require disclosure of oversight and governance of climate-related risks, identification of known or likely climate-related risks which have or may materially impact the business, how these identified risks are identified and managed and integrated into the risk management process and a description of the resilience of the organization's strategy in consideration of different climate scenarios.

In addition to governance related disclosures, GHG emissions for Scope 1 and 2 (if material), climate-related targets or goals, and transition plan (if any) will also be required.

Scope

Applicable to all reporting companies under the SEC's jurisdiction (with some exceptions). This will include companies headquartered outside of the United States that have publicly traded securities on regulated U.S. markets.

Business Context

Significant effort and rigor will be needed to develop and maintain a climate-related financial risk report. Scenario analysis as described in TCFD is not currently required; however, the SEC discusses it as a reasonable way to inform investors of the resilience of their strategy.

Whether regulated or not, climate-risk assessment, analysis, and strategy is seen now seen as best practice and the SEC is now a laggard in requiring climate disclosure (behind the EU and California - both of which are more comprehensive than the SEC regulation).

Climate risk and carbon emissions data in the public domain will enable peer benchmarking of companies by their investors, customers and stakeholders, thereby presenting risks and opportunities from differentiated climate and carbon performance.

Timing

Due to the current stay of the regulation, this is currently unknown; however, the final regulation has a phased in timing based on registrant (company) filing status.

As currently written, large accelerated filers would be required to begin reporting on all disclosures (with the exception of material expenditures and impacts and GHG emissions) for FY25, with material expenditures and impacts and scope 1 and 2 GHG emissions required for FY26.

Limited assurance is required in 2029 and reasonable assurance in 2033. If voluntary assurance is conducted, it is required to be reported regardless of the above provided timeline.

Accelerated filers will begin reporting in the same order but beginning in 2026 and will have a year between providing material expenditures and impacts (FY27) and GHG emissions (FY28) and only require limited assurance (FY31). Nonaccelerated filers, SRCs, and eGCs, are not required to report or assure GHG emissions (however, if they assure voluntarily, they will be required to report that). Their reporting requirements begin in FY27.

These requirements are subject to change upon lifting the current stay and with final implementation of the rule.

Applicability

Applicable to all publicly reporting companies under the SEC's jurisdiction in the United States (with different reporting expectations for large accelerated filers and accelerated filers and smaller entities) except for Canadian issuers filing annual reports on Form 40-F, and asset-backed issuers.

California: SB 253 - The Climate Corporate Data Accountability Act

Rule Highlights	Scope	Business Context	Timing	Applicability
U.S. companies subject to the rule will have to calculate, report and assure their enterprise-wide Scopes 1, 2 AND 3 GHG emissions. The exact format will be determined by the state at a later date.	Enterprise-wide emissions disclosures are required regardless of location (i.e. global emissions). California presence (and company revenue) are merely triggers and once triggered reporting for global operations is required.	Significant effort and rigor will be needed to develop and maintain GHG inventory with strong data governance to meet assurance requirements. GHG data in the public domain will enable peer benchmarking of companies by their investors, customers and stakeholders thereby presenting risks and opportunities from differentiated GHG emissions performance. Companies not subject to the rule may still face pressure to report their GHG data if their customers in California are subject to the rule due to Scope 3 reporting requirement. SB 253 Penalties for nonfiling, late filing, or other failures can reach $500,000 per reporting year. Impacted industries: All	The rule requires 2026 disclosure of 2025 scope 1 and 2 GHG emissions; 2027 disclosure of 2026 Scope 3 GHG emissions, with reporting every year thereafter as well. Scope 1 and 2 will require limited assurance in 2026, and reasonable assurance in 2030 onwards; Scope 3 will require limited assurance in 2030.	The Rule applies to publicly traded and private U.S. companies that do business in California with total annual revenues of at least $1 billion. The rule is still being clarified, and this revenue is typically interpreted as global. Nuances to definitions: “US Company” is not clearly defined and unclear if HQ outside of USA plus an operating entity in the USA could trigger this. “Operates in California” is still being defined but even a small presence in California appears to trigger this (e.g., total California employee salaries in the $100k range).

California: SB 261 - Greenhouse Gases and Climate-related Financial Risk

Rule Highlights	Scope	Business Context	Timing	Applicability
U.S companies subject to the rule must prepare and submit financial risk reports that cover climate-related risks consistent with recommendations from the TCFD framework. Companies must disclose to the California Air Resources Board (CARB) and post on the company website.	Disclosure of enterprise-wide climate-related financial risks is required regardless of location. California presence (and company revenue) are merely triggers; once triggered, reporting for global operations is required.	Significant effort and rigor will be needed to develop and maintain a climate-related financial risk report (including scenario analyses, etc.) Climate related risks in the public domain will enable peer benchmarking of companies by their investors, customers and stakeholders thereby presenting risks and opportunities from varying climate action. Impacted industries: All	By January 1, 2026, companies must prepare a climate-related financial risk report and disclose the climate-related financial risk and measures adopted to reduce and adapt to the climate-related financial risk. This must be conducted every two years.	The Rule applies to publicly traded and private U.S. companies that do business in California with total annual revenue of at least $500M. The rule is still being clarified, and this revenue is typically interpreted as global. Nuances to definitions: “US Company” is not clearly defined and unclear if HQ outside of USA plus an operating entity in the USA could trigger this. “Operates in California” is still being defined but even a small presence in California appears to trigger this (e.g., total California employee salaries in the $100k range).

California: AB 1305 - Voluntary Carbon Market Disclosures

Rule Highlights	Scope	Business Context	Timing	Applicability
The rule will apply to both supply- and demand-side actors: Supply side: programs selling carbon credits need to disclose project details including how emissions reductions or removals were estimated, where the project was located, and whether the project has third-party validation. Demand side: reporting requirements for entities that operate within the state and purchase or use carbon offsets to achieve claims regarding net zero emissions, carbon neutrality, or GHG reductions.	Supply side: Applies to U.S. companies selling carbon credits Demand side: Applies to companies that use carbon offsets and "operate within the state." Similarly, the law's disclosure requirements concerning climate-related claims, such as the achievement of net zero emissions, apply to entities that operate within the state or make claims within the state. Nothing in the text of the VCMDA excludes application of its requirements to companies operating internationally that also operate in California or make climate-related claims within the state; as a result, this law could result in disclosure obligations for international companies, including with respect to carbon offsets and climate-related claims.	The requirements may shed light on false net zero claims or companies purchasing offsets that are not legitimate or are not high quality, presenting risks for those companies that are not using high quality credits while presenting potential opportunities for those companies prioritizing quality. Penalties for non-compliance are up to $500,000. Impacted industries: All	While AB1305 does not specify the date on which the first set of disclosures must be posted to a company's website, some interpret the deadline as January 1, 2024, and others as January 1, 2025. On December 6, 2023, a letter from the author of AB1305 (Assembly member Jesse Gabriel) to the Chief Clerk of the California Assembly was made public stating that his intent was that the first annual disclosure should be posted by January 1, 2025. Some companies are interpreting the requirement to start on Jan 1, 2024, while others are interpreting it as Jan 1, 2025.	The Rule applies to publicly traded and private U.S. companies that do business in California - there is no revenue threshold. Nuances to definitions: "US Company" is not clearly defined and unclear if HQ outside of USA plus an operating entity in the USA could trigger this. "Operates in California" is still being defined but even a small presence in California appears to trigger this (e.g., total California employee salaries in the $100k range).

Canada: The Office of the Superintendent of Financial Institutions (OSFI) Climate-related Risks

Rule Highlights	Scope	Business Context	Timing	Applicability
The rule will require financial institutions to identify, assess, and manage climate-related risks. Includes governance, strategy, risk management, and metrics/disclosures related to climate risks.	Federally Regulated Financial Institutions (FRFIs)	It will ensure that financial institutions incorporate climate-related risks into their risk management frameworks thus building confidence in their management, assist in adequate access to capital and liquidity channels and improve the public's confidence in the resilience of the Canadian financial system.	Large FRFIs are expected to implement the majority of guideline disclosures for fiscal years ending on or after October 1, 2024.	The rule applies to federally regulated financial institutions, including banks, insurance companies, and pension funds. Institutions must incorporate climate risk management into their existing risk management processes.

Australia: Climate-related Financial Disclosures Treasury Bill

Rule Highlights	Scope	Business Context	Timing	Applicability
Disclosure of Climate-related Financial Information sets out requirements for Australian entities to disclose in their annual reports. The requirements are based on the International Sustainability Standards Board's (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The Australian Accounting Standard Board, AASB, developed [draft] ASRS 1- General Requirements for Disclosure of Climate-related Financial Information using IFRS S1 as the baseline but with a scope limitation to climate-related financial disclosure, and [draft] ASRS2 - Climate-related Financial Disclosures, developed using IFRS S2 as the baseline.	Applies to companies with reporting obligations, listed - unlisted companies, financial institutions as well as registrable superannuation (pension scheme providing) entities and registered investment schemes.	Implications for business, even if not covered by the reporting requirements, will filter down via investor, lender, and clients' requests for information. Significant effort and rigor needed to develop and maintain a climate-related financial risk report (including scenario analyses, etc.) Climate related risks in the public domain will enable peer benchmarking of companies by their investors, customers and stakeholders thereby presenting risks and opportunities from varying climate action. Impacted industries: All	Commencement date for reporting is proposed to be financial years beginning on or after 1 January 2025. Subject to Parliamentary processes, meaning companies with 31 December 2025 year ends will report first, followed by companies with reporting date for 30 June year ends, which will report by 30 June 2026.	Proposed regime will apply where an entity meets at least two of the following three criteria: • The consolidated revenue for the financial year of the entity and the entities it controls (if any) meets the relevant dollar threshold. For e.g. AUD 500 million or more for large entities • The value of the consolidated gross assets at the end of the financial year of the entity and the entities it controls (if any) meets the relevant dollar threshold for e.g. AUD 1 billion or more for large entities • The number of employees for the entity and the entities it controls (if any) meets the relevant threshold at the end of the financial year, i.e. 500 or more for large entities

Singapore: Mandatory Climate Reporting Requirements

Rule Highlights	Scope	Business Context	Timing	Applicability
Mandatory climate-related reporting requirements for publicly traded and large private companies, with obligations for some to begin disclosing in line with the IFRS' International Sustainability Standards Board (ISSB) standards.	Applies to all listed and some large non-listed (or private) companies operating in Singapore.	New climate reporting requirements will form part of the government's actions to strengthen companies' sustainability progress. It is envisioned that companies will be able to provide climate disclosures that will enable them to access new markets, financing, and customers. Impacted industries: Financial, agriculture, food and forest products, energy, materials and buildings, and transportation	From FY2025, all listed issuers will be required to report and file annual CRD including Scope 1 and 2 GHG emissions, using requirements aligned with the International Sustainability Standards Board (ISSB) standards. Scope 3 emissions to be reported from FY2026. From FY2027, large private companies will be required to do the same for Scope 1 and 2 GHG emissions, with Scope 3 emissions being reported no earlier than FY2029.	Applied to publicly listed companies in Singapore and large non-listed companies with annual revenue of at least S$1 billion and total assets of at least S$500 million.

India: Disclosure Framework on Climate-related Financial Risks

Rule Highlights	Scope	Business Context	Timing	Applicability
The new guidelines announced by the RBI (Reserve Bank of India) require banks and other regulated entities to make comprehensive disclosures on their climate risk management practices. These guidelines are closely aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and refer to the climate disclosure standards by the International Sustainability Standards Board (ISSB).	The guideline applies to Indian finance companies: • All Scheduled Commercial Banks (SCB) excluding Local Area Banks, Payments Banks and Regional Rural Banks • All Tier-IV Primary Urban Co-operative Banks (UCB) • All All-India Financial Institutions (AIFI) • All Top and Upper Layer Non-Banking Financial Companies (NBFC)	Aims to foster a culture of proactive risk management and sustainable finance practices. This regulation would complement Securities and Exchange Board of India's (SEBI) existing extensive ESG data disclosure requirements, helping build a complete picture of climate-risk for regulated entities.	The RBI has outlined a phased approach for disclosures, with Governance, Strategy, and Risk Management pillars slated for disclosure by FY 2025-26 onward, followed by Metrics and Targets by FY 2027-28. SCBs, AIFIs, NBFCs are required to report detailed disclosures from FY25-26 onwards. For Tier IV or large Urban Co-operative Banks (UCB), it applies from FY2026-27.	Applies to SCBs i.e. banks listed in the second schedule of the RBI Act 1934, having a paid-up capital of INR 5 lakh or more and are authorized to borrow funds from RBI. Applies to Upper and Top layer NBFCs, as categorized by the RBI, based on a set of parameters and scoring methodology. Tier-IV UCBs include banks with deposits more than INR 10,000 crore.

Hong Kong: Climate-related Disclosures under ESG Frameworks

Rule Highlights	Scope	Business Context	Timing	Applicability
The new guidelines require companies to publish climate disclosures that are substantially aligned with the International Sustainability Standards Board (ISSB) S2 Climate-related Disclosures. Additionally, climate-related disclosures will also move away from being voluntary to mandatory disclosure.	This requirement exclusively applies to corporations listed in Hong Kong, and they are encouraged to promptly adopt the IFRS S2 recommendations for reporting.	While there is currently no specific requirement to disclose the risk management process on climate-related risks, the proposed enhanced requirement will mandate issuers to disclose the process to identify, assess and manage climate-related risks, including how they assess likelihood and effects of such risks, how climate-related risks are prioritized relative to other risks (including use of risk-assessment tools), monitored and managed in the overall risk management process and, where applicable, any process used to identify, assess and manage climate-related opportunities (if any). Impacted industries: All	The implementation begins from 1 January 2025. It was postponed from the earlier proposed date of 1 January 2024.	Applies to listed companies in Hong Kong Stock Exchange

Materials

The growing awareness of the detrimental effects that certain materials have on human health and the environment is prompting tighter regulatory controls on their usage. A notable example is per- and polyfluoroalkyl substances (PFAS), commonly referred to as 'forever chemicals'. These chemicals, prevalent in some cookware, clothing, and industrial applications, persist in the environment due to their resistance to degradation. They are detected globally in ecosystems, water bodies, and even human bloodstreams, as reported by the National Institutes of Health (NIH). In response, regulatory bodies such as the U.S. Environmental Protection Agency (EPA) are intensifying their oversight by imposing restrictions and enhancing disclosure requirements. As the understanding of the impacts of materials like PFAS on ecosystems and health deepens, more similar regulatory measures are likely to be introduced.

United States: PFAS Regulations for Reporting Under EPCRA TRI Program

Rule Highlights	Scope	Business Context	Timing	Applicability
The rule change moves all current and future TRI-regulated PFAS to the “Chemicals of Special Concern” list, which results in the loss of the de minimis exemption, the Form A reporting option, and the use of range codes in reporting. This means that any concentration of a TRI-regulated PFAS in mixtures has to be included in a facility’s TRI threshold calculations starting with Reporting Year 2024 TRI reports due by July 1, 2025.	The Rule applies to companies with U.S. based facilities operating under one of the industry NAICS codes regulated under the TRI Program. List of industries regulated under the TRI Program can be found here: https://www.epa.gov/toxics-release-inventory-tri-program/tri-covered-industry-sectors	The rule has a penalty of $69,733 for failing to file per violation (penalty applied on a per chemical, per year basis) All TRI data is disclosed to the public and freely available for review, so the potential business risks to a given company from that data disclosure will vary but can be significant in impact. For example, the requirement to report the release of regulated PFAS into the environment from US facilities could potentially lead to significant brand/reputational risks and impacts, additional regulatory inquiry into and associated liability from releases of PFAS on the facility or to surrounding areas, the identification of additional stricter permitting requirements by regulatory agencies, etc. Impacted industries: learn more at https://www.epa.gov/toxics-release-inventory-tri-program/tri-covered-industry-sectors	The Rule is effective for Reporting Year 2024 for TRI reports due July 1, 2025.	Any company that manufactures (including import), process or otherwise uses greater than 100 pounds of an individual TRI-regulated PFAS in a Reporting Year.

United States: PFAS Regulations for Reporting Under TSCA Program

Rule Highlights	Scope	Business Context	Timing	Applicability
The rule requires companies to report on all PFAS manufactured or imported into the US between 2011 and 2022. This includes substances and mixtures and “articles” (a term of art under TSCA that refers to manufactured products). The US EPA will use the data it collects through this reporting requirement to inform its thinking about whether and how to further regulate PFAS.	The Rule applies to manufacturers and importers of products regulated under TSCA. It does not include chemicals or articles manufactured under other laws, such as the Federal Food, Drug & Cosmetic Act.	There is a penalty of up to $37,000 per day, per violation; more broadly, companies may face product deselection or negative public reaction if their disclosures are less than satisfactory. The data can also be used to identify compliance obligations under other product laws. Reporting requirements on “articles”, i.e. manufactured products, may mean companies with little familiarity with the TSCA will be required to comply with this regulation. Impacted industries: All companies making or importing products that contain PFAS that are not regulated under another law.	Reporting has been required for 2011-2022; report submission is due 18 months from effective date of final rule, i.e., May 2025 Small manufacturers who are only reporting on article imports will have 24 months from the effective date of final rule to report PFAS.	Any company that manufactures PFAS within the United States or is the importer of record for chemicals, mixtures, or articles containing PFAS and entering the United States.

European Union: Battery Regulation

Rule Highlights	Scope	Business Context	Timing	Applicability
The 3 main components of the Regulation: 1. Supply chain due diligence requirements based on international due diligence instruments (OECD, UN) and standards audited by a 'notified body' (i.e., an organization performing a conformity assessment), which apply to companies placing batteries in the EU market. 2. Carbon footprint declaration for electric vehicle batteries, industrial and light transportation batteries, covering product lifecycle. 3. Digital Product Passport: a digital battery passport is required for all electric vehicle and industrial batteries. This will contain information about the sustainability performance of the battery, among other information, and enable the tracking and tracing of batteries (including the carbon intensity of manufacturing process, origin of the materials used, share of recycled content etc.).	The Regulation applies to all economic operators placing batteries in the EU market or putting them into service in the EU. This includes automotive original equipment manufacturer (OEM), energy and other types of companies (e.g. e-mobility). The Regulation has extraterritorial effect, impacting non-EU companies that place or put batteries on the EU market.	This Regulation will increase transparency on environmental and social performance of battery supply chains, helping to mitigate risks and improve value creation. It sets specific and measurable requirements for conducting supply chain due diligence on social and environmental risks in line with international standards and due diligence instruments. Many companies in scope will need to fully align/update their existing supply chain due diligence management systems in line with international due diligence instruments like the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights The requirements around carbon footprint declaration and battery passport are likely to be more challenging for companies to implement and have a staggered implementation deadline.	Compliance with the supply chain due diligence requirements is due within 24 months of the Regulation coming into force (August 2025). The carbon footprint declaration is due between 2025 and 2030 depending on battery type. The battery passport is due in 2027.	The supply chain due diligence obligations apply to economic operators placing batteries on the EU market or putting them into service save for certain thresholds. The carbon footprint declaration applies to all types of electric vehicle batteries, rechargeable industrial batteries with a capacity greater than 2 kWh and LMT batteries. The digital battery passport applies to EV and rechargeable industrial batteries with a capacity greater than 2kWh.

Appendix:
Additional information

Regulation	Rule Citation & Link	Regulating Agency	ERM Contact	ERM Thought Leadership
GENERAL SUSTAINABILITY				
European Union: Corporate Sustainability Reporting Directive (CSRD)	**Directive (EU) 2022/2464:** https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464 **European Sustainability Reporting Standards:** https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=PI_COM%3AC%282023%295303 **EFRAG draft guidance:** https://www.efrag.org/News/Public-471/Publication-of-the-3-Draft-EFRAG-ESRS-IG-documents-EFRAG-IG-1-to-3-	European Commission, enforcement via European member state authorities	**Onur Durmus** onur.durmus@erm.com **Jen Klie** jennifer.klie@erm.com **Rahul Arora** rahul.arora@erm.com **Jared Robbins** jared.robbins@erm.com **Gareth Manning** gareth.manning@erm.com	Webinar: Implementing the CSRD Briefing: Implementing the CSRD Policy Alert: CSRD applicability for North American companies
European Union: Sustainable Finance Disclosure Regulation (SFDR)	**Regulation (EU) 2019/2088:** https://eur-lex.europa.eu/eli/reg/2019/2088/oj	European Commission, enforcement via European member state authorities	**Kathryn Harrison** kathryn.harrison@erm.com **Gareth Manning** gareth.manning@erm.com	Report: The evolving role of EU Taxonomy reporting
European Union: Corporate Sustainability Due Diligence Directive (CSDDD)	**Regulation (EU) 2019/1937:** https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en#documents	European Commission, enforcement via European member state authorities Member states to set specific national supervisory authorities	**Désirée Abrahams** desiree.abrahams@erm.com **Marina d'Engelbronner** marina.dengelbronner@erm.com **Alexandra Guaqueta** alexandra.guaqueta@erm.com **Anya Marcelis** anya.marcelis@erm.com **Onur Durmus** onur.durmus@erm.com	Policy Alert: CSDDD Blog: Demystifying the CSDDD
European Union: Taxonomy for Sustainable Activities	**Regulation (EU) 2020/852:** https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852 **And the associated delegated acts:** https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/taxonomy-regulation_en	European Commission, enforcement via European member state authorities	**Onur Durmus** onur.durmus@erm.com	Report: The evolving role of EU Taxonomy reporting
Canada: Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9)	**S.C. 2023, c. 9:** https://laws.justice.gc.ca/eng/acts/F-10.6/	Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023) or Canada Modern Slavery Act	**Simon Chorley** simon.chorley@erm.com	

Regulation	Rule Citation & Link	Regulating Agency	ERM Contact	ERM Thought Leadership
CLIMATE				
European Union: Carbon Border Adjustment Mechanism (CBAM)	**Regulation (EU) 2023/956** https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en#legislative-documents	Primary agency is the EU Directorate-General for Taxation and Customs Union with each member state having its own competent authority, listed here: https://taxation-customs.ec.europa.eu/document/download/5595ce5b-9fd2-42f6-9908-ed6325338ffa_en?filename=20240212%20Updated%20provisional%20list%20of%20NCAs%20for%20CBAM.pdf	**Clive Abel** clive.abel@erm.com **Fanny Guezennec** fanny.guezennec@erm.com **Alex Kauffmann** alex.kauffmann@erm.com **David Neilson** david.neilson@erm.com **Sebastian Voigt** sebastian.voigt@erm.com	Blog: Turning EU carbon border tax compliance into business opportunities Article: 5 steps to comply with CBAM and add strategic value
United States: Securities and Exchange Commission Climate-related Disclosures	**Release Nos. 33-11275; 34-99678; The Enhancement and Standardization of Climate-Related Disclosures for Investors:** https://www.sec.gov/files/rules/final/2024/33-11275.pdf	United States Securities and Exchange Commission (SEC)	**Andrea Duque** andrea.duque@ermcvs.com **Beth Wyke** beth.wyke@erm.com **Rahul Arora** rahul.arora@erm.com	Policy Alert: The U.S. Securities and Exchange Commission climate rules
California: SB 253 - The Climate Corporate Data Accountability Act	**SB-253:** https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253	California Air Resources Board (CARB)	**David Weaver** david.weaver@erm.com	
California: SB 261 - Greenhouse Gases and Climate-related Financial Risk	**SB-261:** https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB261	California Air Resources Board (CARB)	**David Weaver** david.weaver@erm.com	
California: AB 1305 - Voluntary Carbon Market Disclosures	**AB-1305:** https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1305	Civil enforcement actions can be brought in the name of the people of the State of California by the Attorney General or by a district attorney, county counsel, or city attorney in a court of competent jurisdiction.	**David Weaver** david.weaver@erm.com	
Canada: The Office of the Superintendent of Financial Institutions (OSFI) Climate-related Risks	**The Office of the Superintendent of Financial Institutions (OSFI) – Climate risk management:** https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/climate-risk-management	The Office of the Superintendent of Financial Institutions (OSFI)	**Rahul Arora** rahul.arora@erm.com	
Australia: Climate-related Financial Disclosures Treasury Bill	**AASB ED SR1** https://www.aasb.gov.au/admin/file/content105/c9/AASBED_SR1_10-23.pdf	Australian Accounting Standard Board	**Ben Sichlau** ben.sichlau@erm.com **Matty Lunn** matty.lunn@erm.com	

Regulation	Rule Citation & Link	Regulating Agency	ERM Contact	ERM Thought Leadership
Singapore: Mandatory Climate Reporting Requirements	**ACRA / SGX Recommendations:** https://www.acra.gov.sg/docs/default-source/default-document-library/legislation/listing-of-consultation-papers/climate-reporting-and-assurance-roadmap/response-to-public-consultation-on-climate-reporting-and-assurance-roadmap-for-singapore.pdf?sfvrsn=d10eeb40_2	Accounting and Corporate Regulatory Authority (ACRA)	**Seena Dabral** seena.dabral@erm.com **Matty Lunn** matty.lunn@erm.com	
India: Disclosure Framework on Climate-related Financial Risks	**RBI Draft Disclosure framework on Climate-related Financial Risks:** https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=4393	Reserve Bank of India	**Neha Bhatia** neha.bhatia@erm.com **Matty Lunn** matty.lunn@erm.com	
Hong Kong: Climate-related Disclosures under ESG Frameworks	**HKEX Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework:** https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/April-2023-Climate-related-Disclosures/Consultation-Paper/cp202304.pdf	Hong Kong Stock Exchange (HKEX)	**Robin Kennish** robin.kennish@erm.com **Matty Lunn** matty.lunn@erm.com	
MATERIALS				
United States: PFAS Regulations for Reporting Under EPCRA TRI Program	**40 CFR 372:** https://www.ecfr.gov/current/title-40/chapter-I/subchapter-J/part-372?toc=1 Statutory addition of PFAS to TRI under FY2020 National Defense Authorization Act (NDAA), effective January 1, 2020; Final Rule to move PFAS to TRI "Chemicals of Special Concern" list, effective November 30, 2023	U.S. Environmental Protection Agency (EPA)	**Lori Dinkelmann** lori.dinkelmann@erm.com	Client Alert: New EPA Rules for PFAS Reporting under TSCA and TRI Programs Book: Emerging Contaminants - Anticipating Developments
United States: PFAS Regulations for Reporting Under TSCA Program	**TSCA Section 8(a)(7):** https://www.epa.gov/assessing-and-managing-chemicals-under-tsca/tsca-section-8a7-reporting-and-recordkeeping Requirement under the FY2020 National Defense Authorization Act (NDAA)	U.S. Environmental Protection Agency	**Kate Sellers** kate.sellers@erm.com	Client Alert: New EPA Rules for PFAS Reporting under TSCA and TRI Programs Book: Emerging Contaminants - Anticipating Developments
European Union: Battery Regulation	**Regulation (EU) 2023/1542:** https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1542&qid=1717624577275	European Commission, enforcement via European member state authorities	**Alice Valvoda** alice.valvoda@erm.com	

Endnotes

[1] ESMA. May 2024. ESMA Guidelines establish harmonised criteria for use of ESG and sustainability terms in fund names. Online posting. European Securities and Markets Authority. Accessed 5 June 2024. https://www.esma.europa.eu/press-news/esma-news/esma-guidelines-establish-harmonised-criteria-use-esg-and-sustainability-terms

[2] European Parliament. April 2024. Products made with forced labour to be banned from EU single market. Online posting. European Parliament. Accessed 5 June 2024. https://www.europarl.europa.eu/news/en/press-room/20240419IPR20551/products-made-with-forced-labour-to-be-banned-from-eu-single-market.

[3] Government of the United Kingdom. May 2024. Sustainability Disclosure Requirements: Implementation Update 2024. Online posting. UK Government. Accessed 5 June 2024. https://www.gov.uk/government/publications/sustainability-disclosure-requirements-implementation-update-2024.

[4] Government of the United Kingdom. December 2023. Factsheet: UK Carbon Border Adjustment Mechanism. Online posting. UK Government. Accessed 5 June 2024. https://www.gov.uk/government/consultations/addressing-carbon-leakage-risk-to-support-decarbonisation/outcome/factsheet-uk-carbon-border-adjustment-mechanism

[5] IFRS. 2024. Jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards. Online posting. IFRS. Accessed 5 June 2024. https://www.ifrs.org/news-and-events/news/2024/05/jurisdictions-representing-over-half-the-global-economy-by-gdp-take-steps-towards-issb-standards/#:~:text=Together%2C%20the%2020%20plus%20jurisdictions,capitalisation%20excluding%20the%20United%20States.

About

At ERM, sustainability is our business. We are the world's largest advisory firm focused solely on sustainability, offering unparalleled expertise across business and finance. ERM partners with clients to operationalize sustainability at pace and scale, through our unique combination of strategic transformation and technical delivery capabilities. Our diverse global team of experts works with the world's leading organizations to help them set clear sustainability targets, measure progress and operationalize strategy through deep implementation and business transformation. With more than 50 years of experience, our ability to integrate sustainability solutions and our depth and breadth of technical knowledge are why organizations choose to partner with us as their trusted advisor.

LinkedIn: linkedin.com/company/erm
Website: erm.com

The ERM Sustainability Institute

The Sustainability Institute is ERM's primary platform for thought leadership. The purpose of the Institute is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise, and commitment to transformational change.

LinkedIn: linkedin.com/company/sustainabilityinstituteerm
Website: sustainability.com

© Copyright 2024 by the ERM International Group Limited and/or its affiliates ('ERM'). All rights reserved.
No part of this work may be reproduced or transmitted in any form or by any means, without prior written permission of ERM.

Contributors

Lead Contributors
Aiste Brackley
Ramesh Narasimhan
Justin Nelson

Rahul Arora
Susanne Baker
Lori Dinkelmann
Onur Durmus
Alexandra Guaqueta
Kathryn Harrison
Liza Johnson
Matthew Klein
Vaibhav Manocha
Anya Marcelis
David Neilson
Kate Sellers
David Weaver
Beth Wyke

Design

Jeremy Davis
Bruce Stoddart