



Evolving Global Regulatory Landscape on Sustainability Requirements

July 01, 2025



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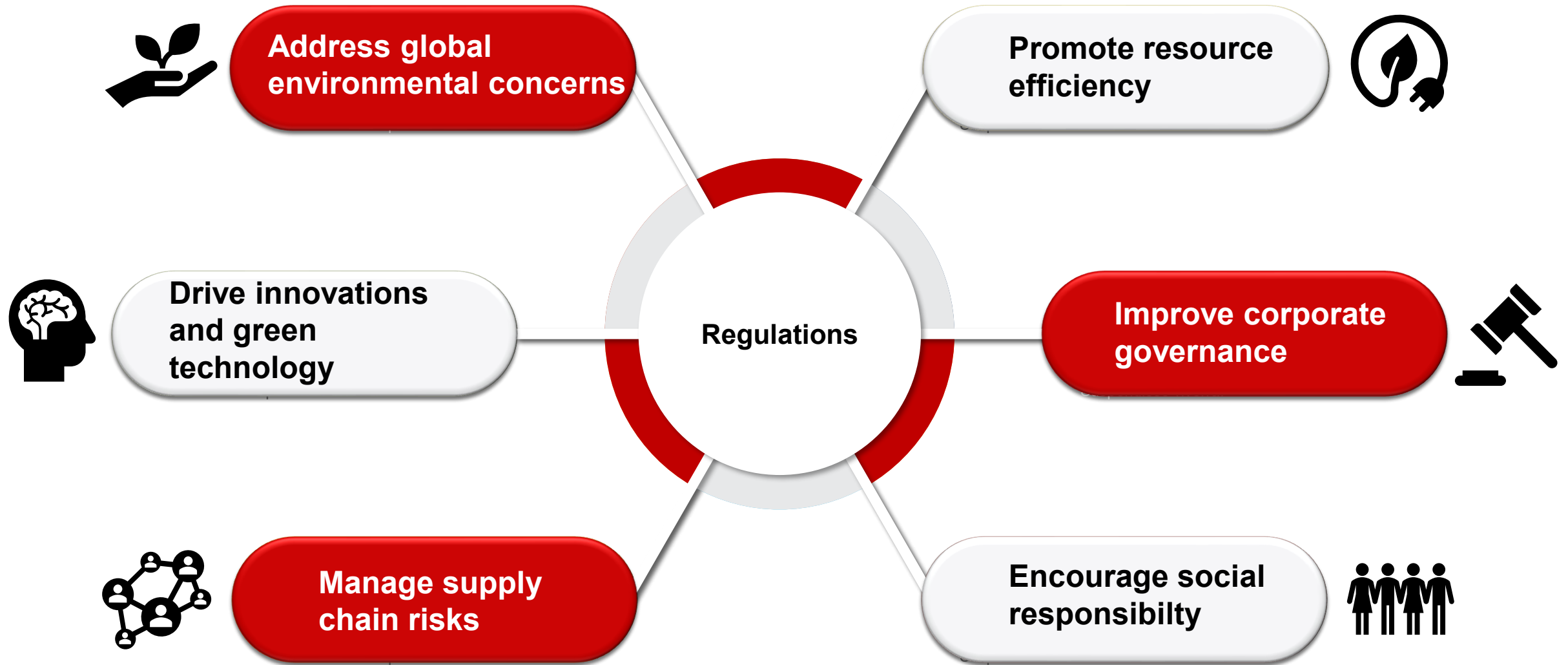
Q and A

Introduction

The Global Regulatory Shift



Need for sustainability regulations in today's world



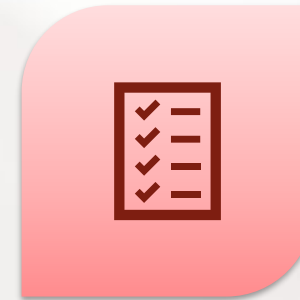
Why regulations are no longer voluntary?



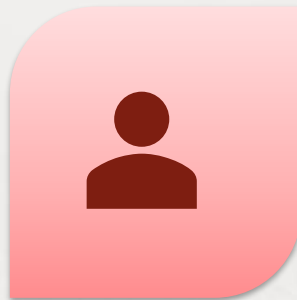
**GLOBAL
COMMITMENTS**



**GREENWASHING
CONCERNS**



**NEED FOR
STANDARDISATION**

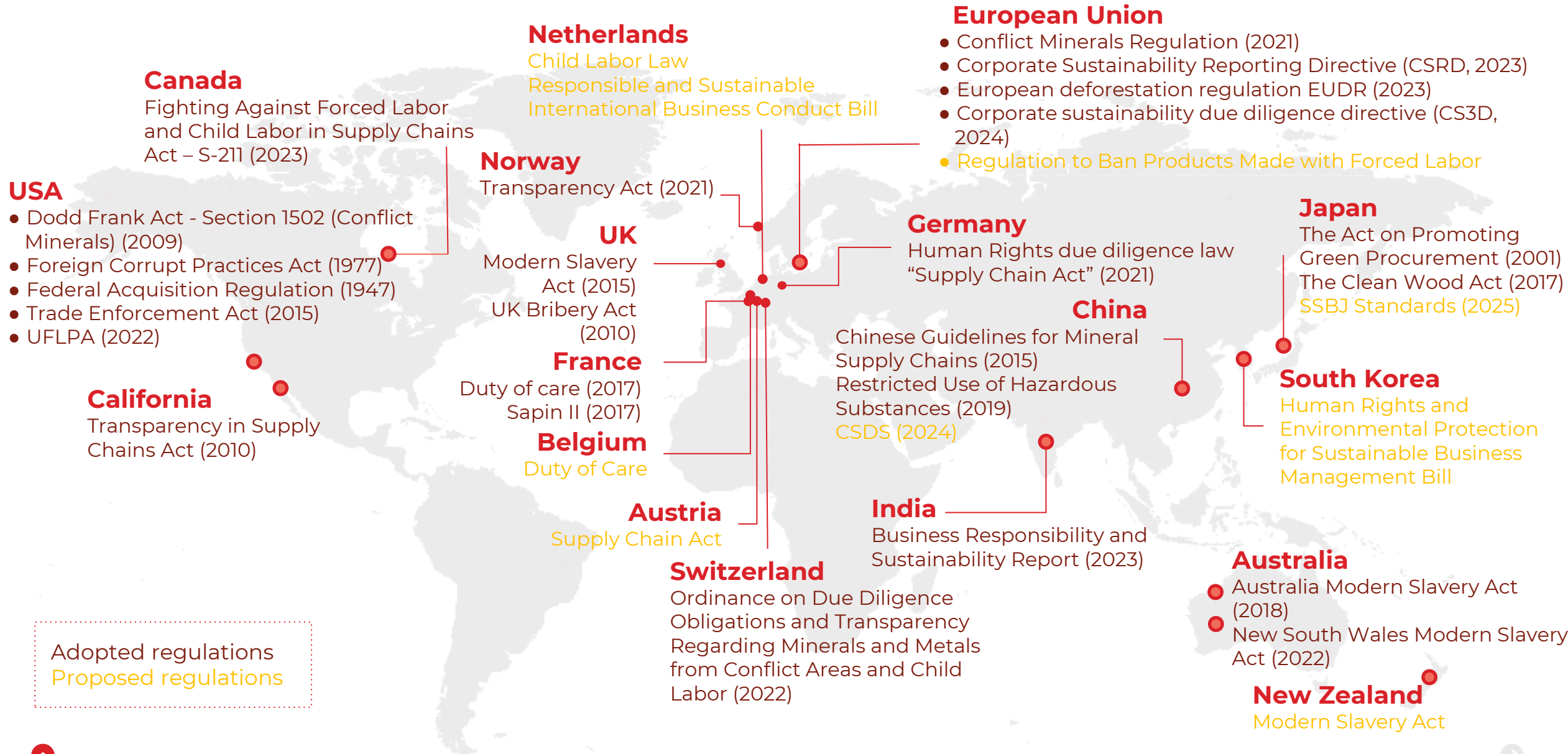


**INVESTOR
PROTECTION**



**INCREASED CLIMATE
AND SOCIAL RISK**

Regulations and guidelines worldwide



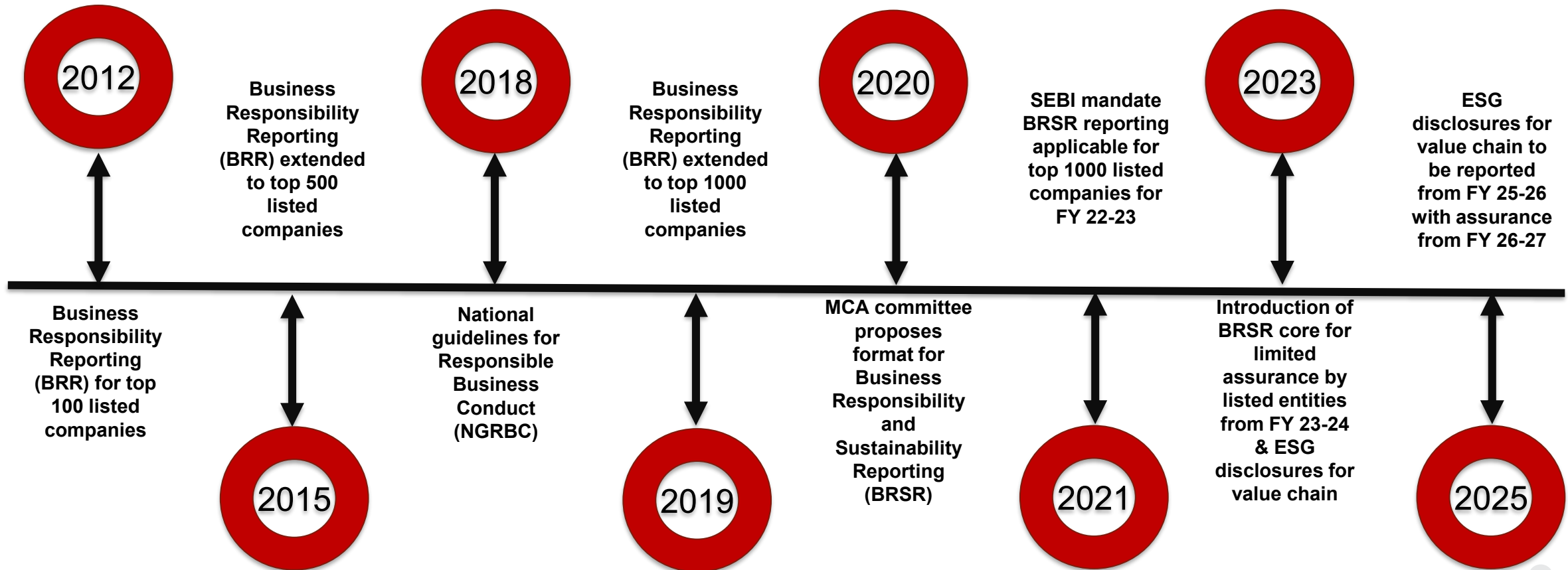
Deep Dive

Asia Pacific



Business Responsibility and Sustainability Report (BRSR)

- BRSR was adopted in 2021 by the Securities and Exchange Board of India (SEBI) making it mandatory for the **top 1000 listed** companies (by market capitalisation) to report their sustainability practices from **2022-23 onwards**.
- BRSR has evolved from BRR introduced in 2012 by SEBI and the following table depicts its evolution journey:



Nine Principles of BRSR

Ethics & Governance

Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable

Environment responsibility

Businesses should respect and make efforts to protect and restore the environment

Product Responsibility

Businesses should provide goods and services in a manner that is sustainable and safe

Public Policy

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Employee Well-being

Businesses should respect and promote the well-being of all employees, including those in their value chains

Inclusive Development

Businesses should promote inclusive growth and equitable development

Stakeholder Engagement

Businesses should respect the interests of and be responsive to all their stakeholders

Consumer Responsibility

Businesses should engage with and provide value to their consumers in a responsible manner

Human Rights

Businesses should respect and promote human rights

Recent updates in BRSR framework

Industry standards for BRSR core reporting

- ❑ Developed by Industries Standards Forum (ISF) comprising of prominent industry bodies like ASSOCHAM, CII, and FICCI. To be implemented from FY 2025.
- ❑ The new standards seek to ensure consistency in ESG reporting across different sectors, making it easier for investors and stakeholders to compare the performance of companies

Value Chain Disclosures

- ❑ ESG disclosures for value chain have to be mandatorily reported by top 250 listed companies from FY 2026 onwards (deferred from the earlier proposed FY 2025)
- ❑ Applicable to value chain partners accounting for 2% or more of total procurement or falling under top 75% spend value
- ❑ The disclosures made in the BRSR report need to be assessed or assured by 3rd party from FY 2027 onwards (timeline extended from the earlier proposed FY 2026)

Green credits

- ❑ Additional leadership indicator included seeking disclosures of green credits for listed entity and its top 10 value chain partner

China Corporate Sustainability Disclosures Standards (CSDS)

Mandated by China's three stock exchanges

- ❑ In **April 2024**, China's three stock exchanges issued ESG reporting guidelines, mandating companies of the SSE 180 Index, STAR 50 Index, SZSE 100 Index, and ChiNext Index, and companies listed domestically and overseas to **disclose their ESG data in 2026**
- ❑ Publicly disclose a corporate sustainability report covering for FY 2025 by 30 April 2026 and subsequently for following years. The CSR guidelines further encourage other listed companies on these securities exchanges to voluntarily follow the CSR Guidelines

Introduced by China's Ministry of Finance (MOF)

- ❑ In **December 2024**, Ministry of Finance issued Introduction of Basic Guidelines for Corporate Sustainability Disclosures Standards (CSDS). Entire suite of standards to be adopted by **2030**.
- ❑ These standards are designed to guide businesses in disclosing sustainability-related information, ensuring that their practices align with global expectations and regulatory frameworks

Japan Sustainability Disclosure Standards

- ❑ In **March 2025**, the Sustainability Standards Board of Japan (SSBJ) announced the release of Japan's first sustainability disclosure standards, known as the “**SSBJ Standards**”
- ❑ It is voluntary for all companies for FY 2026
- ❑ It will be mandatory for companies from FY 2027 onwards
 - **FY 2027**: Companies with a market cap of **3 tn JPY/ 17.7 bn EUR**
 - **FY 2028**: Companies with a market cap of **1tn JPY/ 5.9 bn EUR**
 - **FY 2029**: Companies with a market cap of **500 bn JPY/ 2.95 bn EUR**



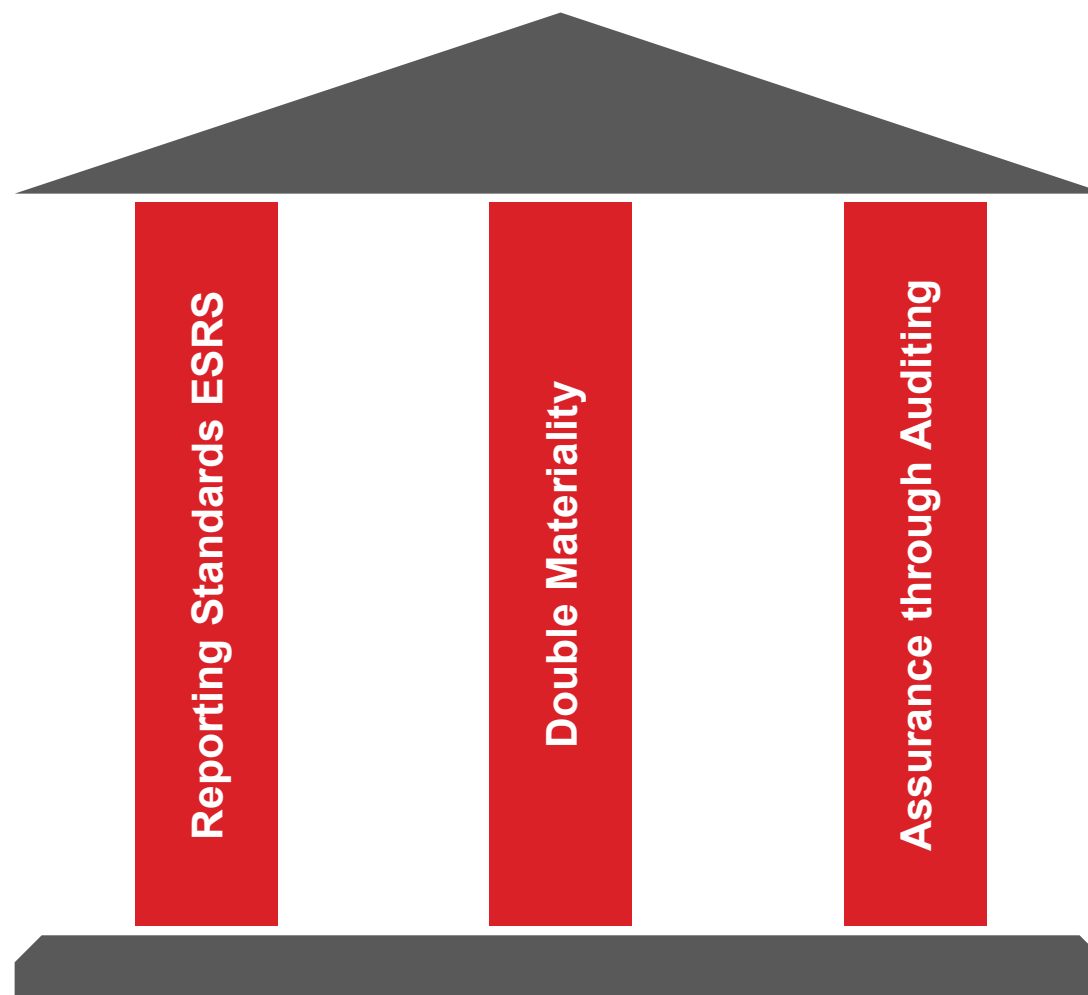
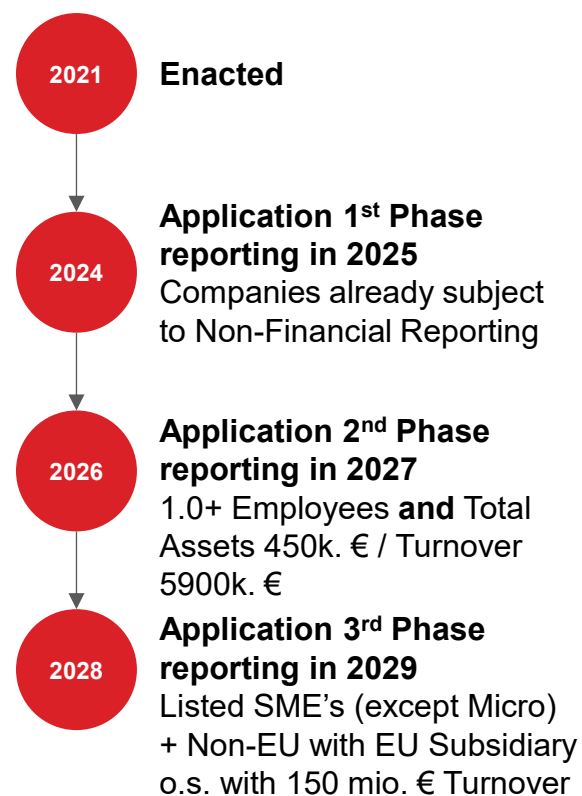
Global cross impact

Europe and America



Corporate Sustainability Reporting Directive

EU regulation that sets new, comprehensive standards for sustainability reporting by companies.

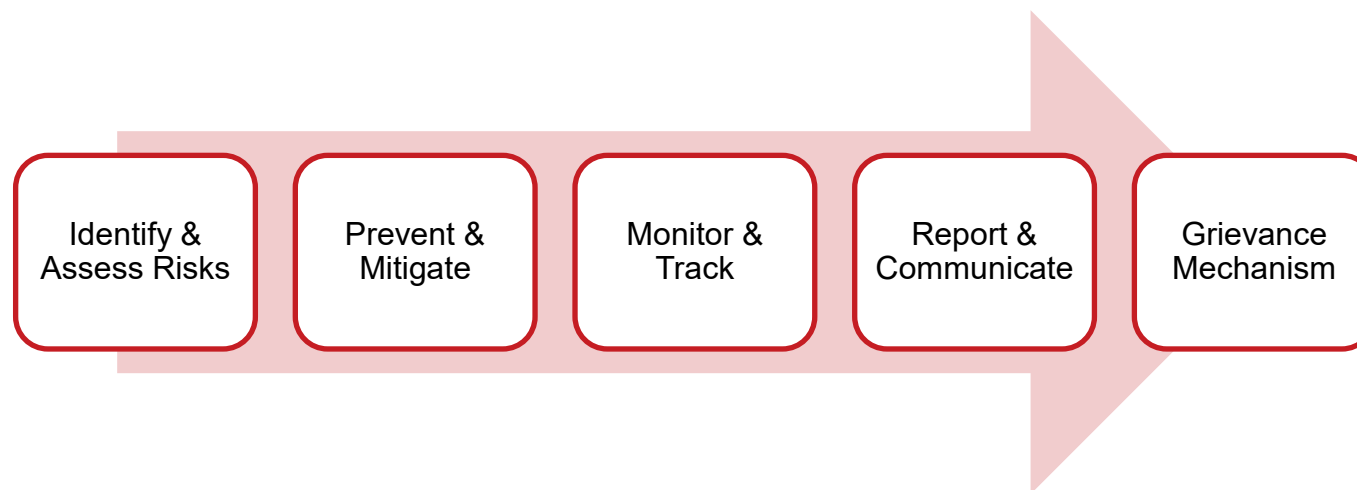
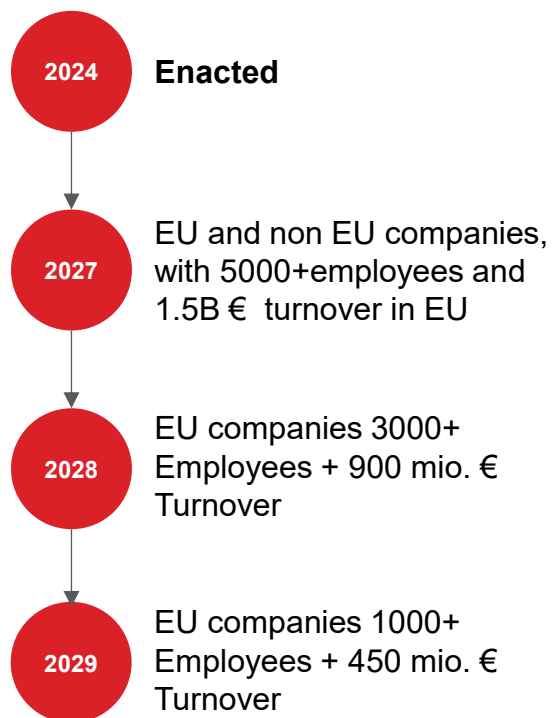


Recent Changes

- Additional time to prepare (2 years)
- Increased employee threshold
- Increased turnover threshold for non-EU companies
- Adjustments regarding the ESRS
- Only limited assurance

Corporate Sustainability Due Diligence Directive

Requires large companies operating in the EU to account for adverse human rights and environmental impacts across their operations and value chains



European Union Deforestation Regulation

The European Union Deforestation Regulation (EUDR) requires to demonstrate that products do not contribute to deforestation.

Non-compliant products cannot be placed on the EU market.

The regulation applies to non-SMEs (Small and Micro Enterprises) companies in Europe as of **30.12.2025**.

Scope



Cattle



Cocoa



Coffee



Soy



Wood



Palm Oil



Rubber

Penalties

- **Fines:** Up to 4% of annual revenue based on environmental impact
- **Seizure of Goods:** Non-compliant products may be forcibly taken
- **Suspension:** Trading licenses can be revoked
- **Public Disclosure:** Risk of significant reputational harm

Key Requirements

- **Transparency:** Traceability to the origin/plot level
- **Compliance:** Adherence to local laws
- **Deforestation-Free:** Products must not contribute to deforestation
- **Due Diligence:** Prepare and submit compliance statements

Risk Analysis

- **Risk Assessment:** General evaluations and case studies with supporting evidence
- **Deforestation Analysis:** Product risk assessment using satellite data

CBAM : Carbon Border Adjustment Mechanism

The EU's Carbon Border Adjustment Mechanism (CBAM) is the EU's tool to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries.

If you import these goods into the EU and they're produced outside the EU, the new CBAM will apply:



The CBAM will apply to imports from all non-EU countries (including the UK)

excluding Iceland, Norway, Liechtenstein and Switzerland



Oct 2023

Importers will have to report the goods' embedded emissions.



Jan 2026

Importers will have to pay a carbon price



There will be penalties for non-compliance.

Importers should plan now for supply chain carbon accounting.





- Effective from **June 2022**
- Prevents the entry of all goods produced in **China's Xinjiang Uyghur Autonomous Region (XUAR)**
- It establishes a **rebuttable presumption** that all goods made in whole or in part in Xinjiang are the product of **forced labor**

UFLPA- Requirements, Penalties and Action Plan

Requirements and penalties:

- ☐ Importers are required to provide clear and convincing evidences of goods produced by entities not linked with **forced labour**
- ☐ Suspected goods can be detained or seized by U.S. Customs and Border Protection (**CBP**)
- ☐ **Financial implications and legal proceedings** can also be initiated for entities found in violation of the act

Action plan by companies:

- ☐ **Supply Chain Mapping** to identify all downstream suppliers including raw materials sources
- ☐ **Monitoring** and tracking of listed UFLPA entities and aligning supply chain
- ☐ **Extensive documentation** for justification of origin of goods
- ☐ **Enhanced due diligence** with supplier assessments, site visits, certifications etc

Why It Matters:

- ❑ **Enhanced Transparency:** Uncovers end-to-end processes, enabling better risk management and informed decision-making.
- ❑ **Regulatory Compliance:** Supports due diligence requirements (e.g., CSRD, EU Supply Chain Act, UFLPA) by mapping supplier and product footprints.
- ❑ **Cost & Efficiency Gains:** Identifies inefficiencies, redundancies, and improvement areas across the chain.
- ❑ **Sustainability & ESG Alignment:** Enables tracking of Scope 3 emissions, ethical sourcing, and social impact across the value chain.
- ❑ **Resilience Building:** Helps mitigate disruptions by understanding supplier dependencies and geographical risks.





Thank you.

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