



Evolving Global Regulatory Landscape on Sustainability Requirements

June 26, 2025

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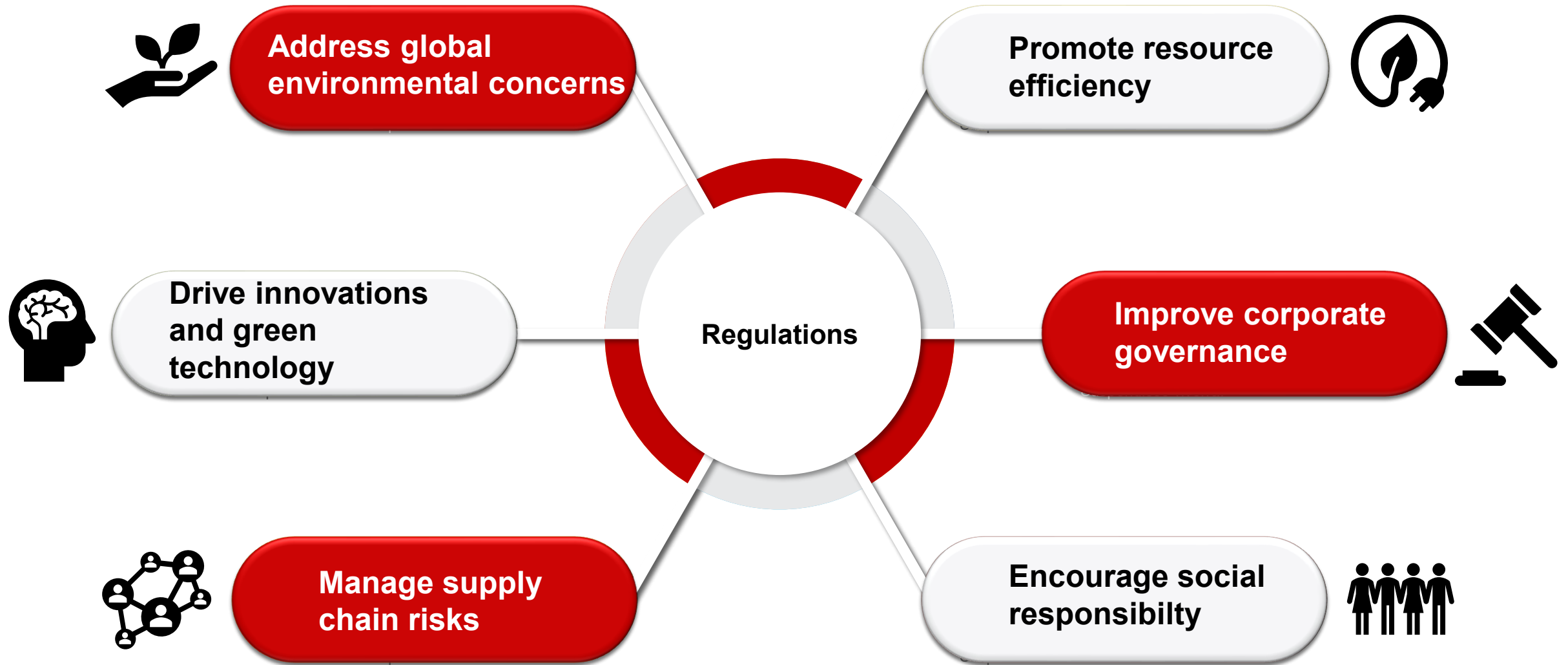
Q and A

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**

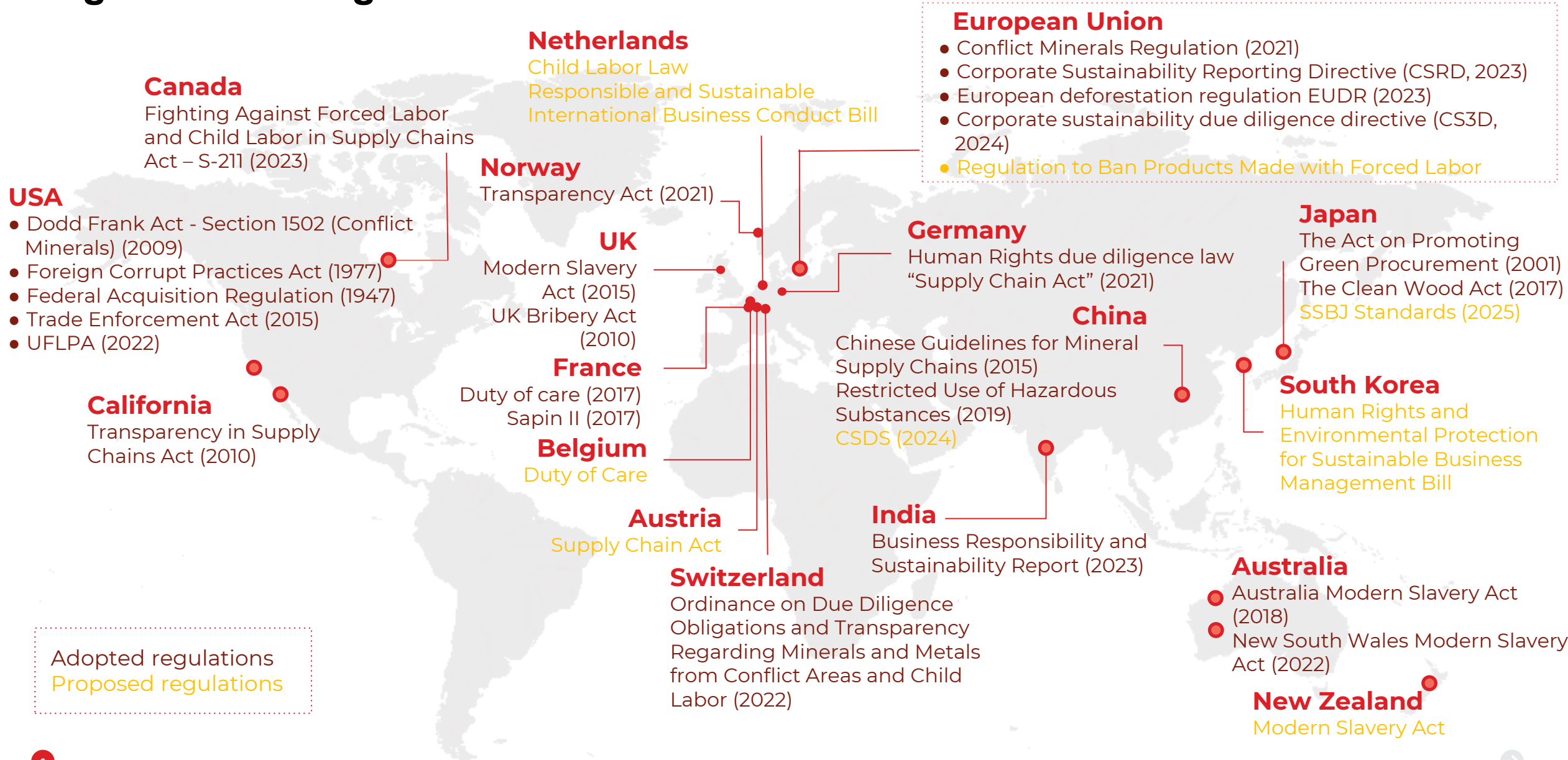


**INVESTOR
PROTECTION**



**INCREASED CLIMATE
AND SOCIAL RISK**

Regulations and guidelines worldwide

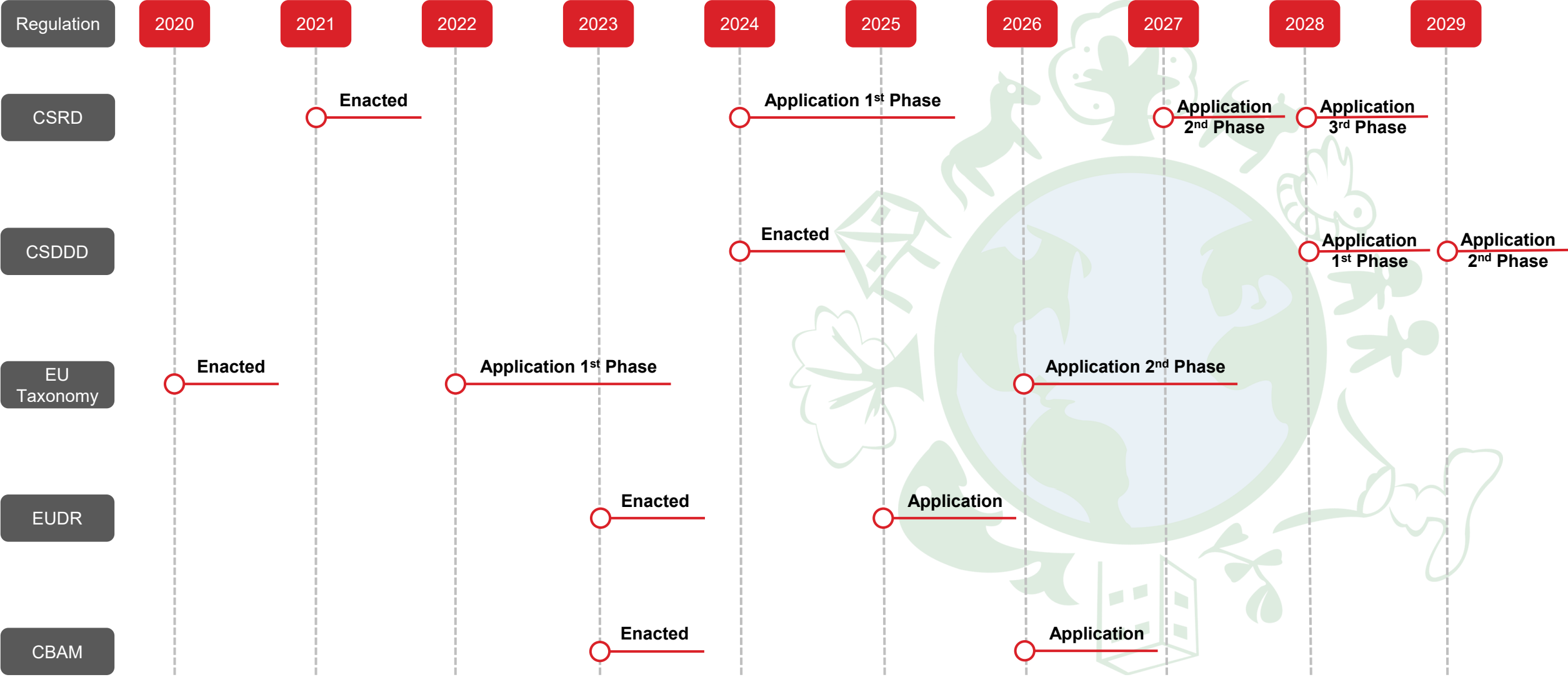


Deep Dive

European Regulations

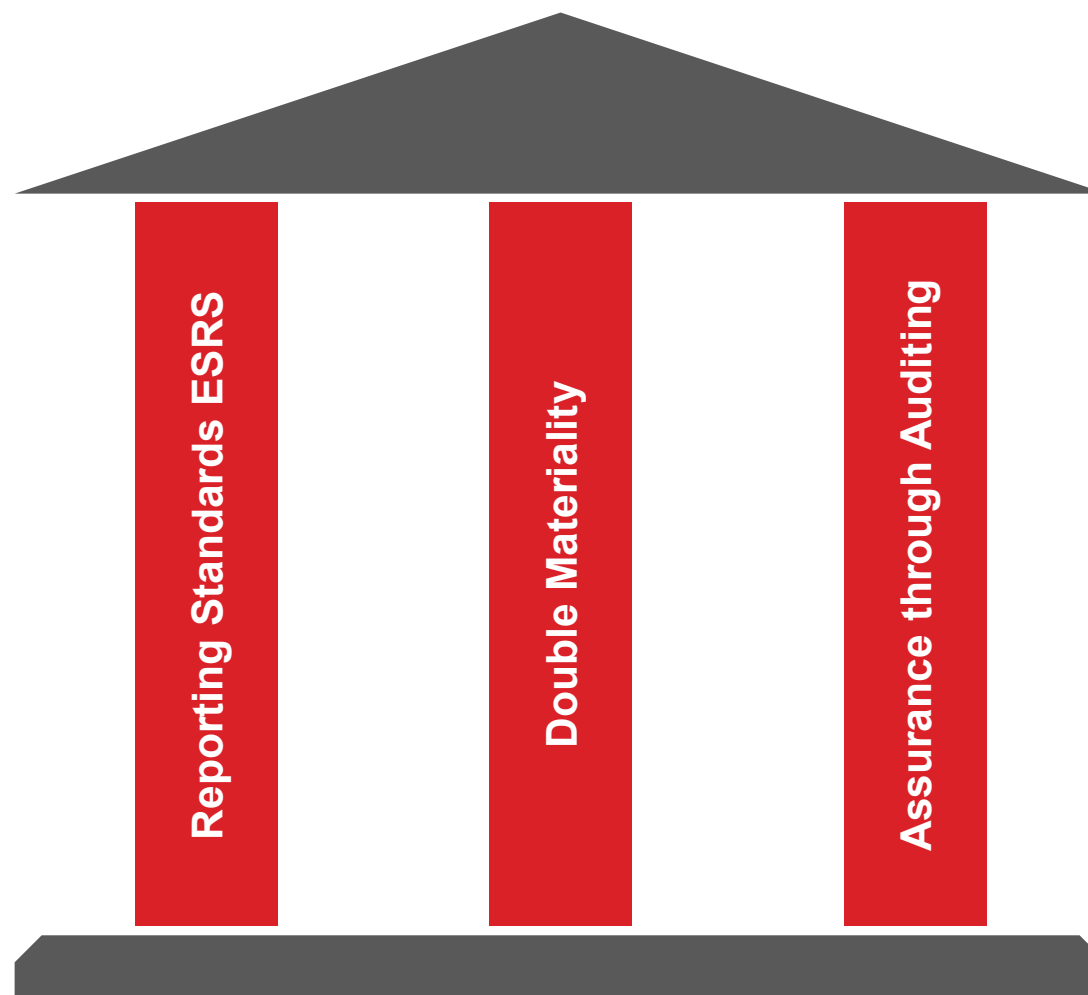
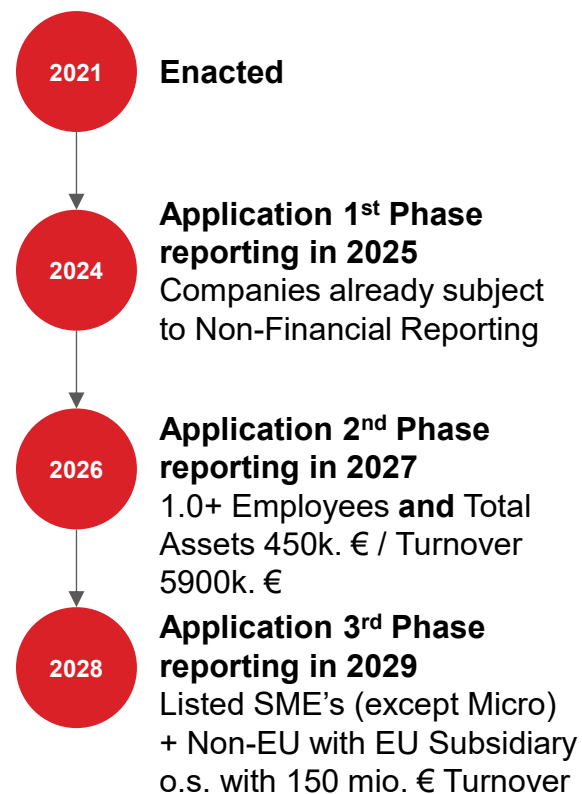


Overview



Corporate Sustainability Reporting Directive

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

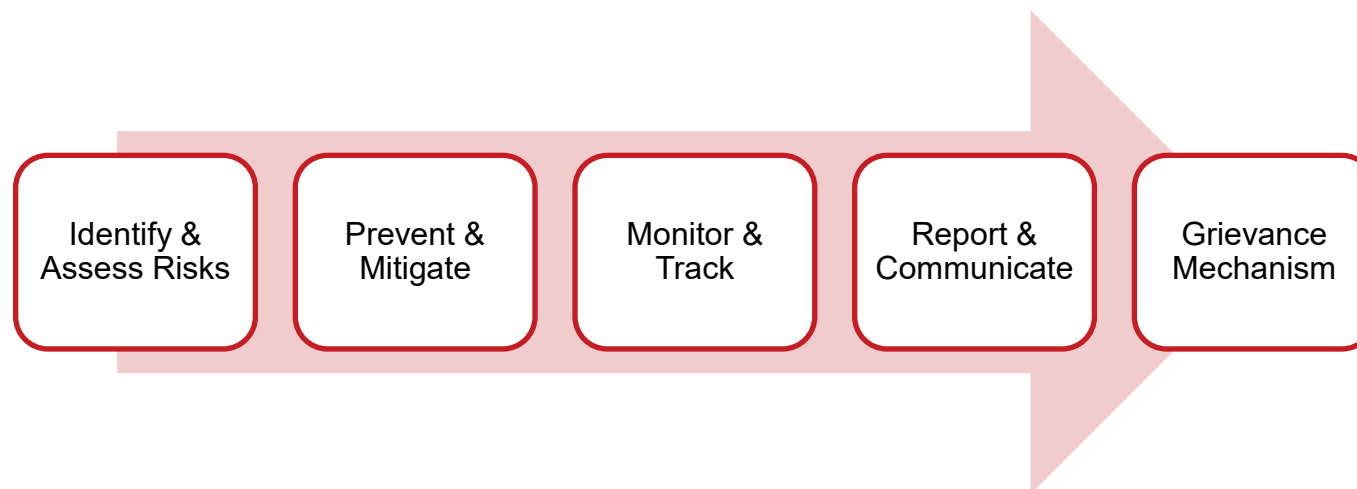
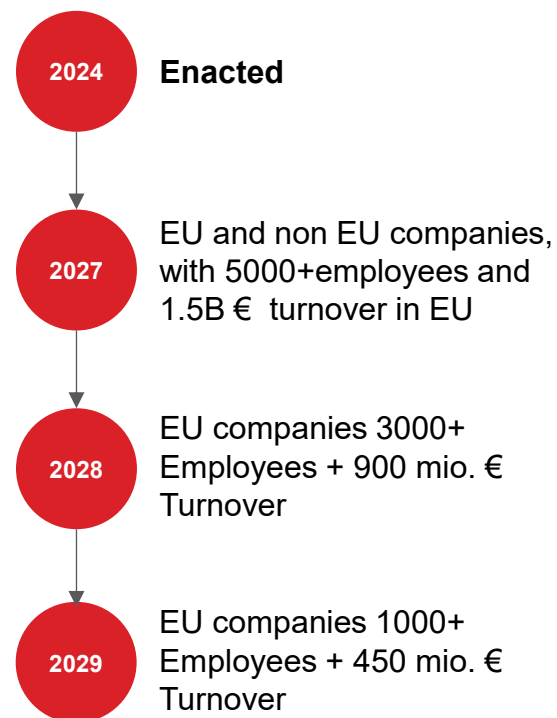


Recent Changes

- 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



Recent Changes

- Additional time to prepare (2028 instead of 2027)
- Due diligence obligation limited to direct business partners
- No requirement to terminate a business relationship
- Frequency of updates (from once a year to every 5 years)

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

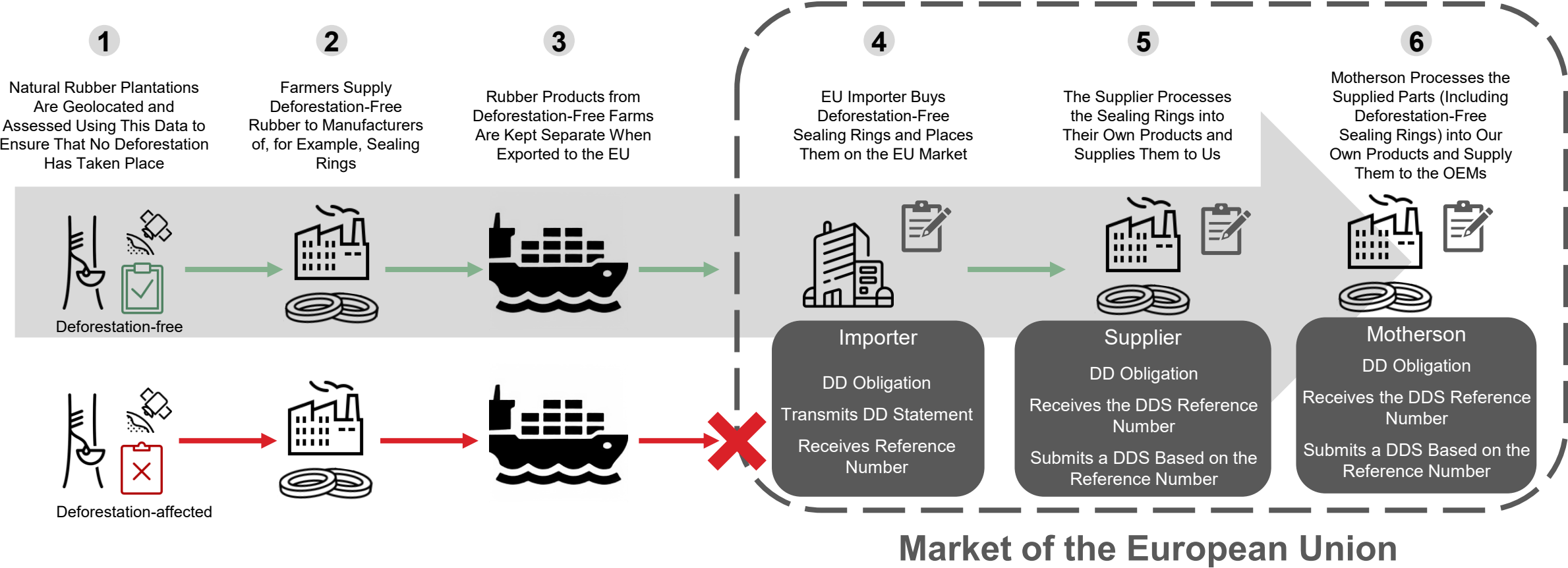
Key Requirements

- **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

Example Process



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:



Oct 2023

Importers will have to report the goods' embedded emissions.

Jan 2026

Importers will have to pay a carbon price

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

excluding Iceland, Norway, Liechtenstein and Switzerland

There will be penalties for non-compliance.

Importers should plan now for supply chain carbon accounting.

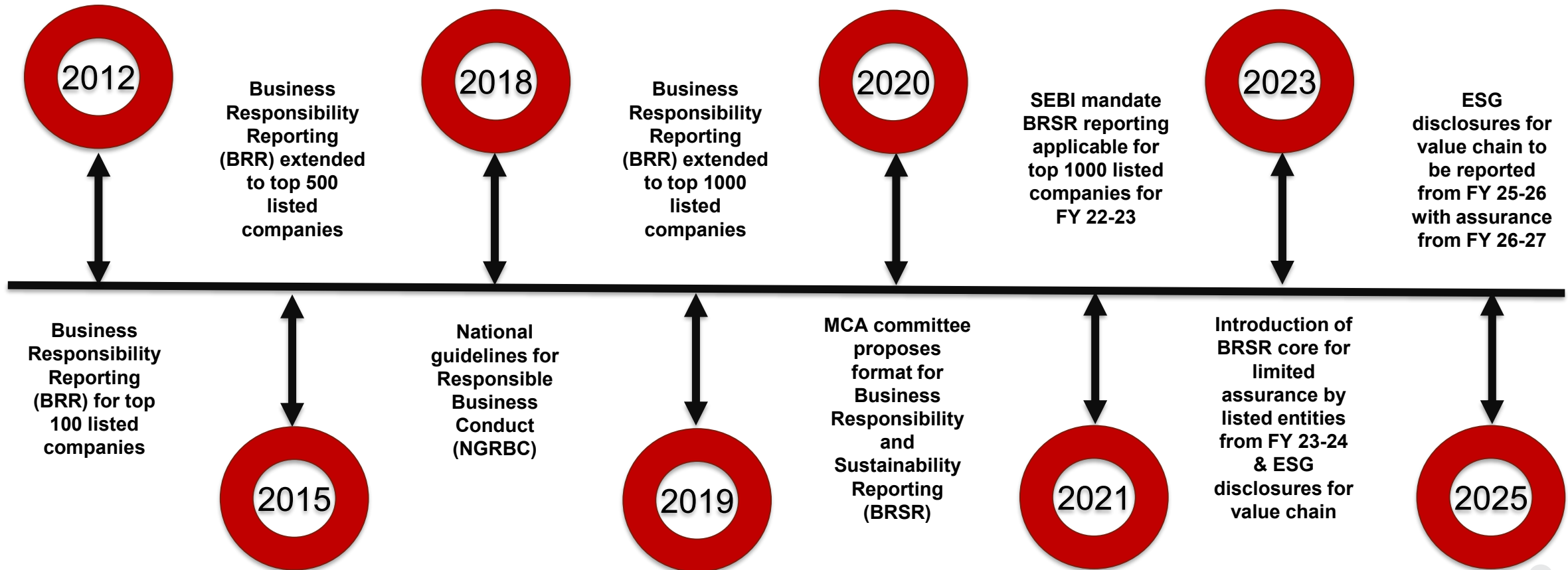
Global Cross Impact

Asia Pacific and Americas



About 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:



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**



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

UYGHUR FORCED LABOR PREVENTION ACT

- 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**





Thank you.

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