

# 7<sup>th</sup> Briefing on Regulatory Trends in the European Union and at the International Level

Online | 5<sup>th</sup> September 2022 | 14.00 – 15.00 CET

A joint initiative of the  
Global Compact Local Networks

Organized and hosted by



**Global Compact**  
Network  
Switzerland & Liechtenstein

in collaboration with

**ECO:FACT**



# The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

## Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact  
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# Agenda

- Trends dashboard
- Key international regulatory developments
- Key European Union regulatory developments
- Some noteworthy country-level developments in Europe
- Some noteworthy country-level developments globally

## Speakers



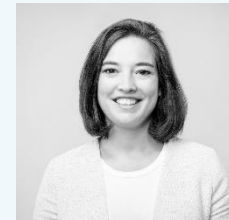
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# ECOFACT Policy Outlook research and methodology

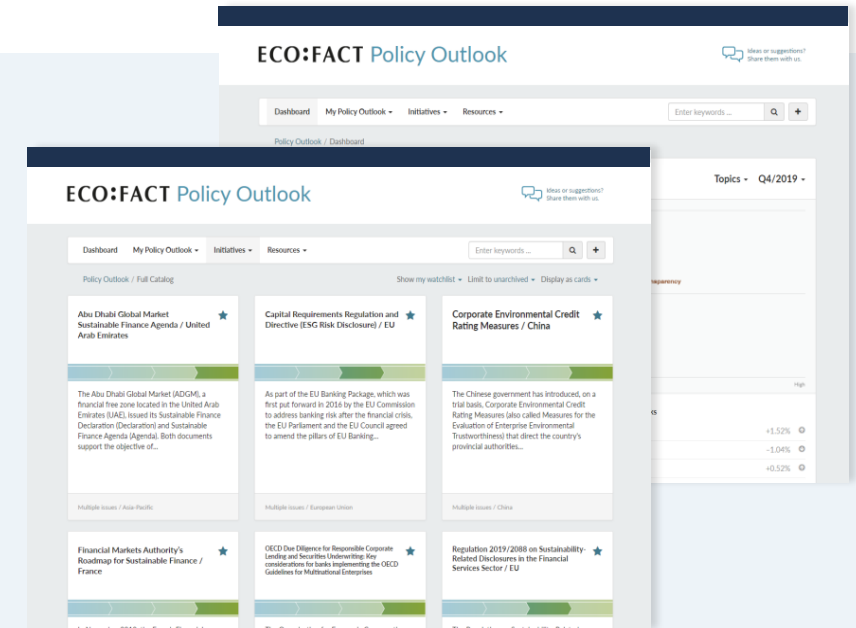
This briefing on regulatory trends in the European Union and at the international level builds on the research made available via ECOFACT's Policy Outlook.

This webinar will focus on key regulatory developments that took place in the second quarter of 2022 and on what is expected later in 2022.

The Policy Outlook is the world's largest and most comprehensive research package focusing on hard and soft law initiatives pertaining to sustainable finance and corporate responsibility across the globe.

The Policy Outlook monitors more than 30 regulatory topics in over 50 countries and the European Union; our coverage encompasses jurisdictions responsible for over 85% of global GDP.

To learn more, reach out to us via [policy@ecofact.com](mailto:policy@ecofact.com)



# Trends dashboard



## Top developing topics in the last quarter

1. Non-financial reporting
2. Due diligence
3. Taxonomies
4. Gender equality
5. Biodiversity



## Key open consultation

As part of the first statutory review of the Modern Slavery Act, the Australian government published an issues paper for public comment.

The consultation closes on November 22, 2022.



## Key highlight from the last quarter:

Agreement on the new EU non-financial reporting requirements has been negotiated and will be formally approved. The new Corporate Sustainability Reporting Directive (CSRD) requirements significantly impact EU and non-EU companies, increasing their disclosure obligations. The CSRD will amend the Non-Financial Reporting Directive (NFRD).



## Expected developments

The coming months are expected to bring developments related to several regulations that introduce quotas for gender diversity on boards. In addition, the EU will finalize the directive to address the gender pay gap, which will implement minimum reporting requirements in all EU member states.

# Key international regulatory developments



The OECD published a new tool to help determine if the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas is being implemented effectively.



The Global Reporting Initiative (GRI) published the final version of its Agriculture, Aquaculture and Fishing Sector Standard. It will become effective on January 1, 2024.



The International Sustainability Standards Board (ISSB) established a working group to enhance compatibility between the global baseline proposed in the exposure drafts from March 2022 and the disclosure initiatives in other jurisdictions. These initiatives include the climate disclosure rules recently proposed by the US Securities and Exchange Commission as well as rules expected from the European Financial Reporting Advisory Group (EFRAG).



The Taskforce on Nature-related Financial Disclosures (TNFD) released the second iteration of its Framework. It builds on the first version, offering clarification and further guidance on metrics and targets assessment as well as providing further guidance on dependency and impact evaluations.

# Key European Union regulatory developments



The EU Council and Parliament agreed on their own positions for EU Green Bond Standard negotiations with the EU Commission.



The EU Commission published its proposed regulation on nature restoration, one of the key measures in the EU's 2030 Biodiversity Strategy.



The EU Parliament and the EU Council reached an agreement on measures to bring gender balance to the boards of listed companies.



The EU Parliament and Council came to a provisional agreement on the CSRD, and EFRAG published exposure drafts of the European Sustainability Reporting Standards.

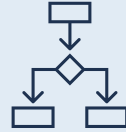


# Update on the Corporate Sustainability Reporting Directive



## Applies to:

1. large companies;
2. listed small and medium-sized enterprises (SMEs); and
3. non-EU companies.



## Subsidiaries:

Reporting to be done at the parent company level. Subsidiaries are exempted if they meet a few conditions.



## Reporting:

Places non-financial reporting at the same level as financial reporting.



## Standards:

EU-wide mandatory standards to be adopted by EFRAG and the EU Commission.

2024

January 1, 2024: The CSRD applies to companies already subject to the NFRD. To be reported in FY 2025.

2025

January 1, 2025: The CSRD applies to large companies that are not presently subject to the NFRD. To be reported in FY 2026.

2026

January 1, 2026: The CSRD applies to listed SMEs with the possibility for them to opt out until 2028. To be reported in FY 2027.


2029


January 1, 2029: The CSRD applies to non-EU based companies. To be reported in FY 2030.




# Some noteworthy country-level developments in Europe

 The UK's Climate-related Financial Disclosure Regulations came into force for accounting periods starting on or after April 6, 2022.

 The Bucharest Stock Exchange published its first environmental, social, and governance reporting guidelines.

 The German Federal Ministry of Labour and Social Affairs, together with MVO Nederland, relaunched the CSR Risk Check tool that helps companies assess potential CSR risks. Separately, the Federal Office for Economic Affairs and Export Control released a handout on conducting supply chain risk analysis.

 The Swiss National Council's UREK-N committee and the Swiss Council of States' Committee for Environment, Spatial Planning and Energy approved the indirect counterproposal to the Glaciers Initiative.

 Portfolio management companies subject to article 29 of the Energy and Climate Law had to submit their first climate and biodiversity information by 30 June 2022.

# Some noteworthy country-level developments globally



The Uyghur Forced Labor Prevention Act started to apply to certain goods. US Customs and Border Protection will enforce the import restriction on goods suspected to be produced with forced labor.



The Accounting Standards Oversight Council and Auditing and Assurance Standards Oversight Council approved the creation of the Canadian Sustainability Standards Board (CSSB). The CSSB will mirror and collaborate with the ISSB to develop sustainability reporting standards that are customized for the Canadian context.



Colombia's Ministry of Finance and Public Credit, together with the Financial Superintendence of Colombia, launched the country's first green taxonomy.



Hong Kong and Singapore each worked on a green classification framework and green taxonomy for their own country.



China's first national guide on environmental, social, and governance (ESG) disclosure was released. The Guidance for Enterprise ESG Disclosure is a set of voluntary guidelines for companies to report on ESG metrics.



The Australian Competition and Consumer Commission published new greenwashing guidance. It outlines how companies can avoid greenwashing by clearer labelling, improving sustainability terminology and metrics, and communicating more effectively.

# Questions and Answers



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



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