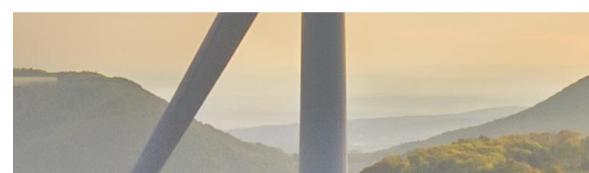




ESG Digest #21

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EU Parliament and Council reached provisional agreements on packaging waste reduction and products made with forced labor

EU to reduce packaging waste and ban single-use plastics

The new EU-wide packaging targets include a reduction of 5% by 2030 and 15% by 2040, while all packaging is expected to be fully recyclable by decade's end. The targets as a whole will not apply to very small businesses. The new law also aims to collect 90% of beverage containers through deposit return systems and require food take-away businesses to offer customers the option to bring their own containers, and offer 10% of products in reusable packaging by 2030.

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EU to ban products made with forced labor

Under the new rule, products of forced labor can be removed by the authorities, donated, recycled, or destroyed. Commission will draw up a list of specific economic sectors in which forced labor exists, and establish a database with regularly updated information about forced labor risks, supporting the authorities' investigations of possible violations of the regulation. EU countries will have 3 years to start applying the new rules after they enter into force.

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Singapore will introduce mandatory climate reporting which will apply to Singapore Exchange (SGX) listed companies from FY2025 and non-listed companies from FY2027.

Following these reporting requirements, Ministry of Trade and Industry of Singapore announced the launch of a Sustainability Reporting Grant, providing companies with support covering up to 30% of the cost of producing their first sustainability reports. Companies with annual revenues greater than \$100 million will be provided grants which are to be administered by Singapore Economic Development Board (EDB) and Enterprise Singapore (EnterpriseSG).

Whilst the new reporting requirements will not apply to small and medium enterprises (SME), funding of up to 70% has also been announced for SMEs that wish to participate in reporting.

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Singapore to provide funding for companies to meet new climate reporting requirements

SEC approves Scaled-Back Climate Disclosure Rules

The Securities and Exchange Commission (SEC) adopted rules to enhance and standardize climate-related disclosures by public companies and in public offerings.

The rules require companies for the first time to provide information in annual reports and registration statements on climate risks facing their businesses, plans to address those risks, climate-related targets or goals as well as the financial impact of severe weather events.

Additionally, the SEC rule will require large filers to report on Scope 1 and 2 emissions, when they are deemed to be material.

However, later in March, the US Court has temporarily suspended the SEC rule as companies and other plaintiffs, including state authorities and parties, have considered the requirements to be beyond the SEC's authority.

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USA made a series of investments in clean energy and decarbonization projects

The U.S. Department of Energy announced the allocation of \$425 million in funding for small and medium businesses to support clean energy manufacturing and industrial decarbonization projects in former coal communities. The funding prioritizes two key themes, including Clean Energy Manufacturing and Recycling, targeting projects to establish, re-equip, or expand existing manufacturing or recycling facilities for the production or recycling of advanced energy, and Industrial Decarbonization, focused on building or upgrading manufacturing facilities to substantially reduce greenhouse gas emissions and create low carbon materials.

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The U.S. Department of Energy announced investment of \$750 mln in projects to accelerate clean hydrogen production. The new funding will support 52 projects across 24 states, and includes \$316 million allocated to projects focused on low-cost, high-throughput electrolyzer manufacturing, \$150 million for advanced manufacturing of fuel cell assemblies and stacks projects, \$82 million for fuel cell supply chain development, \$81 million for electrolyzer component and supply chain development, \$72 million for advanced technology and component development projects, and \$50 million for a recovery and recycling consortium.

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The U.S. Department of Energy announced the selection of 33 projects across more than 20 states to be awarded up to \$6 billion in funding aimed at advancing technologies to help significantly reduce emissions across hard-to-decarbonize industries across sectors including chemicals, steel, food, refining and cement, among others. The projects are expected to reduce the equivalent of more than 14 million metric tons of CO2 emissions annually and cut carbon emissions by an average of 77%.

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EU Parliament adopts a series of new rules on green product claims and reducing waste from the textiles and food sectors

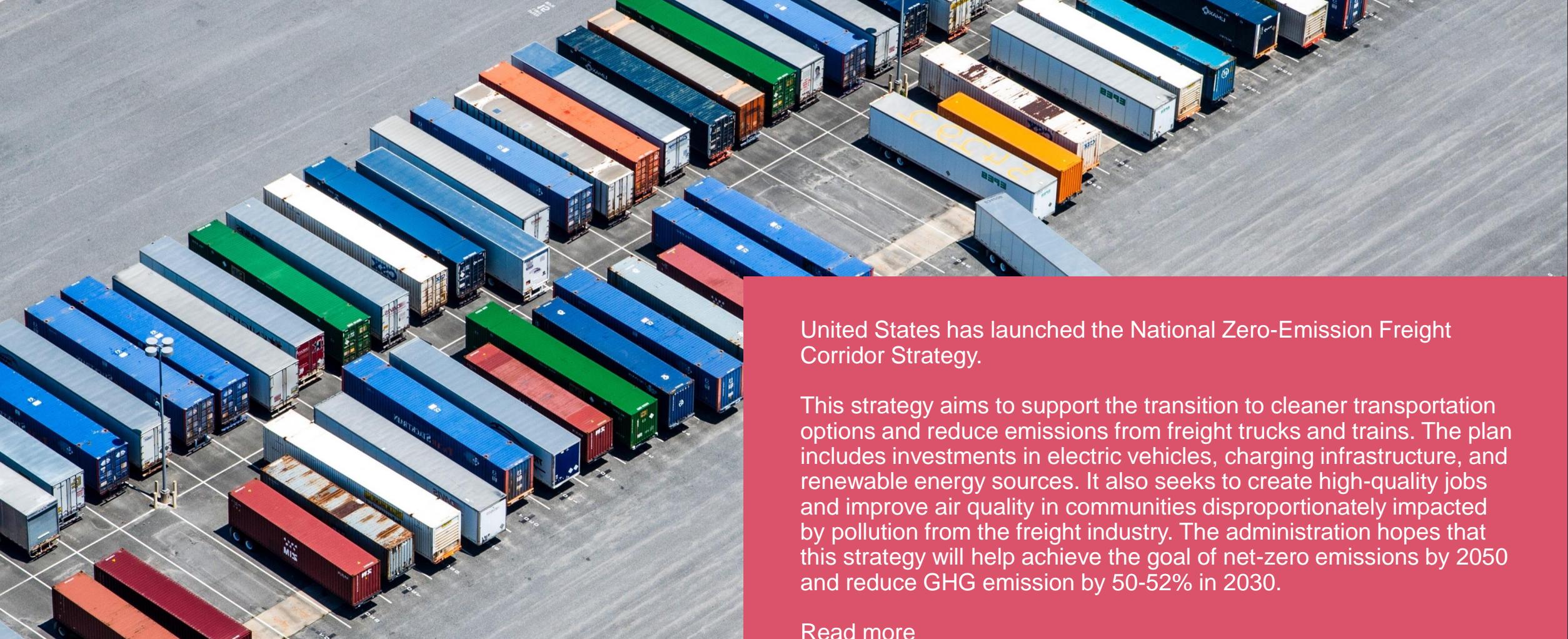


European Parliament voted 467-65 to adopt a Green Claims Directive aimed at protecting consumers from greenwashing, or misleading environmental claims by companies. The Directive would oblige companies to submit evidence about their environmental marketing claims before advertising products as “biodegradable”, “less polluting”, “water saving” or having “bio based content”. Micro enterprises would not be covered by the new rules, and SMEs would have an extra year to be in compliance compared to larger businesses.

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European Parliament voted 514-20 to adopt a Waste Framework aimed at reducing waste from the textiles and food sectors. The Parliament has set out 2030 waste reduction targets to be 20% in food processing and 40% per capita in retail, food services and households. Also, the new rule would require fashion brands and textile producers to pay for the collection and recycling of clothing and footwear, and setting binding food waste reduction targets for EU member states.

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USA launches Zero Emissions Infrastructure Deployment Strategy to decarbonize freight sector

United States has launched the National Zero-Emission Freight Corridor Strategy.

This strategy aims to support the transition to cleaner transportation options and reduce emissions from freight trucks and trains. The plan includes investments in electric vehicles, charging infrastructure, and renewable energy sources. It also seeks to create high-quality jobs and improve air quality in communities disproportionately impacted by pollution from the freight industry. The administration hopes that this strategy will help achieve the goal of net-zero emissions by 2050 and reduce GHG emission by 50-52% in 2030.

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Net-Zero Banking Alliance members vote to reinforce Guidelines for Climate Target Setting

Members of the bank-led, UN-convened Net-Zero Banking Alliance (NZBA) have chosen to update and reinforce their climate commitments by voting to adopt a new version of the Guidelines for Climate Target Setting for Banks.

Banks still commit to reaching net zero by 2050 or sooner. For the first time, the new scope of targets has been extended to include banks' capital markets activities. The new guidelines have also added\updated\clarified technical language.

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Canada releases IFRS-Based Sustainability Reporting Standards

The Canadian Sustainability Standards Board (CSSB) has published its proposals for the first Canadian Sustainability Disclosure Standards (CSDSs) based on the recently released IFRS sustainability disclosure standards.

The new proposed Canadian standards include CSDS 1 and CSDS 2, which align with IFRS S1 and S2, respectively, while introducing several “Canadian-specific modifications.” Key changes from the IFRS standards include pushing off the effective date by a year to January 1, 2025, as well as extending the reliefs from one year to two years for disclosure of Scope 3 emissions and disclosures beyond climate-related risks and opportunities.

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BSI launches first edition of UK Nature Investment Standards

The British Standards Institution (BSI) BSI opened a consultation on its first set of nature investment standards, BSI Flex 701 Nature Markets – Specification v1.0.

These standards outline requirements for the design and operation of high-integrity nature schemes and processes to generate, trade and store nature units.

The BSI Flex standard is designed for iterative development, allowing for ongoing refinement in response to evolving market dynamics and emerging policy directions.

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