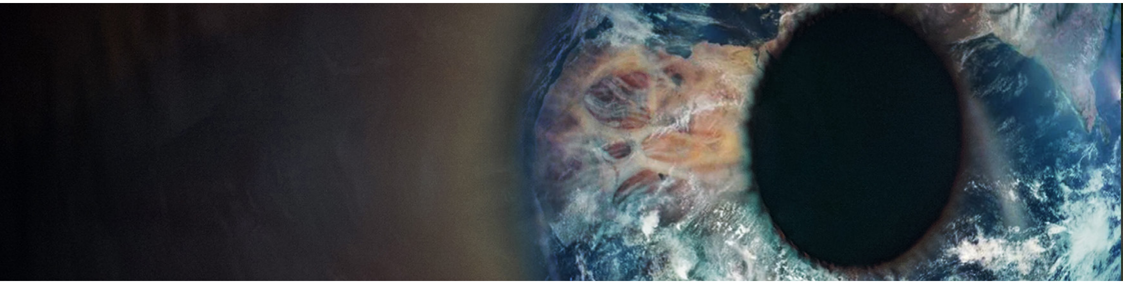

QUICK REFERENCE CHART ON KEY GLOBAL CLIMATE-RELATED DISCLOSURE RULES

Climate disclosure regulations are among the most significant and complex challenges faced by companies and boards, with a variety of requirements emanating from numerous governmental authorities and non-governmental organizations (NGOs) in recent years. Mayer Brown lawyers from around the world produced a **White Paper on Global Climate Change Disclosure Initiatives and Board Corporate Governance Considerations**, which can be found here, offering a thumbnail sketch of key features and differences of a dozen authorities, followed by considerations for boards concerning disclosure practices, as well as governance and risk management. We also suggest some practical steps that might be taken in order to prepare for whatever the future holds.

The White Paper includes the following quick reference chart on certain key climate-related disclosure requirements applicable (a) across 8 countries/jurisdictions and (b) under the IFRS Sustainability Reporting Standards of the International Sustainability Standards Board (ISSB). The chart touches on the following information: (i) whether compliance with the disclosure rules is mandatory, (ii) timing considerations, (iii) scope of the disclosure rules, (iv) nature of the disclosure rules, (v) how "materiality" is approached, (vi) corporate governance requirements, (vii) audit or assurance requirements, and (viii) penalties for noncompliance.

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Mandatory or voluntary?	Mandatory with some minor qualifications for disclosure about board oversight	Mandatory	Mandatory with "Comply or Explain" components	Mandatory with "Comply or Explain" components	*Current:* Mandatory with "Comply or Explain" components *Expected:* Increased mandatory requirements	Mandatory with "Comply or Explain" components	Mandatory with "Comply or Explain" components	Mandatory under certain circumstances	Mandatory with "Comply or Explain" components

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Timing	For fiscal years ending on or after December 15, 2024, with a transition period for certain registrants	Emissions/ Climate-related Financial Risk Applies to annual reporting periods beginning in 2026 or 2027, depending on the type of disclosure Anti-greenwashing At least annual reporting, with some ambiguity regarding timing of first disclosure, with the law taking effect on January 1, 2024, but without an express disclosure start date	Requirements phased-in for different entities since 2019	Requirements phased-in for different entities beginning in 2024	Current rules apply until expected amendments to annual reporting periods beginning in 2025	Applies to fiscal years commencing in 2026	Existing reporting since 2012. EU-transposed requirements apply since 2017. Additional reporting phased-in for different entities in 2024	Annual reports	Applies to annual reporting periods beginning in 2024

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Scope	SEC registrants, encompassing all US listed entities, including foreign private issuers, but with exemptions for various classes of entities, including asset backed issuers, emerging growth companies (EGCs), smaller reporting companies (SRCs) and Canadian companies disclosing under the MJDS	<u>Emissions/ Climate-related Financial Risk</u> All US-organized companies – public or private – who are doing business in California, with global annual revenue above $1 billion for GHG emissions disclosure, and with more than $500 million for climate-related financial risk disclosures who are doing business in California <u>Anti-greenwashing</u> US and non-US companies – public or private – that have a specified California nexus (i.e., operate in California and make certain claims or purchase/use VCOs sold within California, or market/sell VCOs in California)	UK quoted companies, large unquoted companies, and large LLPs	EU-based companies, and non-EU based companies with an EU-nexus	*Current and Expected:* All companies with equity securities listed on the Main Board or GEM Board of the Stock Exchange of Hong Kong Limited	Publicly traded companies	Publicly traded companies, and non-publicly traded companies	Companies with environmental impact BMV and BIVA listed companies are adhered to ESG policies	Countries to consider ways to adopt

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Nature of climate-related disclosures	Scope 1 and/or Scope 2 emissions by certain classes of registrants (accelerated filers) when material, with exemptions for SRCs and EGCs	Emissions Scope 1, Scope 2 and Scope 3 GHG emissions GHG Protocol-aligned Climate-related Financial Risk Climate-related financial risk, and steps taken to reduce and adapt to such risk TCFD-aligned. Anti-greenwashing Information about relevant VCO project or program, or GHG emissions associated with claims made	Current: Scope 1 and Scope 2 GHG emissions Energy use TCFD-aligned Expected: ISSB-aligned	Scope 1, Scope 2 and Scope 3 GHG emissions TCFD-aligned	*Current:* TCFD-aligned *Expected:* TCFD- and IFRS S2-aligned	ISSB-aligned	Scope 1, Scope 2 and Scope 3 GHG emissions TCFD-aligned	TCFD-aligned	Scope 1, Scope 2 and Scope 3 GHG emissions TCFD-aligned

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Approach to materiality	Materiality is determined in the standard way as under other US/ SEC securities laws, referring to information that would be important to a reasonable investor, focusing explicitly on climate-related risks and impacts on business, financial condition and results of operations and financial statement effects of severe weather events and other natural conditions	Emissions/ Climate-related Financial Risk Materiality defined by revenue thresholds – more than $1 billion in global annual revenue, or more than $500 million in global annual revenue, respectively Anti-greenwashing No materiality thresholds	Single materiality in respect of TCFD-aligned disclosures: The board determines the threshold at which climate-related issues are sufficiently important to investors and other stakeholders so that they should be reported Materiality is not a concept that applies with respect to non-TCFD-aligned disclosures	Double materiality: Impact materiality: Companies' / groups' impact on the people and the environment (including an analysis of the whole value chain) Financial materiality: How sustainability matters impact companies' / groups' business	*Current:* Single materiality: The board determines the threshold at which ESG issues are sufficiently important to investors and other stakeholders so that they should be reported. *Expected:* No change from current position	ISSB-aligned	Double materiality: Impact materiality: Companies' / groups' impact on the people and the environment (including an analysis of the whole value chain) Financial materiality: How sustainability matters impact companies	Impact materiality	Single materiality: Materiality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity
Governance requirements	No governance requirements, which the US SEC has no legal authority to set, but requires disclosure of any processes by which boards of directors and managers participate in	Emissions GHG Protocol-aligned Climate-related Financial Risk TCFD-aligned Anti-greenwashing No standards identified	TCFD-aligned	TCFD-aligned	*Current:* TCFD-aligned *Expected:* TCFD and IFRS S2 aligned	TCFD-aligned	TCFD-aligned	BMV requirements are TCFD-aligned	TCFD-aligned

	US-SEC	California	UK	EU (CSRD)	Hong Kong	Brazil	France	Mexico	ISSB
Audit / Assurance	Assurance by an independent auditor or certifier for Scope 1 and Scope 2 emissions, with phase-in periods	<u>Emissions</u> Assurance engagement from an independent third party for GHG emissions <u>Climate-related Financial Risk/ Anti-greenwashing</u> No assurance required	Generally not subject to audit requirements	Assurance by an independent auditor or certifier	*Current:* Optional *Expected:* No change from current position	Assurance by an independent auditor registered at CVM (Brazil's SEC)	Assurance by an independent auditor or certifier	Not specified	Not specified
Penalties	No tailored penalties for violations but rather subjecting all the required disclosures to the full range of remedies for securities law disclosure violations, which include potential governmental sanctions and private damages	<u>Emissions</u> Administrative penalties not to exceed $500,000 per report year <u>Climate-related Financial Risk</u> Administrative penalties not to exceed $50,000 per report year <u>Anti-greenwashing</u> Civil penalties not to exceed $2,500 per day, up to a maximum of $500,000 per violation	Range of sanctions available to the FCA and the FRC, as well as under Companies Act, including financial penalties, suspensions, restrictions, conditions, limitations, disciplinary prohibitions, and public censures. Breaches can result in both criminal and civil liability, depending on the nature of the breach and the specific rules breached	Sanctions for non-compliance not stipulated Member States should impose administrative pecuniary sanctions and penalties that are "effective, proportionate and dissuasive"	Range of private and public sanctions from HKEX disciplinary action (details in 'Hong Kong' section above)	Range of sanctions from CVM, especially fines	Risks of civil liability actions and stock market sanctions	Range of sanctions available to the LGEEPA, including financial penalties, suspensions, restrictions, and conditions Breaches to LGEEPA can result in both criminal and civil liability, depending on the nature of the breach and the specific rules breached	Varies by country

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