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EXECUTIVE SUMMARY

The Johannesburg Stock Exchange (JSE) is the largest stock exchange in Africa and is a leader in sustainability. The JSE played a pioneering role in promoting the adoption of strong governance and sustainability reporting. Notably, in 2004 the JSE was the first stock exchange in the world to establish a Socially Responsible Investment (SRI) Index.¹ The JSE has also adopted the principles of King IV, issued in 2016, on an “apply and explain” basis.² King IV is the fourth iteration of the original King I report issued in 1994. King II was issued in 2002 and King III was issued in 2009.³

The King Report on Corporate Governance also known as the King Code is a set of principles and recommended practices for South African-based organisations.⁴ The JSE also aims to provide financial instrument innovation to finance the green and social transition and finance the green and social infrastructure. To this end, it promotes sustainable finance instruments such as green, social and sustainability, sustainability-linked and transition bonds.

In 2022, the JSE released Sustainability and Climate Disclosure Guidance in response to listed companies’ requests for practical guidance. This provides guidance to listed companies on the best practices for environmental (including climate), social, and governance (ESG) disclosures. It incorporates internationally accredited frameworks, guidance, and rules, including anticipated forthcoming requirements from the International Sustainability Standards Board (ISSB).

The JSE wants to determine if South African companies can efficiently adopt this guidance. To this end, the JSE is interested in global trends in sustainability disclosure guidance and requirements issued by stock exchanges and capital markets regulators, and the resulting costs and benefits to reporting entities as well as key stakeholders, such as finance providers and regulators.

This report presents comparative research on the disclosure requirements in ten other jurisdictions. The countries selected for this research are a blend of four developed markets (Australia, the European Union (EU), the United Kingdom (UK), and the United States of America (USA)) and six emerging markets (Brazil, China, Hong Kong, Morocco, the Philippines, and Singapore).

¹ Johannesburg Stock Exchange (2023), FTSE/JSE Responsible Investment Index. Available: <https://www.jse.co.za/services/indices/ftsejse-responsible-investment-index>

² Johannesburg Stock Exchange (2019) Listing Rules. Available: <https://www.jse.co.za/sites/default/files/media/documents/2019-04/JSE%20Listings%20Requirements.pdf>

³ Deloitte (2016) King IV bolder than ever. Available: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www2.deloitte.com/content/dam/Deloitte/za/Documents/governance-risk-compliance/za_kingIV_deloitte_17032016.pdf

⁴ Ibid

The main findings of the research are set out below:

1. Who issues sustainability disclosure guidance/rules/instructions/requirements in the different jurisdictions?

According to a study by Carrots and Sticks in 2020, government agencies are the primary issuers of sustainability disclosure guidance/rules/requirements, followed by financial market regulators, and then stock exchanges, who have great market influence as quasi-regulators.⁵ In some countries like China, Australia and Hong Kong, the research shows that industry bodies play a stronger role than in the other six jurisdictions, by issuing reporting guidance and corresponding training.

2. Are disclosures mandatory or voluntary?

The research shows that developed markets tend to have more mandatory disclosures in place while emerging markets tend to favour voluntary disclosure. Since 2006, however, more jurisdictions are adopting a 'comply or explain' approach to disclosure which is stronger than voluntary, but not as strong as mandatory "comply or else". An important observation is that Brazil first implemented a 'comply or else' approach to sustainability disclosure, before backtracking to a 'comply or explain' approach - which then saw an improvement in the uptake of sustainability reporting.

3. Scope of application

The research sample shows that there is no one-size-fits-all approach to implementing sustainability disclosure guidance. In some jurisdictions, the guidance provided applies to both listed and unlisted companies regardless of industry and sector. In other jurisdictions, they apply to only listed companies.

The research shows that certain jurisdictions shield smaller companies from the burden of sustainability disclosure due to the perceived costs. In some jurisdictions, like China, only sectors considered to be high impact or 'key pollutant units' are mandated to adhere to sustainability reporting. Presently, the sustainability and climate disclosure guidance issued by the JSE is voluntary for all companies, unlike the King IV code which forms part of the JSE listing requirements on a "comply and explain" basis.

4. Must disclosures be assured?

Assurance means that sustainability disclosures are subjected to proper scrutiny (either internally or independently) and found to meet certain standards that confirm accuracy and credibility. The different forms of assurance and the cost and benefits of their use will be further discussed in the second phase of this project, which is a Cost-Benefit Analysis (CBA) of the implementation of the JSE sustainability and JSE climate-related guidance for South African companies.

The research shows that some jurisdictions have mandated assurance of sustainability disclosures. This is the case in the European Union (EU) and Singapore. However, in China, both the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) have issued sustainability disclosure guidance documents and recommend voluntary assurance.

⁵ Carrots & Sticks Sustainability Reporting Policy (2020) Available: <https://www.carrotsandsticks.net/media/zirbzaby/carrots-and-sticks-2020-june2020.pdf>

The sustainability and climate disclosure guidance issued by the JSE which are completely voluntary, explain the benefits of assurance but makes no firm statements on whether to assure or not.

5. Is training on sustainability disclosures made available?

Stock exchanges in Australia, the European Union, the UK, the US, Brazil, Hong Kong, the Philippines, and Singapore have all offered some sustainability reporting training to listed companies. This training takes the form of workshops, events, webinars, and courses to build the capacity of companies to produce sustainability reports and disclose climate impacts and risks. The International Finance Corporation (IFC), Sustainable Stock Exchanges Initiative (SSEI), the Global Reporting Initiative (GRI) and the Climate Disclosure Project (CDP) have collaborated with stock exchanges to provide training.

The JSE has a Training Academy which offers training in the form of webinars and seminars. The different sustainability training provided covers a range of topics that ensure that participants gain understanding and are updated on the new developments in the quickly evolving sustainability and climate-related reporting landscape. The JSE Training Academy also offers training on a playbook for reporting companies on how they can fulfil their reporting obligations. These trainings require participants to pay a fee to attend.

6. What elements of ESG disclosure are covered in the jurisdictions?

This research shows that the environmental, social and governance elements of ESG disclosure are covered by sustainability disclosures across all ten jurisdictions presented in this report. However, of the ESG elements, environmental (particularly climate) and corporate governance issues are most widely covered by sustainability disclosures. Whereas there is a distinction between ESG and sustainability reporting, they are used interchangeably in this report as they are also used interchangeably in the jurisdictions under analysis to ensure that the intended subject matter is adequately covered.

7. What are the costs and benefits of sustainability disclosure?

This research shows that the costs and benefits of sustainability disclosure are both qualitative and quantitative. This will be explored further in the second phase of this project, which is a Cost-Benefit Analysis (CBA) of the implementation of the JSE sustainability and JSE climate-related guidance for South African companies. Although published information on the costs and benefits of the implementation of sustainability reporting in the jurisdictions covered in this report is scarce, the insights from the CBAs done for the first set of draft European Sustainability Reporting Standards (ESRS) in the EU and Rules on Enhancement and Standardization of Climate-Related Disclosures for Investors issued by the U.S. Securities and Exchange Commission's (SEC) will be incorporated into the next report.

8. Do international sustainability disclosure frameworks have an impact on South African countries?

This research covers six international sustainability disclosure frameworks that are most referenced in the ten jurisdictions covered in this report. These are: the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Sustainability Accounting Standards Board (SASB) Standards, the International Integrated Reporting Council (IIRC) framework, the Climate Disclosure Standards Board (CDSB) framework, the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the Carbon Disclosure Project (CDP) guidance.⁶ The next report will cover the costs and benefits to South African companies looking to implement the JSE sustainability and climate-related disclosure guidance. Insights will be obtained through desktop research and consultations with preparers of sustainability reports, financial market regulators, investors and service providers.

⁶ A Memorandum of Understanding (MoU) between IFRS Foundation and GRI indicates that the respective standard-setting boards, the ISSB and GSSB, will “seek to coordinate their work programmes and standard-setting activities.” The purpose of the collaboration, according to GRI, is to harmonise international reporting standards to reduce the burden on reporters, ensure that reported sustainability information across different standards is compatible, and combine both financial and impact materiality in sustainability reporting. Available: <https://www.globalreporting.org/news/news-center/ifrs-foundation-and-gri-to-align-capital-market-and-multi-stakeholder-standards/>

ACRONYMS AND ABBREVIATIONS

ACSI	Australian Council of Superannuation Investors	LSE	London Stock Exchange
AMMC	Moroccan Capital Market Authority	MAS	Monetary Authority of Singapore
ASEAN	Association of South-East Asian Nation	MCSI	Morgan Stanley Capital International
ASX	Australian Securities Exchange	MIBG	Maybank Investment Banking Group
CBA	China Banking Association	NASDAQ	National Association of Securities Dealers Automated Quotations
CDP	Climate Disclosure Project	NFRD	Non-Financial Reporting Directive
CFD	Contract for Difference	OECD	Organisation for Economic Co-operation and Development
CSEE	Casablanca Stock Exchange	PSE	Philippine Stock Exchange
CSR	Corporate Social Responsibility	RBA	Reserve Bank of Australia
CSRD	Corporate Sustainability Reporting Directive	SASB	Sustainability Accounting Standards Board
CSRC	China Securities Regulatory Commission	SDG	Sustainable Development Goals
CVM	Brazilian Securities Commission	SDR	Sustainability Disclosure Requirements
ESMA	European Securities and Markets Authority	SEC	Securities Exchange Commission
EU	European Union	SFDR	The Sustainable Finance Disclosure Regulation
FSC	Financial Services Council	SGX	Singapore Exchange
FTSE	Financial Times Stock Exchange	SME	Small and Medium Enterprise
GHG	Greenhouse Gas	SSE	Shanghai Stock Exchange
GRI	Global Reporting Initiative	SZSE	Shenzhen Stock Exchange
HKEX	Hong Kong Exchanges and Clearing Limited	TCFD	Task Force on Climate-Related Financial Disclosures
IFC	International Finance Corporation	UN SSEI	United Nation Sustainable Stock Exchanges Initiative
IIRC	International Integrated Reporting Council	UK	United Kingdom
KPI	Key Performance Indicator	USA	United States of America
LLP	Limited Liability Partnership		

1. INTRODUCTION

The Johannesburg Stock Exchange (JSE) is the largest stock exchange in Africa and a leader in sustainability. The JSE played a pioneering role in promoting corporate governance and sustainability reporting. Notably, the JSE was the first stock exchange in the world to establish a Socially Responsible Investment (SRI) Index in 2004.⁷ The JSE has also adopted the King IV code, issued in 2016, on an “apply and explain” basis which is a fourth iteration of the original King I report issued in 1994. King II was issued in 2002 and King III was issued in 2009.⁸ The JSE also aims to provide financial instrument innovation to finance the green and social transition and finance the green and social infrastructure. To this end, it promotes sustainable finance instruments such as green, social and sustainability, sustainability-linked and transition bonds.⁹

In 2022, the JSE released Sustainability and Climate Disclosure Guidance, which provides guidance for listed companies on best practices for environmental, social, and governance (ESG) disclosures. The JSE wants to determine if South African companies can efficiently adopt this guidance. To this end, the JSE wants a better view of global trends in ESG disclosure requirements and guidance across key markets and what the impacts have been in terms of costs and benefits for reporters and users of ESG and climate-related information.

The JSE, in partnership with IFC, a part of the World Bank Group, asked Genesis Analytics to assess how other jurisdictions have implemented sustainability and climate-related disclosure requirements and expectations, and to develop an approach for assessing the costs and benefits. .

2. PURPOSE OF THE REPORT

This report is the first of two reports for this project. It undertakes comparative research into the implementation and results of voluntary and mandatory disclosure requirements in ten other jurisdictions.

The terms of reference for this report are to

1. Select and research ten jurisdictions that have introduced voluntary and/or mandatory environmental, social, and governance (ESG) disclosure guidelines, including climate change-related disclosure guidelines, that are relevant to the South African experience;
2. Review of the nature of the selected jurisdictions' voluntary and mandatory disclosure requirements;

⁷ Johannesburg Stock Exchange (2023) FTSE/JSE Responsible Investment Index. Available: <https://www.jse.co.za/services/indices/ftsejse-responsible-investment-index>

⁸ Deloitte (2016) King IV bolder than ever. Available: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www2.deloitte.com/content/dam/Deloitte/za/Documents/governance-risk-compliance/za_kingIV_deloitte_17032016.pdf

⁹ JSE (2022) Sustainability. Available: <https://www.jse.co.za/our-business/sustainability>

3. Review published secondary information on the jurisdictions' experiences in the implementation of new ESG and climate disclosure requirements or expansion of existing disclosure practices; and
4. Identify international initiatives that have resulted in voluntary, mandatory, or quasi-mandatory ESG disclosure obligations for South African companies.

For the purposes of this report, it is important to note that while Sustainability, ESG and climate-related reporting are inherently different, Sustainability is sometimes used to mean both ESG and climate-related reporting. In other instances, they are differentiated to illustrate the distinction between them. this report uses sustainability.

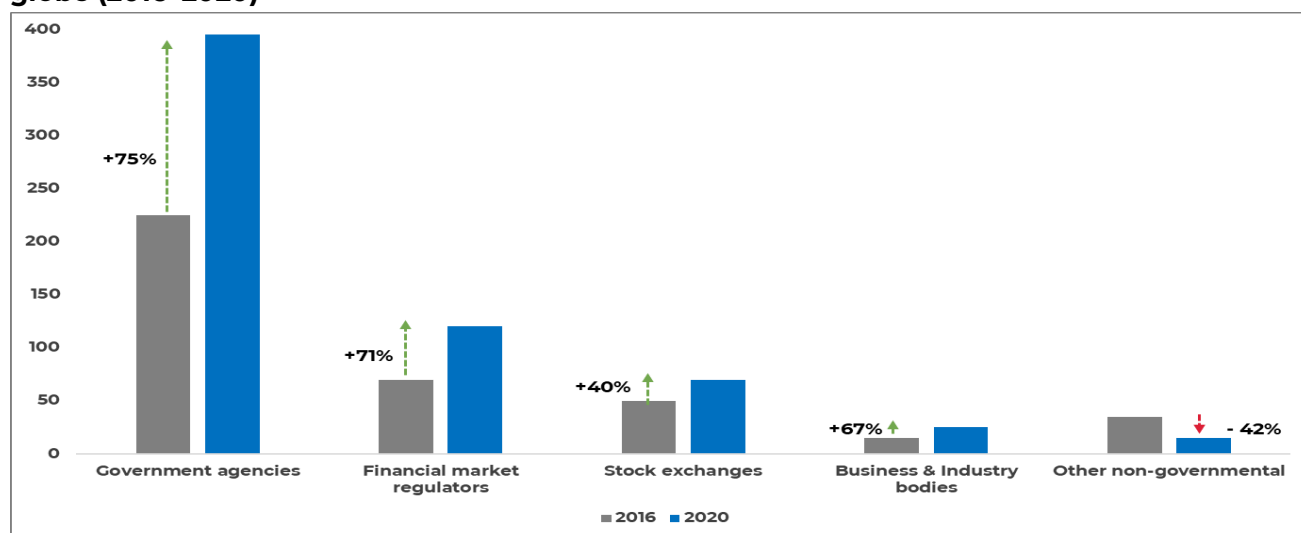
3. INTRODUCTION TO SUSTAINABILITY DISCLOSURE

Shareholders, lenders, employees, customers, communities and civil society increasingly expect companies to take responsibility for monitoring, reporting, and improving performance on sustainability and climate-related issues.¹⁰ Companies are disclosing more information about their sustainability practices than ever before. For instance, the proportion of S&P 500 companies that published sustainability, ESG or corporate responsibility reports increased from 20% in 2011 to 90% in 2019.¹¹

The growing demand for sustainability reporting has led to a rapid increase in disclosure guidance and reporting standards. Figure 1 below illustrates that as of 2020, the number of guidance documents, rules, voluntary commitments, and regulations issued worldwide increased greatly between 2016 and 2020.¹²

The largest proportion of these were issued by government or government agencies, then financial market regulators, and then stock exchanges.

Figure 1: Number of guidance documents issued by different issuer types across the globe (2016–2020)



Source: [Carrots and Sticks - Sustainability Reporting Policy \(2020\)](#)

¹⁰ Edelman (2023) 2023 Edelman Trust Barometer. Available: <https://www.edelman.com/trust/2023/trust-barometer>

¹¹ Governance & Accountability Institute. 90% of S&P 500 Index® Companies Publish Sustainability / Responsibility Reports in 2019.

¹² Carrots & Sticks (2020) Sustainability Reporting Policy Available: <https://www.carrotsandsticks.net/media/zirbzabv/carrots-and-sticks-2020-june2020.pdf>

A review of sustainability disclosure shows that there is no one-size-fits-all approach.¹³

In some jurisdictions, sustainability reporting remains voluntary but strongly encouraged, while in others, regulators or stock exchanges have made it mandatory. Another occurring difference is that in some jurisdictions, reporting entities are allowed to choose their approach to reporting, whereas in others they are provided with detailed guidance and/or reporting templates. These differences are influenced by a variety of factors, including the history, nature, complexity, and size of the economy, as well as the regulatory culture of the country.¹⁴ Figure 2a and 2b below shows the distribution of voluntary and mandatory reporting across different regions from 2020 to 2023.

Figure 2a: Number of voluntary and mandatory provisions by region (2020)

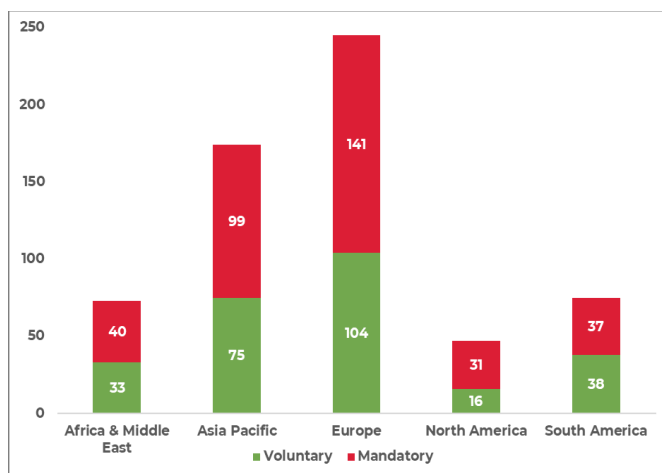


Figure 2b: Number of voluntary and mandatory provisions by region (2023)



Source: Genesis Analytics computed data based on Carrots and Sticks live database: [Reporting instruments - Carrots & Sticks \(2023\)](#)

As the number of disclosure frameworks, rules or requirements continue to increase, some stock exchanges and regulators have opted to develop their own guidance documents. This helps guide companies more directly through the numerous sources, while also improving the comparability of sustainability performance across companies and some underlying challenges to quality sustainability disclosure.¹⁵ In developing their own guides, most exchanges refer to a number of existing sustainability disclosure frameworks and standards, such as the Global Reporting Initiative(GRI) Sustainability Reporting Standards, the Sustainability Accounting Standards Board (SASB) Standards, the International Integrated Reporting Council (IIRC) framework, the Climate Disclosure Standards Board (CDSB) framework, the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the Carbon Disclosure Project (CDP) guidance.¹⁶ The JSE sustainability and climate-related disclosure guidance specifically attempt to assist companies resolve challenges around determining materiality for themselves. Table 1 below summarises these reporting instruments. Each of these frameworks has made efforts to define material ESG

¹³ Carrots & Sticks (2020) Sustainability Reporting Policy Available: <https://www.carrotsandsticks.net/media/zirbzabv/carrots-and-sticks-2020-june2020.pdf>

¹⁴ Ibid.

¹⁵ ESG reporting guide Available at: <https://movingworlds.org/esg-reporting-guide>

¹⁶ A Memorandum of Understanding (MoU) between IFRS Foundation and GRI indicates that the respective standard-setting boards, the ISSB and GSSB, will “seek to coordinate their work programmes and standard-setting activities.” The purpose of the collaboration, according to GRI, is to harmonise international reporting standards to reduce the burden on reporters, ensure that reported sustainability information across different standards is compatible, and combine both financial and impact materiality in sustainability reporting. Available:<https://www.globalreporting.org/news/news-center/ifrs-foundation-and-gri-to-align-capital-market-and-multi-stakeholder-standards/>

topics and disclosures from a particular point of view and utilise different development processes.

Although these frameworks are currently separate, there are ongoing initiatives towards convergence. For example in 2020, the CDP, CDSB, GRI, IIRC and SASB co-published a shared vision of the elements necessary for more comprehensive corporate reporting.¹⁷ In November 2021, at the COP26 climate conference, the IFRS Foundation Trustees announced the consolidation of the Value Reporting Foundation (VRF) and the Climate Disclosure Standards Board (CDSB) into the IFRS Foundation.¹⁸ Likewise, in March 2022, the IFRS Foundation and GRI announced a collaboration agreement under which their respective standard-setting boards, the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities.¹⁹ The intended purpose of the two organisations working together is to “provide two ‘pillars’ of international sustainability reporting.”²⁰

Table 1: Descriptions of selected existing sustainability disclosure frameworks

Name of framework	Issue date	Description
Global Reporting Initiative's Sustainability Reporting Guidelines	First version (G1) published in 2000. Latest version (G4) published in 2013. GRI standards launched in 2016 to replace G4. Last updated in 2021. ²¹	The GRI guidelines have been developed through extensive stakeholder consultation over more than two decades, making it the oldest and most comprehensive set of sustainability disclosure standards globally. It provides templates that help an organisation to report information in a way that covers all its most significant impacts on the economy, environment, and people, or to focus only on specific topics, such as climate change or child labour. ²² Beyond indicators, they also introduced a very robust set of principles for sustainability reports which have had a major influence on the reporting practice.
Sustainable Accounting Standards Board Standards	First published in 2018 ²³	The SASB Standards were developed to narrow down the core set of indicators per sector that are considered "material" and to influence US reporting, especially the SEC filing requirements. They identify the subset of environmental, social and governance issues most relevant to financial performance and enterprise value for 77 industries, by engaging and surveying experts in the relevant industries, and providing guidance on how organisations should disclose this information. ²⁴
International Integrated Reporting Council Framework	First published in 2013 ²⁵	They were developed to embed sustainability disclosure into core financial reporting by including the six capitals which are financial, manufactured, intellectual, human, social and

¹⁷ IFRS (2020) Statement of Intent to Work Together Towards Comprehensive Corporate Reporting Available: <https://www.integratedreporting.org/resource/statement-of-intent-to-work-together-towards-comprehensive-corporate-reporting/>

¹⁸ Value Reporting Framework (2021) Value Reporting Framework. Available: <https://www.ifrs.org/sustainability/value-reporting-foundation/#:~:text=On%203%20November%202021%2C%20at,to%20meet%20capital%20market%20needs.>

¹⁹ IFRS (2022) IFRS Foundation and GRI sign agreement Available: <https://www.ifrs.org/news-and-events/news/2022/03/ifrs-foundation-signs-agreement-with-gri/>

²⁰ Ibid

²¹ Global Reporting Initiative (2023) History Available: <https://www.globalreporting.org/about-gri/mission-history/>

²² Global Reporting Initiative, A Short Introduction to the GRI Standards (2021) Available: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.globalreporting.org/media/wtafl4tw/a-short-introduction-to-the-gri-standards.pdf>

²³ Sustainable Accounting Standards Board Standards, (2023) Overview Available: <https://www.sasb.org/standards/>

²⁴ Ibid

²⁵ Integrated Reporting Framework (2023) About us. Available: <https://www.integratedreporting.org/the-iirc-2/>

Name of framework	Issue date	Description
		relationship, and natural capital. Provides a template for the creation of an integrated annual report ²⁶
Task Force on Climate-related Financial Disclosure Recommendations	First published in 2017 ²⁷	An initiative of the Financial Stability Board to improve governance and disclosure of climate risks, with a particular focus on the exposure of financial institutions through their portfolios. TCFD applies a robust approach to governance of sustainability risk and opportunity from board level cascading down. Recommendations on types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of climate-related risks as well as how to perform a scenario analysis.²⁸
Climate Disclosure Standards Board Framework	First published in 2010 ²⁹	A framework for reporting environmental and climate change information in mainstream corporate reports. Helps organisations to disclose environmental and natural capital information and to deliver on the TCFD recommendations. ³⁰
Carbon Disclosure Project Guidance Documents	First published in 2017. ³¹	CDP, formerly Carbon Disclosure Project, was established as an international non-profit organisation in 2000 and built an information disclosure platform of environmental performance data related to climate change, water security and forest in collaboration with investors. The CDP takes information supplied in its annual reporting process and scores companies and cities based on their journey through disclosure and towards environmental leadership. Companies and cities participate in the annual reporting process by answering a questionnaire.³²

An analysis of Sustainable Stock Exchanges Initiative (SSEI) data shows how widely used these initiatives are. The SSEI is a partnership program organised by the United Nations Conference on Trade and Development (UNCTAD), the UN Global Compact, United Nations Environment Programme Finance Initiative (UNEP-FI), and the Principles for Responsible Investment (PRI).³³ The SSEI's primary focus is on how exchanges can enhance performance on ESG issues and encourage sustainable investment. The SSEI maintains a database of sustainability activities for all stock exchanges that are either member/partner exchanges of the SSEI and/or members of the World Federation of Exchanges. Partner exchanges of the SSEI are those that have publicly committed to promoting sustainability in their markets.

²⁶ Ibid.

²⁷ Task Force on Climate-related Financial Disclosure, (2023) About. Available: <https://www.integratedreporting.org/the-iirc-2/>

²⁸ Ibid.

²⁹ Climate Disclosure Standards Board Framework, (2023) CDSB Framework. Available: <https://www.cdsb.net/what-we-do/reporting-frameworks>

³⁰ Ibid.

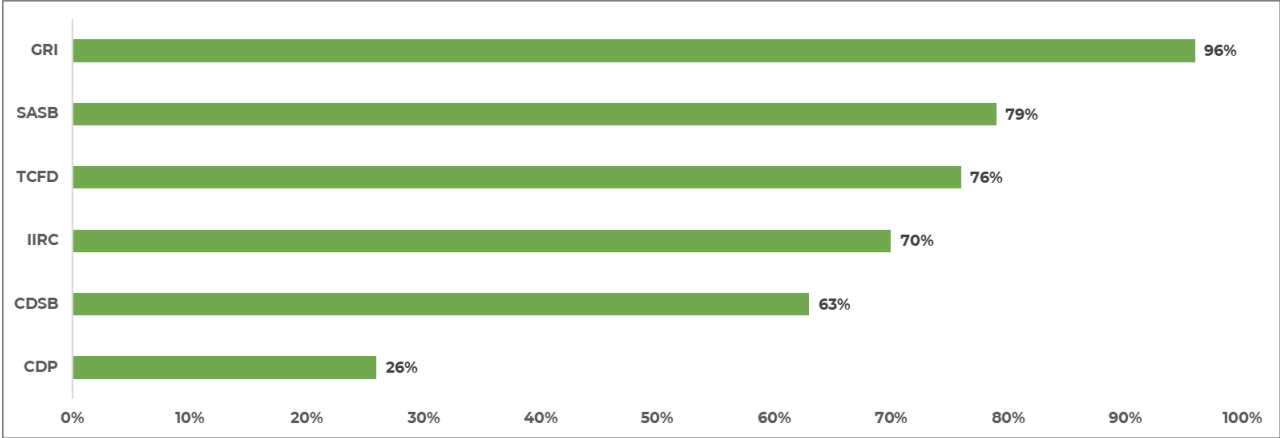
³¹ Climate Disclosure Program, (2023) CDP Technical Note on the TCFD. Available: https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/001/429/original/CDP-TCFD-technical-note.pdf?1512736184

³² Climate Disclosure Program (2023) About us. Available: <https://www.cdp.net/en/info/about-us>

³³ Sustainable Stock Exchange Initiative (2023) About. Available: <https://sseinitiative.org/about/>

Figure 3 below illustrates the distribution of how the above-mentioned sustainability disclosure frameworks are referenced in 69 of the 121 exchanges in the SSEI that provide sustainability reporting guidance.

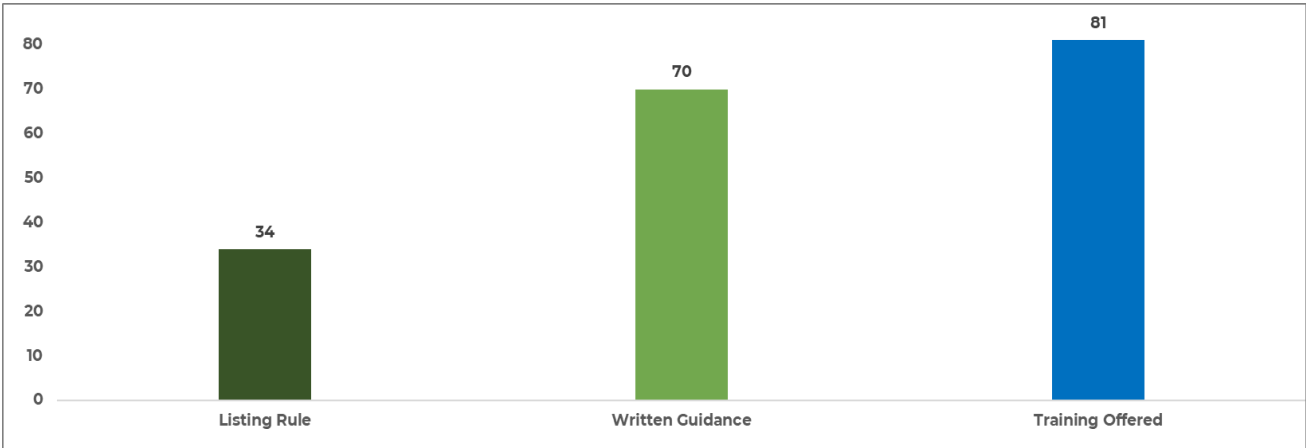
Figure 3: Sustainability disclosure frameworks referenced in stock exchange guidance documents



Source: Genesis Analytics computed data based on SSEI live database: [ESG Guidance Database | Sustainable Stock Exchanges \(2023\)](#)

Some exchanges assist member companies adopt sustainability disclosure by offering reporting guidance and training. As depicted in Figure 4 below, out of the 121 exchanges listed on the SSEI, 80 have furnished their listed companies with written guidance on sustainability reporting, 81 offer training, and 34 have made sustainability reporting a mandatory listing rule.

Figure 4: Guidance and support offered by 121 stock exchanges



Source: Genesis Analytics computed data based on SSEI live database: [Stock Exchange Database \(2023\)](#)

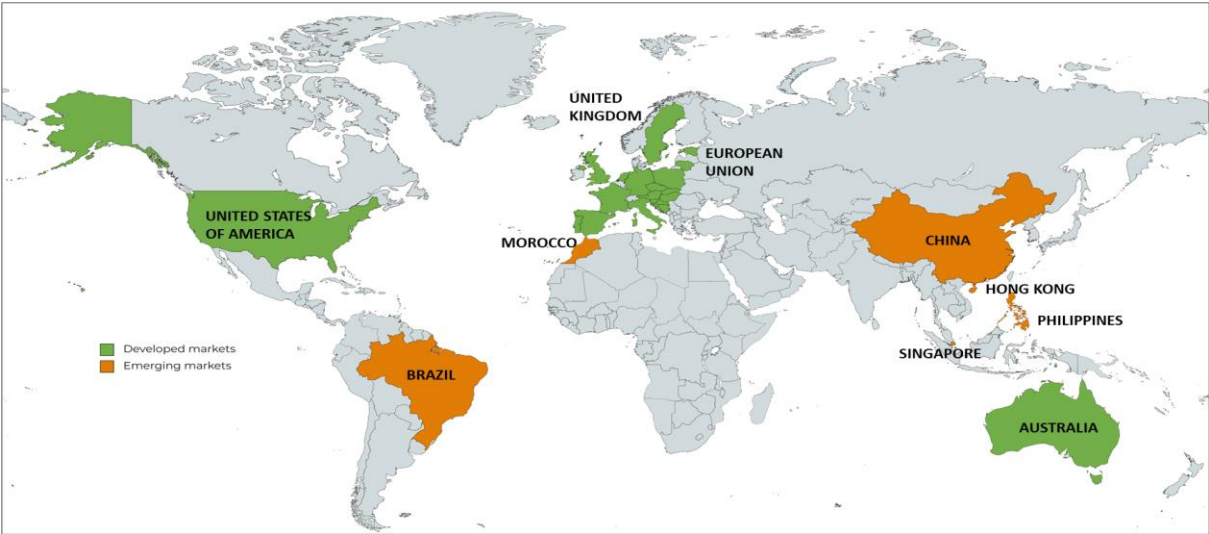
4. CONCEPTUAL APPROACH AND METHOD

4.1. Jurisdiction selection

This report compares ten jurisdictions, which were selected based on two factors:

- a. Those that have made **considerable strides in sustainability reporting**, and
- b. Ensuring a blend of both developed and emerging economies. The **4 developed markets** include Australia, the EU, the UK, and the United States. The **six emerging markets** include Brazil, China, Hong Kong, Morocco, the Philippines and Singapore.

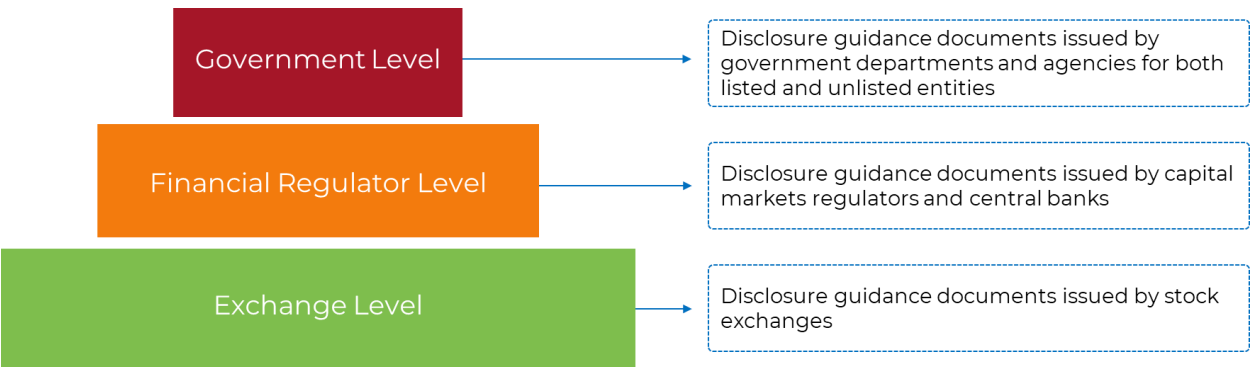
Figure 5: Selected jurisdictions



4.2. Levels of analysis

The research covers the sustainability reporting guidance across three levels, depicted in Figure 6 below:

Figure 6: Levels of analysis used in this report



4.3. Themes covered in the research

Table 2 summarises the research themes per country.

Table 2: Research themes

Item	Definition	Reason for inclusion
1) Issuance of sustainability disclosure guidance/ requirements	Whether sustainability reporting guidelines or requirements have been issued; when such documents were passed, effected and/or amended; and on what sustainability information the documents require companies to report.	Shows the advancement of sustainability disclosure guidance and requirements and which level (government, regulator or exchange) is leading the movement towards greater sustainability reporting
2) Mandatory vs. voluntary reporting	Whether sustainability reporting is mandatory or voluntary (including whether companies must “comply or explain” or “comply or else”) Comply or explain is seen as a softer approach to regulation as it allows the companies to provide a suitable explanation when they are not able to comply with a specific guidance. ³⁴	Shows how government agencies, regulators and/or stock exchanges have approached guiding or requiring sustainability reporting
3) Scope of companies covered	The kinds of companies and/or sectors to which the sustainability disclosure guidance/requirements apply.	Shows whether government agencies, regulators and/or stock exchanges have targeted particular types of companies or sectors, which could have implications for the level of uptake
4) E, S and/or G coverage	Whether the guidelines/requirements cover environmental, social and/or governance issues	Shows whether government agencies, regulators and/or stock exchanges place more emphasis on one or more aspect of ESG
5) Reference to existing sustainability disclosure frameworks and standards	Whether the issued sustainability disclosure guidance references existing accredited frameworks.	Shows the influence of existing reporting frameworks on issued guidance documents/disclosure requirements and whether there is a preference for some existing reporting frameworks over others
6) Training provided	Whether the entity that has issued the guideline/requirement provides training to companies on the use of the document.	Shows the level of support provided to sustainability reporters and the role of international actors, such as the IFC, in rolling out sustainability reporting
7) Assurance	Whether the entity that has issued the guidance requires that the disclosures be assured or verified. This includes internal and 3rd party verification.	Shows the level of credibility expected from the sustainability reports as well as the level of sophistication and technical capabilities available in the jurisdiction.

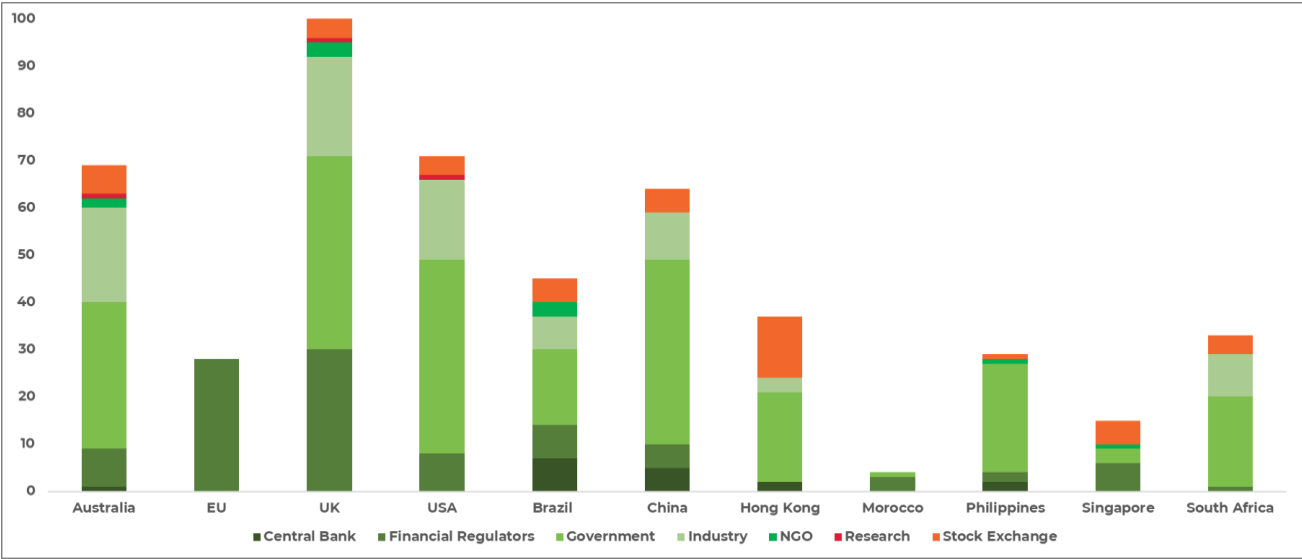
³⁴ Lu, W. (2021). *The Value of the “Comply or Explain” Principle*. Available: <https://www.atlantis-press.com/proceedings/sspalir-21/125960997>

5. ANALYSIS OF SUSTAINABILITY DISCLOSURE IN TEN JURISDICTIONS

5.1. Issuance of sustainability reporting guidelines/requirements

According to Figure 7 below, which examines the issuance of sustainability reporting guidance documents and requirements across 11 jurisdictions in 2023, government agencies were the primary issuers of disclosure guidance, followed by financial market regulators and stock exchanges. Notably, industry bodies made significant contributions to ESG reporting guidance documents in Australia, the UK and the US.

Figure 7: Reporting instrument issuer types across the ten pre-selected jurisdictions

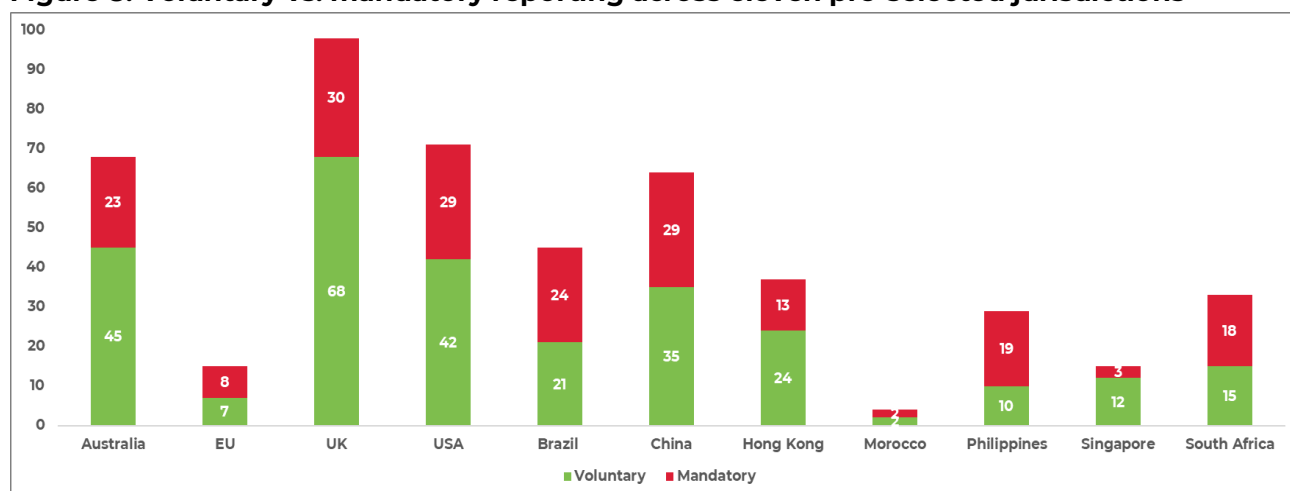


Source: Genesis Analytics computed data based on Carrots and Sticks live database [Reporting instruments - Carrots & Sticks \(2023\)](#)

5.2. Mandatory vs. voluntary reporting

Voluntary reporting is prevalent in the markets covered in this study. Figure 8 below summarises the distribution of the level of reporting requirements across the ten jurisdictions based on reporting requirements and instructions issued by 2023. Four of the eleven jurisdictions' guidance documents lean towards mandatory reporting (the EU, Brazil, the Philippines and South Africa), Morocco has an equal split between mandatory and voluntary reporting, while six jurisdictions lean towards more voluntary reporting (Australia, the EU, the UK, the US, China, Hong Kong and Singapore).

Figure 8: Voluntary vs. mandatory reporting across eleven pre-selected jurisdictions



Source: Genesis Analytic computed data based on Carrots and Sticks live database [Reporting instruments - Carrots & Sticks \(2023\)](#)

The “comply or explain” approach taken by many mandatory reporting guidance documents is used in many jurisdictions and is seen as a softer approach than the more stringent “comply or else” approach.³⁵ After 2006 when the “comply or explain” approach was first introduced through the Cadbury Report in the UK, it was initially taken up by a majority of the EU member states before being used by jurisdictions outside the EU such as Australia, Hong Kong, and Singapore.³⁶ By allowing companies to provide a suitable explanation for not complying, this approach also encourages companies to adopt the spirit of the guidance rather than blindly following the reporting requirements.³⁷ Although there are concerns about the quality of explanations given for non-compliance, the flexibility of the “comply or explain” approach is also deemed suitable due to the constantly evolving nature of sustainability reporting, the varying nature of companies and the perceived reporting burden on some of the smaller companies.³⁸

Table 3 below provides the definitions of mandatory and voluntary sustainability disclosure as used in this report.

³⁵ Lu, W. (2021). *The Value of the “Comply or Explain” Principle*. Available: <https://www.atlantis-press.com/proceedings/sspalir-21/125960997>

³⁶ Musali, M. (2007) ‘From Comply or Explain to Comply or Else’ Available: <https://www.readcube.com/articles/10.2139%2Fssrn.1407444>

³⁷ Lu, W. (2021). *The Value of the “Comply or Explain” Principle*. Available: <https://www.atlantis-press.com/proceedings/sspalir-21/125960997>

³⁸ *Ibid.*

Table 3: Definitions of the mandatory and voluntary reporting as used in the report

Item	Definition
Mandatory ‘comply or explain’	The relevant entities are required to comply with the reporting instructions or required. Should they be unable to comply they have the provision to explain reasons for non-compliance.
Mandatory ‘comply or else’	The relevant entities are required to comply with the reporting instructions or required. Should they be unable to comply they face consequences, most of which are fines to the issuing body.
Voluntary	The relevant bodies are issued with guidance/recommendations and therefore are not obligated to follow them. While there are many nuances of voluntary they are similar in the lack of obligation to be followed and for the purposes of this report have all been classified as voluntary

5.3. Scope of companies covered

The scope of disclosure guidance/requirements differs across the world in terms of whether it applies to listed or unlisted companies. The first approach is for guidance/requirements that are applicable to both listed and unlisted companies regardless of industry and sector. The second approach is when the reporting guidance/requirements are applicable to listed companies only. This is more prominent in jurisdictions where the exchanges have issued the guidelines, for example, the ESG Reporting Guide in the UK which was issued by the London Stock Exchange Group in 2021.

Another approach is for disclosure guidance to apply only to larger companies. The main driver of this is usually the perceived high cost of sustainability reporting. An example of a jurisdiction that has implemented this is the EU, where the Corporate Sustainability Reporting Directive (CSRD) issued by the European Commission targets larger companies as determined by their number of employees and annual turnover. In this case, smaller companies are exempt from the burden of sustainability reporting.

A further approach is for sustainability disclosure only to target specific sectors. This is particularly the case in jurisdictions that target specific high-impact industries, such as energy, mining, and manufacturing. This is illustrated in China with the Green Securities Policy issued in 2008 by the China Securities Regulatory Commission (CSRC) and Ministry of Environmental Protection (MEP), which mandated reporting by the companies that are heavy pollutants, such as thermal power, steel and iron, cement, aluminium, coal, metallurgy, building materials, mining, chemicals, oil, pharmaceuticals, light industry, and textiles and leather.³⁹ It is also evident in Australia with the Corporations Act - Sect 299, issued in 2001 by the Australian government, which is applicable to ‘all companies who have significant environmental factors to report’.

³⁹ Matisoff, A. and Chan, M (2008) *The Green Evolution*. Available: https://www.banktrack.org/download/the_green_evolution_environmental_policies_and_practice_in_the_chinese_banking_sector/green_evolution_2008_foe_final.pdf

5.4. E, S or G coverage

Of the ESG elements, environmental (particularly climate) and corporate governance issues are most widely covered by sustainability disclosures.

Environmental

Across the reporting guidance documents issued by government agencies, regulators and stock exchanges, the environmental component of ESG seems to be most widely covered. While climate change issues often have dedicated disclosure frameworks driven largely by global efforts to implement the Paris Agreement on Climate Change since 2015 and the application of the TCFD recommendations, broader environmental issues, such as biodiversity, resource use, waste management, and pollution, are typically integrated into established ESG guidance. For instance, in the UK, US, and Hong Kong, the prevalent stock exchanges have released both ESG disclosure guidance and climate-related disclosure guidance, in line with the approach taken by the JSE. The Shanghai Stock Exchange is the only exchange with separate environmental disclosure guidelines that are not dedicated solely to climate issues, namely the *Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange*.⁴⁰

Some countries also require specific environmental disclosures by particular companies at a national level. For example, Australia's focus on environmental disclosures was seen initially in 2007 through the National Greenhouse and Energy Reporting (NGER) Act which mandated reporting and sharing information related to greenhouse gas emissions, energy production and energy consumption. The NGER scheme provides support with regard to these disclosures. This focus on environmental factors has seen expansion into climate risk as in December 2022, the Australian Treasury released a consultation paper seeking feedback on mandating climate-related disclosures.⁴¹

Similarly, in China, both stock exchanges and government legislation mandate environmental disclosures for companies classified as key pollutant units. In June 2022, the China Enterprise Reform and Development Society (CERDS) released voluntary disclosure guidelines for the disclosure of quantitative data related to environmental sustainability, such as greenhouse gas emissions and wastewater pollutants. The SSE and SZSE under the instruction of the China Securities Regulatory Commission (CSRC) have mandated disclosure of environmental disclosures since 2008.

In the UK, the Sustainable Disclosure Requirements (SDRs) implemented by the Financial Conduct Authority (FCA) in the UK will also make the reporting of Scope 3 emissions a requirement by 2025.⁴² This process will span over two years, with mandatory disclosure being required by 2025.⁴³

⁴⁰ Shanghai Stock Exchange. (2008). Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange. Available: http://www.sse.com.cn/lawandrules/sserules/listing/stock/c/c_20150912_3985851.shtml

⁴¹ Australian Government Treasury. (December 2022). Climate-related Financial Disclosure. Available: https://treasury.gov.au/sites/default/files/2022-12/c2022-314397_0.pdf

⁴² Watershed (2023) EU and UK climate disclosure programmes: an overview. Available: <https://watershed.com/blog/eu-and-uk-climate-disclosure-programmes-an-overview>

⁴³ Shepherd, Marcus (2020) UK net zero target. Available: <https://www.instituteforgovernment.org.uk/article/explainer/uk-net-zero-target#:~:text=In%20June%202019%2C%20parliament%20passed,to%201990%20levels%20by%202050>

Social

Social aspects are the least covered aspect of ESG across the jurisdictions. While social indicators are typically included in the sustainability reporting guidelines and requirements across all jurisdictions, few jurisdictions provide standalone social disclosure frameworks.

Where social topics are covered, these are typically included in national legislation or in other forms of requirements outside sustainability disclosure. For example, the UK requires companies to report on human rights and employee diversity in accordance with the Companies Act of 2006.⁴⁴ In Australia, companies are required to report on gender equality and anti-slavery practices in accordance with the Workplace Gender Equality Act of 2012 and the Modern Slavery Act of 2018.^{45,46} Any number of national acts either preventing human rights abuses or re-engineering a different social outcome (such as affirmative action legislation in South Africa or consumer protection legislation) could fall under the “S” of “ESG”.

In China and Morocco, the leading stock exchanges have specific reporting guidelines for corporate social responsibility (CSR). Specifically, the Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies guides listed companies on establishing a social responsibility data gathering system and preparing social responsibility reports on a regular basis. The guidelines list the key points which should be included and disclosed in social responsibility reports. Similarly, the Moroccan Capital Market Authority and Casablanca Stock Exchange’s Guide to CSR and ESG reporting explains how companies can implement CSR initiatives and create a CSR strategy. While CSR initiatives are largely associated with social responsibility, they sometimes also include environmental initiatives.

Governance

Corporate governance disclosure is already widely established and implemented: All ten jurisdictions in this study have corporate governance codes in place. Corporate governance disclosure is typically applied voluntarily to listed and unlisted companies by securities regulators, national bodies dedicated to corporate governance (such as Morocco’s National Commission on Corporate Governance), central banks (for financial institutions specifically) and/or stock exchanges.

5.5. Sustainability disclosure frameworks and standards referenced by stock exchanges

Stock exchanges often refer to pre-existing reporting frameworks when developing and issuing their own reporting guidance documents. Table 3 below provides a summary of the most referenced reporting frameworks in regulations and instructions across the ten jurisdictions. The most frequently cited sustainability disclosure framework in these jurisdictions is the GRI standards. We also note that the Philippines do not feature here as their sustainability guidance is issued by the SEC and not the stock exchange

Table 3: Summary of the referenced sustainability disclosure frameworks in guidance documents across nine jurisdictions

⁴⁴ UK Government Finance and Treasury (2013) Companies Act 2006. Available: <https://www.legislation.gov.uk/ukpga/2006/46/part/15/chapter/4A>

⁴⁵ Workplace Gender Equality Act 2012. Available: <https://www.legislation.gov.au/Details/C2016C00895>

⁴⁶ Modern Slavery Act 2018. Available: <https://www.legislation.gov.au/Details/C2018A00153>

Jurisdiction	Stock Exchange	ESG Guidance	GRI	SASB	TCFD	IIRC	CDSB	CDP
Australia	Australian Securities Exchange	ESG Reporting Guide for Australian Companies	●	●		●		●
Brazil	B3	Novo Valor Corporate Sustainability: How to begin, who to involve, and what to prioritise	●			●		●
China	Shanghai Stock Exchange	Guidelines for Environmental Information Disclosure of Listed Companies in Shanghai Stock Exchange						
China	Shenzhen Stock Exchange	Social Responsibility Instructions to Listed Companies						
Euronext	8 Exchanges	ESG Reporting Guide - Target 1.5°C	●	●	●	●	●	●
Nasdaq Nordic	8 Exchanges	ESG Reporting Guide 2.0: A Support Resource for Companies	●	●	●	●		●
Hong Kong	HKEX	How to Prepare an ESG Report: A Step-by-Step Guide to ESG Reporting	●	●	●			
Morocco	Bourse de Casablanca	Guide sur la Responsabilité Sociétale des Entreprises et le reporting ESG	●			●		
Singapore	Singapore Exchange	Sustainability Reporting Guide	●	●	●			
UK	Euronext London	ESG Reporting Guide - Target 1.5°C	●	●	●	●	●	●
UK	London Stock Exchange	Revealing the full picture: Your guide to ESG Reporting	●	●	●	●	●	●
USA	Nasdaq	ESG Reporting Guide 2.0: A Support Resource for Companies	●	●	●	●		●
USA	NYSE	Best Practices for Sustainability Reporting	●	●	●			
TOTAL			8	6	5	6	2	5

Source: [ESG Guidance Database | Sustainable Stock Exchanges \(2023\)](#)

5.6. Sustainability disclosure training provided by stock exchanges

This research also interrogated the level of support provided by stock exchanges in the form of training to support the uptake of sustainability disclosure in the different jurisdictions. The stock exchanges in Australia, the EU, the UK, the US, Brazil, Hong Kong, the Philippines and Singapore all provide some form of sustainability reporting training to listed companies. Such training includes workshops, events, webinars, and courses aimed at building the capacity of companies to produce sustainability reports. In recent years this type of training has focused in particular on the new landscape of climate disclosure, including risk assessment, mitigation efforts, and scope 1, 2, and 3 emissions.⁴⁷ The SSEI, IFC and CDP have collaborated with some of these stock exchanges in providing the training.

- **Australia: The ASX provides training with the SSE and regular webinars to listed companies.**⁴⁸ For example, in 2022, the ASX collaborated with the UN, SSE, CDP and IFC to provide training on implementing the TCFD recommendations. While the ASX has only conducted one training session to date, its webinars cover a range of ESG topics, such as reporting for small and mid-cap companies and diversity and inclusion. These webinars are freely accessible, as are the training recordings.⁴⁹
- **European Union: Numerous EU member states offer training on sustainability reporting and implementing the TCFD recommendations.** Such training is provided by the various stock exchanges in their respective jurisdictions in collaboration with the SSE and other partners, such as the IFC. These states include Austria, Bulgaria, Croatia, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Poland, Romania, Spain, and Sweden.
- **UK: Sustainability reporting training is provided to listed companies through the FTSE Russell Group, owned by the London Stock Exchange Group (LSEG),** a leading provider of financial markets infrastructure and global supplier of data and analytics, news and index products. FTSE collaborates with asset owners, asset managers and banks to develop custom ESG services. In 2022, the LSEG worked with the SSE, CDP and IFC to provide training on TCFD recommendations.⁵⁰
- **US: Nasdaq provides training for listed companies through Nasdaq Good Works, an initiative that trains companies on how to disclose climate impacts based on the Nasdaq ESG disclosure guidelines.** Although the training provided has not been consistent, it has covered how listed companies can use the Nasdaq ESG reporting guide to disclose their climate impact.⁵¹ Nasdaq also hosts regular webinars, in-person events and small-scale workshops to discuss findings from previously published ESG guides and sustainability reports.⁵²
- **Brazil: The Brazilian Stock Exchange (B3) offers ESG training, workshops, events, and opportunities for listed companies to exchange experiences.** The B3

⁴⁷ Scope 1,2 and 3 are greenhouse gas emissions as categorised in the Greenhouse Gas Protocol – the most widely recognised accounting standards for greenhouse gas emissions

⁴⁸ ASX. (2023). Education from ASX Listed Company Services. Available: <https://www2.asx.com.au/about/sustainability>

⁴⁹ Ibid.

⁵⁰ Sustainable Stock Exchanges Initiative (2023). London Stock Exchange. Available: <https://sseinitiative.org/stock-exchange/lse/>

⁵¹ Sustainable Stock Exchanges (2023) United States of America. Available: <https://sseinitiative.org/stock-exchange/nyse/>

⁵² Nasdaq (2019) ESG Reporting Guide 2.0. Available: <https://www.nasdaq.com/docs/2019/11/26/2019-ESG-Reporting-Guide.pdf>

Education platform houses 71 courses and has over 178,000 registered users.⁵³ The courses, open to the public, listed and unlisted companies, provide information on trading, investment solutions, listing segments and corporate sustainability.⁵⁴

- **Hong Kong:** The HKEX provides various digital materials to build sustainability reporting capacity among listed companies. The HKEX ESG Academy webpage is dedicated to providing ESG training and hosts e-training courses and webinars on sustainability reporting in Hong Kong. These materials are regularly updated with amendments to ESG Reporting Guidelines. In 2022, the HKEX collaborated with the SSE, CDP and IFC to provide training on TCFD recommendations.
- **Philippines:** The PSE has offered ESG-related training since 2018 in collaboration with partners in the banking sector, climate interest groups, and government. Training covers themes such as ESG reporting, the importance of corporate governance, and global climate commitments.⁵⁵
- **Singapore:** Since 2017, the SGX has provided training for the implementation of their Sustainability Guide. Following the launch of initial requirements, the SGX offered companies subsidised capacity-building workshops to produce their reports. In 2022, with the launch of the amended Sustainability Guide, the SGX provided training on Climate-related Financial Disclosures. The SGX also hosts conferences in relation to sustainability issues.

In China, the SSE (Shanghai Stock Exchange) does not provide sustainability reporting training to listed companies, but the SZSE (the Shenzhen Stock Exchange) has been providing such training since 2007. The SZSE offers training courses to senior management and directors of listed companies, which provide information about socially responsible investing and corporate social responsibility reporting. In 2022, the SZSE collaborated with the SSE, CDP and IFC to provide training on Climate-related Financial Disclosures. However, the cost of SZSE training is not available online.

In Morocco, the CSE (Casablanca Stock Exchange) does not provide any training in ESG, climate-related or sustainability reporting for listed companies.⁵⁶

⁵³Sustainable Stock Exchanges Initiative (2023). B3. Available: <https://sseinitiative.org/stock-exchange/b3/>

⁵⁴B3 Education (2023) Corporate Sustainability. Available: https://www.b3.com.br/en_us/b3/education/

⁵⁵Sustainable Stock Exchanges Initiative (2023) Philippine Stock Exchange. Available: <https://sseinitiative.org/stock-exchange/pse/>

⁵⁶Sustainable Stock Exchanges Initiative (2023) Morocco. Available: https://sseinitiative.org/stock-exchange/casablanca_bourse/

6. DEEPER-DIVE RESEARCH PER JURISDICTION

This section provides a deep-dive analysis of the reporting journeys of the stock exchanges in each jurisdiction.

6.1. Australia: Australian Securities Exchange (ASX)

The Australian Securities Exchange Ltd (ASX) is the primary stock exchange in Australia and has been making consistent progress in implementing sustainability reporting guidelines. The key organisations involved in sustainability and climate-related reporting in Australia include the ASX Corporate Governance Council, Financial Services Council (FSC), and the Australian Council of Superannuation Investors (ACSI), in addition to the Australian Government. Annexure 1 presents the relevant guidelines and regulations concerning sustainability and climate-related disclosures in Australia.

The ASX Corporate Governance Council first introduced the Corporate Governance Principles and Recommendations in 2003, with subsequent editions released in 2007, 2014, and 2019. While earlier editions did not provide guidelines for listed entities, the 2019 principles and recommendations extended voluntary disclosure of governance issues to encompass other ESG information as a whole by directing companies to the 2015 ESG Reporting Guide for Australian Companies developed by the FSC and ACSI.

Table 4 outlines the sustainability disclosure guidance documents issued by the ASX. While the ASX has not issued a standalone sustainability disclosure guidance, the ASX has provided guidance documents that speak to corporate governance. Table 4 depicts the reporting instructions and regulations cited by the ESG Reporting Guide for Australian Companies issued by the FSC and ACSI, which is recommended by the ASX.

Table 4: Reporting guidance documents issued by the ASX

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Listing Rule 4.10.3, Australian Stock Exchange (ASX) ⁵⁷	2019	Mandatory 'comply or explain'	Listed companies	Non-sector specific	G ⁵⁸
Corporate Governance Principles and Recommendations 4th Edition, ASX Corporate Governance Council ⁵⁹	2019	Voluntary "if not, why not" approach	Listed companies	Non-sector specific	S and G ⁶⁰
The commentary to Recommendation 7.4 of the ASX Corporate Governance Council's Principles and Recommendations refers companies to existing guidance such as the 2015 ESG Reporting Guide for Australian Companies ⁶¹	ESG Reporting Guide published in 2015, recommended in 2019 by the ASX	Voluntary	ESG guide covers all companies and is referred to by the ASX for listed companies	Non-sector specific	E, S and G

⁵⁷ Section 4. (December 2019). Available: <https://www.asx.com.au/documents/rules/Chapter04.pdf>

⁵⁸ Ibid.

⁵⁹ Corporate Governance Principles and Recommendations 4th Edition, ASX Corporate Governance Council. (February 2019). Available: <https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>

⁶⁰ Ibid.

⁶¹ The ESG Reporting Guide for Australian Companies. (2015). Available: <https://www.asx.com.au/documents/asx-compliance/acsi-fsc-esg-reporting-guide-final-2015.pdf>

There is no published information available to document the ASX's experience in drafting and regulating sustainability information.

6.2. The European Union: Multiple exchanges

The EU has adopted a phased approach to ESG disclosure for companies within the region. In 2014, the EU adopted the Non-Financial Reporting Directive (NFRD) as an amendment to the Directive 2013/34/EU (the Accounting Directive) on the disclosure of non-financial and diversity information by certain large undertakings and groups. The NFRD guidelines have undergone two consultative processes in 2020 highlighting that sustainability disclosure in the EU is an iterative process, with a phased approach primarily based on the size of companies.⁶²

In November 2022, the EU replaced the NFRD with the Corporate Sustainability Reporting Directive (CSRD). The CSRD extended the disclosure mandate from only large companies to include all listed companies except for listed micro-enterprises. The CSRD requires mandatory third-party verification of reported sustainability data. This regulation compels listed companies in the EU to report using the European Sustainability Reporting Standards (ESRS). The ESRS are draft standards developed by the European Financial Reporting Advisory Group (EFRAG).⁶³ The EFRAG currently has 12 ESRS out for comment that cover general disclosures, and thematic standards across environment, social, and governance disclosures.⁶⁴ With regards to the work done by EFRAG on the ESRS, a CBA was undertaken and published by a think tank (CEPS) and research firm (Milieu) to assess the costs and benefits of the first set of draft ESRS and present an assessment of the impact of the first set of draft ESRS across different stakeholder groups.⁶⁵

The CSRD will be rolled out through a tiered approach with large public interest companies, who are already subject to the NFRD, being required to adhere to the CSRD first. Under the new requirements, from January 2024, large public-interest companies with over 500 employees will be required to issue reports by 2025. From January 2025, large companies with 250 or more employees and/or a turnover of €40 million and/or €20 million in total assets, that are not currently subject to the NFRD, will have their reports due in 2026. The SMEs who are listed will have the most time to prepare, because from January 2026, SMEs will be required to release reports for 2027.⁶⁶

The CSRD also applies to South African listed companies with a footprint in the EU. The regulation will apply to South African companies that are classified as non-EU parent companies with either an EU-established large subsidiary, a listed SME subsidiary, or a company with a large EU branch.⁶⁷ The regulation is applied to South African companies with the same tiers as EU-domiciled companies. While EU-based companies are only tiered

⁶² Lexology (2020). Overview of the EU Non-Financial Reporting Directive. Available:

<https://www.lexology.com/library/detail.aspx?g=ab8e6add-f845-4606-a500-6b844d482d49>

⁶³ EFRAG. (2023). First Set of draft ESRS. Available: <https://www.efrag.org/lab6>

⁶⁴ EU. (2022). Corporate Sustainability Reporting. Available: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

⁶⁵ CEPS and Milieu (2022) Cost-benefit analysis of the First Set of draft ESRS. Available:

<https://www.ceps.eu/download/publication/?id=38283&pdf=Cost-benefit-analysis-of-the-First-Set-of-draft-European-Sustainability-Reporting-Standards.pdf>

⁶⁶ Yakimova, Y. (November 2022). Sustainable economy: Parliament adopts new reporting rules for multinationals. *News European Union*. Available: <https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals>

⁶⁷ KPMG. (2023). CSRD reporting: Application for groups with non-EU parents. Available:

<https://assets.kpmg.com/content/dam/kpmg/nl/pdf/2022/services/csr-reporting-applications-for-groups-with-non-eu-parents.pdf>

according to size and listing status, non-EU companies are also assessed on a combination of physical presence in the EU and net turnover generated in the EU.⁶⁸

Within this jurisdiction, there are multiple stock exchanges. However, for this research, the focus is on Euronext and Nasdaq Nordic. Euronext operates the marketplaces for Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo, and Paris. Nasdaq Nordic on the other hand operates in Sweden, Denmark, Finland, and Iceland. Table 5 below highlights the reporting guides drafted by Euronext and Nasdaq Nordic to support Euronext and Nasdaq Nordic issuers and private companies with their sustainability disclosures.

Table 5: Reporting guidance documents issued by Euronext and Nasdaq Nordic

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
(Euronext) ESG Reporting Guide TARGET 1.5°C⁶⁹	2022	Voluntary	All companies	Non-sector specific	E, S and G
(Nasdaq Nordic) ESG Reporting Guide⁷⁰	Initially published 2017, updated 2019	Voluntary	All companies	Non-sector specific	E, S and G

6.3. United Kingdom: London Stock Exchange (LSE)

The UK regulators and exchange have developed their most notable reporting guidance documents through consultative processes. Some guidance documents have undergone multiple iterations to meet global standards and make them easier for reporting companies to use. The first corporate governance code was published in 1992. Since then, several iterations have been released, in response to the changing demands of the corporate governance framework.⁷¹ In 2021, the Department for Business, Energy and Industrial Strategy developed the Companies Strategic Report on Climate-related Financial Disclosure Regulations through a consultative process that was open to public comment for six weeks. Feedback was then incorporated into the final document, demonstrating that companies find the TCFD recommendations easy to use when reporting.⁷²

The London Stock Exchange Group (LSEG) Guide to Climate Reporting and the LSEG ESG Reporting Guide were also developed using a consultative and iterative approach. See Annexure 1 for more information on these disclosure guidance documents. A consultation paper for the Sustainability Disclosure Requirements (SDRs) and investment labels was released by the Financial Conduct Authority in October 2022 and closed in January 2023.⁷³ An official publication on the LSEG's disclosure process has not been published, however, analysis has shown that the UK has adopted a consultative approach to developing the frameworks and instructions needed for disclosure.

⁶⁸ Ibid.

⁶⁹ Euronext. (2022). ESG Reporting Guide: Target 1.5. Available: https://info.euronext.com/esgguide/?_gl=1*vzn0ek*_ga_WYRYLMR662*MTY4MDE3MTg3OS41LjEuMTY4MDE3Mzc2MC4wLjAuMA.*_ga_PMEFBR6CSF*MTY4MDE3MjU2MC4xLjEuMTY4MDE3Mzc2MC4wLjAuMA.

⁷⁰ Nasdaq Nordic. (2019). ESG Reporting Guide. Available: <https://www.nasdaq.com/ESG-Guide>

⁷¹ Financial Reporting Council (2023) The UK Corporate Governance Code. Available: <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

⁷² London Stock Exchange Group (2021) LSEG Guide to Climate Reporting. Available: https://docs.londonstockexchange.com/sites/default/files/documents/LSE_guide_to_climate_reporting_final_0.pdf

⁷³ Financial Conduct Authority (2022) Sustainability Disclosure Requirements (SDR) and investment labels. Available: https://docs.google.com/document/d/1Xr8GJ2hmNQPs_Hy7bCvtLgIWa63Hs40/edit#

Table 6 below outlines the reporting guidance released by the LSEG.

Table 6: Reporting guidance documents issued by the LSEG

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
London Stock Exchange Group (LSEG) Guide to Climate Reporting	2021	Voluntary	Listed companies	All industries	E
ESG Reporting Guide	2021	Voluntary	Listed companies	All industries	ESG

To make climate disclosure mandatory, the regulator took a phased approach based on market capitalisation. Only companies deemed to have adequate resources were required to report, while smaller ones were exempt.⁷⁴ The regulator and exchange collaborated in a consultative manner, adopting a thorough approach to implementing new ESG guidelines and disclosures. This ensured that any amendments to existing guidelines or new guidelines were suitable and in the best interests of the companies involved.⁷⁵

6.4. United States: Nasdaq and the New York Stock Exchange (NYSE)

Although Nasdaq has not yet made ESG reporting a listing rule, the Securities and Exchange Commission (SEC) intends to make climate disclosure mandatory.⁷⁶

Specifically, the SEC has proposed a rule that would require companies to include climate-related disclosures in their registration statements and periodic reports.⁷⁷ While reporting is currently not mandatory in the US, the SEC is currently holding a consultation exercise on the rolling out of mandatory disclosure for listed companies.

To simplify ESG reporting for companies, the ESG Disclosure Simplification Act was passed in Congress in 2021. If signed into law, the Act would direct the SEC to

- Modify disclosure rules to require a public company to disclose ESG metrics in any filing that requires audited financial statements, and⁷⁸
- Define “ESG metrics.” The Act would authorise the SEC to incorporate “internationally recognised, independent, multi-stakeholder (ESG) standards” when developing the new disclosure requirements.⁷⁹

In addition, the Act would require public companies to disclose a clear description of the company’s views about the link between ESG metrics and its long-term business strategy, and a description of any process the company uses to determine the impact of ESG metrics on its long-term business strategy in its annual proxy statements.⁸⁰

⁷⁴UK Government Finance and Treasury (2013) Companies Act 2006. Available: <https://www.legislation.gov.uk/ukpga/2006/46/part/15/chapter/4A>

⁷⁵London Stock Exchange Group (2021) ESG Reporting Guide. Available: https://docs.londonstockexchange.com/sites/default/files/documents/LSE_guide_to_climate_reporting_final_0.pdf

⁷⁶Sustainable Stock Exchanges (2023) United States of America. Available: <https://sseinitiative.org/stock-exchange/nyse/>

⁷⁷ US Securities Exchange Commission (2022) SEC Proposes Rules to Enhance and Standardise Climate-Related Disclosures for Investors. Available: <https://www.sec.gov/news/press-release/2022-46>

⁷⁸Meridian Compensation Partners (2021) House Passes Bill to Require ESG Disclosures. Available: <https://www.meridiancp.com/insights/house-passes-bill-to-require-esg-disclosures/#~:text=On%20June%2016%2C%202021%2C%20the,metrics%20affect%20their%20business%20strategy.>

⁷⁹ Ibid.

⁸⁰ Ibid.

The Act would also require the SEC to establish a permanent advisory committee to be called the Sustainable Finance Advisory Committee (“SFA Committee”). Within 180 days after its first meeting, the SFA Committee would be required to recommend to the SEC which ESG metrics would be subject to mandatory disclosure.⁸¹

Nasdaq also published the ESG Reporting Guide 2.0, an iteration of its first guide published in 2017. The ESG Reporting Guide 2.0 was developed using guidance from other reporting guides and standards. The first guide was used to pilot reporting among companies, but the second guide is more user-friendly for all companies (not just Nordic and Baltic companies like in the first guide), and it revises uncommon or impractical metrics for companies to report on. To remain aware of developments in the sustainability reporting space, Nasdaq collaborated extensively with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

Although there is no official publication on the process of disclosure for the US, a cost-benefit study was conducted using a survey that was issued to corporate issuers and international investors. The Sustainability Institute by ERM conducted a survey of corporate issuers and international investors to understand what private sector organisations in the US spend on measuring and managing climate-related disclosure activities.⁸² The purpose of this survey was to “inform mandatory and voluntary climate disclosure guidelines and methods being developed by regulators, standard setters, and individual firms.”⁸³ According to the survey, the largest costs for climate disclosure were

1. Greenhouse gas (GHG) analysis and/or disclosures - approximately USD 237,000
2. Climate scenario analysis and/or disclosure - approximately USD 154,000
3. Internal climate risk management controls⁸⁴- approximately USD 148,000

Table 7 below provides an outline of the reporting guidance and instructions released by Nasdaq and the New York Stock Exchange (NYSE). Disclosure frameworks issued in the US are summarised in Annexure 1.

Table 7: Reporting guidance documents issued by Nasdaq and the NYSE

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
NASDAQ ESG Reporting Guide 2.0	2019	Voluntary	Large and private listed companies	All industries	ESG
NYSE ESG Guidance: Best Practices for Sustainability Reporting 2.0	2021	Voluntary	Large and private listed companies	All industries	ESG

The SEC has set out to provide public companies with guidance on climate change disclosures. In March 2022, the SEC issued the Climate-related Disclosures for Investors rules, which were open to public comment until June 17, 2022.⁸⁵ The SEC is currently reviewing the

⁸¹ Ibid.

⁸² The Sustainability Institute by ERM (2022) Costs and Benefits of Climate-Related Disclosure Activities by Corporate Issuers and Institutional Investors. Available: <https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/costs-and-benefits-of-climate-related-disclosure-activities-by-corporate-issuers-and-institutional-investors-17-may-22.pdf>

⁸³ Ibid.

⁸⁴ The Sustainability Institute by ERM (2022) Costs and Benefits of Climate-Related Disclosure Activities by Corporate Issuers and Institutional Investors. Available: <https://www.sustainability.com/thinking/costs-and-benefits-of-climate-related-disclosure-activities-by-corporate-issuers-and-institutional-investors/>

⁸⁵ Ibid.

comments. The proposed rules would mandate that listed companies disclose risks that are "reasonably likely to have a material impact on their business, results of operations, or financial condition," as well as information on their direct (Scope 1) and indirect (Scope 3) greenhouse gas (GHG) emissions. Investors have shown support for the new rules, which are expected to be finalised in 2023.⁸⁶ Some companies are already able to report on Scope 3 emissions, but others, especially smaller companies along the value chain, may lack the internal capabilities to do so.⁸⁷

6.5. Brazil: B3

The Brazilian Securities Commission (CVM) has played an active role in setting disclosure requirements and updating them to align with the evolving landscape of sustainability reporting. Sustainability and climate disclosure is not mandatory in Brazil. However, the B3, Brazil's stock exchange, has released three sustainability reporting guidance documents to assist companies in improving their sustainability reporting practices. Table 8 below provides a summary of these reporting frameworks.

Table 8: Reporting guidance documents issued by the B3

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Report or explain for sustainability or integrated reports	2012	Voluntary	Publicly listed companies	All industries	ESG
Report or Explain for the Sustainable Development Goals (SDGs) Initiative	2018	Voluntary	Publicly listed companies	All industries	ESG
Novo Valor Corporate Sustainability: How to begin, who to involve, and what to prioritise⁸⁸	2011 (revised in 2016)	Voluntary	Publicly listed companies	All industries	ESG

The B3 has been proactive in encouraging sustainability reporting among listed companies. To assess the level of adoption of sustainability or integrated reports and the SDGs initiative, the B3 conducted surveys among companies.^{89,90} The results showed that the 'report or explain' initiative has made it easier for companies to report on the SDGs, leading to increased uptake in reporting. According to an official statement by the B3, 41 of the 62 companies listed on the Ibovespa index have published reports taking the SDGs into consideration.

The CVM, Brazil's securities commission, has also taken an iterative approach to climate disclosure. The commission has amended its instructions to make the process of disclosure easier for companies while keeping up with global trends. Although sustainability and

⁸⁶ Warren Zach (2023) Upcoming SEC climate disclosure rules bring urgency to ESG data strategy planning. Available: [https://www.reuters.com/legal/legalindustry/upcoming-sec-climate-disclosure-rules-bring-urgency-esg-data-strategy-planning-2023-01-30/#~:text=The%20new%20disclosure%20rules%20would,Scope%20I\)%20and%20indirect%20emissions](https://www.reuters.com/legal/legalindustry/upcoming-sec-climate-disclosure-rules-bring-urgency-esg-data-strategy-planning-2023-01-30/#~:text=The%20new%20disclosure%20rules%20would,Scope%20I)%20and%20indirect%20emissions)

⁸⁷ Ibid.

⁸⁸ BM&F Bovespa (2016) Novo Valor Corporate Sustainability: How to begin, who to involve, and what to prioritise. Available: https://www.b3.com.br/data/files/96/D0/37/3C/0F07751035EA4575790D8AA8/GuiaNovoValor_SustentabilidadeNasEmpresas_EN.PDF

⁸⁹ B3 (2018) B3 Announces Results of Report or Explain for SDGs. Available: https://www.b3.com.br/en_us/news/report-or-explain-for-sustainable-development-goals-sdg.htm

⁹⁰ Ibid.

climate disclosure is not currently mandatory in Brazil, the Central Bank of Brazil has used a consultative process to implement new sustainability disclosure requirements. The bank put new regulations on social, environmental, and climate-related risk disclosures out for public consultation for six weeks and incorporated feedback from relevant stakeholders into the amended resolutions.⁹¹ While these disclosures would only be applicable to banks, it is likely that some of the burden of reporting will be passed on to its clients and service providers.

The process of disclosure for Brazil has been led primarily by the CVM. There are no publications outlining the B3's journey of disclosure, however, analysis shows that the CVM has adopted an iterative approach to disclosure.

6.6. China: Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE)

Since 2016, environmental disclosure has been mandated for all listed companies by both the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE), although this has been done through the China Securities Regulatory Commission (CSRC) rather than directly by the exchanges themselves.⁹² The CSRC is the primary regulatory body responsible for implementing ESG-related policies and regulations, with the stock exchanges being governed directly by the CSRC. Details of the sustainability reporting framework documents in China can be found in Annexure 1.

Table 9 outlines the instruments released by the SSE and SZSE, which primarily consist of voluntary guidelines. The SSE guidelines are specifically related to legislation surrounding environmental disclosure.⁹³ In contrast, the SZSE guidelines cover a wider range of topics related to ESG disclosure to assist companies in their reporting efforts. Both the SSE and the SZSE have not published any information on their experiences implementing sustainability guides.

Table 9: Instruments issued by the SSE and SZSE

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange ⁹⁴	2008	Voluntary	All listed companies	Non-sector specific	E ⁹⁵
Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies ⁹⁶	First released in 2006 and revised in 2015	Voluntary	All listed companies	Non-sector specific	E, S and G

In 2011, the IFC in collaboration with the SSE commissioned research on the best practices in sustainability reporting internationally and in China. According to the

⁹¹ Central Bank of Brazil (2021) New regulation on social, environmental, and climate-related risk disclosures. Available: https://www.bcb.gov.br/content/about/legislation_norms_docs/BCB_Disclosure-GRSAC-Report.pdf

⁹² Peijuan, G. (July 2021). Annual reports in China will now include environmental and social information. Responsible Investor. Available: <https://www.responsible-investor.com/annual-reports-in-china-will-now-include-environmental-and-social-information/>

⁹³ ESG Disclosure in China: Market Readiness and PRI Investor Survey. (2021). Available: <https://www.unpri.org/download?ac=15582>

⁹⁴ Shanghai Stock Exchange. (2008). Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange. Available: http://www.sse.com.cn/lawandrules/sserules/listing/stock/c/c_20150912_3985851.shtml

⁹⁵ Ibid.

⁹⁶ Shenzhen Stock Exchange. (2006). Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies. Available: https://www.szse.cn/English/rules/siteRule/t20070604_559475.html

research, although the number of sustainability reports issued in China was on the rise, they were found to be lacking in balanced and material information hence, not very useful to the relevant stakeholders.⁹⁷ While early demands for sustainability reporting on a global level had been driven by civil society and special interest groups there was an increasing demand from mainstream investors who acknowledged the impact of sustainability on the bottom line.⁹⁸ Hence, stock exchanges such as the SSE stepped in to improve dialogue between investors and listed companies⁹⁹

The SSE in particular, was one of the first stock exchanges to issue a directive for listed companies to publish a sustainability report.¹⁰⁰ In its approach, the SSE was not overly prescriptive about what companies should report leading to an overwhelming response by Chinese companies to produce their first sustainability report.¹⁰¹ However, as mentioned above, the vagueness of what the companies should report led to reports that were lacking in rigorous and verified data.¹⁰²

The SZSE has a history of regularly issuing and updating guidelines, unlike the SSE. In 2006, the SZSE released the "Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies," which were revised in 2015 to require companies listed on the Shenzhen 100 Index to disclose social responsibility reports in accordance with the guidelines. Both the SSE and SZSE recommend that companies that choose to disclose should also adhere to voluntary assurance requirements.¹⁰³

6.7. Hong Kong: Hong Kong Exchanges and Clearing Limited (HKEX)

The Hong Kong Exchanges and Clearing Limited (HKEX) has been proactive in facilitating ESG disclosures by listed companies. The Securities and Futures Commission, which is the primary regulatory body for the Hong Kong stock exchange, plays a significant role in implementing ESG regulations. Annexure 1 provides an overview of ESG reporting guidance/instructions documents issued in Hong Kong.

The HKEX has developed several guidelines to help companies comply with the mandatory 'comply or explain' requirement for ESG disclosures in the jurisdiction.¹⁰⁴ Table 10 below summarises sustainability disclosure guidance/instructions referred to in the HKEX's ESG reporting guidance document.

Table 10: Sustainability disclosure guidance/instructions issued by the HKEX

⁹⁷ IFC and SSE (2011). Sustainability Reporting Guideline Mapping & Gap Analyses Available: (chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/<https://documents1.worldbank.org/curated/en/939331468012023031/pdf/626360PUB00Sus00Box0361488B0PUBLIC0.pdf>)

⁹⁸ *Ibid.*

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ Sustainable Stock Exchanges Initiative (2023). Shanghai Stock Exchange. Available: <https://sseinitiative.org/stock-exchange/sse/>

¹⁰⁴ Goldman Sachs. (February 2022). GS SUSTAIN: APAC ESG Regulation A deep-dive on progress across key Asia Pacific markets. Available: <https://www.goldmansachs.com/insights/pages/gs-research/gs-sustain-our-analysis-of-apac-esg-regulation/report-deep-dive.pdf>

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
ESG Reporting Guide and related Listing Rules ¹⁰⁵	First issued in 2013 and updated in 2019	Mandatory 'comply or explain'	Listed companies	Non-sector specific	E, S and G
HKEX How to prepare an ESG Report? A Step-By-Step Guide to ESG Reporting ¹⁰⁶	2020	Voluntary	Listed Companies	Non-sector specific.	E, S and G ¹⁰⁷
Guidance on Climate Disclosures ¹⁰⁸	2021	Voluntary	Listed Companies	Non-sector specific	E ¹⁰⁹
HKEX Corporate Governance Code ¹¹⁰	2022	Mandatory 'comply or explain'	Listed Companies	Non-sector specific	G

Hong Kong has made significant progress in promoting sustainability reporting and has updated its guidelines and listing rules to align with international initiatives such as the GRI and TCFD while adding more key performance indicators (KPIs) for listed companies. The HKEX provides accessible and consolidated information on ESG disclosures, and, since the launch of the ESG Reporting Guide in 2013, reporting has transitioned from a voluntary basis to a mandatory "comply or explain" requirement under the Main Board Listing Rules.¹¹¹

In 2015, the HKEX amended the listing rules to mandate issuers to disclose their ESG performance, and, in 2016-2017, environmental and social KPIs were moved from a full mandatory basis to the mandatory "comply or explain" basis.¹¹² In 2019, the HKEX further amended the rules to include climate-related disclosures and indicators, which took effect on 1 July 2020. To assist issuers in complying with TCFD recommendations, the HKEX published the Guidance on Climate Disclosure in November 2021.

Lastly, effective from 1 January 2022, the HKEX revised the Corporate Governance Code to enhance corporate governance standards, requiring issuers to release sustainability reports simultaneously with their annual reports. In November 2022 the HKEX published an analysis of their journey in implementing ESG disclosures for listed companies. The exchange highlighted the positive impact amidst the challenges in data collection that face issuers of mandatory disclosure in the 400 reports they had reviewed. Examples of positive impact include behavioural changes, as well as commitment and effort to manage climate

¹⁰⁵ HKEX. (2019). ESG Reporting Guide and related Listing Rules. Available: <https://en-rules.hkex.com.hk/rulebook/environmental-social-and-governance-reporting-guide-0>

¹⁰⁶ HKEX. (2020). HKEX How to prepare an ESG Report? A Step-By-Step Guide to ESG Reporting. Available: https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf

¹⁰⁷ Ibid.

¹⁰⁸ HKEX. (2021). Guidance on Climate Disclosures. Available: https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures.pdf?la=en

¹⁰⁹ Ibid.

¹¹⁰ HKEX. (2022). Corporate Governance Code. Available: <https://en-rules.hkex.com.hk/rulebook/appendix-14-corporate-governance-code>

¹¹¹ Goldman Sachs. (February 2022). GS SUSTAIN: APAC ESG Regulation A deep-dive on progress across key Asia Pacific markets. Available: <https://www.goldmansachs.com/insights/pages/gs-research/gs-sustain-our-analysis-of-apac-esg-regulation/report-deep-dive.pdf>

¹¹² Ibid.

risk.¹¹³ The document also highlights the HKEX's goals to improve their sustainability framework to enhance climate disclosures among their issuers.¹¹⁴

6.8. Morocco: Bourse de Casablanca

Morocco has made sustainability reporting mandatory for listed companies, but there is a lack of support in the form of training provided to companies to help them comply.¹¹⁵

Initially, the National Commission on Corporate Governance published the Morocco Code of Good Corporate Governance, which required companies to apply the code on a "comply or explain" principle.¹¹⁶ The Code also includes a section on: "Dissemination of material information on the life of the enterprise". These are to include:

- Strategies and objectives related to social, societal, and environmental policies and its ethical rules.
- Information with respect to stakeholders
- Scores of social, societal, and environmental rating agencies, and any changes which may have occurred during the financial year.

Later, the Autorité Marocaine du Marché des Capitaux (AMMC) made ESG reporting a requirement for listed companies. In 2021, Bank Al-Maghrib issued a directive requiring banks and credit institutions to report on climate and environmental risks in an annual report using TCFD recommendations and the GRI Sustainability Reporting Standards.¹¹⁷

The Bourse de Casablanca (Casablanca Stock Exchange (CSE)) has released one reporting instrument, the Guide to Corporate Social Responsibility (CSR) and ESG Reporting, which outlines how to implement CSR initiatives and ESG reporting. The guide details the information that companies are required to disclose and can be found in Annexure 1. The guide was developed in collaboration with the AMMC, incorporating perspectives from the regulator and the exchange. Table 11 provides an overview of the CSR and ESG reporting guide. There is no publication that has outlined the CSE's climate disclosure process.

Table 11: Reporting guidance document issued by the Bourse de Casablanca

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
The Guide to Corporate Social Responsibility (CSR) and ESG reporting	2017	Mandatory	Listed companies	All industries	ESG

6.9. The Philippines: The Philippines Stock Exchange (PSE)

The Philippines has taken a consultative approach to implementing sustainability and climate-related reporting requirements, focusing on iterative revisions to corporate

¹¹³ HKEX. (November 2022). Analysis of ESG Practice Disclosure. Available: https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Reports-on-ESGPD/esgreport_2022.pdf

¹¹⁴ Ibid.

¹¹⁵ Sustainable Stock Exchanges Initiative (2023) Bourse de Casablanca. Available: https://sseinitiative.org/stock-exchange/casablanca_bourse/

¹¹⁶ National Commission on Corporate Governance (2008) Moroccan Code of Good Corporate Governance Practices. Available: <https://www.ecgi.global/code/moroccan-code-good-corporate-governance-practices>

¹¹⁷ Bank Al-Maghrib (2021) Directive n°5/W/2021. Available: <https://manager.e-questionnaire.com/accounts/3040/file/Directive%20n%C2%B0%205W21%20Risques%20financiers%20li%C3%A9s%20%C3%A0%20l%27environnement.pdf>

governance codes and sustainability guidance documents. The Philippine Securities and Exchange Commission (PSEC) has updated the Code of Corporate Governance three times, taking a "comply or explain" approach to encourage companies to adjust to the new reporting requirements embedded in the code.

Similarly, when sustainability reporting guidelines were published by the PSEC, publicly listed companies were given time to adjust to the new requirements.¹¹⁸ Despite the voluntary nature of these requirements, the PSEC has noted a compliance rate of over 90% among companies in each of the past two years.¹¹⁹ The most commonly used reporting standard has been the GRI, and an increasing number of companies in the construction and power utility sectors have adopted the TCFD recommendations.^{120,121} Since the release of the 2019 Sustainability Reporting Guidelines, Philippine companies have improved both the quality and coverage of their sustainability reporting.¹²²

Sustainability disclosure developments have largely been driven by the PSEC. The PSEC has developed most of the sustainability reporting frameworks/guides released in the Philippines to date. Currently, the PSE has not released an ESG guidance document of its own, the existing ESG guidance for the Philippines was released by the PSEC to publicly listed companies.

6.10. Singapore: Singapore Exchange (SGX)

The Singapore Stock Exchange (SGX) has demonstrated a commitment to sustainability reporting by regularly updating its guidelines since June 2016 when it introduced the integration of sustainability reporting into annual reports and issued the Sustainability Reporting Guide. The 2016 SGX sustainability reporting requirements did not prescribe specific reporting standards and frameworks for companies to adopt. Instead, they encouraged listed companies to consider factors such as their industry, business model, and stakeholder perspectives to determine the most appropriate reporting frameworks or standards among internationally recognized options.¹²³ Annexure 1 provides a detailed list of ESG reporting guidance and instructions issued in Singapore.

Table 12 below provides an overview of SGX's key disclosure-related frameworks, which include their listing rules, sustainability guide, code of corporate governance and practice guide.

¹¹⁸ Securities Exchange Commission (2019) Sustainability Reporting Guidelines for Publicly Listed Companies. Available: <https://www.sec.gov.ph/mc-2019/mc-no-24-s-2019-code-of-corporate-governance-for-public-companies-and-registered-issuers/#gsc.tab=0>

¹¹⁹ Fintech Global (2021) Philippines' SEC set to make sustainability reporting obligatory. Available: <https://fintech.global/2021/09/07/philippines-sec-set-to-make-sustainability-reporting-obligatory-in-regtech/>

¹²⁰ ECC International (2022) Sustainability Reporting in the Philippines – Progress since the SEC Guidelines. Available: <https://www.eccinternational.com/sustainability-reporting-in-the-philippines-progress-since-the-sec-guidelines/>

¹²¹ Villacorte Benjamin (2022) A new chapter for Philippine sustainability reporting.

Available: <https://www.bworldonline.com/economy/2022/06/26/457453/a-new-chapter-for-philippine-sustainability-reporting/>

¹²² *Ibid.*

¹²³ Alipio, O. (April, 2022). Navigating through SGX's ESG Disclosure Requirements. Convene ESG. Available: <https://www.azeusconvene.com/esg/articles/navigating-through-sgx-esg-disclosure-requirements>

Table 12: Instruments issued by the SGX

Instrument Name	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Singapore Stock Exchange (SGX) Mainboard Rules and Sustainability Guide. Practice Note 7.6. ¹²⁴	First published in July 2016, then amended in February 2020. Then amended in January 2022.	Mandatory 'comply or explain'	Listed companies	Non-sector dependent	E, S, and G ¹²⁵
Code of Corporate Governance ¹²⁶ and Practice Guide ¹²⁷	First issued by the Corporate Governance Committee in March 2001, revised in July 2005 and again in May 2012. Most recently amended in 2018. ¹²⁸	Mandatory 'comply or explain'	Listed companies	Non-sector dependent	G

In December 2021, the SGX updated its sustainability reporting requirements by amending Practice Note 7.6 of the Sustainability Reporting Guide, effective from 1 January 2022. This change mandates listed companies to provide annual sustainability reports on a "comply or explain" basis, shifting sustainability reporting from voluntary to mandatory. Mandatory sustainability and climate reporting will be implemented in a phased manner:

- All issuers are required to make climate-related disclosures on a "comply or explain" basis in their sustainability reports from the financial year commencing on or after 1 January 2022;
- Issuers from the financial industry, agricultural, food and forest products industry, and energy industry are required to make mandatory climate-related disclosures in their sustainability reports from the financial year commencing on or after 1 January 2023; and
- Issuers from the materials and buildings industry, and transportation industry are required to make mandatory climate-related disclosures in their sustainability reports from the financial year commencing on or after 1 January 2024,

where the "comply or explain" approach will remain for issuers in other industries

The new guide also requires companies to include assurance for their integrated or sustainability reports. In 2023, the Monetary Authority of Singapore introduced a roadmap for climate disclosure based on the TCFD recommendations. This roadmap includes 27 voluntary metrics for companies to disclose, and new recommendations for board diversity policies and disclosure requirements.¹²⁹

¹²⁴ SGX. Practice Note 7.6 Sustainability Reporting Guide. Available: <https://rulebook.sgx.com/rulebook/practice-note-76-sustainability-reporting-guide>

¹²⁵ *Ibid.*

¹²⁶ Singapore Exchange. (2018). Code of Corporate Governance 2018. Available: <https://rulebook.sgx.com/rulebook/code-corporate-governance-2018>

¹²⁷ Singapore Exchange. (2023). Practice Guide. Available: [https://rulebook.sgx.com/sites/default/files/net_file_store/20230107_SGX_Practice_Guidance_January_2023_\(clean\).pdf](https://rulebook.sgx.com/sites/default/files/net_file_store/20230107_SGX_Practice_Guidance_January_2023_(clean).pdf)

¹²⁸ Monetary Authority of Singapore. (January 2023). Code of Corporate Governance. Available: <https://www.mas.gov.sg/regulation/codes/code-of-corporate-governance#:~:text=The%20Code%20was%20first%20issued,Code%20in%20their%20annual%20reports.>

¹²⁹ Singapore Exchange. (2022). Rule Book. SGX Group. Available: <https://rulebook.sgx.com/rulebook/711b>

The SGX's sustainability reporting requirements apply to all listed companies across different sectors and company sizes, and the rule book outlines a phased approach that companies can take to comply with the sustainability requirements. In the first year of sustainability reporting, companies must provide an assessment of "material ESG factors, policies, and/or practices" and outline their progress towards developing mature sustainability reporting. The Sustainability Reporting Guide provides a phased roadmap to assist companies in developing their own sustainability reporting goals. The guide also requires listed companies to perform an internal review of their sustainability reports and encourages them to seek external assurance.¹³⁰ Internal reviews are carried out by the internal audit function of a business in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.¹³¹ It, therefore, follows that the opinion of the internal review should be concluded based on the adequacy of the design of, and compliance with, policies, processes, and internal controls to ensure the quality of the data being produced and reported.¹³²

Finally, the SGX's Sustainability Report rules state that listed companies must issue their sustainability report no later than four months after the financial year or no later than five months if they have conducted external assurance.¹³³ The SGX has not published any information on their journey in implementing sustainability reporting.

¹³⁰ Singapore Exchange. (2022). Practice Note 7.6 Sustainability Reporting Guide. SGX Group. Available: <https://rulebook.sgx.com/rulebook/practice-note-76-sustainability-reporting-guide>

¹³¹ *Ibid*

¹³² Institute of Internal Auditors Singapore (2023). Guide to Internal Review of Sustainability Report. Available: <https://iia.org.sg/Tenant/C0000023/AC%202022/IIA%20Singapore%20-%20Guide%20to%20Internal%20Review%20on%20the%20Sustainability%20Report.pdf>

¹³³ Singapore Exchange. (2022). Practice Note 7.6 Sustainability Reporting Guide. SGX Group. Available: <https://rulebook.sgx.com/rulebook/practice-note-76-sustainability-reporting-guide>

7. NEXT STEPS

This report is the first phase covering comparative international research.

Phase 2 of the project is a Cost-Benefit Analysis (CBA) of South African companies implementing the JSE sustainability and climate-related disclosure guidance. The analysis of the costs and benefits will also build on findings from published CBAs in other jurisdictions (notably the USA and the EU).

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<https://watershed.com/blog/eu-and-uk-climate-disclosure-programmes-an-overview>
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<https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals>

ANNEXES

Annex 1: Detailed reporting guidance and instructions per jurisdiction

Reporting guidance and instructions in Australia:

Name	Description	Issuer Type	Year	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Corporations Act - Sect 299	Section 299(1)(f) of the Corporations Act 2001 (Corporations Act) requires a company whose operations are subject to “any particular and significant” environmental regulation to include in its directors' report details of the company's performance over the financial year. ¹³⁴	Government - Australian Government	2001	Mandatory 'comply or else'	This Act is applicable to all companies who have significant environmental factors to report.	All	E, S and G ¹³⁵
National Greenhouse and Energy Reporting (NGER) ¹³⁶ scheme	The NGER Act, which established the NGER scheme serves as the national framework for reporting and sharing information related to greenhouse gas emissions, energy production, and energy consumption. The NGER Act mandates corporations in Australia that meet specified emissions and energy use thresholds to annually report Scope 1 and 2 greenhouse gas emissions, energy production and energy consumption data. Information collected under the reporting framework informs the liability assessment under the carbon price mechanism.¹³⁷	The Australian Government: Clean Energy Regulator	Published in 2007. Effective by 2009.	Mandatory 'comply or else'	Registered controlling corporations ¹³⁸	All	E, S and G ¹³⁹

¹³⁴ Corporations Act. 2001. Available: http://www5.austlii.edu.au/au/legis/cth/num_act/ca2001172/s299.html

¹³⁵ Corporations Act - Sect 299. Available: <https://iknow.cch.com.au/360document/atagUio486325sl14508323/section-299-annual-directors-report-general-information/overview>

¹³⁶ The National Greenhouse and Energy Reporting Act. (2007). Available: <https://www.legislation.gov.au/Details/C2022C00258>

¹³⁷ National Greenhouse and Energy Reporting. Available: <https://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme>

¹³⁸ A registered organisation is one which is registered with the Australian Securities and Investments Commission (ASIC). Under section 50AA of the Corporations Act 2001 (Cth), a 'controlled entity' is an entity that has 'the capacity to determine the outcome of decisions about the second entity's financial and operating policies.'

¹³⁹ National Greenhouse and Energy Reporting. Available: <https://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme>

Workplace Gender Equality Act of 2012 ¹⁴⁰	The Workplace Gender Equality Act replaced the Equal Opportunity for Women in the Workplace Act 1999. The new legislation aims to improve and promote equality for women and men in the workplace.	Australian Federal Government - National	2012	Mandatory 'comply or else'	Non-public sector employers with 100 or more staff are required to submit a report to the Workplace Gender Equality Agency between 1 April and 31 May each year.	All	G ¹⁴¹
Modern Slavery Act 2018 ¹⁴²	Qualifying companies must issue reports within six months of their fiscal year-end describing the structure of their supply chains, the risk of modern slavery practices therein, and the actions they are taking to assess and address those risks	Ministry of Foreign Affairs and Aid Subcommittee - Government	2018	Mandatory 'comply or else'	Companies whose annual revenues exceed a threshold amount of A\$100 million in the case of the Australian law, and £36 million for the British law.	All	E, S and G ¹⁴³
The Australian Securities and Investments Commission (ASIC) Section 1013DA Disclosure Guidelines ¹⁴⁴	The disclosure guidelines are aimed at product issuers to disclose on labour standards or environmental, social and ethical considerations in Product Disclosure Statements (PDS). The guidelines complement the Financial Services Reform Act. The guide requires product issuers to disclose in their Product Disclosure Statements (PDSs) how labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining or realising an investment under 1013DA.	ASIC: Regulatory Body	2011	Mandatory 'comply or else'	Listed companies	Non-sector specific	E, S and G ¹⁴⁵

¹⁴⁰ Workplace Gender Equality Act 2012. Available: <https://www.legislation.gov.au/Details/C2016C00895>

¹⁴¹ *Ibid.*

¹⁴² Australian Government. Modern Slavery Act 2018. Available: <https://www.legislation.gov.au/Details/C2018A00153>

¹⁴³ *Ibid.*

¹⁴⁴ *Ibid.*

¹⁴⁵ The Australian Securities and Investments Commission (ASIC). (2011). Section 1013DA Disclosure Guidelines. Available: <https://download.asic.gov.au/media/1239069/rg65-published-30-november-2011.pdf>

Listing Rule 4.10.3, Australian Stock Exchange (ASX) ¹⁴⁶	This listing rule requires companies to annually disclose the extent to which they have followed the recommendations set by the ASX Corporate Governance Council	Australian Stock Exchange (ASX) – Exchange	2019	Mandatory 'comply or explain'	Listed companies	Non-sector specific	G ¹⁴⁷
Corporate Governance Principles and Recommendations 4th Edition, ASX Corporate Governance Council ¹⁴⁸	These Principles and Recommendations set out recommended corporate governance practices for entities listed on the ASX that, in the Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.	Australian Stock Exchange (ASX) – Exchange	2019	Voluntary	Listed companies	Non-sector specific	S and G ¹⁴⁹
The commentary to Recommendation 7.4 of the ASX Corporate Governance Council's Principles and Recommendations refers companies to existing guidance such as: 2015 ESG Report Guide for Australian Companies ¹⁵⁰	The 2015 Reporting Guide for Australian Companies is aimed at assisting all Australian companies publish ESG reports based on what is material to them. Although the ASX does not release its own guidelines, these guidelines are applicable to all companies in Australia. The guide also acknowledges that although it may be difficult for small businesses to release reports, the guides are also suited at assisting them in their ESG disclosure journey.	Financial Services Council (FSC) and the Australian Council of Superannuation Investors (ACSI) – Regulators	2011, Updated 2015	Voluntary	ESG guide covers all companies and is referred to by the ASX for listed companies	Non-sector specific	E, S and G

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¹⁴⁶ Section 4. (December 2019). Available: <https://www.asx.com.au/documents/rules/Chapter04.pdf>

¹⁴⁷ *Ibid.*

¹⁴⁸ Corporate Governance Principles and Recommendations 4th Edition, ASX Corporate Governance Council. (February 2019). Available: <https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>

¹⁴⁹ *Ibid.*

¹⁵⁰ The ESG Reporting Guide for Australian Companies. (2015). Available: <https://www.asx.com.au/documents/asx-compliance/acsi-fsc-esg-reporting-guide-final-2015.pdf>

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Shareholders Rights Directive (EU) 2017/828 ¹⁵¹ and Commission Implementing Regulation (EU) 2018/1212 ¹⁵²	The Shareholders rights Directive is aimed at addressing corporate governance issues for all listed companies. The directive focuses on relationships between a company's management, board, shareholders and other stakeholders, and the ways the company is managed and controlled. The Commission Implementing Regulation sets out the minimum requirements for shareholder identification, the transmission of information and the facilitation of the exercise of shareholder's rights.	European Parliament, Council and European Commission-Jurisdictional	July 2007 amended in 2017. Commission Implementing Regulation was implemented in 2018.	Mandatory 'comply or else'	Listed companies	Non-sector dependant	G
Capital Requirements Directive (CRD) (Directive 2013/36/EU as amended by Directive 2019/878/EU) ¹⁵³ and the Capital Requirements Regulation (CRR) (Regulation No 575/2013 as amended by Regulation No 2019/876) ¹⁵⁴	The CRD and the CRR set out specific corporate governance rules for the banks and systemic investment firms which outline rules to curb excessive risk-taking and support financial stability. Regulation (EU) 2019/876 in particular deals with the disclosure requirements for the banking sector.	European Parliament, Council and European Commission-Jurisdictional	2013 then amended in 2019	Mandatory 'comply or else'	Listed companies	Banking Sector	G
Investment Firms Directive ¹⁵⁵ (Directive 2019/2034) and the	This directive outlines the rules which pertain to non-systemic investment firms. The regulation outlines the disclosure	European Parliament, Council and European	2019	Mandatory 'comply or else'	Listed companies	Investment Sector	G

¹⁵¹ EU. (2017). Directive (EU) 2017/828. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L0828>

¹⁵² EU. (2018). Commission Implementing Regulation (EU) 2018/1212. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1212>

¹⁵³ EU. (2019). Capital Requirements Directive. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1560262005241&uri=CELEX:32019L0878>

¹⁵⁴ EU. (2019). Capital Requirements Regulation. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0876>

¹⁵⁵ EU. (2019). Investment Firm Directive. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L2034>

Investment Firms ¹⁵⁶ Regulation (Regulation 2019/2033)	requirements of investment firms situated in the EU.	Commission-Jurisdictional					
Guidelines on reporting climate-related information ¹⁵⁷	The guidelines listed a variety of international, European, and national guidelines that could be adopted by companies. In June of 2019, the EU released guidelines related to climate-related disclosure. This was aimed at supplementing the original guidelines (released in 2017) and providing more information on non-financial reporting, particularly integrating the Task Force on Climate-related Financial Disclosures.	European Parliament and Council - Jurisdictional	2019	Mandatory 'comply or else'	Listed companies under the NFRD	Non-sector specific	E
Sustainable Finance Disclosure Regulation (SFDR) ¹⁵⁸	The SFDR was aimed at increasing transparency and reducing greenwashing among financial sector companies in their sustainability reports. The instrument outlines finance sector-specific ESG and non-ESG related disclosures. ¹⁵⁹	European Parliament and Council - Jurisdictional	2019	Mandatory 'comply or else'	Listed companies	Finance Sector	E, S and G
Corporate Sustainability Reporting Directive (CSRD) ¹⁶⁰	In November 2022, the EU amended the NFRD to the Corporate Sustainability Reporting Directive (CSRD). The CSRD expanded the scope of reporting requirements and increased the number of companies that fell within the mandatory reporting scope from 11,700 to 50,000. ¹⁶¹ Additional components of the CSRD include mandatory third-party verification of	European Parliament and Council-Jurisdictional	2022	Mandatory 'comply or else'	All companies with more than 250 employees All listed companies, and companies which have substantial activity within the EU with a turnover over €150 million in the EU. Listed SMEs	Non-sector specific	E, S and G

¹⁵⁶ EU. (2019). Investment Firm Regulation. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2033>

¹⁵⁷ EU. (2019). Guidelines on reporting climate-related information. Available: https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf

¹⁵⁸ EU. (2019). SDR. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>

¹⁵⁹ Godemer, M. (March 2021). The relationships between SFDR, NFRD and EU Taxonomy. Bloomberg Professional Services. Available: <https://www.bloomberg.com/professional/blog/the-relationships-between-sfdr-nfrd-and-eu-taxonomy/>

¹⁶⁰ EU. (2022). Available: <https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals>

¹⁶¹ Yakimova, Y. (November 2022). Sustainable economy: Parliament adopts new reporting rules for multinationals. *News European Union*. Available: <https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals>

	reported sustainability data to improve reporting and the establishment of binding sustainability reporting standards to level the sustainability reporting landscape and make it easier to compare companies. ¹⁶²						
European Financial Reporting Advisory Group (EFRAG) draft European Sustainability Reporting Standards ¹⁶³	EFRAG was mandated to develop a draft ESRS to be submitted to the European Commission as Technical Advice. According to the draft Corporate Sustainability Reporting Directive (CSRD), adopted by the European Parliament on 10 November 2022, the European Sustainability Reporting Standards (ESRS) specify the content of the corporate sustainability reporting requirements in the EU. EFRAG has stated that its objective is that ESRS-compliant reports would also meet all the requirements of the ISSB standards. ¹⁶⁴	European Financial Reporting Advisory Group (EFRAG)	2022	Mandatory for companies under CSRD	All large companies and all listed companies (except listed micro-enterprises)	Non-sector dependant	E, S and G ¹⁶⁵
EU proposal for corporate sustainability due diligence directive	The proposal aims to foster sustainable and responsible corporate behaviour throughout global value chains. ¹⁶⁶	European Commission	2022	Mandatory	- All EU limited liability companies with 500+ employees and EUR 150 million+ in net turnover worldwide;¹⁶⁷ - other limited liability companies operating in defined high-impact sectors that have more than 250 employees and	Non- sector dependant	E, S and G ¹⁷⁰

¹⁶² European Commission. (2022). Corporate sustainability reporting. Available: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

¹⁶³ European Commission (2022). Reports on development of EU sustainability reporting standards. Available: https://finance.ec.europa.eu/publications/reports-development-eu-sustainability-reporting-standards_en

¹⁶⁴ *Ibid.*

¹⁶⁵ *Ibid.*

¹⁶⁶ European Commission (2022). Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071>

¹⁶⁷ *Ibid.*

¹⁷⁰ *Ibid.*

					- a net turnover of EUR 40 million worldwide¹⁶⁸ - Non-EU companies active in the EU with turnover threshold aligned with Group 1 and 2, generated in the EU¹⁶⁹		
EU Taxonomy for Sustainable Activities ¹⁷¹	The EU Green Taxonomy Regulation is a classification system that establishes a list of environmentally sustainable economic activities. It requires companies to disclose the proportion of environmentally sustainable economic activities in their business, investments, or lending activities (including financial key performance indicators).	European Parliament and Council-Jurisdictional	2021	Mandatory 'comply or else'	Listed companies From January 1, 2022: companies that publish a non-financial statement under the NFRD (now CSRD).	Non-sector specific	E

Reporting guidance and instructions in the United Kingdom

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
UK Corporate Governance Code	The UK Corporate Governance Code requires companies to make a statement explaining how they have applied the principles of the code in a manner that enables shareholders to evaluate how the principles have been applied.¹⁷² There are five principles that govern the corporate governance code which include: - Board leadership and company purpose - Division of responsibilities - Composition, succession and evaluation - Audit, risk and internal control	UK Financial Reporting Council - Regulator	2018 ¹⁷⁴	Mandatory 'comply or explain'	All listed companies with a premium listing, whether incorporated in the UK or elsewhere	All industries	G

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷¹ Eu. (2021). EU Taxonomy. Available: <https://eu-taxonomy.info/info/eu-taxonomy-for-companies>

¹⁷² Carrots and Sticks (2023) United Kingdom. Available: <https://www.carrotsandsticks.net/reporting-instruments/the-uk-corporate-governance-code-2018/>

¹⁷⁴ Ibid.

	Remuneration The first corporate governance code was published in 1992. Since then, there have been several iterations of the code, all iterations responding to the changing demands of the corporate governance framework.¹⁷³ Companies are required to report on their corporate governance annually						
The Companies Strategic Report Climate-related Financial Disclosure Regulations (2021)	This regulation requires UK-registered companies to disclose climate-related financial data on a mandatory basis in line with the TCFD guidelines.¹⁷⁵ The regulation was developed using a consultative process. Following this regulation, more than 1300 companies will be required to report on climate-related financial disclosures. The Department for Business Energy and Industrial Strategy requested proposals on how to implement climate-related financial disclosures. The department received commentary from many stakeholders and incorporated this into the final regulation. The consultation process ran from March to May (a period of six weeks)¹⁷⁶. Companies are now required to include a qualitative scenario analysis in their disclosure. This analysis involves assessing industry trends or historical information to draw certain climate-related conclusions for the company. Additionally, regulations will be more closely aligned with the language that is used in the TCFD recommendation.¹⁷⁷	UK Government - Department for Business Energy and Industrial Strategy	2021	Mandatory	All UK registered companies	All industries	E
The Companies Act (2006)	This act provides for UK companies to produce a strategic report that outlines the company's strategy, business model, GHG emissions, human rights and diversity. ¹⁷⁸	UK Government - Finance and National	Originally published in 2006 and revised in 2013	Mandatory	All UK incorporated companies listed on the	All industries	E

¹⁷³ Financial Reporting Council (2023) The UK Corporate Governance Code. Available: <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

¹⁷⁵ Department for Business Energy and Industrial Strategy (2021) Consultation response: Mandatory climate-related financial disclosures by publicly quoted companies, large private companies, and LLPs. Available: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029354/tcf-d-consultation-government-response.pdf

¹⁷⁶ *Ibid.*

¹⁷⁷ *Ibid.*

¹⁷⁸ UK Government Finance and Treasury (2013) Companies Act 2006. Available: <https://www.legislation.gov.uk/ukpga/2006/46/part/15/chapter/4A>

	UK companies can use the UK Greenhouse Gas Reporting Guidance or any voluntary reporting methodologies to measure their emissions.¹⁷⁹ Specific methodologies have not been named. The provisions of this act state that companies are allowed to reuse the data that is already collected for Climate Change Agreement reporting, EU Emissions Trading Scheme reporting and the Carbon Reduction Commitment Energy Efficiency Scheme to populate their strategic report.¹⁸⁰				stock exchange The government has made provisions for small companies to be exempt until they have the capacity to meet the reporting requirements.¹⁸¹		
The Limited Liability Partnerships (Climate-related Financial Disclosure Regulations) 2022	In a strategic report, Limited Liability Partnerships (LLPs) are required to “include principal risks and uncertainties facing the LLP” which should also include climate related disclosures which includes • “A description of the LLPs governance agreement in relation to assessing and managing climate-related risks and opportunities • A description of how the LLP identifies, assesses and managed climate-related risks and opportunities • A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the LLP’s overall risk management process; • A description of the principal climate-related risks and opportunities arising in connection with the LLP’s operations, and • the time periods by reference to which those risks and opportunities are assessed; • A description of the actual and potential impacts of the principal climate-related risks and opportunities on the LLP’s business model and strategy;	UK Government - Finance and Treasury	2022	Mandatory ‘comply or explain’	Limited Liability Partnerships (LLPs)	All sectors	E

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

¹⁸¹ Carrots and Sticks (2023) Companies Act 2006. Available: <https://www.carrotsandsticks.net/reporting-instruments/the-companies-act-2006-strategic-report-and-directors-report-regulations-2013/>

	• An analysis of the resilience of the LLP's business model and strategy, taking into consideration different climate-related scenarios; • A description of the targets used by the LLP to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and • A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based."¹⁸²						
Listing Rules	This document outlines the listing rules for all companies looking to be listed. It stipulates that climate-related disclosures are to be included as listing rules under LR 9.8.6R(8) (for premium listing issuers) and LR 14.3.27R (for standard listing issuers).¹⁸³ Companies on the London Stock Exchange are required to make climate-related financial disclosures consistent with the TCFD Recommendations.. Where issuers have not made such disclosures, they are required to (a) explain why they had not done so and (b) disclose any plans (including the relevant timeframe) they are taking or intend to take in order to be able to make such disclosures in the future. Took effect for accounting periods beginning on or after 1 January 2021 and 1 January 2022, respectively. In addition, effective from accounting periods beginning on or after 6 April 2022, certain within-scope UK entities (whether listed or not) are required to disclose certain prescribed climate-related disclosures as part of their non-financial and sustainability information statement in their strategic reports.	Financial Conduct Authority	2022	Mandatory	Companies looking to be listed	All sectors	E
London Stock Exchange Group (LSEG)	Companies are encouraged to use the LSEG Guide to Climate Reporting, to assess how to integrate climate reporting best practice and TCFD recommendations into climate reporting through their annual reports. ¹⁸⁴	London Stock Exchange	2021	Voluntary	This guide applies to and was developed	All industries	E

¹⁸² UK Government Finance and Treasury (2022) The Limited Liability Partnerships (Climate Related Financial Disclosure) Regulations 2022. Available: <https://www.legislation.gov.uk/uksi/2022/46/part/2/made>

¹⁸³ Financial Conduct Authority (2023) Listing Rules. Available: <https://www.handbook.fca.org.uk/handbook/LR.pdf>

¹⁸⁴ London Stock Exchange Group (2021) LSEG Guide to Climate Reporting. Available: https://docs.londonstockexchange.com/sites/default/files/documents/LSE_guide_to_climate_reporting_final_0.pdf

Guide to Climate Reporting	The guide is divided into three important sections including: • Disclosure diagnosis and context • Integration of climate-related risks and opportunities • Disclosure of climate-related practices and data This reporting guide is an iteration of a guide that was released in 2017, called “Your Guide to ESG reporting”. Since the release of the 2017 guide, over 2000 companies have expressed support for the use of TCFD guidelines.¹⁸⁵ The guide is aligned primarily to TCFD recommendations but is also aligned with the Carbon Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI) International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB).¹⁸⁶				specifically for listed companies, however, all companies are encouraged to use the guide		
ESG Reporting Guide	This ESG reporting guide provides guidance to listed companies on how to integrate ESG considerations into investor reporting.¹⁸⁷ The purpose behind developing the guide was to “make companies more aware of the importance of providing high-quality ESG information and engaging investors in sustainability-related issues”.¹⁸⁸ Companies are to report on their ESG impact in the form of an annual report. The ESG guide includes the eight priorities for ESG reporting, namely: • Strategic relevance • Investor materiality • Investment grade data • Global frameworks • Reporting formats • Regulation and investor communication • Green revenue reporting • Debt finance	London Stock Exchange Group	2021	Voluntary	This guide applies to listed companies	All industries	ESG

¹⁸⁵ *Ibid.*

¹⁸⁶ *Ibid.*

¹⁸⁷ London Stock Exchange Group (2021) ESG Reporting Guide. Available: <https://docs.google.com/document/d/1Cy3Xjde3FS0iVUZnoPyUePJH8C1OxkXlappleGJt6pU8/edit>

¹⁸⁸ *Ibid.*

2023 Green Finance Strategy	The Strategy sets out how the UK Government will pursue its ambition to become the world's first Net Zero-aligned Financial Centre by equipping the market with the information and tools necessary to drive the transition. ¹⁸⁹	HM Treasury, the new Department for Energy Security and Net Zero, and Department for Environment, Food and Rural Affairs ¹⁹⁰	2023	N/A	Various	Non-sector specific	E and S
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Reporting guidance and instructions in the United States of America

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
ESG Disclosure Simplification Act 2021	This bill is an amendment to section 14 of the Securities Exchange Act of 1934. It adds a new subsection to the bill, referred to as subsection (k). Subsection (k) provides for listed companies who “have registered securities or that file annual reports” to disclose the link between ESG metrics and the company's long-term business strategy.¹⁹¹ Companies are to disclose these links in the form of an annual report. The report should include any process the company uses to determine the impact of the ESG metrics on the company's long-term strategy.¹⁹²	Committee on Financial Services - Financial Treasury	This document was published in 2021	Voluntary	Large private and listed companies	All industries	ESG
Climate Risk Disclosure Act of 2021	This bill is an amendment to section 14 of the Securities Exchange Act of 1934. This bill directs the Securities and Exchange Commission to require an issuer of securities to annually disclose information regarding climate change-related risks posed to the issuer, including an issuer's strategies and actions to mitigate these risks. Specifically, issuers must report their direct and indirect greenhouse-gas emissions and disclose their fossil fuel-related assets.	Committee on Financial Services - Financial Treasury	This document was published in 2021	TBD	TBD	Finance, insurance, transportation, electric power, mining, and non-renewable energy” and “any other sector	E & S

¹⁸⁹ UK Gov (2023). Mobilising green investment: 2023 green finance strategy. Available: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1149690/mobilising-green-investment-2023-green-finance-strategy.pdf

¹⁹⁰ *Ibid*

¹⁹¹ Committee on Financial Services (2021) ESG Disclosure Simplification Act of 2021. Available: <https://www.congress.gov/117/crpt/hrpt54/CRPT-117hrpt54.pdf>

¹⁹² *Ibid*.

						determined appropriate	
Mandatory Greenhouse gas reporting rule 40 CFR Part 98	The purpose of this rule is to collect accurate and timeline GHG data. The rule was first passed in 2009 with small revisions having been made since.¹⁹³ The implementation of this rule is referred to as the Greenhouse Gas Reporting Program (GHGRP). The data collected from this reporting program allows businesses and others to track and compare facilities' greenhouse gas emissions, identify opportunities to cut pollution, minimise wasted energy, and save money. States, cities, and other communities can use EPA's greenhouse gas data to find high-emitting facilities in their area, compare emissions between similar facilities, and develop common-sense climate policies.¹⁹⁴	Environmental Protection Agency	The mandatory Greenhouse reporting rule was published in 2022	Voluntary	Entities that emit 25 000 metric tons or more of carbon dioxide or equivalent per year in the US	All industries	E
Securities Exchange Commission Guidance Regarding Disclosure related to Climate Change	This guidance outlines examples of where climate change may trigger disclosure requirements. In the instance where a company has to disclose, those disclosures need to be included in the company's annual report.	Securities Exchange Commission	Published in 2010	Voluntary	Large private and listed companies	All industries	E
ESG Reporting Guide 2.0	This guide highlights the importance of ESG reporting. It uses the SSE model guidance as a base for the guide. It also incorporates 30 ESG metrics to track and disclose.¹⁹⁵ This ESG guide is an iteration of a guide that was released in 2017.	Nasdaq	2019	Voluntary	Large and private listed companies	All industries	ESG
United States Corporate	The USCCG is a framework and set of rules that govern how publicly traded companies are structured and operated. The code was first proposed by the National	National Association of Corporate Directors	2003	Mandatory	Publicly listed companies (with	All industries	G

¹⁹³ Environmental Reporting Agency (2023) Greenhouse Gas Reporting Process. Available: <https://www.epa.gov/ghgreporting/learn-about-greenhouse-gas-reporting-program-ghgrp#:~:text=Facilities%20are%20generally%20required%20to,released%2C%20combusted%2C%20or%20oxidized>

¹⁹⁴ *Ibid.*

¹⁹⁵ Nasdaq (2019) ESG Reporting Guide 2.0. Available: <https://www.nasdaq.com/docs/2019/11/26/2019-ESG-Reporting-Guide.pdf>

Governance Code (USCGC)	Association of Corporate Directors in 2003 and has been updated numerous times since. ¹⁹⁶				13 or more shareholders)		
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Reporting guidance and instructions in Brazil

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
CVM Instruction No.480	This instruction required listed companies to include critical environmental information in their annual reports.¹⁹⁷ Companies were required to include environmental information about: • Environmental policies • Cost for compliance with environmental regulations and international standards • Disclose whether the information was reviewed by a third party This document was replaced by CVM Instruction No. 59 in 2009.	Securities and Exchange Commission of Brazil (CVM) - Regulator	This document was published and came into effect in 2009	Voluntary	Large private and listed companies	All industries	E
CVM Instruction No. 59	This instruction replaced instruction 480. The main difference between instruction 480 and instruction 59 is that social, environmental and climate-related issues are clearly defined and not grouped together.¹⁹⁸ This instruction requires companies to include certain ESG information in their annual reporting, using TCFD guidelines, or explain why they did not disclose. This information includes: • “The disclosure of a materiality matrix and ESG key performance indicators, and which are the material indicators for the issuer • Whether the report or document considers UN Sustainable Development Goals (SDG) and what are the material SDGs for the issuer's business	CVM - Regulator	This instruction was first published in 2021, however, only came into effect for companies in 2023	Mandatory 'comply or explain'	Large and private listed companies	All industries	E

¹⁹⁶ Nithya R (2022) What is the United States Corporate Governance Code. Available: [https://vakilsearch.com/blog/usa-have-a-corporate-governance-code/#:~:text=Corporate%20Governance%20Code-.The%20United%20States%20Corporate%20Governance%20Code%20\(USCGC\)%20is%20a%20framework,been%20updated%20numerous%20times%20since.](https://vakilsearch.com/blog/usa-have-a-corporate-governance-code/#:~:text=Corporate%20Governance%20Code-.The%20United%20States%20Corporate%20Governance%20Code%20(USCGC)%20is%20a%20framework,been%20updated%20numerous%20times%20since.)

¹⁹⁷ Securities Exchange Commission of Brazil (2009) CVM instruction no.480. Available: <https://www.gov.br/cvm/en/foreign-investors/regulation-files/cvm-480-ing.pdf>

¹⁹⁸ Eye on ESG (2021) Brazilian Securities Commission Establishes ESG Information Disclosure Criteria for Listed Companies. Available: <https://www.eyeonesg.com/2021/12/brazilian-securities-commission-establishes-esg-information-disclosure-criteria-for-listed-companies/>

	- Whether the report or document considers the recommendations of the TCFD or recommendations for financial disclosures from other entities recognized and related to climate issues - if the issuer carries out greenhouse gas emission inventories, indicating, if applicable, the scope of inventoried emissions”¹⁹⁹ The Resolution was developed as a result of Public Forum SDM No. 09/20, whose main objective was to propose the reduction of compliance costs for issuers and simplify ESG reporting.²⁰⁰						
CVM Instruction no 14	This instruction made it mandatory for companies to follow the International Integrated Reporting Council (IIRC) integrated reporting framework when preparing ESG reports.²⁰¹ Preparation of these reports is not mandatory, however, if companies choose to report, it has to be certified by an independent auditor that is registered with the CVM.²⁰²	CVM - Regulator	CVM instruction No. 14 was published in 2020 and adopted in 2021	Voluntary	Large private and listed companies	All industries	ESG
Resolution 139 BCB	This resolution requires institutions authorised to operate by the Central Bank of Brazil (BCB) under segments one to four to produce an annual Social, Environmental and Climate Risks and Opportunities (GRSAC) report that is released on an annual basis.²⁰³ This disclosure rule is “inspired by the recommendations of the TFCF disclosures”.²⁰⁴ The GRSAC report should include: - Governance of the management of risks (social, environmental and climate risk) - Potential impact of relevant risks	Central Bank of Brazil - Regulator	This document was published in 2021 and came into effect for listed companies in 2022	Voluntary	Large private and listed companies	All industries	S, E

¹⁹⁹ Green Finance Platform (2021) Brazilian Securities Commission(CVM)'s Resolution No. 59. Available: <https://www.greenfinanceplatform.org/policies-and-regulations/brazilian-securities-commissioncvm-resolution-no-59>

²⁰⁰ Demarest (2021) CVM modernizes rules for publicly-held companies, with simplifications and greater disclosure of ESG information. Available: <https://www.demarest.com.br/en/cvm-modernizes-rules-for-publicly-held-companies-with-simplifications-and-greater-disclosure-of-esg-information/>

²⁰¹ Saboya, Denise (2022) ESG reporting in Brazil. Available: https://accounting.nridigital.com/iab_march22/esg_reporting_in_brazil

²⁰² *Ibid.*

²⁰³ Central Bank of Brazil (2021) BCB Resolution No. 139 of 9/15/2021. Available: <https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=139>

²⁰⁴ Central Bank of Brazil (2021) New regulation on social, environmental, and climate-related risk disclosures. Available: https://www.bcb.gov.br/content/about/legislation_norms_docs/BCB_Disclosure-GRSAC-Report.pdf

	- Climate risks, looking specifically at the risks associated with the transition to low-carbon economies The BCB started a public consultation process to improve the rules related to the management of social, environmental and climate-related risk.²⁰⁵ Following this process, improvements to the risk management regulatory framework included: - A new definition of social risk - A new definition of environmental risk - A new definition of climate-related risk²⁰⁶ The new rule reinforces the linking of social, environmental and climate-related risks in the management of financial risks.²⁰⁷						
Central Bank of Brazil (BCB) Resolution No. 151 2021	This resolution mandates institutions authorised to operate by the central bank (and classified in segments one to four) to send the BCB information concerning social, environmental and climate-related risks in a GRSAC report published annually by the companies.²⁰⁸ This resolution adopted a phased approach.	Central Bank of Brazil	This resolution was published in 2021 and came into effect in 2022	Mandatory using a phased approach	Large private and listed companies that fell into the following criteria “Institutions classified as S1 were required to disclose their information as of December 2022. - Institutions classified as S2, as of June 2023. - Institutions classified as S3, as of	All industries	S and E

²⁰⁵ Carrots and Sticks (2023) Public Consultation 85 New regulation on risk management and social, environmental and climate responsibility. Available: <https://www.carrotsandsticks.net/reporting-instruments/public-consultation-85-new-regulation-on-risk-management-and-social-environmental-and-climate-responsibility/>

²⁰⁶ Central Bank of Brazil (2021) New regulation on social, environmental, and climate-related risk disclosures. Available: https://www.bcb.gov.br/content/about/legislation_norms_docs/BCB_Disclosure-GRSAC-Report.pdf

²⁰⁷ *Ibid.*

²⁰⁸ Central Bank of Brazil (2021) BCB Resolution No. 151 2021. Available: <https://iclg.com/practice-areas/environmental-social-and-governance-law/brazil>

					December 2023. And institutions classified under S4, as of June 2024."²⁰⁹		
Report or explain for sustainability or integrated reports	The report or explain for sustainability or integrated reports encouraged publicly listed companies to voluntarily disclose their ESG information. ²¹⁰ If companies chose not to disclose they were encouraged to explain why not.	A Bolsa do Brazil (B3) - Exchange	This was published in 2012	Voluntary	Publicly listed companies	All industries	ESG
Report or Explain for the Sustainable Development Goals (SDGs) Initiative	The report or explain for SDGs initiative was aimed at stimulating transparency of the listed companies strategies and actions in relation to the SDGs.²¹¹ If companies chose not to report, they were encouraged to explain why. Reporting was meant to be done via an annual report, sustainability report or integrated report that incorporated the SDGs.²¹² This initiative was done in collaboration with the GRI.²¹³ The B3 implemented the voluntary report or explain and then conducted surveys to assess how the processes were working. The surveys showed the following findings: "26% of the responding companies publish reports taking the SDGs into consideration, include them, intend to include them, or are studying the possibility of including them in their reports.	B3 - Exchange	This initiative was announced in 2018	Voluntary	Publicly listed companies	All industries	ESG

²⁰⁹ Central Bank of Brazil (2021) Public Consultation 85 New regulation on risk management and social, environmental and climate responsibility. Available: https://www.bcb.gov.br/content/financialstability/ruralcreditdocs/BCB_PublicConsultation85.pdf

²¹⁰ Green Finance Platform (2018) Voluntary Disclosure of Environmental, Social, and Governance (ESG) Information in Brazil – Updates on "Report or Explain for Sustainability or Integrated Reports". Available: <https://www.greenfinanceplatform.org/policies-and-regulations/voluntary-disclosure-environmental-social-and-governance-esg-information>

²¹¹ *Ibid.*

²¹² B3 (2018) B3 Announces Results of Report or Explain for Sustainable Development Goals (SDG). Available: https://www.b3.com.br/en_us/news/report-or-explain-for-sustainable-development-goals-sdg.htm

²¹³ *Ibid.*

	Of the 62 companies listed on Ibovespa (the main performance indicator of the stocks traded in B3 and lists major companies) 41 published their reports taking the SDGs into consideration. Of this number, 31 responses were gathered by self-reporting”²¹⁴						
Brazilian Corporate Governance Code ²¹⁵	This is a code developed to provide companies with a framework on how to maximise their corporate governance activities.	GT Interagentes	2013	Mandatory 'comply or explain'	Listed companies	All industries	G

Reporting guidance and instructions in China

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Green Securities Policy (2008) ²¹⁶	The Green Securities Policy requires companies listed on the stock exchange to disclose information about their environmental record. The policy was enhanced in 2008 by the issuance of the 'Green IPO' which requires enterprises in energy-intensive industries to undergo an environmental assessment by the MEP before initiating an IPO or obtaining refinancing from banks. ²¹⁷ In June of 2021, the CSRC introduced new requirements requiring consolidated environmental and social information in semi-annual and annual reporting applicable to all listed companies under a new section, "Section 5: Environmental and Social Responsibility". Under this requirement, listed companies classified as "polluting units" are required to disclose environmental information, such as types of pollutants and total amounts of pollutants. All	China Securities Regulatory Commission (CSRC) and Ministry of environmental protection (MEP) - Government	2008	Mandatory for key pollutant units Mandatory 'comply or explain' for other listed companies	All listed companies. Particularly those classified as key pollutant units	Key pollutant units	E and G ²¹⁹

²¹⁴ Ibid.

²¹⁵ GT Interagentes (2022) Brazilian Corporate Governance Code. Available: <https://www.ecgi.global/download/file/fid/17257>

²¹⁶ Green Securities Policy. (2013). Available: https://liberalarts.oregonstate.edu/sites/liberalarts.oregonstate.edu/files/polisci/faculty_files/bernell/wang_and_bernell_-_green_securities.pdf

²¹⁷ Ibid.

²¹⁹ Ibid.

	listed companies are also required to disclose information on a comply or explain basis. ²¹⁸						
Code of Corporate Governance for Listed Companies 2018 ²²⁰	The 2018 update to the Code of Corporate Governance for Chinese companies included requirements to companies to establish Party organisations (representative units to ensure implementation of state objectives and policies), establishing ESG requirements, such as green development and targeted poverty alleviation. Companies are encouraged to promote board diversity (Article 25); Strengthening audit committee functions (Articles 38 and 39), and Restricting powers of controlling shareholders (Chapter 6). ²²¹	China Securities Regulatory Commission (CSRC) - Regulator	2018	Mandatory 'comply or explain'	All listed companies	Non-sector specific.	E and G
Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange ²²²	The guidelines for environmental information for listed companies in the SSE is aimed at encouraging companies to disclose information related to their influence on the environment.	Shanghai Stock Exchange	2008	Voluntary	All listed companies	Non-sector specific	E ²²³
Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies ²²⁴	The exchanges' guidelines encourage listed companies to establish a social responsibility data gathering system and prepare social responsibility reports on a regular basis. The guidelines list the key points which should be included and disclosed in social responsibility reports. The disclosure was initially voluntary but Shenzhen Stock Exchange changed the policy in 2008 and	Shenzhen Stock Exchange	First released in 2006 and revised in 2015	Voluntary	All listed companies	Non-sector specific	E,S and G.

²¹⁸ Peijuan, G. (July 2021). Annual reports in China will now include environmental and social information. Responsible Investor. Available: <https://www.responsible-investor.com/annual-reports-in-china-will-now-include-environmental-and-social-information/>

²²⁰ [English Version] China Securities Regulatory Commission. (2018). Code of Corporate Governance for Listed Companies . Available: https://www.ecgi.global/sites/default/files/codes/documents/code_of_cg_china_eng.pdf

²²¹ *Ibid.*

²²² Shanghai Stock Exchange. (2008). Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange. Available: http://www.sse.com.cn/lawandrules/sserules/listing/stock/c/c_20150912_3985851.shtml

²²³ *Ibid.*

²²⁴ Shenzhen Stock Exchange. (2006). Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies. Available: https://www.szse.cn/English/rules/siteRule/t20070604_559475.html

	required mandatory disclosure for all companies in the SZSE 100 index (100 companies). However, listed companies not included in the SZSE 100 index can still choose whether or not to submit their CSR reports to the stock exchange. ²²⁵						
China's Green Credit Statistics System	Two documents that form the Green Credit Statistics System (GCSS) for banking institutions when categorising green credit portfolios. - The Submission of the Green Credit Statistics Form for lending to the production and manufacturing of three emerging sectors, and - The Submission of the Green Credit Statistics Form for lending to projects and services that are related to energy saving and environmental protection. The GCSS requires banks to report and categorise green credit loans, and to quantify the environmental benefits they produce	China Banking Regulatory Commission (CBRC)	2013	N/A	Banks	Non-sector specific	E and S
China Green Credit KPI	Chinese bank regulators published key performance indicators (KPI) to help banks monitor and measure their implementation of the Green Credit Guidelines. ²²⁶ These KPIs provided needed guidance as to how banks should categorise risky projects when banks should suspend financing, and which international norms and standards should be observed in overseas projects, among other important metrics.	China Banking and Insurance Regulatory Commission (CBIRC)	2014	N/A	Banks	Non-sector specific	E and S

Reporting guidance and instructions in Hong Kong

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
ESG Reporting Guide and related Listing Rules ²²⁷	The HKEX requires mandatory disclosures by listed companies with some ESG disclosures required on 'comply or explain' provisions. The most recent update to the guidelines and listed	HKEX	First included in 2013 and was recently updated in 2019.	Mandatory 'comply or explain'	Listed companies	Non-sector specific	E, S and G

²²⁵ *Ibid.*

²²⁶ Friends of the forest (2017) China Green Belt Available: chrome-extension://efaidnbmnnnibpcapjpcgiclfindmkaj/https://foe.org/wp-content/uploads/2017/12/ChinaGreenBelt_Dec2017.pdf

²²⁷ HKEX. (2019). ESG Reporting Guide and related Listing Rules. Available: <https://en-rules.hkex.com.hk/rulebook/environmental-social-and-governance-reporting-guide-0>

	rules was done to include climate-related disclosure on a comply and explain basis as well.						
HKEX How to prepare an ESG Report? A Step-By-Step Guide to ESG Reporting ²²⁸	This guide is designed to assist companies in their ESG reporting and to identify key KPIs which they need to report according to. This guide is designed to assist HKEX companies with their ESG reporting and details which aspects are material and how to report on them.	HKEX	2020	Voluntary	Listed Companies	Non-sector specific.	E, S and G ²²⁹
Guidance on Climate Disclosures ²³⁰	The Guidance on Climate Disclosures is aimed at helping companies assess their response to risks arising from climate change. The Guide provides practical tips and step-by-step guidance to assist companies in preparing TCFD-aligned climate change reporting. The HKEX aims to review its ESG reporting framework to further align with TCFD recommendations	HKEX	2021	Voluntary	Listed Companies	Non-sector specific	E ²³¹
HKEX Corporate Governance Code ²³²	The HKEX after concluding consultations and receiving public comments updated their corporate governance code and related listing rules to include: 1. Culture and whistleblowing policy 2. Board independence guidance 3. Updated rules on board diversity 4. Revised Main Board Listing Rule 13.91 (GEM Listing Rule 17.103(5)(d)) requires listed issuers to publish ESG Reports at the same time as the publication of their annual reports. The requirement takes effect for financial years	HKEX	2022	Mandatory 'comply or explain'	Listed Companies	Non-sector specific	G

²²⁸ HKEX. (2020). HKEX How to prepare an ESG Report? A Step-By-Step Guide to ESG Reporting. Available: https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf

²²⁹ *Ibid.*

²³⁰ HKEX. (2021). Guidance on Climate Disclosures. Available: https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures.pdf?la=en

²³¹ *Ibid.*

²³² HKEX. (2022). Corporate Governance Code. Available: <https://www.charltonslaw.com/legal/newsletters/568/hkex-corporate-governance-code-and-listing-rule-changes-effective-1-jan-2022.pdf>

	commencing on or after 1 January 2022						
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Reporting guidance and instructions in Morocco

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Morocco Code of Good Corporate Governance	The code guides companies on how to report their performance against the OECD principles of corporate governance (2004) in the corporate governance chapter of a management or annual report.²³³ The general principles of good corporate governance practices as outlined in the code include: • Responsibilities of the governing body • Rights of shareholders and partners and their equitable treatment • Information on management • Management oversight • Dividend policy • Vigilance on special operations • Management of securities and securities operations	National Commission on Corporate Governance	The code of governance was published and came into effect in 2008	Voluntary	All companies	All industries	G

²³³ National Commission on Corporate Governance (2008) Moroccan Code of Good Corporate Governance Practices. Available: <https://www.ecgi.global/code/moroccan-code-good-corporate-governance-practices>

Moroccan Capital Market Authority (AMMC) Circular No. 03/19 Chapter 2, Section 3: ESG Report	This circular makes ESG reporting on financial operations and information a listing rule for listed companies. ESG information is to be attached to annual financial reports. ²³⁴	Moroccan Capital Market Authority (AMMC)	This document was published and came into effect in 2019	Mandatory	Listed companies	All industries	E,S. and G
Directive n°5/W/2021	This directive provides best practice guidance. It requires credit institutions to identify and disclose potential sources of climate-related and environmental risks as well as to ensure their measurement, management, monitoring and control.²³⁵ This directive allows for the use of TCFD recommendations and GRI reporting standards to disclose climate-related risks.²³⁶	Bank Al-Maghrib	2021	Mandatory	Credit institutions	Banking sector	E
The Guide to Corporate Social Responsibility (CSR) and ESG reporting	This document explains CSR, SRI and ESG concepts. It also illustrates how to implement CSR initiatives and ESG reporting.²³⁷ The ESG report requires the following information to be disclosed General • Profile of the organisation • CSR Strategy • Adopted Standards • Reporting fields Environment • Environmental policy • Use of resources	AMMC and the CSE	2017	Mandatory	Listed companies	All industries	ESG

²³⁴ Moroccan Capital Market Authority (2019) Circular No. 03/19 Chapter 2, Section 3: ESG Report. Available: https://www.ammc.ma/sites/default/files/Circulaire%20AMMC%20n%C2%B0%2003-19%20_op%C3%A9rations_%20et%20_informations_%20financi%C3%A8res.pdf

²³⁵ Bank Al-Maghrib (2021) Directive n°5/W/2021. Available: <https://manager.e-questionnaire.com/accounts/3040/file/Directive%20n%C2%B0%205W21%20Risques%20financiers%20li%C3%A9s%20%C3%A0%20l%27environnement.pdf>

²³⁶ *Ibid.*

²³⁷ Moroccan Capital Market Authority, Casablanca Stock Exchange (2017) The Guide to CSR and ESG reporting. Available: <https://www.casablanca-bourse.com/BourseWeb/UserFiles/File/2017/Mai/Guide%20REESGVersion%20soumise%20consultation.pdf>

	• Pollution and waste management • Climate change Social • HR Policy • Hygiene, health and security • Climate and social dialogue • Human rights at work Governance • Organs of governance (composition and functioning) • Management and control of risks • Ethics and corruption • Shareholder relationships Other • Description of relationships and impact on parties and stakeholders external: • Ethics and corruption • Suppliers • Customers • Civil society²³⁸ The guide makes provisions for listed companies to use either GRI, IIRC, CDSB for reporting environmental information and the UN Global Compact Principles.²³⁹						
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Reporting guidance and instructions in the Philippines

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
SEC Revised Code of Corporate Governance (2009 amended in 2014)	This code requires all material information about the organisation which could affect its viability or the interests of the stakeholders to be disclosed timeously. ²⁴⁰	Philippine Securities Exchange Commission (PSEC) - Regulator	This document was published in 2009 and revised in 2014	Mandatory	All registered companies and branches or subsidiaries of foreign corporations in the Philippines	All industries	G

²³⁸ Ibid.

²³⁹ Ibid.

²⁴⁰ Securities Exchange Commission (2009) Revised Code of Corporate Governance. Available: <https://www.sec.gov.ph/mc-2009/sec-memorandum-circular-no-06-6/#gsc.tab=0>

	Companies need to make these disclosures in their annual reports. This code has been iterated to include updated provisions on what constitutes material information. ²⁴¹						
SEC Revised Code of Corporate Governance 2016	As with previous versions of the corporate governance codes, this code requires material information about the organisation to be disclosed.²⁴² Companies are required to disclose in annual corporate governance reports. This code includes 16 governing principles that outline the companies' corporate governance responsibilities.²⁴³ Companies are required to report using the 16 governing principles. The code uses a principle of proportionality. This principle suggests that larger companies should adhere to most of the principles whereas smaller companies may decide that "the costs of some provisions outweigh the benefits or not as relevant."²⁴⁴ Smaller companies that choose not to report on certain information are, however, required to provide an explanation. The G20 Organisations for Economic Co-operation and Development (OECD) Principles of Corporate Governance and the Association of Southeast Asian Nations (ASEAN) Corporate Governance Scorecard were used as key reference materials in the drafting of this Code.²⁴⁵	PSEC - Regulator	This document was published and came into effect in 2016	Companies do not have to comply with the code but they have to state in their annual governance reports whether or not they comply and explain why not	All companies	All industries	G
SEC Revised Code of Corporate Governance	This code holds the same provisions as the corporate governance code published in 2016, with a revision to specifically cater for public companies and registered issuers. ²⁴⁶	PSEC - Regulator	This code was published and came into effect in 2019	Voluntary	Public companies and registered issuers	All industries	G

²⁴¹ Ibid.

²⁴² Securities Exchange Commission (2016) Revised Code of Corporate Governance. Available: <https://www.sec.gov.ph/mc-2016/mc-no-19-s-2016/#gsc.tab=0>

²⁴³ Ibid.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

²⁴⁶ Securities Exchange Commission (2019) Revised Corporate Governance Code. Available: <https://www.sec.gov.ph/mc-2019/mc-no-24-s-2019-code-of-corporate-governance-for-public-companies-and-registered-issuers/#gsc.tab=0>

Sustainability Reporting Guidelines for Publicly Listed Companies 2019 - Memorandum Circular No.4	These guidelines provide guidance for publicly listed companies to “assess and manage non-financial performance across Economic, Environmental and Social aspects of the organisation”.²⁴⁷ This guideline also allows for publicly listed companies to monitor their progress towards achieving sustainability targets.²⁴⁸ These guidelines require publicly listed companies to report using a reporting template that is found in an annexure in the guideline. This template includes the following: • Specific country information • A materiality assessment • ESG disclosures • Annual report Non-compliance to this is subject to a penalty by the PSEC. For companies who chose to report, the guide makes provisions for the use of four globally accepted frameworks, including: • GRI • IIRC • IR • SASB • TCFD	PSEC - Regulator	This guideline was published and came into effect in 2019, however in 2023 the PSEC Commissioner announced that from 2023, publicly listed companies would have to submit separate sustainability reports from the annual reports. ²⁴⁹	Mandatory 'comply or explain'	Publicly listed companies	All industries	ESG
Sustainable Finance Framework	This framework provides guidelines for what banks should disclose in their annual reports. The framework prescribes that banks prescribe the following: • The bank's sustainability strategic objectives • Overview of its ESRMS, their products/services²⁵⁰ aligned with internationally recognized sustainability standards and practices	Bangko Sentral ng Pilipinas (BSP) (Central Bank of the Philippines) - Regulator	This framework was published and effected in 2020	Mandatory 'comply or explain'	Banking Sector	Banking	E and S

²⁴⁷ Securities Exchange Commission (2019) Sustainability Reporting Guidelines for Publicly Listed Companies. Available: <https://www.sec.gov.ph/mc-2019/mc-no-24-s-2019-code-of-corporate-governance-for-public-companies-and-registered-issuers/#gsc.tab=0>

²⁴⁸ *Ibid.*

²⁴⁹ *Ibid.*

²⁵⁰ Central Bank of the Philippines (2020) Sustainable Finance Framework. Available: <https://www.bsp.gov.ph/Regulations/Issuances/2022/CL-2022-011.pdf>

	A breakdown of their E&S risk exposures per industry or sector, information on existing and emerging E&S risks and their impact on the bank, and other initiatives to promote adherence to internationally recognised sustainability standards and practices. To support these provisions, The BSP provided a transitory provision of three (3) years from when the circular was published to allow for banks to fully comply with the provisions of the Circular. If a publicly listed bank already complies with the SEC's reporting requirements, the report submitted to the SEC may also be attached to the Annual Report to be submitted to BSP.						
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Reporting guidance and instructions in Singapore

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
Code of Corporate Governance ²⁵¹ and Practice Guide ²⁵²	The SGX mandates listed companies to promote good governance. The Code aims to promote high levels of corporate governance for listed companies. The Code is broken up into two parts with the first mandating compliance to 13 principles of good corporate governance expected to comply and, if not, explain why. The second part of the code highlights 57 provisions. ²⁵³ The Practice Guide complements the Code by providing guidance on the application of the Principles and Provisions and setting out best practices for companies. Adoption of the Practice Guide is voluntary.	SGX-Exchange	First issued by the Corporate Governance Committee in March 2001, revised in July 2005 and again in May 2012. Most recently amended in 2018. ²⁵⁴	Mandatory 'comply or explain'	Listed companies	Non-sector dependant	G

²⁵¹ Singapore Exchange. (2018). Code of Corporate Governance 2018. Available: <https://rulebook.sgx.com/rulebook/code-corporate-governance-2018>

²⁵² Singapore Exchange. (2023). Practice Guide. Available: [https://rulebook.sgx.com/sites/default/files/net_file_store/20230107_SGX_Practice_Guidance_January_2023_\(clean\).pdf](https://rulebook.sgx.com/sites/default/files/net_file_store/20230107_SGX_Practice_Guidance_January_2023_(clean).pdf)

²⁵³ *Ibid.*

²⁵⁴ Monetary Authority of Singapore. (January 2023). Code of Corporate Governance. Available: <https://www.mas.gov.sg/regulation/codes/code-of-corporate-governance#:~:text=The%20Code%20was%20first%20issued,Code%20in%20their%20annual%20reports.>

Singapore Stock Exchange (SGX) Mainboard Rules and Sustainability Guide. Practice Notes: Practice Note 7.6.²⁵⁵ Sustainability Reporting Guide	Altogether the SGX has issued seven rule books which govern the listing, clearing, trading and depository services that the industry needs to comply with. The SGX mandates listed companies to disclose sustainability information that deepens understanding of corporate performance. The guide describes sustainability reporting and sets out broad principles to guide listed companies in formulating their sustainability reporting frameworks, but makes a few amendments in regard to extra content (revision includes gender and diversity) The Mainboard Rules state that companies who release an ESG report must describe the company's sustainability practices with reference to the primary components on a 'comply or explain' basis. In January 2022 the Singapore Listing Rules (SGX Rules) were amended to require, among other things, all listed issuers to include climate-related disclosures consistent with the TCFD Recommendations in their sustainability report Mandatory climate reporting will be implemented in a phased manner: (a) All issuers are required to make climate-related disclosures on a "comply or explain" basis in their sustainability reports from the financial year commencing on or after 1 January 2022; (b) Issuers from the financial industry, agricultural, food and forest products industry, and energy industry are required to make mandatory climate-related disclosures in their sustainability reports from the financial year commencing on or after 1 January 2023; and (c) Issuers from the materials and buildings industry, and transportation industry are required to make mandatory climate-related disclosures in their sustainability reports from the financial year commencing on or after 1 January 2024,	SGX - Exchange	First published in July 2016, then amended in February 2020. Then amended in January 2022.	Mandatory 'comply or explain'	Listed companies	Non-sector dependent	E, S, and G²⁵⁶
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²⁵⁵ SGX. Practice Note 7.6 Sustainability Reporting Guide. Available: <https://rulebook.sgx.com/rulebook/practice-note-76-sustainability-reporting-guide>

²⁵⁶ *Ibid.*

	where the “comply or explain” approach will remain for issuers in other industries						
Roadmap for mandatory climate-related financial disclosures ²⁵⁷	The Monetary Authority of Singapore announced they will carry out a roadmap with a phased approach for mandatory climate-related financial disclosures by financial institutions and listed companies.	Monetary Authority of Singapore (MAS) - Regulator	In 2021 the MAS announced their phased approach to climate-related financial disclosures	Mandatory 'comply or explain'	Financial institutions and listed companies	Financial sector.	E ²⁵⁸

Reporting guidance and instructions in South Africa

Name	Description	Issuer Type	Year Published	Mandatory or Voluntary	Organisational Scope	Industry Scope	E, S and/or G Coverage
King IV Report	The King IV Report was published in 2016 as the fourth iteration of the original King I report published in 1994. It aims to promote corporate governance as integral to an organisation by encouraging transparent and meaningful reporting to stakeholders. ²⁵⁹ King IV advocates for integrated reporting, the triple context and the six capitals as pertains to reporting. Triple context means considering the context of the environment, economy and society in which the organisation operates while the six -capitals refer to the six forms of capital used by an organisation. Namely: financial, manufacturing, intellectual, human, social and relationships and natural capitals. ²⁶⁰	The Institute of Directors in Southern Africa NPC	King IV was published in, 2016. King I report was issued in 1994. The King II was issued in 2002 and King was III issued in 2009 ²⁶¹	Mandatory 'apply and explain'	All organisations irrespective of entity	Non-sector dependant	G ²⁶²
Financial Sector Conduct	The purpose of the Guidance Notice is to provide guidance to boards of funds on how they must comply	FSCA - Regulator	June 2019	Mandatory	Pension Funds	Non-sector dependent	E, S, and G ²⁶⁵

²⁵⁷ Monetary Authority of Singapore. (2021). "Being the Change We Want to See: A Sustainable Future" - Speech by Mr Ravi Menon, Managing Director, Monetary Authority of Singapore, at Launch of Inaugural MAS Sustainability Report via Video Conference on 9 June 2021. Available: <https://www.mas.gov.sg/news/speeches/2021/a-sustainable-future>

²⁵⁸ Green Finance Platform. (2021). Future roadmap for mandatory climate-related financial disclosures. Available: <https://api2.sgx.com/sites/default/files/2021-08/Consultation%20Paper%20on%20Climate%20and%20Diversity%20-%20The%20Way%20Forward.pdf>

²⁵⁹ The Institute of Directors in Southern Africa NPC (2016). King IV Report. Available: <https://www.adams.africa/wp-content/uploads/2016/11/King-IV-Report.pdf>

²⁶⁰ Ibid

²⁶¹ Ibid.

²⁶² Ibid.

²⁶⁵ Ibid.

Authority (FSCA) Guidance Notice: Sustainability of investments and assets in the context of a retirement fund's investment policy statement ²⁶³	with Reg 28(2)(b) in regards to how the fund's investment policy statement seeks to ensure the sustainability of its investments and assets. ²⁶⁴						
South Africa Green Taxonomy	South Africa's taxonomy responds to recommendations from National Treasury's 2021 Technical Paper: Financing a Sustainable Economy, which calls for the development or adoption of "a taxonomy for green, social and sustainable finance initiatives, consistent with international developments, to build credibility, foster investment, and enable effective monitoring and disclosure of performance." It is an official classification or catalogue that defines a minimum set of assets, projects, and sectors that are eligible to be defined as "green" or environmentally friendly. ²⁶⁶	Taxonomy Working Group, as part of South Africa's Sustainable Finance Initiative, chaired by National Treasury ²⁶⁷	April 2022	Voluntary	N/A	Non-sector specific	E and S ²⁶⁸
JSE sustainability and climate disclosure guidance	The JSE sustainability and climate disclosure guidance were developed to help local companies navigate the recent changes in the global reporting landscape, and to stimulate improved sustainability disclosure and performance. ²⁶⁹ They are designed to be aligned with global expectations and best practice, while also being	Johannesburg Stock Exchange - Stock exchange	June 2022	Voluntary	All companies	Non-sector specific	E, S and G ²⁷¹

²⁶³ FSCA (2019) FSCA releases Guidance Notice on retirement funds sustainability of investments and assets. Available: <https://www.fsca.co.za/News%20Documents/FSCA%20Press%20Release%20-%20FSCA%20releases%20Guidance%20Notice%20on%20retirement%20funds%20sustainability%20of%20investments%20and%20assets%2019%20June%202019.pdf>

²⁶⁴ Ibid

²⁶⁶ South Africa National Treasury (2022) Media Statement: South Africa's first national green finance taxonomy launched to assist the financial sector response to climate change and support sustainable development. Available: https://www.treasury.gov.za/comm_media/press/2022/2022040101%20Media%20statement%20-%20Green%20Finance%20Taxonomy.pdf

²⁶⁷ Ibid.

²⁶⁸ Ibid.

²⁶⁹ JSE (2022) JSE's Sustainability and Climate Disclosure Guidance. Available for download at: <https://www.jse.co.za/our-business/sustainability/jses-sustainability-and-climate-disclosure-guidance>

²⁷¹ Ibid.

	specifically tailored to the South African business context. ²⁷⁰						
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²⁷⁰ *Ibid.*

Annex 2: Use of ESG indices

Use of ESG indices per Jurisdiction	
Australia	This market is not covered by a sustainability-related index. However, there are third-party indices which cover this market.
European Union	This market is not covered by a sustainability-related index. However, there are third-party indices which cover this market.
United Kingdom	FTSE Green Revenues Index Series This index is designed to demonstrate the performance of global companies that are actively engaged in the transition to a green economy.²⁷² It was developed and is monitored by FTSE Russell, a subsidiary of the London Stock Exchange Group.²⁷³ FTSE4Good Index Series This index series is a series of benchmark and tradable indexes for individuals interested in ESG investing. It was launched in 2001, covers over 20 emerging countries²⁷⁴ and measures the performance of companies that demonstrate specific ESG practices.²⁷⁵ FTSE Environmental Market Index Series This series is broken down into two series: the FTSE Environmental Technology Index Series and the FTSE Environmental opportunities index series. Both indexes are suitable for benchmarking and can be used to create financial products.²⁷⁶ Indexes that form part of this series measure the performance of international companies that show significant involvement in environmental business activities like “renewable energy, energy management and efficiency, water infrastructure and technology and waste pollution and control”.²⁷⁷ FTSE All-World Ex-Fossil Fuel Index Series This index is designed specifically to represent the performance of “constituents” of the index after companies that have certain revenue and or reserve exposure to fossil fuels have been excluded.²⁷⁸
United States of America	There are over 70 sustainability-related indexes by Nasdaq-listed companies, but not all are actively trading. Some of the more notable indexes include: The Green Equity Indexes (Nasdaq)

²⁷² FTSE Russell (2023) FTSE Green Revenues Index. Available: <https://www.ftserussell.com/products/indices/green-revenues>

²⁷³ *Ibid.*

²⁷⁴ FTSE Russell (2023) FTSE4Good Index. Available: <https://www.ftserussell.com/products/indices/ftse4good>

²⁷⁵ *Ibid.*

²⁷⁶ FTSE Russell (2023) FTSE Environmental Market Index Series. Available: <https://www.ftserussell.com/products/indices/env-markets>

²⁷⁷ *Ibid.*

²⁷⁸ FTSE Russell (2023) FTSE All-World ex Fossil Fuels Index Series.

Available: <https://research.ftserussell.com/Analytics/Factsheets/Home/DownloadSingleIssue?issueName=DXFF&IsManual=false#:~:text=The%20FTSE%20All%2DWorld%20ex,reserve%20exposure%20to%20fossil%20fuels.>

	This index began in 2010 and is designed specifically to track the performance of companies across a spectrum of industries that are most closely associated with a sustainable development economic model.²⁷⁹ 2. Next Generation 100 Index This index began in 2020. The purpose of this index is to measure the performance of Nasdaq-listed non-financial companies.²⁸⁰ 3. OMX CRD Global Sustainability Index Beginning in 2009, this index tracks the performance of companies that are taking a leadership role in sustainability performance reporting.²⁸¹ These are companies who have voluntarily disclosed their carbon footprint, energy consumption, water usage, hazardous and non-hazardous waste, employee safety, workforce diversity, management composition and community investing.²⁸²
Brazil	The B3 features a number of sustainability indices. These indices are ● Corporate Sustainability Index (ISE B3) This index is designed to measure the average stock performance and track changes in the prices of stocks of companies recognised for their commitment to corporate sustainability. It further acts as a catalyst for listed companies to adopt best ESG practices and supports investors in their decision-making process based on ESG considerations.²⁸³ ● Carbon Efficient Index (ICO2 B3) This index was developed in 2010 with the intention of fostering debate around climate change issues in Brazil. When companies adhere to the ICO2 index, it demonstrates their commitment to climate change and illustrates their actions for a transition to a low-carbon economy.²⁸⁴ ● S&P/B3 Brazil ESG Index The S&P/B3 Brazil ESG Index is designed to measure the performance of securities meeting sustainability criteria. The index applies exclusions based on a company's involvement in specific business activities and the company's performance against the principles of the United Nations Global Compact and companies who do not have an S&P DJI ESG score.²⁸⁵ This index was formed in 2020 and is developed by the S&P Dow Jones Indices and the B3.²⁸⁶

²⁷⁹ Nasdaq (2023) Green Equity Indexes. Available: <https://indexes.nasdaqomx.com/Index/Overview/qgreen#:~:text=Index%20Description,development%20through%20every%20economic%20sector>.

²⁸⁰ Nasdaq (2023) Next Generation 100 Index. Available: <https://indexes.nasdaqomx.com/Index/Overview/NGX>

²⁸¹ Nasdaq (2023) Nasdaq OMX CRD Global Sustainability Index. Available: https://indexes.nasdaqomx.com/docs/methodology_qcrd.pdf

²⁸² *Ibid.*

²⁸³ B3 (2023) Corporate Sustainability Index (ISE B3). Available: https://www.b3.com.br/en_us/market-data-and-indices/indices/sustainability-indices/corporate-sustainability-index-ise-b3.htm

²⁸⁴ B3 (2023) Carbon Efficient Index (ICO2 B3). Available: https://www.b3.com.br/en_us/market-data-and-indices/indices/sustainability-indices/carbon-efficient-index-ico2-b3.htm

²⁸⁵ S&P Dow Jones Indices (2023) S&P/B3 Brazil ESG Index. Available: <https://www.spglobal.com/spdji/en/indices/esg/sp-b3-brazil-esg-index/#overview>

²⁸⁶ *Ibid.*

China	The SSE utilises its own family of 27 sustainability indices, including:²⁸⁷ These indices were first launched in 2015 by the SSE and the China Securities Index.²⁸⁸ • SSE Corporate Governance Index; • SSE Social Responsibility Index; • SSE 180 Carbon Efficient Index; • SSE 180 Corporate Governance Index; • SSE Sustainable Development Industry Index; • SSE Urbanization Green Cities Index; and • SSE Green Bond Index. These indices are used to guide sustainable investing. The SSE 180 Carbon Efficient Index, for instance, is utilised to identify low-carbon companies with financial performance which matches or exceeds their competitors while producing lower carbon emissions.²⁸⁹ The SZSE also has its own family of sustainability-related indices, some of which include: • SZSE Environmental Protection Index; • CNI TEDA EP Index; • CNI Low-carbon 50 Index; • CCTV 50 Corporate Governance Index; and • CCTV 50 Index
Hong Kong	The HKEX index utilises the Hang Seng Corporate Sustainability Index family of indices and the Hang Seng ESG Index.
Morocco	The exchange in this market has not developed a sustainability-related index.
Philippines	The exchange in this market has not developed a sustainability-related index.. ²⁹⁰
Singapore	The SGX offers a range of sustainability indices under SGX Index Edge (iEdge) and Scientific Beta.
South Africa	In 2004, the JSE was the first emerging market and first stock exchange to form a Socially Responsible Investment Index (SRI Index).²⁹¹ In 2015 the JSE adopted the FTSE Russell ESG Ratings process to create the following two indices: • FTSE/JSE Responsible Investment Index - Comprises all eligible companies who achieve the required minimum FTSE Russell ESG rating as set out in the Ground Rules from time to time • FTSE/JSE Responsible Investment Top 30 Index - Comprises the Top 30 companies ranked by FTSE Russell ESG Rating²⁹²

²⁸⁷ Ibid.

²⁸⁸ Haindl, S. (2015). Shanghai Stock Exchange Launches SSE 180 Carbon Efficient Index With China Securities Index. 3BL Media, Inc. Available: <https://www.3blmedia.com/news/shanghai-stock-exchange-launches-sse-180-carbon-efficient-index-china-securities-index>

²⁸⁹ Ibid.

²⁹⁰ Ibid

²⁹¹ JSE (2023) FTSE/JSE Responsible Investment Index Available: <https://www.jse.co.za/services/indices/ftsejse-responsible-investment-index>

²⁹² Ibid

