Recommendations for strengthening the consideration of climate, social and environmental issues in the Brazilian capital markets regulation

Soluções
Inclusivas
Sustentáveis

APOIO

iCS
instituto
CLIMA e SOCIEDADE

Technical Data

Study developed by Association Sustainable Inclusive Solutions, within the project “Financial sector monitoring, support for the development of Green Taxonomy and integration of climate risks into financial regulation”, supported by Instituto Clima e Sociedade (iCS).

Author: Luciane Moessa de Souza

September 2023

Technical team responsible for collecting information disclosed by the 60 selected companies in Reference Forms, Sustainability Reports, CDP Questionnaires and ISE: Daniel de Souza Araújo and Mariana Maraschin.

Available online at:
https://sis.org.br/guias-estudos-e-publicacoes-sis/

EXECUTIVE SUMMARY

Considering the range of topics within the mandate of the Brazilian capital markets regulator for which climate, social and environmental issues have major prominence, this study examined, in a non-exhaustive manner, the most relevant capital markets regulations addressing these issues globally. Additionally, self-regulatory initiatives of global scope, such as the **International Financial Reporting Standards (IFRS) on Sustainability**, and the **recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD)**, recently published, were taken into account. Furthermore, the study considered the current state of the Brazilian market, particularly regarding the first theme, which was explored with more depth: the disclosure of ESG information by companies that issue bonds and equities. Beyond this theme, five other relevant topics on this agenda were also analysed: ESG ratings of companies produced by credit rating agencies; the labeling of investment funds with ESG characteristics; investment funds that include bonds and equities of companies operating in sectors with environmental, social and climate risks, with a special focus on FIAGRO (that invests in the agricultural sector); thematic (green, social and sustainable) bonds; and finally, the preferences of retail investors regarding ESG matters. All of these topics constitute six sets of recommendations that, if implemented by the Brazilian Securities and Exchange Commission (CVM), will enable the effective integration of climate, social and environmental factors in the Brazilian investments market, particularly if and when combined with corresponding demands in the institutional investors' regulations, which will be proposed in the next SIS study to be released in early 2024.

CONTENTS

Recommendations

Disclosure of climate, social and environmental information by companies that issue bonds and equities

In order to elaborate recommendations on this subject, in addition to examining capital market regulations from other countries on the topic, as well as recent global self-regulatory initiatives, the research included an assessment of the current stage of ESG information disclosure by companies accessing the Brazilian capital market.

Universe of Brazilian companies assessed for ESG information disclosure

A total of 60 companies were selected, encompassing economic sectors with the highest risks and impacts (either negative or positive) on environmental, social and climate issues. For most industries, companies with the largest market capitalization were selected, but in some cases, regional diversity or market participation was also taken into consideration. The analysis involved Reference Forms (a mandatory document that investors must publish and deliver to the regulator), Sustainability Reports, CDP Questionnaires, and the B3 Corporate Sustainability Index (ISE). The combined market value of these companies represents 56.52% of all the companies listed on B3, the São Paulo Stock Exchange (the only one in Brazil). About 400 companies are listed on B3. See below the list of selected companies and their respective industries:

Sector/industry	Number of companies of this industry listed on B3	Number of companies of this industry in the sample	Description of the position of selected companies (based on market value)
Energy (electricity)	54	4	1st, 2nd, 3rd and 4th (CPFL Energy, Equatorial, CEMIG and Copel)
Energy (gas)	3	1	1st (CEG)
Energy (oil and gas)	10	3	1st, 2nd and 3rd (PETROBRAS, PETRORIO and COSAN)
Agriculture	11 (Agriculture) 3 (Sugar and alcohol) 6 (Beef)	2 (Agriculture) 1 (Sugar and alcohol) 3 (Beef)	2nd and 5th (Agriculture) – SLC Agrícola and Boa Safra 2nd (Sugar and alcohol) – São Martinho 1st, 3rd and 4th (Beef) – JBS, Minerva and Marfrig
Pulp and paper	4	2	1st and 2nd (Suzano and Klabin)
Furniture manufacturing	1	1	1st (Unicasa)
Transportation	2 (airline) 5 (railway) 3 (waterways) 2 (terrestrial) 9 (various modes)	1 (airline) 2 (railway) 1 (waterways) 1 (terrestrial) 1 (various services)	2nd (airline) – Gol 1st and 2nd (railway) – Rumo and Ferrovia Centro Atlântica 1st (waterways) – Log In 1st (terrestrial) – JSL 5th (various modes) – Sequoia Log
Materials and Construction	5 (building materials) 29 (civil construction, including heavy construction)	2 (building materials) 3 (civil construction) 1 (heavy construction)	Building materials – 1st and 14th – Dexco and Eternit (selected due to asbestos mining) 1st, 2nd and 3rd (civil construction) – Cyrela, MRV and Eztec 1st (heavy construction) – Azevedo Mills – B3 classifies it as a company in the industrial machinery and equipment sector, but its primary activity, as seen in the Reference Form, is providing services to construction companies, in which it would hold the 7th position.

Mining	8	3	1st, 2nd and 3rd (Vale, CSN and CBA)
Jewelry	1	1	1st (Vivara)
Aircraft manufacturing	1	1	1st (EMBRAER)
Buses manufacturing	7	1	1st (Marcopolo)
Industrial equipments manufacturing	11	1	4th (Romi)
Telephony products manufacturing	1	1	1st (INTELBRAS)
Chemical industry	2 (petrochemicals) 3 (fertilizers and pesticides) 2 (various chemicals) 3 (pharmaceuticals and other products)	1 (petrochemicals) 1 (Fertilizers and pesticides) 1 (various chemicals) 1 (pharmaceuticals and other products)	1st (petrochemicals) – Braskem 1st (fertilizers and pesticides) - Vittia 1st (various chemicals) - UNIPAR 2nd (pharmaceuticals and other products) – Biomm
Textile industry	10	2	1st and 2nd (Dohler and Pettenatti)
Cleaning products manufacturing	1	1	1st (Bombril)
Water and sanitation	8 (including waste)	2	1st and 2nd (SABESP and CASAN)
Waste management	1	1	AMBIPAR
Footwear manufacturing	4	1	2nd (Alpargatas)
Beverages manufacturing	1	1	1st (AMBEV)
Harbors	7	2	1st and 2nd (Santos BRP and Wilson Sons)
Supermarkets	4	2	1st and 3rd (Carrefour and Grupo Mateus)
Banks	25	5	1st, 2nd, 3rd, 4th and 5th (Itaú, BRADESCO, BB, BTG Pactual and Santander)
Insurer	5	1	3rd (Porto Seguro)

For the sample used for analysis of selected ISE questions, the universe of companies only partially overlaps with the sample of companies from the previous items: 16 out of the 60 companies are also part of ISE. The universe of companies that responded to the ISE questionnaire in 2023 is as follows, by sector:

Energy (Electricity): AES Brasil Operações SA, ELETROBRAS, CEMIG, COPEL, Companhia Paulista de Força e Luz, CPFL, EDP Comercialização e Serviços de Energia S.A., EDP Espírito Santo Distribuição de Energia S.A., Engie Brasil, Light, Companhia de Eletricidade do Estado da Bahia, and Elektro Redes S.A.

Energy (Oil and Gas): Vibra

Agriculture: SLC, Raízen and 3Tentos

Beef: BRF, JBS, Marfrig and Minerva

Pulp and paper: Klabin and Suzano

Transportation: Air: Azul - Railway: Rumo

Road: JSL - Ports: Santos BRP

Materials and Construction: Wood: Dexco - Construction companies: Gafisa and MRV

Mining: CBA

Manufacturing of industrial equipments: Aeris

Chemical industry (Petrochemicals): Braskem

Water and sanitation: Copasa and Sanepar

Waste disposal: AMBIPAR

Footwear manufacturing: Grendene

Beverage manufacturing: AMBEV

The chosen questions cover key topics such as: the management of environmental and social risks in the value-chain; consideration of impacts on biodiversity (a topic that only now, with TNFD, is starting to receive due attention; health and safety in the workplace (a topic that generally receives less attention than it deserves); the development of products and services that consider environmental impacts (an innovative theme in the ISE questionnaire and one that receives very little attention from companies); racial diversity in senior management (a theme that also receives much less attention than gender diversity in a country where both are equally important); the inclusion of people with disabilities (an aspect missing from **CVM Resolution 59/2021** in terms of workforce diversity); and lastly, wage inequality, a topic that the Resolution has addressed well, but the ISE questionnaire makes the crucial correlation with gender and race.

Considering the state of the Brazilian market on this matter, we believe that the following minimum items should be included in terms of climate, environmental and social information disclosure by companies that issue securities.

a) Clear definition of the universe of companies for which sustainability reporting is mandatory

In the assessed sample, 7 out of the 8 companies that do not report on Sustainability topics operate in industries with very high risks: furniture manufacturing, heavy construction, pharmaceutical industry, food industry, textile industry, and cleaning products industry. The reasons mentioned never actually justify the omission: one claims not having legal obligation, another refers to costs, others say they are considering to report on the topic; two do not even provide any reason. Considering that for all sectors with significant environmental risk, there is typically also a risk to the health and safety of workers and communities adjacent to the operational areas (in other words, environmental risk is always accompanied by social risk, although the reverse is not necessarily true), we argue that there is a fairly simple and objective criterion for this purpose: all companies operating in sectors for which environmental licensing is mandatory should be required to publish sustainability reports.

b) Full description of activities, quantitative data on products and/or services, raw materials and inputs

The current wording of CVM Resolution 59/2021 requires only the main activities, raw materials, and inputs used in the production process to be included in the Reference Form (item 1.4). Description of products and services sold is also required (item 1.3), but without reference to quantitative data. However, all these topics are relevant when it comes to environmental, social and climate impacts. A company can engage in a certain activity with very high environmental and social risks (examples: nuclear power plant, mineral extraction) at only one out of a hundred facilities, but, depending on the location and processes used, this information can be extremely relevant from an environmental or social perspective, even if not from a short-term financial perspective. The description of activities must be complete. Similarly, the company needs to disclose quantitative data about its products and services – for economic reasons, this is relevant information. Investors can and should assess the operational efficiency of the companies they invest in or are considering investing in. The same information is also necessary to assess environmental efficiency because, as can be seen on item 2.2.2, the vast majority of companies disclose data on water or energy consumption, for example, without relating it to their production, making it impossible to assess energy or water efficiency. The same applies to the use of raw materials and inputs, so both the total quantity of goods produced or services provided by the company and quantitative data for the main raw materials and inputs used in the production process should be disclosed.

No company in the selected sample discloses even the addresses of their operations with significant environmental impacts

c) Disaggregation of data by production unit, including location

Environmental impacts, impacts on the surrounding community and physical climate risks are intrinsically linked to the location of the operation. However, currently, no company in the selected sample discloses even the addresses of their operations with significant environmental impacts (a concept that naturally excludes offices and commercial establishments). Some even mention only the countries and continents where they operate – the maximum level of granularity found in the universe is the Municipality. Nevertheless, if they provided complete addresses and/or georreferenced location, investors could check for themselves (even if in a sample-base) whether such operations are close to watercourses (including springs), the nature of these watercourses (supplying the population or only for agriculture and livestock, for example), whether they are close to biodiversity hotspots or to areas where tribal people live. They could also assess the exposure of these areas to physical climate risks, whether acute (climate disasters) or chronic (changes in patterns due to higher average temperatures – more heat and less rainfall, for example). Finally, they could evaluate the adequacy of mitigatory actions taken.

d) Risks and impacts in the value chain, when relevant

There are many economic sectors (retail trade being the most obvious case, but this can also occur in various industrial activities) for which the most relevant environmental and/or social and climate risks are not in their activities but in their value chain. The definition of cases where risks and impacts in the value chain are relevant should be made in the regulation itself, taking into account the characteristics of each economic sector, rather than by the companies, who might not always be interested in being more transparent.

e) Definition of mandatory environmental indicators, per industry, for data disclosure and risk management actions

Environmental issues are only covered in the current CVM regulation on a voluntary basis (materiality matrix and SDGs), but even then, especially for SDGs, many companies report only positive impacts, not risks and negative impacts (and the regulation does not explicitly require it). While it is commendable that many regulators, such as the European Union, the Philippines, Indonesia, Japan, Vietnam, India, and Peru (among others), mention various examples of environmental indicators to be reported, the fact is that these vary greatly according to the industry, so the adequate approach is, in collaboration with environmental agencies, to list the key performance indicators for each sector. Since there is no official mapping of indicators per industry in Brazil yet, a simple and objective approach is proposed: all companies operating in industries that require an environmental permit should separately indicate, per production unit:

- source (public utility or own) and volume of water consumed;
- sort, volume and methods for effluents treatment (if applicable);
- sort, volume and methods for solid waste disposal (if others than domestic ones);
- sort, volume and methods for treatment of non-GHG atmospheric emissions (if applicable);
- energy matrix (when the public network is not used) and its percentage of total electricity consumption;
- production-related energy consumption;
- type and volume of fuels used;
- impacts on fauna and flora (if applicable);
- impacts on soil (if applicable);
- raw materials and inputs with the most relevant adverse environmental impacts and mitigation measures adopted.

Regarding wage inequality, an area where the Brazilian regulator is a pioneer, it would be very interesting to relate the data to gender and racial diversity data

f) Expansion of the mandatory social indicators, including data on workplace accidents and occupational diseases, inclusion of people with disabilities, impacts on community health and safety, consumer relations and competition protection

The list of mandatory social topics in CVM Resolution 59/2021 covers only a few issues that are relevant to any industry (workforce composition diversity, wage inequality, turnover and integrity risks), but still does not include other social topics that have the same characteristic (at least in large companies): risk management of work mental health issues, inclusion of people with disabilities, measures to prevent and combat moral and sexual harassment in the workforce, training data, competition risks (a topic also addressed in Indian regulation) – all of these are also relevant topics for any sector and deserve inclusion. Regarding wage inequality, an area where the Brazilian regulator is a pioneer, it would be very interesting to relate the data to gender and racial diversity data. It is worth mentioning that a few capital markets regulators (from India, Vietnam and the Philippines) also require companies to disclose the average salary or the lowest salary paid by companies, or even the benefits offered. Topics such as workplace health and safety issues, risks to consumer health and safety, as well as topics related to their satisfaction and impacts on local development, which are relevant for a big number of industries, are not addressed either. Moreover, as the regulation does not refer to risks in the value chain, two of the most relevant topics in the labor sphere are omitted: risks of slave-like labor and risks of child labor.

All these topics should be mandatory in terms of Sustainability reporting.

g) Definition of mandatory climate indicators per industry, covering climate change mitigation and adaptation

In Brazil, companies in industries where climate risks are so evident that there are specific TCFD recommendations for them (such as civil construction) do not report climate risks and opportunities at all. The definition here, once again, should be made per industry, encompassing not only those for which TCFD provides its own recommendations, but also others that have been overlooked but involve quite significant risks, such as water supply and waste management. It is essential to require that the reporting frequency of climate performance against targets be disclosed, making it clear at least that: a) the targets should include both climate change mitigation and adaptation and should focus on key performance indicators for the company's industry; b) the reporting frequency should be at least biennial.

h) Research and development and investments in improving climate, social and environmental performance

The item 2.1, "a," of the Reference Form requires Directors' Comments to address capital investments, but does not explicitly mention environmental, social or climate topics. However, 22 companies in the sample disclose investments they intend to make on this matter. Among capital market regulators, the best example, once again, is India, where the disclosure of capital investments, research and development to enhance the environmental and social impacts of a company's products and processes is required. Given that technological innovation is absolutely crucial in this area, this item should also be included in the Reference Form.

i) Disclosure of comprehensive data for the entire business (instead of isolated examples) regarding risk management and incorporation of climate, social and environmental issues into business strategy

Among companies adopting TCFD recommendations, as this includes strategic business issues, risk and opportunity management, as well as goals and metrics, several companies disclose pilot projects or specific actions in particular units, including risk mitigatory measures, without providing an integrated view of the business. It is suggested that, for this topic and also all other environmental and social topics, the regulation's wording should be much clearer.

j) Incorporation of ESG factors into management compensation schemes: mandatory disclosure of topics and respective weight

The topic is already addressed in CVM Resolution 59/2021, but more than 25% of the sample companies do not provide this information. It would be important to have a separate item for this purpose in the Reference Form and make it clearer in the wording that the information is mandatory, even if these factors are not included in the variable compensation scheme. On the other hand, knowing which topics are considered and the weight that they have in the compensation scheme is also essential.

k) Clear definition of relevant administrative, arbitration and court procedures and disclosure of number of procedures and measures taken to prevent similar problems in the future

The current regulation requires companies to disclose information about "relevant" procedures and allows each company to define at its discretion what relevance means. In practice, many companies do not even explain the criteria they adopt to define relevant procedures. The 2010 USA SEC regulation, for example, provides clear guidelines on the topic, while other regulators (India, the Philippines, Vietnam) require the disclosure of the number and value of penalties and/or a description of the matter involved. We recommend that also more comprehensive information (aggregate data) is required.

l) Mechanism for receiving environmental and social complaints and their outcomes

This topic is addressed in a few capital markets regulations (including the European Union's), but the Indian is maybe the one that best allows evaluating the effectiveness of such mechanisms because it requires the disclosure of complaint topics, the type of stakeholder who complained, the number of complaints about each topic, and the stage of the problem resolution. It would be important to require also the disclosure of the average time elapsed between the complaint and the resolution.

II

ESG ratings by credit rating agencies

In light of the extensive use of ESG ratings developed by credit rating agencies by investors to assess this sort of risks, it seems crucial to take a significant step in the current regulation, **CVM Resolution 9/2020**, which, in addition to a series of governance and conflict of interest topics, already requires the disclosure of methodologies and information sources used for credit risk assessments, but does not impose any specific requirements for ESG-labeled ratings. The 2021 **IOSCO (International Organization of Securities Commissions) report on ESG ratings** highlights five critical points in the discussion on the current limitations of this rating class. Among them, the lack of transparency regarding the methodologies underpinning these ratings and the issue of data absence stand out, which can lead agencies to use averages based on data from reporting companies.

The European Union has released a **draft regulation on ESG ratings** that, although addresses some key issues, overlooks fundamental aspects for ensuring the usefulness and reliability of ESG ratings for investors. These aspects include the necessity of describing data acquisition processes, their sources (including whether they are public or non-public and whether they come from sustainability reports), data update frequency, and the approach taken in case of data unavailability.

As such, SIS recommendations are as follows:

- the methodology should be made public, providing clarification on the covered ESG topics and the weight assigned to each one;
- information sources should be explained, and should encompass both compliance with environmental and social legislation and environmental and social performance; for the latter, key performance indicators for the respective industry should be used;
- the use of industry averages as proxies should be clearly prohibited, determining that a zero or a minimum score should be assigned when companies do not disclose data.

III

Labelling of ESG investment funds

Resolution CVM 175/2022 addressed the topic of investment funds with ESG labels in its article 49, drawing some inspiration from the Sustainable Finance Disclosure Regulation (SFDR) of the European Union. A distinction was made between two categories of investment funds:

I - those that invest in activities and projects generating environmental, social or climate benefits - only these funds deserve to be labeled as such;

II - those that integrate environmental, social or climate factors in asset selection (seeking to minimize negative impacts).

Market regulators from other countries have addressed this topic in a much more detailed and advanced manner, considering investors' interests. Given the appetite of investors, both institutional and retail, to incorporate ESG issues into their decisions, it is our understanding that the following topics should also be addressed by CVM in future developments on this subject:

a) definition of a minimum percentage of ESG-labeled funds to be invested in activities or projects with a positive impact;

b) adoption and disclosure of exclusion criteria for activities with negative impacts;

c) disclosure of ESG criteria for asset selection and monitoring, as well as consequences if the criteria are not met;

d) asset classes eligible for such investments;

e) how ESG criteria are reflected in voting rights exercises;

f) alignment or non-alignment of assets with the Green Taxonomy - a provision that should be adopted when Brazil has its own taxonomy;

g) the need for external certification regarding the ESG characteristics of the fund.

IV

Investment funds that include bonds or equities of companies operating in industries with relevant environmental, social and climate risks

We recommend specific approaches for each type of investment fund, especially the Agribusiness Investment Fund (FIAGRO), given its focus on a specific economic sector.

a) Agribusiness Investment Fund (FIAGRO)

FIAGROs were created by law in 2021 (Law 14.130 added article 20-A to Law 8.668/1993) and regulated by **CVM Resolution 39/2021**. Despite being a relatively recent financial product, they have attracted a 170% increase in investments between 2022 and 2023, according to **data from the Ministry of Agriculture (MAPA)**. However, neither of the two mentioned regulations imposes any environmental requirements regarding the assets that receive investments, which primarily consist of rural properties and agricultural activities. We believe it is necessary to adopt the following rules:

- requirement for the fund manager to assess the risks of illegal deforestation on the properties and activities financed, with explicit prohibition from financing activities in embargoed areas or areas where, if deforestation occurred within the previous 5 years, there is no corresponding authorization for vegetation clearance;
- provision that FIAGROs will not be registered unless documentary evidence of these due diligence measures is provided.

b) Investment funds in infrastructure, real estate and other bonds and equities exposed to environmental, social and climate risks

The example of FIAGRO is certainly not the only one in which an investment fund includes bonds, equities and assets related to environmental, social and climate risks without conducting any diligence to asses them. Therefore, we recommend that CVM carefully evaluates financial instruments within its regulatory mandate to establish due diligence requirements for environmental, social and climate risks. This is necessary to prevent the capital market from serving as a financing alternative for activities that are harmful to the environment, climate or society.

V

Thematic (environmental, social and sustainable) bonds

Brazil has a well-developed market of thematic bonds, both traditional ones (where the raised funds are linked to projects with environmental, social or sustainable benefits) and those linked to goals ("sustainability-linked") that affect interest rates. In the absence of financial regulations on this matter (first ones were issued only in 2022), the market has followed procedural standards of the International Capital Markets Association (ICMA) and the Climate Bonds Initiative (CBI), concerning the certification of projects justifying the issuance (impact indicators, measurable benefits, etc.) and the verification of resource usage or goal achievement.

However, none of these self-regulatory standards require specific environmental or social diligences regarding the bond issuer itself, only from the financed projects. In practice, this means that a company potentially involved in environmental crimes, serious labor violations, or other similar offenses can freely issue such bonds. Given the CVM's expressed concern, as stated in its Sustainable Finance Policy, section 1.4, regarding the prevention of greenwashing practices, addressing this issue is crucial. Therefore, we recommend prohibiting the issuance of such instruments by companies involved in serious violations of environmental or social regulations, with the verification of this prohibition carried out by the certifying entity (with liability consequences).

VI

Retail investor preferences on ESG matters

This topic has not yet been publicly debated in Brazil, but, in the European Union, there is a specific regulation from 2021 aimed at considering investor preferences regarding sustainability issues in the offer and strategy of investment products, as well as in the advice provided to these investors. Essentially, it requires that “investment firms identify, at a sufficiently granular level, the potential target market for each financial instrument and specify the type(s) of client whose needs, characteristics, and objectives, including any sustainability-related objectives, the financial instrument is compatible with.”

For this purpose, the design of the financial product must be “oriented towards the benefit of the client,” sustainability factors must be “transparently presented, providing relevant information to distributors.” Therefore, we recommend that regulations include:

- the requirement that investment managers identify the preferences of institutional and retail investors regarding ESG topics, while developing financial products suitable for the demand;

- the requirement that investment brokers/advisors identify retail investors’ preferences regarding ESG topics and provide advice of financial products suitable for the demand.

REFERENCES

I – Disclosure of ESG information by companies accessing the capitals market

Global self-regulatory standards

IFRS Sustainability Disclosure Standards (S1 and S2). 2023.

Recommendations of the Task Force on Climate-related Financial Disclosures. 2017.

Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures – revised 2021 version.

Recommendations of the Taskforce on Nature-related Financial Disclosures. 2023.

Capital markets regulations or other public entities

Argentina, Ley 2594/2007, Sustainability reporting for companies with over 300 employees and operations in Buenos Aires.

Argentina, Comisión Nacional de Valores (capital markets regulator),Resolución General 606/2012.

Australia, Australian Securities and Investments Commission (ASIC), Regulatory Guide 247 (March 2013), p. 19.

Canada, Canadian Securities Administrators (CSA): CSA Staff Notice 51-333: Environmental Reporting Guidance (2010) e CSA Staff Notice 51-358: Reporting of Climate change-related Risks (2019)

Canada, Business Corporations Act, Part XIV.1

AMF Quebec, Notice relating to modern slavery disclosure requirements (2018).

Chile, Superintendencia de Valores y Seguros. Norma de carácter general 461/2021 (disclosure of ESG information by issuing companies) – in Spanish.

European Union, Corporate Sustainability Reporting Directive – CSRD (2022).

European Sustainability Reporting Standards – Commission Delegated Regulation (2023), Annex 1 and Annex 2 (2023) – not published yet in the Official Journal of the EU.

Germany, German Council for Sustainable Development, German Sustainability Code (ESG disclosure by corporations), 2017 (voluntary guidance, supported by the federal government), Ministry of Environment, Industry-specific KPIs for ESG disclosure, 2016.

India, Securities and Exchange Board of India (SEBI), Circular 562/2021, Business responsibility and sustainability reporting by listed companies, Annex 1 and Annex 2.

India, Ministry of Corporate Affairs, National Guidelines on Responsible Business Conduct, 2018.

Indonesia, OJK (financial regulator), Regulation of Financial Services Authority No. 51/POJK 03/2017 on Application of Sustainable Finance to Financial Services Institutions, Issuer and Publicly Listed Companies, 2017:

Japan, Ministry of Environment, Environmental Reporting Guidance, 2018.

Nigeria, Securities & Exchange Commission, Guidelines on Sustainable Financial Principles for the Nigerian Capital Market, 2021.

Peru, Superintendencia de Mercado de Valores (SMV – the capital markets regulator), Resolución de Superintendente 018-2020 – Corporate Sustainability Report.

Philippines, Securities and Exchange Commission, Sustainability Reporting Guidelines, 2019.

UK, Companies Act (2006), Part 15, Chapter 4A, Strategic Report, Section 414C (change introduced in 2013) - disclosure of environmental and social policies, if existent.

Companies Act (2006), Part 15, Chapter 4A, Strategic Report, Section 414CB (change introduced in 2016), minimal "non-financial" ESG information to be disclosed.

USA, SEC, Commission Guidance Regarding Disclosure Related to Climate Change, Release No. 33- 9106 (2010) e SEC statement – TCFD (2020).

Vietnam, State Securities Commission "Environmental and Social Disclosure Guide", 2014.

II – Investment funds and other financial products with ESG labels

Argentina, Comisión Nacional de Valores, Resolución General 885/2021.

Australia, ASIC (capital market regulator), Regulatory Guide 65 (November 2011), ESG disclosures of investments (how labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining or making an investment)

European Union, Regulation 2019/2088 – Sustainability-related disclosures in the financial services sector (SFDR).

EU Commission, Commission Delegated Directive 2021/2617, sustainability risks and sustainability factors to be taken into account for Undertaking for Collective Investment in Transferable Securities (UCITS).

France, Ministry of Ecology, Greenfin label criteria guidelines (green investment funds), 2019, and Law on social label for investment funds, 2016.

France, Autorité des Marchés Financiers (capital markets regulator), Guidelines/disclosure requirements for sustainable investment funds, Position Recommendation DOC 2020-03

Hong Kong, Securities and Futures Commission, Green/ESG Funds, 2019.

Malaysia, Securities Commission, **Guidelines on Sustainable and Responsible Investment Funds**, 2017.

III – Green/social/sustainable bonds

Argentina, Comisión Nacional de Valores, **Resolución General 788/2019, Lineamientos para la emisión de valores negociables sociales, verdes y sustentables**.

Chile, Ministerio de Hacienda, **Bonos Sostenibles Soberanos**, 2020

European Union, **Legislative Proposal for a Green Bonds Standard**, 2022.

India, Securities and Exchange Board of India, **Green bonds**, 2017.

Indonesia, OJK (Financial Services Authority), **Regulation n. 60/POJK 04/2017 on the issuance and the terms of Green Bonds**, 2017.

Japan, Ministry of Environment, **Green Bonds Guidelines**, 2017.

Marrocos, AMMC (capital markets regulator), **Green, Social and Sustainability Bonds**, 2018 (in French) and **Gender bonds**, 2021.

Nigeria, Securities Exchange Commission, **Green bonds**, 2018.

Thailand, **Government Sustainable Finance Framework** (framework for the issuance of green/ social/ sustainable bonds and for green/social/sustainable loans), 2020.

IV – Regulations for asset managers

Austria, Financial Monetary Authority, **Guide for Managing Sustainability Risks**, 2020 (applies also to asset managers).

France, **Loi 2010-788**, articles 224 and 225.

Germany, BaFin, **Guidance Notice on dealing with Sustainability Risks**, 2020 (the regulation includes asset managers among its addressees).

Singapore, **Guidelines on Environmental Risks Management for Asset managers**, 2020.

Soluções
Inclusivas
Sustentáveis

APOIO

iCS
Instituto
CLIMA e SOCIEDADE