BRICS 2024 RUSSIA

MAIN APPROACHES TO HARMONIZING INFORMATION DISCLOSURE STANDARDS IN THE AREA OF SUSTAINABLE DEVELOPMENT IN THE BRICS COUNTRIES

CONTENTS

EXECUTIVE SUMMARY

Information disclosure is a key foundation for making investment decisions, as well as for identifying, assessing, and accounting for potential risks by all participants in the process: from the issuing company to its investors and counterparties. More and more report users show interest for sustainability-related information, as ESG factors tend to have an impact on the financial results of companies. Therefore, today financial regulators all over the world issue regulatory acts or recommendations that describe the requirements for the disclosure of information in the field of sustainable development by public companies and financial organizations.

This report outlines the regulators' approaches for both the corporate and financial sectors, providing an in-depth analysis of sustainable development disclosure practices, regulatory frameworks, and reporting standards. It examines how companies and financial institutions in each BRICS country integrate sustainability issues into their reporting and decision-making processes. Through this analysis, the report aims to foster a deeper understanding of the current landscape and to offer practical recommendations for improving sustainability disclosures, ultimately contributing to more transparent and effective sustainable development practices.

THE KEY FINDINGS AND PROPOSALS

In the **corporate sector** among the BRICS countries, Egypt, India, and the UAE have legal frameworks that enforce sustainability disclosures as part of their listing requirements. South Africa requires that companies listed on the Johannesburg Stock Exchange must disclose financially significant environmental, social and governance (ESG) factors as part of their reports. Russia follows a soft regulatory approach by issuing recommendations, while Brazil requires companies to disclose sustainability-related information in accordance with the IFRS S1 and S2 Standards starting from 2026.

In the **financial sector** Russia, South Africa, and Iran follow a soft regulatory approach to disclosing sustainability-related information. In Egypt, the NBFIs and banks are required to report sustainability-related data. Meanwhile, the Reserve Bank of India (RBI) has come out with Draft Disclosure Framework on Climate-related Financial Risks. In the UAE and Brazil, it is mandatory to issue sustainability reports for a scope of regulated companies.

All BRICS countries are planning to **use or examine the IFRS Standards as part of their regulation** for the corporate and financial sectors. Russia, China and Egypt used these standards to develop national regulations on sustainability disclosure. In Brazil, the compliance with these standards is currently voluntary and will be considered mandatory from 2026.

To improve the structure of sustainability reporting, it has been proposed to **include "Digitalization and Technology" as a distinct material topic** within the sustainability reporting framework of the BRICS jurisdictions, considering respective country specific situations and in-alignment with common international standards, as feasible. This approach would not only emphasise companies' leadership in the application of new technologies, but also provide stakeholders with a comprehensive understanding of how digital transformation contributes to long-term value creation and resilience in the rapidly changing world of today. The approach earned support among the BRICS countries.

Independent verification of sustainability reports is a practice currently required only in Brazil and India. Collaborative work on harmonizing approaches to verification requirements within the jurisdictions would increase confidence in reporting and ensure comparability of data, as agreed by all BRICS countries.

While the respondents emphasized that imposing requirements that mandate the publication of digital reports in open data formats (e.g. XBRL) would increase confidence in reporting and ensure comparability of data, the survey has revealed that many BRICS countries do not require that reports be published in electronic format. Thus, it was suggested that the BRICS countries should focus on **developing a centralized data collection infrastructure or a unified data center**, and the majority of the countries showed their support.

The companies responsible for aggregation and analysis of sustainable development data play a crucial role enabling informed decisions aligned with sustainability goals, however, their assessments may not always be fully objective. The countries have come to a conclusion that **harmonizing the approaches to the way data is collected, analyzed, and presented by aggregators**, is a step to ensuring the objectivity, transparency, and accountability of information aggregation and analytical services related to sustainability disclosure.

As is evident from the report, there is a consensus among the BRICS countries about the importance of keeping in line with best international practices and the commitments made to adhere to the standards defined by international organizations. Thus, the next step can be **increasing the alignment of the reporting standards** of the BRICS countries in the area of sustainable development in conformity with global frameworks, while implementing the specifics of countries with developing economies.

INTRODUCTION

In February, during the BRICS Finance Ministers and Central Bank Governors Deputies Meetings, it was decided to prepare the report on the Main approaches to harmonizing information disclosure standards in the area of sustainable development in the BRICS countries. The Bank of Russia conducted an extensive survey among the BRICS countries (Brazil, China, Egypt, Ethiopia, India, Iran, Russia, South Africa, the UAE) through a detailed questionnaire. This report is the result of a collaborative effort integrating the collective knowledge and experiences of these countries.

The objectives of the report are:

1. To analyze the current state of sustainable development disclosure practices in the BRICS countries.
2. To propose a set of recommendations that can be adopted by both corporate entities and financial organizations to improve the transparency and effectiveness of sustainability reporting across the BRICS countries.

This report outlines the regulators' approaches for both the corporate and financial sectors, providing an in-depth analysis of sustainable development disclosure practices, regulatory frameworks, and reporting standards. It examines how companies and financial institutions in each BRICS country integrate sustainability issues into their reporting and decision-making processes. Through this analysis, the report aims to foster a deeper understanding of the current landscape and to offer practical recommendations for improving sustainability disclosures, ultimately contributing to more transparent and effective sustainable development practices.

1. DISCLOSURE OF INFORMATION ON SUSTAINABLE DEVELOPMENT FOR THE CORPORATE SECTOR AND FINANCIAL ORGANIZATIONS

1.1. GENERAL ISSUES

The BRICS countries have regulatory bodies at the state level responsible for overseeing and enforcing sustainability disclosure standards. These regulatory authorities have issued a range of guidelines and requirements to ensure that companies and financial institutions provide comprehensive and accurate information regarding their sustainability practices.

In the **corporate sector**, regulatory bodies have introduced various standards that indicate the types of information which must or should be disclosed. It includes data on environmental impact, social responsibility initiatives, and governance practices. Companies are required to report on their efforts to mitigate climate change and adapt to it, manage resources efficiently, and engage with local communities. The main goal is to provide a wide range of stakeholders with a clear and detailed picture of how businesses are contributing to sustainable development.

The BRICS countries exhibit a strong emphasis on mandatory disclosure of sustainability-related information, with most companies being required to comply. In Egypt, India, and the UAE, legal frameworks enforce these disclosures as a part of the listing requirements.

In South Africa, there are no national information disclosure standards, but companies listed on the Johannesburg Stock Exchange (JSE) must disclose financially significant environmental, social and governance (ESG) factors affecting their business under general disclosure obligations, with additional voluntary guidance provided by the JSE Sustainability and Climate Guidance documents.

Brazil plans to implement mandatory disclosure based on IFRS sustainability standards starting from 2026, with current practices remaining voluntary until then.

China imposes mandatory disclosure requirements for constituents of important stock indexes, and encourages information disclosure by other listed companies.

Russia follows a soft regulatory approach by issuing recommendations and voluntary standards for joint stock companies and financial institutions. The Bank of Russia also mandates a product-based sustainability disclosure for the issuers within the lifecycle of certain types of bonds (green, social and transition bonds, as well as sustainability bonds, sustainability-linked bonds and climate transition bonds) under Bank of Russia Regulation No. 714-P.

REGULATION OF THE DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION IN THE CORPORATE SECTOR

Table 1

Country	Regulatory bodies	Approach to regulation
Brazil	CVM	The requirement for the preparation and disclosure of the sustainability-related financial information report based on IFRS sustainability standards will start from fiscal years beginning on January 1, 2026. Prior to that, disclosure remains voluntary. Additionally, the CVM requires minimum disclosure based on the "comply or explain" approach
China	MoF CSRC NFRA	According to the guidelines, any company that is a constituent of the SSE 180 Index, the STAR 50 Index, the SZSE100, and is listed simultaneously in Chinese Mainland and overseas markets, shall publish its sustainability report or ESG report. Other listed companies are also encouraged to voluntarily publish their sustainability reports
Egypt	FRA	According to FRA Decrees 107/2021 and 108/2021, the disclosure of information on sustainability for NBFIs is a mandatory framework
India	SEBI	Based on Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, top-1000 listed entities (by market capitalization) are to provide ESG disclosures in BRSR form from FY 2021–2022 on a voluntary basis and mandatorily from FY 2022–2023
Iran	NA	NA
Russia	Bank of Russia Ministry of Economic Development of the Russian Federation Ministry of Finance of the Russian Federation Moscow Exchange	The Bank of Russia followed a soft law approach and in 2021 issued recommendations on sustainability (non-financial) disclosure for joint stock companies primarily based on GRI and TCFD standards. It also mandates a product-based sustainability disclosure for the issuers within the lifecycle of certain types of bonds under Bank of Russia Regulation No. 714-P. The Ministry of Economic Development of the Russian Federation issued a Sustainable Development Reporting Standard, which is non-binding. The Ministry of Finance of the Russian Federation is the federal executive body that is authorized to adopt regulations on implementing International Financial Reporting Standards (IFRS). It has initiated the process of IFRS S1 and S2 implementation
South Africa	JSE National Treasury DFFE South African Reserve Bank Financial Sector Conduct Authority Prudential Authority	Companies listed on the JSE are not explicitly required to disclose ESG matters but must report financially significant ESG factors as part of their ongoing disclosure obligations. They annually report on compliance with King IV principles, often in integrated reports that include ESG information. JSE-listed entities must disclose environmental and social performance indicators alongside taxonomic alignment and related finance. The JSE also provides Sustainability and Climate Guidance for all listed companies, which are voluntary tools
UAE	SCA ADX DFM	Local public joint stock companies (PJSCs) are required to issue a separate report or disclose the sustainability information as part of the integrated report annually

Similarly, in the **financial sector**, regulators have developed standards to ensure that financial institutions incorporate sustainability factors into their reporting and decision-making processes. Banks, investment firms, and other financial entities are required to disclose their approaches to responsible investment, lending and portfolio management practices, and the management of ESG risks. This information is crucial for stakeholders including investors, clients, and the wider community as it reflects sustainability performance and commitments of financial institutions.

Egypt and India have mixed approaches to regulating sustainability-related disclosures in the financial sector. In Egypt, as per the FRA Decrees No. 107/2021, 108/2021, NBFIs and listed companies are required to report on ESG – TCFD disclosures under given criteria. Also, there are three reporting requirements (quarterly quantitative report, semi-annual qualitative report and an annual report) mandated by the CBE to the banking sector including an annual GRI report. In India, the Reserve Bank of India (RBI) has come out with Draft Disclosure Framework on Climate-related Financial Risks, wherein a phased approach has been adopted allowing entities to start with qualitative disclosures followed by quantitative disclosures. The RBI will come out with its final disclosure requirements for its Regulated Entities (REs). Additionally, the RBI's Framework for Green Deposits mandates that regulated entities report on the use of green deposit funds in their annual financial statements.

Countries like Russia, South Africa, and Iran follow a soft regulatory approach to disclosing sustainability-related information. In Russia, the Bank of Russia have issued recommendations to improve sustainability disclosure practices within financial sector primarily based on metrics and approaches of IFRS S1 and S2. The Russian financial authority has also provided guidelines for financial organizations on information disclosure for clients on sustainable finance products. South Africa's Prudential Authority has issued Guidance Notes on climate-related disclosures[1] and promotes the King IV Report on Corporate Governance to enhance corporate governance and transparent reporting. In Iran, financial organizations voluntarily disclose sustainability information, primarily based on the GRI and international standards, with draft standards awaiting approval to mandate disclosure.

In the UAE, the current approach to climate and environmental disclosure regulation is that the UAE regulators have adopted a set of high-level sustainability-related disclosure principles that apply to reporting entities within their respective jurisdictions.

In Brazil, disclosure rules for social risk, environmental risk, and climate-related risk management apply to regulated institutions of the National Financial System and are directly linked to the risk management framework. They comprise specific requirements for those risks and extend to them the general requirements applicable to all financial risks.

[1] Guidance notes on climate-related disclosures for banks and insurers were finalised and published in May 2024. URL: https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/climate-related-risk.

Table 2

REGULATION OF THE DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION IN THE FINANCIAL SECTOR

Country	Regulatory bodies	Approach to regulation
Brazil	BCB	Regulation on the management of social risk, environmental risk and climate-related risk issued by the National Monetary Council (CMN), including requirements and governance. Regulation on disclosure of social, environmental and climate-related risks issued by the BCB. Regulation on implementation and disclosure of social, environmental and climate responsibility policy (PRSAC in Portuguese) issued by the CMN
China	MoF PBOC NFRA CSRC	There is a number of documents that regulate financial organizations: 1. Guidelines on Environmental Information Disclosure for Financial Institutions by PBOC, July 22, 2021. 2. Green Bond Principals and Guidelines on Ongoing Information Disclosure During the Life of Green Bonds by the National Association of Financial Market Institutional Investors (NAFMII), July 2022 and November 2023 respectively. 3. Green Finance Guidelines for the Banking and Insurance Industry by NFRA, June 2022. 4. Measures for the Administration of Information Disclosure by Listed Companies by the CSRC, March 2021. 5. Guidelines on Sustainability Reporting (for Trial Implementation) by Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Beijing Stock Exchange April 2024
Egypt	**Banks:** CBE FRA **NBFIs and Banks listed on the stock exchange:** FRA	Banks listed on the Egyptian Exchange (EGX) and non-listed NBFIs are required to disclose regulatory information to the FRA. All banks are required to report on sustainability and sustainable finance information on a quarterly, semi-annual and annual basis to the CBE. These reports include qualitative and quantitative information. According to FRA Decrees 107/2021 and 108/2021, the disclosure of information on sustainability for NBFIs and listed companies is a mandatory framework
India	RBI	The Draft Disclosure Framework on Climate-related Financial Risks by the RBI is envisaged to be applicable to all the Regulated Entities (REs)* of Reserve Bank of India in a graded manner. The framework follows a phase-wise approach and allows entities to comply with both qualitative and quantitative disclosures
Iran	Tehran Stock Exchange Securities and Exchange Organization Audit Organization Central Bank	Currently, financial organizations voluntarily disclose information related to sustainability. Most of these reporting financial units do their reporting based on the GRI and International Sustainability Reporting Standard published by the International Sustainability Standards Board. The audit organization (responsible for developing the sustainability reporting standard) has prepared draft standards one and two of the sustainability reporting standard based on the 2023 international sustainability reporting standard, which are pending approval. With the approval of these standards, the disclosure of sustainability information in Iran will be required in the form of limited regulations
Russia	Bank of Russia Ministry of Economic Development of the Russian Federation Ministry of Finance of the Russian Federation	The Bank of Russia follows a soft law approach, issuing recommendations aimed at improving sustainability disclosure practices. In June 2023, the Bank of Russia published recommendations for financial organizations with regard to disclosure of information on sustainable development primarily based on IFRS S1 and S2. In 2023, the Bank of Russia also published recommendations for financial organizations with regard to disclosure of information on sustainable finance products to clients
South Africa	Financial Sector Conduct Authority PA	South Africa follows a soft law approach. It has numerous voluntary reporting requirements, including the Guidance Notes on Climate-related Disclosures for banks and issuers and the King IV Report on Corporate Governance for South Africa
UAE	Central Bank of the UAE SCA	The current approach for climate and environmental is to adopt a set of high-level sustainability-related disclosure principles for banks, insurance companies, and local PJSCs

* Scheduled Commercial Banks, All India Financial Institutions, Small Finance Banks, Top and Upper Layer NBFCs.

Further details for each BRICS country can be found in Annex 1.

1.2. IMPLEMENTATION OF INTERNATIONAL STANDARDS

The BRICS countries have actively integrated international sustainability standards into their national frameworks for both corporate and financial sectors. In the **corporate sector**, India has adopted the BRSR guidelines after examination of globally recognized frameworks such as GRI, IR, CDP, ISO 26000, and SASB. In Brazil, the CVM is incorporating the IFRS S1 and S2 standards. The unified China Sustainability Disclosure Standards are based on IFRS S1 and S2 standards, drawing on the beneficial experiences of these Standards, aligning with China's context and showcasing Chinese characteristics. China's Guidelines for listed companies are aligned with IFRS S1 and S2 while reflecting local context. China is also revising the Guideline for financial institutions, which will reflect IFRS S1 and S2. Current disclosure framework for corporates in Russia is based on GRI and TCFD standards. The Ministry of Finance of the Russian Federation has initiated the process of IFRS S1 and S2 implementation into legal framework. Egypt is aligning its FRA disclosures with IFRS S1 and S2, with an implementation roadmap under development.

In the **financial sector**, Brazil's national disclosure standards are based on the TCFD recommendations. When drafting the Recommendations for Financial Organization, the Bank of Russia accounted for the IFRS Foundation's approaches to developing IFRS S1 and IFRS S2 standards, SASB as well as the approaches used in disclosure standards of such states as Brazil and China. India's draft framework aligns with the TCFD recommendations and the IFRS S2 standard. South Africa considers frameworks from IFRS, the Financial Stability Board (FSB), the Basel Committee of Banking Supervision (BCBS), and IOSCO. The UAE regulators, in developing the sustainability-related disclosure principles, recognize the existence of a variety of global frameworks, including GRI, SASB, IIRC, TCFD, CDSB, and ISSB. In Egypt, banks follow the GRI standards, and NBFIs use GRI for ESG disclosures and TCFD for climate-related disclosures. Iran's draft standards are based on IFRS S1 and S2.

However, the BRICS countries face significant challenges in incorporating the IFRS S1 and S2 standards. Brazil's challenges include raising awareness among stakeholders and developing infrastructure and data collection as well as management and integration with existing frameworks. In Egypt, the complexity and detailed nature of these standards necessitate careful interpretation for effective implementation, alongside considerations of data availability. There are also challenges related to data quality, particularly for indirect emissions, as well as increased costs and burdens on companies. India's draft framework on disclosures on climate related financial risks seeks alignment with global benchmarks. South Africa faces challenges in accessing accurate climate data, scarcity of technical skills, lack of standardized metrics, and coordination difficulties due to rapid regulatory developments. Iran's challenges include measuring standard parameters, resistance from business units, implementation costs, and lack of necessary infrastructure.

Overall, the BRICS countries are harmonizing international standards with local contexts, ensuring that sustainability reporting is both globally aligned and locally relevant.

A review of the use of internationally recognized sustainability disclosure standards by the BRICS countries for both the corporate and financial sectors can be seen in Table 3.

CONSIDERATION (USAGE) OF INTERNATIONAL STANDARDS IN BRICS

Table 3

Country	IFRS S1 and S2	TCFD	GRI	CDP	SASB
Brazil	✓ (corporate)	✓ (financial)			
China	✓ (corporate)	✓ (corporate) ✓ (financial)	✓ (corporate)		
Egypt*	✓ (financial)	✓ (corporate) ✓ (financial)	✓ (corporate) ✓ (financial)		
India	✓ (financial) (only S2)	✓ (financial)	✓ (corporate)	✓ (corporate)	✓ (corporate)
Iran	✓ (financial)				
Russia	✓ (financial)	✓ (corporate) ✓ (financial)	✓ (corporate)		✓ (financial)
South Africa	✓ (corporate) ✓ (financial)	✓ (corporate) ✓ (financial)	✓ (corporate)		
UAE	✓ (financial)	✓ (corporate) ✓ (financial)	✓ (corporate) ✓ (financial)		✓ (financial)

✓ – corporate sector ✓ – financial sector

* Egypt has not yet officially endorsed the IFRS S1 and S2 standards. However, Egypt is actively working on aligning the existing mandatory ESG and TCFD disclosures for the NBFI with IFRS S1 and S2.

It is important to mention that the BRICS countries form part of the G20 forum, under the auspices of which the Data Gaps Initiative was launched in 2009 and the concept note for the third phase of the initiative (DGI-3) was endorsed in 2021. The countries under G20 have committed to implement seven DGI recommendations related to climate change. Three of these recommendations focus on greenhouse gas emissions, energy accounts and cross-border greenhouse gas emissions attributable to large multi-national enterprises. The fourth recommendation focuses exclusively on the development of sustainable finance channel and will develop time series on "green" debt securities and green equities for the country as a whole. The fifth recommendation deals with the development of physical and transitional risk indicators, specifically focusing on the financial corporation sector and is spearheaded by the Prudential Authority. Recommendations 6 and 7 deal with governmental expenditure on climate-related subsidies, expenditure on climate mitigation and adaptation.

The development of climate statistics on environmental aspects is based on the System of Environmental Economic Accounting (SEEA) derived from the overarching macroeconomic statistical framework namely the System of National Accounts. Those initiatives could be leveraged on by the BRICS countries, which would also allow for the seamless integration.

1.3. GOALS AND OBJECTIVES OF DISCLOSURE

The BRICS countries emphasize the importance of sustainability disclosures in building stakeholder trust and attracting responsible investments across BRICS and beyond. They admit that integrating ESG factors into business operations and decision-making is crucial for supporting sustainable development and managing risks.

In the **corporate sector**, in Brazil, the goals include aligning with global standards and addressing climate change impacts. China seeks to build the unified China sustainability disclosure system and improve the quality of sustainability reporting, while Egypt is adopting the TCFD recommendations to enhance risk management and transparency. Russia aims to boost stakeholder confidence and support transition to low-carbon economy. India's BRSR disclosures help investors and engage stakeholders on social and environmental impacts. The UAE focuses on achieving high-quality ESG disclosures.

In the **financial sector**, Brazil integrates its standards with global frameworks to promote market discipline. China's Guideline for Financial Institutions standardize environmental disclosures to support green transition and development. Egypt's standards improve risk management and transparency for NBFIs and banks, and Iran's draft standards support informed decision-making with comprehensive sustainability reporting. Russia's objectives include building market confidence, better involvement of financial sector in sustainable development and proper management of long-term sustainability risks. India has taken into consideration the TCFD and IFRS S2 frameworks to attract sustainable investments and improve risk management. The UAE aims for high-quality ESG reporting, while South Africa focuses on transparent market information and alignment with global practices.

1.4. MATERIAL INFORMATION CONCEPT

Nowadays, the concept of materiality is crucial for effective information disclosure. Material information pertains to data that should be disclosed in time without any distortions because it could significantly affect the decision-making process of stakeholders including investors, regulators, and the public in relation to the company. Identification and reporting of such information is vital for maintaining transparency, accountability, and trust of the market. Different countries have adopted various approaches to defining and disclosing material information, reflecting their unique regulatory environments and business practices.

In the **corporate sector**, each country emphasizes the importance of materiality in fostering transparency and trust in corporate governance.

Brazil has adopted the concept of materiality as defined by IFRS S1, aligning with definitions from the International Accounting Standards Board (IASB) in its Conceptual Framework and IAS 1.

China's Guidelines for material information disclosure consider industry diversity and enterprise attributes, allowing companies to independently identify important issues, in line with the materiality concept of IFSR S1.

In Egypt, the FRA mandates the disclosure of ESG and TCFD KPIs as material information, with disclosures varying based on unique materiality assessments.

India mandates disclosure of material information through BRSR disclosures. The BRSR seeks disclosure from listed entities on nine principles, each divided into essential and leadership indicators. The Essential indicators are required to be reported on a mandatory basis, while the reporting of leadership indicators is on a voluntary basis (however, listed entities are encouraged to report the leadership indictors also). For instance, details of Scope 1 and 2 greenhouse gas (GHG) emissions are essential indicators, while details of Scope 3 GHG emissions are sought as a leadership indicator.

In Russia, companies are advised to disclose material information on specific topics related to their activities using internationally recognized standards, emphasizing a comprehensive list of material issues such as environmental (climate) matters, social issues, human rights, anti-corruption measures, and supply chain transparency.

In the **financial sector**, approach of each country underscores the significance of materiality in maintaining transparency and trust, with regulations tailored to the specific needs and contexts of their financial sectors.

Brazil mandates disclosure of prudential treatment of social, environmental, and climate-related risks. The regulation incorporates principles of proportionality that consider an institution's size and risk profile and apply from December 2022 on to institutions allocated to Segment 1 (S1), Segment 2 (S2), Segment 3 (S3), and Segment 4 (S4). S1 comprises domestic systemically important banks subject to Basel Committee standards.

In China, material information for sustainable development disclosures covers a broad range of topics, including environmental initiatives, governance structures, environmental management policies, and the impact of environmental factors on financial institutions.

For Egypt's NBFIs and banks, material information includes aspects of transparency, completeness, and accuracy regarding social, environmental, and governance factors.

India's draft Disclosure Framework on Climate-related Financial Risks requires financial entities to disclose key information under four thematic pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Iran's draft national standard defines material financial information related to sustainability by its potential to affect main users' decisions, requiring entities to exercise judgment and reassess materiality at each reporting date.

South Africa determines material information based on its potential influence on primary users' decisions, with disclosures required to be complete, objective, accurate, clear, balanced, and timely.

For Russia, information may be considered as material if its disclosure, absence or incorrect presentation can affect the decisions of stakeholders, the nature and continuity of the activities of the financial institution, its solvency, as well as its value and maintenance of the required level of public confidence in it.

The UAE allows flexibility in determining material information tailored to specific contexts and stakeholder needs. Information is deemed as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that investors or other stakeholders make.

1.5. STRUCTURE AND COMPOSITION OF INFORMATION DISCLOSURE IN THE AREA OF SUSTAINABLE DEVELOPMENT

In the **corporate sector**, almost all the countries emphasize the importance of disclosing environmental information, particularly regarding greenhouse gas emissions and waste management. Countries like Russia, South Africa and China also recommend companies to disclose information about biodiversity. Generally, the scope of environmental information does not vary significantly across countries. Notably, in India, companies must disclose information about investments made and initiatives taken to improve resource efficiency or reduce environmental impact.

When it comes to social data, there is a general consensus among the countries that the most crucial information pertains to diversity, health, and worker safety. However, the specifics of this data vary. For instance, in India, companies must report on spending measures for employee and worker well-being, job creation in smaller towns, and the percentage of input material sourced from MSMEs or small producers within India.

Regarding corporate governance data, most of the countries agree that the primary components of disclosure should include Board structure, remuneration, and ethics issues. The UAE also emphasizes the importance of female representation on the Board, as it is mandatory to have at least one seat as a women representation in the local PJSC listed companies' Board. Russia highlights the need to disclose information on corporate strategy and business-model.

In the **financial sector**, most of the countries focus on the IFRS S1 and S2 standards, which do not mandate the disclosure of social data. Consequently, social data criteria are largely absent from BRICS financial sector disclosures. Regarding environmental data, all the countries agree that the most critical information refers to climate and climate-related risks. In China, financial institutions are also encouraged to report on the development of innovative green financial products and services and the environmental and social benefits of these products and services.

Russia and Brazil recommend that financial organizations to disclose social data. In Russia, this includes information on gender, age, and ethnic diversity, employment of persons with disabilities, overall employment, occupational safety, human capital management, and trade union relationships. In Egypt, the CBE discloses data related to financial inclusion on annual basis.[2] Additionally, it is crucial to communicate with consumers and clients about workplace health and safety issues and the financial organization's impact on vulnerable social groups.

Across BRICS, corporate governance data should include, but is not limited to, Board structure, a special Committee responsible for climate-related issues, and the integration of climate risks and opportunities into the management system.

A review of the structure of sustainability disclosure in BRICS both for corporate and financial sector can be seen in Annex 2.

[2] Financial Inclusion Rates Rose to 70.7% by the End of 2023. URL: https://www.cbe.org.eg/en/news-publications/news/2024/02/22/08/20/financial-inclusion-rates-rose-to-70,-d-,7-percent-by-the-end-of-2023#:~:text=This%20has%20led%20to%20a,period%20from%202016%20to%202023.

1.6. FORMS, TERMS AND FREQUENCY OF INFORMATION DISCLOSURE

Information disclosure is a critical aspect of corporate and financial sector transparency, ensuring that stakeholders are well-informed about the operations, sustainability, and financial health of organizations. This chapter explores the various forms, terms, and frequency of sustainability information disclosure across BRICS.

In several countries, there are specific requirements regarding the language in which information should be disclosed. In Brazil, China, and Russia, **companies** and **financial organizations** should provide reports in the local language. However, in Russia, organizations are also recommended to disclose information in English to meet stakeholders' needs. In the UAE, companies should report information in both English and Arabic, reflecting the country's bilingual business environment.

Mandatory audit (verification) of disclosed information varies across the corporate and financial sectors in these countries. In the **corporate sector**, Brazil and India stand out with stringent verification requirements. In Brazil, reports should undergo assurance by an independent auditor registered with the CVM, adhering to standards issued by the Federal Accounting Council. In India SEBI's guidelines mandate 'BRSR Core', which includes a set of KPIs requiring reasonable assurance from listed entities. China, while not mandating, encourages entities to engage third parties for auditing or assurance of GHG emissions and other relevant figures. In Russia, independent assurance of the disclosed information is recommended for corporates, but it is not mandatory.

In the **financial sector**, India and the UAE have specific verification requirements. In India, according to Draft Guidelines on Disclosures, information disclosed in annual financial statements is required to undergo a standard auditing process, and entities are also required to disclose any assumptions, proxies, or external assurances used. The Green Deposit Framework in India also mandates independent third-party verification of fund allocation from green deposits annually. In the UAE, the reporting entities are expected to use independent, third-party verification and assurance to ensure the accuracy and reliability of their sustainability disclosures.

The trend towards digital disclosure of information is gaining traction, with specific requirements observed in certain countries. In the **corporate sector**, Egypt and India mandate digital disclosure. In Egypt, sustainability information is submitted both digitally (via a link on the FRA website) and as part of the BoD report. In India, BRSR data is reported in PDF and XBRL formats.

In the **financial sector** Brazil, and Egypt have digital disclosure requirements. In Brazil, the GRSAC report must be made available in open data format. China has a good practice regarding digital disclosure; for instance, China has implemented the Yangtze River Delta Green Finance Information Management System to promote interoperability and sharing of green finance data within the region, and the PBOC Chong Qing branch has set up the Yangtze River Green Finance Big Data Service System Egypt maintains consistent requirements for digital disclosure across both the corporate and financial sector companies regulated by the FRA, noting that the CBE does not mandate digital disclosure for banks.

A review of the forms, terms and frequency of information disclosure in BRICS both for the corporate and financial sectors can be seen in Table 4.

FORMS, TERMS AND FREQUENCY OF INFORMATION DISCLOSURE

Table 4

Country	Corporate sector	Financial sector
Sustainability Reporting Format		
Brazil	Sustainability information is to be disclosed in a separate report	Sustainability information is to be disclosed in a separate Report on Social, Environmental and Climate-related Risks and Opportunities (GRSAC Report). Disclosure of PRSAC is also a stand-alone publication
China	Sustainability information is currently disclosed as a separate Listed Company Sustainability Report or Listed Company ESG Report	Financial institutions may choose the following three forms of disclosure for external disclosure: 1. Specialized environmental information reports. 2. Social responsibility reports. 3. Annual reports. 4. Templates related to Guidelines on Ongoing Information. 5. Disclosure During the Life of Green Bonds
Egypt	*NBFIs*: Sustainability information is to be included in the BoD annual report. Sustainability information should be disclosed on an individual basis by each company	*Banks* are required to complete the following reporting framework: 1. Quarterly sustainable finance portfolio report. 2. Semi-annual sustainability principles report. 3. Annual report based on GRI standards. *NBFIs*: sustainability information is to be included in the BoD annual report. Sustainability information should be disclosed on an individual basis by each company
India	BRSR is required to be disclosed as part of the annual report	The draft disclosure framework envisages that the disclosures be included as a part of the RE's financial results/statements/ any other related publication on its website
Iran	NA	Sustainability information is to be disclosed in the annual or a separate report, within the same reporting period as financial statements
Russia	Sustainability information is to be disclosed in an annual report or separate sustainability report	Sustainability information is to be disclosed in an annual report or separate sustainability report
South Africa	Sustainability information is to be disclosed in an annual report	Sustainability information is to be disclosed in an annual or a separate report
UAE	Sustainability information is to be disclosed in an annual report	Sustainability information is to be disclosed in an annual report

Country	Corporate sector	Financial sector
Reporting language		
Brazil	Portuguese	Portuguese
China	Chinese	Chinese
Egypt	*NBFIs*: Arabic and for listed companies with more than EGP 2 billion of annual revenues, they must report in English too	*NBFIs*: Arabic and for listed companies with more than EGP 2 billion of annual revenues, they must report in English too. *Banks*: English and Arabic
India	English	Not specified in the draft framework
Iran	NA	According to the draft sustainability disclosure standard, it should use the same reporting language as the reporting language of financial statements
Russia	Russian. Additionally English is recommended	Russian. Additionally English is recommended
South Africa	English	English
UAE	Arabic and English	Arabic and English

Country	Corporate sector	Financial sector
Disclosure requirements for groups of companies		
Brazil	Disclosure should be on a consolidated basis	Disclosure is required to be on a consolidated basis from a prudential perspective, encompassing financial entities in a prudential conglomerate
China	Disclosure should be mainly on a consolidated basis	No specific requirements
Egypt	*NBFIs*: Disclosure should be on an individual basis	*NBFIs*: Disclosure should be on an individual basis
India	Either consolidated or standalone	The disclosures are required to be made on a standalone basis
Iran	NA	If a group of reporting units meets the conditions of consolidation, reporting should be on a consolidated basis
Russia	Disclosure should be on a consolidated basis	Disclosure should be on a consolidated basis
South Africa	Both individual and consolidated reporting possible, depending on what is being reported	Disclosure should be on a consolidated basis
UAE	Disclosure should be on a consolidated basis	Disclosure should be on a consolidated basis, unless determined otherwise by the regulator

Country	Corporate sector	Financial sector
Report verification		
Brazil	• *Mandatory report verification requirement*: a report must be subject to assurance by an independent auditor registered with the CVM, in compliance with the standards issued by the Federal Accounting. • *Report verification frequency*: annually. • *Verification authority*: any auditing firm registered and supervised by the CVM	• *Mandatory report verification requirement*: none. • *Report verification frequency*: none. • *Verification authority*: none
China	• *Mandatory report verification requirement*: No mandatory report verification is required, but the Exchange encourages those disclosing entities that are able to engage a third party to audit or provide assurance on GHG emissions data and other relevant figures. • *Report verification frequency*: none. • *Verification authority*: none	• *Mandatory report verification requirement*: No mandatory report verification is required, but the Chinese financial supervisory authorities encourage third-party verification on green bonds. Among all green bonds issued in 2023, 95% of non-financial enterprises bonds listed in the inter-bank market and all financial bonds have professional verification. • *Report verification frequency*: none. • *Verification authority*: none
Egypt	• *Mandatory report verification requirement*: none. • *Report verification frequency*: none. • *Verification authority*: none	• *Mandatory report verification requirement*: none, however, the CBE requires an annual sustainability report based on GRI standards which includes disclosure. • *Report verification frequency*: none. • *Verification authority*: none
India	• *Mandatory report verification requirement*: SEBI has prescribed 'BRSR Core', which contains a limited set of KPIs for which listed entities shall need to obtain reasonable assurance.* • *Report verification frequency*: annually. • *Verification authority*: profession agnostic third-party assurance provider, subject to requirements such as no conflict of interests and adequate expertise	• *Mandatory report verification requirement*: as the information is required to be disclosed in the annual financial statements, the disclosures are required to undergo the standard auditing process. • Further, the Framework for Acceptance of Green Deposits requires that the allocation of funds raised through green deposits by REs during a financial year be subject to an independent third-party verification/assurance, which shall be done on an annual basis. • *Report verification frequency*: annually. • *Verification authority*: none
Iran	NA	• *Mandatory report verification requirement*: no, it is not required yet. • *Report verification frequency*: none. • *Verification authority*: none
Russia	• *Mandatory report verification requirement*: none, but independent audit and assurance is recommended. • *Report verification frequency*: none. • *Verification authority*: an independent auditor (recommended)	• *Mandatory report verification requirement*: none. • *Report verification frequency*: none. • *Verification authority*: none
South Africa	NA	NA
UAE	• *Mandatory report verification requirement*: none. • *Report verification frequency*: none. • *Verification authority*: none	• *Mandatory report verification requirement*: Reporting entities are expected to aim to use independent, third-party verification and assurance to confirm the accuracy and reliability of their sustainability disclosures. • *Report verification frequency*: none. • *Verification authority*: none

Country	Corporate sector	Financial sector
Digital disclosure of information		
Brazil	Not yet	The GRSAC Report must also be made available in open data format, according to specifications provided by BCB from the reference date of December 2024 on
China	Not yet	The Yangtze River Delta Green Finance Information Management System has successfully been promoted in the Yangtze River Delta region to achieve interoperability and sharing of green finance data. The Yangtze River Green Finance Big Data Service System identifies and analyses the green financing needs of enterprises with green finance standards, and provides the processed information to commercial banks
Egypt	*NBFIs*: Disclosed sustainability information is submitted in two formats: 1. digital format (link on the FRA website); 2. as part of the BoD report	*Banks*: reporting to the CBE is done in Excel format as is processed and analyzed internally. *NBFIs*: Disclosed sustainability information is submitted in two formats: 1. digital format (link on the FRA website); 2. as part of the BoD report
India	BRSR data is reported in PDF and XBRL formats	The data is required to be disclosed digitally on RE's website
Iran	NA	NA
Russia	None	None
South Africa	None	Under development**
UAE	None. The data is reported in PDF and disclosed in the company and stock market web site	None. The data is reported in PDF and disclosed in the company and stock market web site

* Details may be found here: https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html.
** URL: https://www.datatracks.com/za/blog/cipcs-path-to-integrate-esg-disclosure-reporting-with-ixbrl-taxonomy-in-2023/.

2. AGGREGATORS OF INFORMATION ON SUSTAINABLE DEVELOPMENT

2.1. AGGREGATORS OF INFORMATION ON SUSTAINABLE DEVELOPMENT

The aggregation and analysis of sustainable development information is essential for guiding businesses and policymakers in making informed decisions. These entities collect and synthesize extensive data from various sources, transforming fragmented information into comprehensive, accessible, and actionable insights. Their importance lies in enabling businesses, investors, policymakers, and other stakeholders to make well-informed decisions that align with sustainability goals. By centralizing data and ensuring its reliability and accuracy, information aggregators streamline the decision-making process, reduce inefficiencies, and support the advancement of sustainable practices on a global scale.

This section explores the landscape of information aggregation and regulatory oversight in BRICS. In Brazil, companies like B3[1] and ERM NINT[2] lead in providing ESG data services. India regulates various ESG rating providers that aggregate ESG information. The UAE hosts established international firms such as S&P,[3] Moody's[4] and other similar local firms that provide such services, while in South Africa, both local and international entities, including Bloomberg[5] and KPMG,[6] play a significant role. Regulatory frameworks vary, with Brazil having specific oversight mechanisms, while India, the UAE and South Africa are still developing their regulatory approaches.

Regarding regulation, in Brazil, the collection and processing of sustainability reports, as well as the provision of related information and analytical products, is subject to regulatory oversight. In India, entities that offer ESG data are not regulated by SEBI, but those providing opinions on ESG profiles are regulated under SEBI (Credit Rating Agencies) Regulations, 1999.[7] In the UAE, there is no specific regulatory oversight mentioned, while in South Africa, there is no specific regulation at this stage, though the FSCA is examining ESG rating providers.

1 B3 is a financial market infrastructure company involved in trading, clearing, settlement, deposit, and registration systems for financial assets, coordinating an information platform on sustainable financial instruments issued in the domestic market. URL: https://b3.com.br/en_us/.

2 ERM NINT is a consultancy that assesses ESG issues in Latin America and the Caribbean, compiling various sustainable financial instruments issued in regional markets.

3 S&P Global. URL: https://www.spglobal.com/ratings/en/.

4 Moody's. URL: https://www.moodys.com.

5 Bloomberg. URL: https://www.bloomberg.com/europe.

6 KPMG. URL: https://kpmg.com/xx/en/home.html.

7 Securities and Exchange board of India (Credit Rating Agencies) Regulations, last amended July11, 2024. URL: https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-credit-rating-agencies-regulations-1999-last-amended-on-july-11-2024-_84820.html.

The BCB and the CVM are the regulators in Brazil who are responsible for regulating, monitoring and supervising activities related to collecting, processing and analyzing information on risk management including ESG risks. The CVM requires detailed disclosures regarding ESG information, including whether the issuer discloses ESG information in annual reports, the methodology or standard followed, whether the report is audited by an independent entity, and its availability online. The BCB mandates financial institutions to provide information on social, environmental, and climate risks related to their credit operations and securities.

In South Africa, the FSCA is the regulatory authority overseeing activities related to ESG information. They are developing a roadmap for sustainable finance and assessing consumer risks in this area.

2.2. INFORMATION AND ANALYTICAL PRODUCTS

The BRICS countries reported a number of projects in the field of information and analytical sustainability products.

In terms of emission regulation, Brazil provided information on the National Emissions Registry System (SIRENE), the domestic emissions MRV system (Monitoring, Report, and Verification) and an official instrument for disseminating the country's greenhouse gas emissions results. The system's mission is to provide security and transparency to the process of making greenhouse gas emissions inventories. The Ministry of Science, Technology and Innovation (MCTI) developed this system to protect information and accessibility to the results of the National Inventory of Anthropogenic Emissions by Sources and Removals by Sinks of Greenhouse Gases not Controlled by the Montreal Protocol.

In India, a number of ESG rating providers offer ESG ratings based on data from the BRSR, as well as other data sources such as disclosures by companies on exchanges or their website or news releases. ESG rating providers offer various products such as ESG ratings, transition ratings, BRSR core ratings, etc. Currently, ESG data providers are not regulated by SEBI directly. Various tools including Artificial Intelligence (AI) are permitted, given compliance with SEBI Regulations and circulars issued thereunder.

South Africa reports various commercial products available. Some studies have reported the use of AI.[8]

In Russia, there are several aggregators of sustainability reports that analytical products based on the aggregated information.

The emergence of information and analytical sustainability products in BRICS indicates a growing recognition of the importance of emissions management and sustainability practices. The focus on advanced monitoring and transparency systems, as seen in Brazil, highlights the need for reliable data in assessing and reducing greenhouse gas emissions. India's innovative approach to ESG ratings underlines the increasing demand for corporate accountability in environmental, social, and governance aspects, fostering more informed investment decisions. South Africa's utilization of AI in this domain showcases the potential for technology to enhance sustainability efforts.

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[8] For instance: https://www.pwc.co.za/en/products/tech-enabled-sustainability-reporting.html.

3. PROPOSALS ON HARMONIZING APPROACHES TO DISCLOSING INFORMATION ON SUSTAINABLE DEVELOPMENT

3.1. INCREASING THE ALIGNMENT OF THE REPORTING STANDARDS IN THE AREA OF SUSTAINABLE DEVELOPMENT

The BRICS countries are increasingly recognizing the importance of aligning the disclosures in the area of sustainable development. It can be seen as a crucial step towards fostering transparency, comparability, and investment in sustainability projects across the bloc.

The countries base their regulation on a variety of international standards, including GRI, SASB, IIRC, TCFD, CDSB, IOSCO, the FSB and the BCBS. Nevertheless, all of the countries report considering or examining the IFRS S1 and S2 standards or aligning the local regulation with them. Some plan to adopt the altered versions of the IFRS S1 and S2 standards, which are more befitting for the local conditions.

An alignment with international norms would offer several benefits including consistency, comparability, reduced compliance burdens, and enhanced transparency. This would build trust among investors and facilitate capital flows towards sustainable and transition projects. Additionally, it would improve climate risk management and support initiatives on carbon emissions (footprint) verification and carbon units (offsets) trading.

However, the BRICS countries face challenges in raising awareness, enhancing knowledge, and developing infrastructure for the IFRS S1 and S2 standards, as well as in integrating them into existing frameworks. They struggle with data collection and management, the complexity of standards, increased costs, and the need for standardized metrics and credible third-party verification. Issues such as capacity gaps, compliance burdens, scarcity of technical skills, and resistance from business units further complicate implementation.

To address these challenges, the IFRS Foundation released a Jurisdictional Guide for using the IFRS S1 and S2 standards.[1] The ISSB emphasizes that a global reporting framework boosts capital providers' confidence, enhances access to international capital markets, encourages foreign investment, and mitigates risk premiums arising as a result of global investors misunderstanding local standards.

Taking into account the consensus among the BRICS countries about the importance of keeping in line with best international practices and the commitments made to adhere to the

[1] Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards. ISSB. URL: https://www.ifrs.org/content/dam/ifrs/supporting-implementation/adoption-guide/inaugural-jurisdictional-guide.pdf.

standards defined by international organizations, it should be suggested that *the next step can be increasing the alignment of the reporting standards of the BRICS countries in the area of sustainable development with global frameworks, while implementing the specifics of respective countries with respect to its economic realities, and level of development of the financial system.* At this stage, it is crucial to take into account the unique economic structure of each member.

One of the common issues shared between all of the BRICS countries is social risks, as the countries are densely populated with rapidly growing economies. Therefore, it is important for BRICS *to evaluate the inclusion of social issues in their reports* to ensure a comprehensive assessment of social risks. According to the survey, most countries have implemented or are planning to implement IFRS S1 and S2, which primarily focus on climate and sustainability-related governance issues. However, social data disclosure remains limited, particularly in the financial sector of most BRICS countries, posing a risk to the full evaluation of social risks. The absence of mandated social data disclosure means that investors and stakeholders cannot fully assess risks associated with labor practices, community engagement, and population ageing, potentially leading to financial instability and the misallocation of resources.

The inclusion of social issues in the information disclosures will allow for a more accurate evaluation of risks, ultimately contributing to more sustainable economic growth and stability within BRICS.

To enhance the sustainability reporting framework, *it could be considered that the disclosures include technological and digital aspects in each key area - environmental, social, and corporate governance (ESG).* This integration can be achieved by including specific metrics related to technological maturity, innovation, and digitalization that reflect a company's commitment to sustainability through technology (Chart 1). For instance, India already has some of these metrics like "investments made and initiatives taken to improve resource efficiency or reduce environmental impact" or "percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively". Besides, China's disclosure requirements incorporate technological innovation, encouraging enterprises to disclose their technological innovation strategies and objectives, R&D-to-revenue ratio and patents awarded, etc.

EXAMPLES OF DIGITAL AND TECHNOLOGICAL METRICS

Chart 1

E + digitalization and technology	S + digitalization and technology	G + digitalization and technology
• R&D spending on low-carbon technologies • adoption of digital tools that optimize resource efficiency • investments made and initiatives taken to improve resource efficiency or reduce environmental impact • percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental impact of products and processes to total R&D and capex investments made by the entity, respectively	• training programs that upskill employees for the digital economy • efforts to reduce the digital divide • partnerships with educational institutions to foster technological competencies in underrepresented groups • percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the social impact of products and processes to total R&D and capex investments made by the entity, respectively	• presence of digital oversight committees • presence of company's technological strategy • board-level expertise in technology • presence of an in-house R&D department • implementation of advanced cybersecurity measures to protect stakeholder data and ensure business continuity • return on Innovation Investment (ROII) • share of revenue generated by key technologies • share of net profit allocated to the R&D budget • revenue from technology licensing • number of patents that generate the dominant share of cash flows • number of new technologies implemented in the last 5 years

Additionally, including "Digitalization and Technology" as a distinct material topic within the sustainability reporting framework would enable companies to highlight their strategic focus on technological advancement as a driver of sustainable growth taking into account all implied risks and opportunities. This would encompass their overall digital transformation strategies, investments in emerging technologies, and the role of technology in achieving sustainability targets.

By incorporating these technological and digital aspects into sustainability reporting, companies can better demonstrate their contributions to the Sustainable Development Goals (SDGs) and economic growth. This approach not only showcases their leadership in adopting sustainable technologies but also provides stakeholders with a comprehensive view of how digital transformation supports long-term value creation and resilience in a rapidly changing world.

3.2. HARMONISING APPROACHES TO VERIFICATION OF SUSTAINABILITY REPORTING

Mandatory verification of sustainability information disclosure is already a requirement in some BRICS countries, such as Brazil and India, where reports must be certified by independent auditors or assurance providers. There is a number of international verification standards such as AA1000 Assurance Standard, as well as standards by ISO and IAASB. However, it is necessary to take into account unique market development and infrastructure pre-requisites that may need to be built and developed over time. *While the verification ecosystem is still maturing, it would be beneficial to work on harmonising the approaches to verification within the BRICS countries*. This could involve jointly using international standards and best practices for verification processes. For example, the International Organization for Standardization (ISO) is now developing a standard for the verification and validation of sustainability information, ISO/CD 14019-1 "Validation and Verification of Sustainability Information": Part 1: General Principles and Requirements[2] and Part 2: Verification Process.[3] Additionally, *BRICS could share knowledge and expertise on sustainability audits, enabling mutual learning and capacity building*. Also, the International Auditing and Assurance Standards Board (IAASB) is developing Proposed ISSA 5000,[4] a comprehensive standard for sustainability assurance engagements, designed to ensure consistent and high-quality assurance across all sustainability topics and frameworks. This principles-based standard builds on existing standards like ISAE 3000[5] and ISAE 3410[6] and addresses both limited and reasonable assurance, targeting key challenges in sustainability assurance.

Verification plays a crucial role in ensuring the accuracy, transparency, and trustworthiness of sustainability reporting. By requiring independent verification, companies can demonstrate their commitment to truthful and reliable disclosure, which in turn strengthens stakeholder confidence. Verification helps to identify and rectify potential inaccuracies or inconsistencies in the reported data, thereby improving the overall quality of the information. Furthermore, it aligns sustainability reports with international standards, facilitating comparability across

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2 ISO/CD 14019-1. URL: https://www.iso.org/standard/86226.html.

3 ISO/CD 14019-2. URL: https://www.iso.org/standard/86227.html.

4 Sustainability assurance. IAASB. URL: https://www.iaasb.org/consultations-projects/sustainability-assurance.

5 ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. IAASB. URL: https://www.iaasb.org/publications/international-standard-assurance-engagements-isae-3000-revised-assurance-engagements-other-audits-or.

6 ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*. IAASB. URL: https://www.iaasb.org/publications/glance-international-standard-assurance-engagements-isae-3410-assurance-engagements-greenhouse-gas.

different companies and regions. In the context of BRICS, harmonising the approaches would not only bolster the credibility of sustainability disclosures but also promote a level playing field, encouraging more responsible and sustainable business practices.

3.3. DIGITAL REPORTING

The survey has revealed that many BRICS countries do not require that reports be published in electronic format, which can impede the standardization and transparency of sustainability reporting. India is the only country mandating reports in XBRL format.

The IFRS Foundation has published an article on digital reporting,[7] highlighting its benefits for investors and other users, who can efficiently search, extract, and compare data across companies. Unlike traditional PDF reports, digital reports are primarily intended for computers to extract tagged information for analysis, making digital reporting a machine-readable list.

Digital reporting is regulated by various rules and taxonomies such as the IFRS Accounting Taxonomy and the forthcoming IFRS Sustainability Disclosure Taxonomy, released in April 2024.[8] These taxonomies include a list of elements (tags) assigned to specific reporting data to enable the extraction of quantitative data and indicate the standards relevant to published information, which facilitates the search for qualitative data blocks when needed.

To promote uniformity and transparency in sustainability reporting, *BRICS countries are recommended to implement requirements encouraging the publication of digital reports in open data formats for listed companies classified as large organizations according to national regulations, utilizing standardized taxonomies for tagging and data extraction*. The first step in this digitalization process would be the development of a comparable set of sustainability metrics for financial organizations and companies by each BRICS member. It is crucial to ensure consistent, comparable, and transparent data across the BRICS, enhancing the ability of stakeholders to assess and monitor sustainability performance.

Following this, BRICS countries should focus on developing a centralized data collection infrastructure or a unified data center. This facility would collect and store sustainability data from various organizations, ensuring easy access and analysis. The data collected would include key sustainability indicators, financial metrics, and qualitative disclosures, all tagged according to standardized taxonomies. Establishing such an infrastructure would streamline the reporting process, improve data accuracy, and support global sustainability efforts by providing stakeholders with reliable and accessible information.

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7 Digital finance reporting. IFRD. URL: https://www.ifrs.org/content/dam/ifrs/standards/taxonomy/digital-financial-reporting/digitalreportingarticle-april2024.pdf.

8 ISSB publishes its digital sustainability taxonomy, helping investors analyse sustainability disclosures efficiently. IFRS. URL: https://www.ifrs.org/news-and-events/news/2024/04/issb-publishes-its-digital-sustainability-taxonomy/.

3.4. HARMONISING APPROACHES TO REGULATION OF INFORMATION AGGREGATORS' ACTIVITIES

The aggregation and analysis of sustainable development data are crucial for enabling responsible investors and policymakers to make informed decisions aligned with sustainability goals. In the BRICS countries, various entities lead in providing ESG data services, with regulatory oversight varying by country.

Currently, there is no common approach in regulation of information aggregators' activities across the BRICS countries. Large companies often serve as aggregators, but their assessments may not always be fully objective, potentially influencing decision-making.

Aligning the approaches to how data is collected, analyzed, and presented by aggregators, requiring them to disclose methodologies and mitigate potential conflicts of interest is necessary to ensure the objectivity, transparency, and accountability of information aggregation and analytical services related to sustainability disclosure. It would also establish consistent guidelines to ensure that the information provided is reliable and unbiased, supporting fair and informed decision-making across the BRICS.

ANNEX 1. GENERAL ISSUES ABOUT DISCLOSURE OF INFORMATION ON SUSTAINABLE DEVELOPMENT IN BRICS

BRAZIL

Corporate sector

In **Brazil,** the CVM[1] regulates disclosure of sustainability-linked information for corporate sector. The CVM introduced two resolutions related to the disclosure of sustainability-related information:

- Resolution CVM 80[2] is based on the "comply or explain principle" and requires that all publicly held companies disclose ESG and climate-related information in a specific document, called the Reference Form (contains structured and unstructured data). Resolution CVM 80 does not specify methodologies, metrics, frameworks, or technical standards.
- Resolution CVM 193[3] goes further by endorsing IFRS S1 and S2, setting up the roadmap toward full convergence, with the rules becoming mandatory by 2026. In that regard, CVM Resolution 193 refers to the adoption of Sustainability and Climate-Related Financial Disclosure Standards as issued by the International Sustainability Standards Board (ISSB).

Both Resolution CVM 80 and Resolution CVM 193 apply to publicly held companies, particularly those with revenue exceeding R$500,000,000.00.

The main stakeholders targeted by the disclosure of information on sustainable development in Brazil, according to Resolutions CVM 80 and CVM 193, include investors, government authorities, employees, local community members, non-government organizations (NGOs), environmental organizations, consumers, and customers.

[1] The CVM operates as an autonomous entity linked to the Ministry of Finance. Although its operations are independent, the CVM is subject to the country's financial laws and regulations, as well as government-established guidelines and policies.

[2] Resolução CVM No. 80, de 29 de março de 2022. URL: https://conteudo.cvm.gov.br/legislacao/resolucoes/resol080.html.

[3] Resolução CVM No. 193, de 20 de outubro de 2023. URL: https://www.gov.br/cvm/en/foreign-investors/regulation-files/ResolutionCVM193.pdf.

Financial sector

The BCB regulates disclosure of information on sustainable development for financial organizations. There are two mandatory legal acts for a wide range of financial organizations:

- Resolution BCB 139[4] and BCB Instruction 153[5] issued by the BCB, provide for the disclosure of information in the Report on Social, Environmental and Climate-related Risks and Opportunities (GRSAC Report) and the templates for the disclosure of information in the GRSAC Report;
- Resolution CMN 4,945[6] (PRSAC) issued by the CMN, provides for the Social, Environmental and Climate Responsibility Policy (PRSAC, in Portuguese) and actions aimed at its effectiveness.

Financial organizations are subject to disclosure of information on ESG risks, incorporating principles of proportionality that consider an institution's size and risk profile. Financial institutions, payment institutions, and other entities licensed by the BCB, allocated to Segment 1 (S1), Segment 2 (S2), Segment 3 (S3), and Segment 4 (S4),[7] as defined in Resolutions CMN 4.553[8] and BCB 197,[9] are subject to such disclosure requirements.

Disclosure of information must be made available to a broad audience. BCB regulation establishes that the Report on Social, Environmental, and Climate-related Risks and Opportunities (GRSAC Report) must be publicly accessible on the institution's website.

CHINA

Corporate sector

In **China**, there are several bodies responsible for developing approaches to regulating disclosure of information on sustainable development for the corporate sector. The MoF, together with relevant departments, is responsible for coordinating and planning China sustainability disclosure standards system, developing and releasing the unified Chinese sustainability disclosure standards. On 27 May 2024, the MoF issued the Exposure Draft of Chinese Sustainability Disclosure Standards for Business Enterprises – Basic Standard. Regulatory authorities, in light of their own responsibilities and regulatory practices, translate the unified sustainability disclosure standards into regulatory requirements in a phased

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4 Resolution BCB 139 of September 15, 2021.Provides for the disclosure of information in the Report on Social, Environmental and Climate-related Risks and Opportunities (GRSAC Report). URL: https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/ResolutionBCB139.pdf.

5 Instruction BCB 153 of September 15, 2021. Establishes the templates for the disclosure of information in the Report on Social, Environmental and Climate-related Risks and Opportunities (GRSAC Report). URL: https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/InstructionBCB153.pdf.

6 Resolution CMN 4,945 of September 15, 2021 Provides for the Social, Environmental and Climate Responsibility Policy (PRSAC, in Portuguese) and actions aimed at its effectiveness. URL: https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/ResolutionCMN4945.pdf.

7 Financial institutions, conglomerates led by a financial institution and conglomerates led by a payment institution and composed of at least one financial institution are allocated to segments according to their size (as a proxy of risk profile) and relevance of their international activity. S1 comprises largest banks and conglomerates led by a bank; S2 comprises large and large-to-medium sized institutions and conglomerates; S3 comprises medium and medium-to-small sized institutions and conglomerates; S4 comprises small sized institutions and conglomerates.

8 Resolution 4,553 of January 30, 2017. URL: https://www.bcb.gov.br/ingles/norms/brprudential/Resolution4553.pdf.

9 Resolution BCB 197. URL: https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolução%20BCB&numero=197.

approach. The CSRC oversees the information disclosure behavior of listed companies, while the National Financial Regulatory Administration focuses on financial companies.

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies,[10] Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange,[11] and Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange[12] – Sustainability Report (For Trial Implementation) regulate disclosure of sustainability-related information. These guidelines issued by the three exchanges are largely the same, with only slight differences in information disclosure obligor.

Any company that is a constituent of the SSE 180, STAR 50, SZSE100 indexes, and is listed simultaneously on Chinese Mainland and overseas markets, shall publish its sustainability report or ESG report in accordance with the guidelines. Other listed companies are also encouraged to voluntarily publish their sustainability reports. Besides, Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) apply to all listed companies, including listed SMEs.

Stakeholders imply an individual or a group of people whose interests are or may be affected by the activities of a disclosing entity, such as employees, consumers, customers, suppliers, and investors.

Financial sector

In China, there are several bodies regulating financial sector: the MoF, the PBOC, the NFRA, the CSRC and NAFMII. These bodies issued the following documents related to disclosure of information on sustainable development:

- The PBOC issued the document "Guidelines on Environmental Information Disclosure for Financial Institutions" (hereinafter referred to as the Guidelines for Financial Institutions)[13] on July 22, 2021;
- The NAFMII issued the "Green Bond Principles"[14] in July 2022, and the "Guidelines on Ongoing Information Disclosure During the Life of Green Bonds"[15] in November 2023;
- The CBIRC (NFRA as for now) issued the "Green Finance Guidelines for the Banking and Insurance Industry"[16] in June 2022;

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[10] Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial). SSE. URL: https://english.sse.com.cn/news/newsrelease/c/10753174/files/5a3884ca89cd434bb34ab39dd539f8e7.pdf.

[11] Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange. SZSE. URL: https://www.szse.cn/English/rules/siteRule/P020240412667555851701.pdf.

[12] Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange. BSE. URL: https://www.bse.cn/cxjg_list/200021393.html.

[13] Guidelines on Environmental Information Disclosure for Financial Institutions. PBOC. URL: https://www.chinadevelopmentbrief.org/wp-content/uploads/2021/08/Guidelines-for-financial-institutions-environmental-information-disclosure.pdf.

[14] Green Bond Principles. NAFMII. URL: https://www.nafmii.org.cn/ggtz/gg/202207/P020220801631427094313.pdf.

[15] Guidelines on Ongoing Information Disclosure During the Life of Green Bonds. NAFMII. URL: https://www.nafmii.org.cn/ztbd/lszqbzwyh/tzgg/202311/P020231129496468470224.pdf.

[16] Green Finance Guidelines for Banking and Insurance Sectors. CBIRC. URL: https://www.cbirc.gov.cn/en/view/pages/ItemDetail.html?docId=1055048&itemId=981.

- The CSRC issued the "Measures for the Administration of Information Disclosure by Listed Companies"[17] in March 2021;
- The Shanghai, Shenzhen and Beijing stock exchanges issued the Guidelines on Sustainability Reporting[18] (for Trial Implementation) in April 2024.

In China, the Guidelines for Financial Institutions are applicable to financial institutions such as banks, asset management companies, insurance companies, trusts, futures, and securities companies established by law in China. The information targets investors, regulators, and other stakeholders.

EGYPT

Corporate sector

In **Egypt**, the FRA serves as the regulator for NBFIs, which include capital market, insurance, mortgage finance, consumer finance, financial leasing, factoring, and microfinance institutions. The FRA is responsible for ensuring the disclosure of sustainability-related information within the capital market, as mandated by FRA decrees 107/2021[19] and 108/2021.[20] These decrees establish a mandatory framework for sustainability disclosures in NBFIs.

According to Decree 107/2021, NBFIs with issued capital exceeding 100 million Egyptian Pound (EGP) are required to disclose general sustainability-related information, including ESG factors. For NBFIs with issued capital over EGP 500 million, disclosure requirements extend to climate-related information in accordance with the TCFD guidelines.

Decree 108/2021 applies to all EGX-listed companies. They must disclose general ESG information, which consists of 40 ESG KPIs. Additionally, listed companies with issued capital exceeding EGP 500 million are required to report on climate-related disclosures following the TCFD guidelines, which include 10 KPIs.

The primary stakeholders in these disclosure requirements include investors in EGX, investors in non-listed companies, the FRA, and the main stakeholders of listed companies and NBFIs, including employees and other external stakeholders.

All listed companies are mandated to include ESG disclosures in their annual BoD reports, as per the listing requirements of EGX. TCFD disclosures are compulsory for listed companies with issued capital exceeding EGP 500 million, ensuring that these companies provide comprehensive information on their sustainability and climate-related practices to their stakeholders.

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17 Measures for the Administration of Information Disclosure by Listed Companies. CSRC.
URL: 上市公司信息披露管理办法 (csrc.gov.cn); http://www.csrc.gov.cn/csrc/c101864/c2ee1a791fddc4f5ebeeb70aa8e2399cf/2ee1a791fddc4f5ebeeb70aa8e2399cf/files/%E9%99%84%E4%BB%B61%EF%BC%9A%E3%80%8A%E4%B8%8A%E5%B8%82%E5%85%AC%E5%8F%B8%E4%BF%A1%E6%81%AF%E6%8A%AB%E9%9C%B2%E7%AE%A1%E7%90%86%E5%8A%9E%E6%B3%95%E3%80%8B.pdf .

18 Guidelines on Sustainability Reporting. Shanghai, Shenzhen and Beijing stock exchanges.
URL: http://english.sse.com.cn/start/sserules/stocks/listing/; https://www.szse.cn/English/rules/siteRule/; https://www.bse.cn/important_news/200021376.html.

19 https://fra.gov.eg/wp-content/uploads/2021/07/107-2021.pdf.

20 https://fra.gov.eg/wp-content/uploads/2021/07/108-1.pdf.

Financial sector

In Egypt, the regulation is separate for banks and NBFIs. The CBE is the only entity that supervises the banking sector.

Financial organizations that are listed on the Egyptian Exchange are required to disclose consistent with FRA requirements. All banks are required to report on sustainability and sustainable finance information on a quarterly, semi-annual and annual basis. These reports include qualitative information such as their adherence to guiding principles on sustainable finance issued by the CBE and on quantitative information such as their current sustainable finance portfolios. The annual report is completed based on GRI standards, which include disclosure as a key pillar.

NBFIs are subject to Decree 107/2021,[21] while listed companies are subject to Decree 108/2021.[22] The main stakeholders include investors in EGX, investors for non-listed companies, the FRA, and internal stakeholders such as employees.

INDIA

Corporate sector

In **India**, SEBI mandates ESG disclosures through the BRSR[23] for the top 1,000 listed entities by market capitalization. According to Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015,[24] these disclosures were voluntary for FY 2021–2022 and became mandatory from FY 2022–2023. This regulatory framework underscores the importance of sustainability in corporate governance and reporting.

Financial sector

The key regulatory bodies in the area of sustainable development for financial institutions in India are the MCA, overseeing companies incorporated under the Companies Act; SEBI, regulating publicly listed companies and asset managers; and the RBI, serving as the central bank and regulatory body for banks and non-banking financial companies (NBFCs) in the country.

There are two documents regulating disclosure of sustainability-related information for financial organizations:

- The draft Disclosure framework on Climate-related Financial Risks,[25] was released by the RBI on its website on February 28, 2024 to obtain feedback from concerned stakeholders. The framework is applicable to a diverse set of REs in a graded manner. The framework follows a phased approach, allowing REs to comply with qualitative disclosures before progressing to quantitative disclosures.

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[21] https://fra.gov.eg/wp-content/uploads/2021/07/107-2021.pdf.

[22] https://fra.gov.eg/wp-content/uploads/2021/07/108-1.pdf.

[23] Business Responsibility and Sustainability Report (BRSR). SEBI. URL: https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF.

[24] https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-july-10-2024-_84817.html.

[25] https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=4393.

- The Framework for acceptance of Green Deposits,[26] issued by the RBI in April 2023, which requires REs to make appropriate disclosures in their annual financial statements on portfolio-level information regarding the use of the green deposit funds.

The Draft Disclosure Framework on Climate-related Financial Risks will be applicable to REs in a graded manner.

The Framework for Acceptance of Green Deposits is applicable to all commercial banks including small finance banks (excluding regional rural, local area, and payments banks) and all deposit-taking NBFCs including Housing Finance Companies (HFCs).

The draft disclosure framework envisages that REs disclose information about their climate-related financial risks and opportunities as part of their financial results or statements on their website. These disclosures are intended for users of financial statements, such as shareholders, investors, and government bodies, among others. The Framework for Acceptance of Green Deposits issued by the RBI in April 2023 requires REs to make appropriate disclosures in their annual financial statements, providing portfolio-level information regarding the use of the green deposit funds.

IRAN

Corporate sector

No information.

Financial sector

In the field of disclosure of sustainability information for financial organizations, the responsible authorities are the Tehran Stock Exchange, the Securities and Exchange Organization, the Audit Organization and the Central Bank. In addition, for financial organizations not accepted in the Central Bank, – the Stock Exchange and auditing organization.

Financial organizations voluntarily disclose information related to sustainability, often aligning their reports with the GRI and the International Sustainability Reporting Standard published by the International Sustainability Standards Board. The audit organization responsible for developing the sustainability reporting standards has prepared draft standards 1 and 2, based on the 2023 international sustainability reporting standard, which is currently in the approval process. Once approved, these standards will mandate the disclosure of sustainability information in Iran under a set of limited regulations. However, the specific range of organizations required to disclose this information has not yet been determined. Although the standard is still pending approval, the primary users of disclosures are expected to be investors, lenders, and other potential creditors, as outlined in the draft standards.

[26] Framework for acceptance of Green Deposits. RBI.
URL: https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0#GD.

RUSSIA

Corporate sector

In **Russia**, there are several regulators responsible for developing approaches to regulating sustainability disclosures:

- The Bank of Russia follows a soft law approach by issuing recommendations to improve sustainability disclosure practices, specifically for public joint-stock companies through its Recommendations for PJSCs.[27] However, in accordance with Bank of Russia Regulation No. 714-P, disclosure of information is mandatory for issuers of green, social and adaptation bonds, as well as sustainability bonds, sustainability-linked bonds and climate transition bonds.
- The Ministry of Economic Development of the Russian Federation issued the Sustainable Development Reporting Standard, which is also non-binding.
- The Ministry of Finance of the Russian Federation is the federal executive body that is authorized to adopt regulations on implementing International Financial Reporting Standards.
- Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) operates a dedicated Sustainability Sector (the Sector), where Russian and foreign bonds can be listed, subject to the requirements set out in the Listing Rules of Moscow Exchange. The requirements for including bonds in the Sector apply to issuers with market capitalization of more than 500 million rubles.

Under the Recommendations for PJSCs, it **is recommended** that public joint-stock companies should disclose sustainable development information. However, according to Bank of Russia Regulation No. 714-P, issuers of sustainability bonds (i.e. green bonds, social bonds, adaptation bonds, sustainability bonds, sustainability-linked bonds and climate transition bonds) **are obliged** to disclose the information in question.

Under the Recommendations for PJSCs, sustainable development information is disclosed for the benefit of the government and the local government bodies, public law entities (e.g. states, federal regions/provinces, municipalities, etc.) as well as legal entities and individuals that may have a stake in the results of a company's operations. Besides, sustainability disclosures are targeted at those who can produce a significant effect on a company's operations, products/services or decisions that, in turn, may impact a company's ability to successfully operate. Additionally, individuals and legal entities significantly affected by a company's operations can also be considered information stakeholders.

Under Bank of Russia Regulation No. 714-P, sustainability disclosures are targeted at all stakeholders at large.

[27] Bank of Russia Information Letter No. IN-06-28/49, dated 12 July 2021. "Concerning the recommendations for public joint-stock companies on the disclosure of non-financial information pertaining to their activities". URL: http://www.cbr.ru/Crosscut/LawActs/File/5796.

Financial sector

As for financial organisations, there are the same regulators as for the corporate sector. The Bank of Russia published the following documents:

- Recommendations for financial organizations with regard to disclosure of information on sustainable development.[28] These recommendations aim to ensure that financial institutions incorporate ESG risks and opportunities into their operations. They establish a model for informing stakeholders about financial institutions' engagement in sustainable development issues, including the financing of sustainable development projects. Additionally, they provide stakeholders with information on how and to what extent ESG risks and opportunities should be considered in the operations of financial institutions for informed decision-making.
- Recommendations for financial organizations with regard to provision (disclosure) of information on sustainable finance products to clients.[29] The Recommendations on Disclosures to Clients of Financial Organizations aim to establish best practices for providing and disclosing information about sustainable financial products to clients. They address issues such as building constructive client relationships and determining the minimum recommended information about ESG products and services. Additionally, they aim to prevent financial institutions from providing incorrect or misleading information, including greenwashing.

The Recommendations for Financial Organizations have been primarily developed as guidelines for systemically important credit institutions, major and large brokers, joint-stock investment funds, insurance companies, non-governmental pension funds, managers,[30] and management companies of investment funds, mutual investment funds, and non-governmental pension funds, which have well-developed systems of corporate governance and strategic planning. However, other financial organizations may also use the Recommendations for Financial Organizations.

The Recommendations on Disclosures to Clients of Financial Organizations are addressed to managers acting as professional securities market participants, non-governmental pension funds, management companies of investment funds, mutual investment funds and non-governmental pension funds, credit institutions, microfinance institutions, consumer credit unions, agricultural consumer credit unions, pawnshops, and insurance entities.

In accordance with the Recommendations for Financial Organizations, stakeholders are defined as government and local government bodies, public law entities (e.g. states, federal regions/provinces, municipalities, etc.), legal entities and individuals that may have a stake in the results of a financial organization's operations or can produce a significant effect on its operations.

For the purposes of the Recommendations on Disclosures to Clients of Financial Organizations, clients of a financial organization are defined as legal entities or individuals, including entrepreneurs, that use services provided by the financial organization to perform transactions in money, securities, or other assets.

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28 Bank of Russia Information Letter No. IN-02-28/44, dated 13 June 2023, "On the Recommendations for Financial Institutions with regard to Sustainability Disclosures".

29 Bank of Russia Information Letter No. IN-02-28/38, dated 24 May 2023, "On the Recommendations for Financial Institutions with regard to Provision (Disclosure) of Information on Sustainable Finance Products to Clients".

30 Managers are defined as professional securities market participants that manage securities in accordance with Article 5, paragraph two of Federal Law No. 39-FZ, dated 22 April 1996, "On the Securities Market".

SOUTH AFRICA

Corporate sector

In **South Africa**, there are currently **no formal national standards** for information disclosure in sustainable development. However, the listing rules do include requirements for such disclosures. Several bodies are involved in regulating sustainability disclosures: the JSE sets ESG reporting requirements, the National Treasury manages the Green Finance Taxonomy, and the DFFE, the South African Reserve Bank, the Financial Sector Conduct Authority, and the Prudential Authority also play significant roles.

Companies listed on the JSE are not explicitly required to disclose ESG matters, but they must disclose financially significant ESG issues as part of the general continuing disclosure obligations under the JSE Listings Requirements. These companies report annually in compliance with King IV principles, often in integrated reports that include ESG information. These reports provide harmonized specifications for environmental and social performance and impact indicators that should be disclosed alongside taxonomic alignment and related finance. Entities listed on the JSE must report on their compliance with King IV's disclosure and application regime as part of their annual report. Additionally, the JSE has published the JSE Sustainability Guidance and JSE Climate Guidance, intended for all listed companies. It is important to note that all these documents are guidance tools that may be used on a voluntary basis.

The main stakeholders in these disclosure practices include lawmakers, government departments and agencies, financial market participants and regulators, and public companies. Sustainability data subject to disclosure encompasses environmental data (water security, pollution and waste, biodiversity, supply chain and materials), social data (labour standards, human rights and community development, health and safety), and governance data (board composition, ethical behavior, compliance and risk management, transparency).

Financial sector

In South Africa, the Prudential Authority is responsible for the regulation of banks, insurers and financial market infrastructure. The Financial Sector Conduct Authority is the market conduct regulator.

South Africa has defined its regulation degree as "soft law". It has numerous voluntary reporting requirements, which include Guidance on climate-related disclosures for Banks,[31] and Guidance on climate-related disclosures for Insurers,[32] as well as the King IV Report on Corporate Governance for South Africa ('The King Report').[33] The objectives are to promote corporate governance as integral to running an organization and delivering governance outcomes

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[31] Guidance on climate-related disclosures for Banks, dated 10 May 2024. URL: https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-guidance-notes/2024/G3-2024-Climate-Guidance-Disclosure-Banks.

[32] Guidance on climate-related disclosures for Insurers, dated 10 May 2024. URL: https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/Climate-related-risk/2024/G1-Insurers-Climate-Guidance-Risk.

[33] King IV Report on Corporate Governance for South Africa, dated 25 June 2021. URL: https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/Climate-related-risk/2024/G2-Insurer-Climate-Guidance-Disclosure-for-Insurers.

such as an ethical culture, good performance, effective control, and legitimacy, reinforce corporate governance as a holistic and integrated set of arrangements to be understood and implemented in an integrated manner, encourage transparent and meaningful reporting to stakeholders, and present corporate governance as ethical consciousness and conduct.

All listed companies are subject to disclosure requirements. King IV is a set of voluntary principles and good practices of corporate governance. If King IV conflicts with any legislation, the legislation will prevail. However, for entities with a primary listing on the JSE Limited Securities Exchange certain aspects of King IV are binding by virtue of the listing requirements imposing obligations on issuers to comply therewith.

UAE

Corporate sector

In the **UAE**, the ADX and the DFM are responsible for enforcing sustainability disclosure requirements. These exchanges ensure that listed companies provide comprehensive and transparent sustainability-related information, promoting accountability and informed decision-making among investors.

According to ADX and DFM regulation all local public joint stock companies are required to disclose sustainability reports including integrated reports annually.

Additionally, in 2020, DFM launched the first of its kind the UAE ESG Index in cooperation with S&P Dow Jones Indices and Hawkamah, aiming to strengthen the UAE markets' competitiveness and currently consists of 20 companies.

Financial sector

The Central Bank of the UAE is responsible for regulatory requirements with regard to sustainability for reporting entities within its jurisdiction, alongside SCA where such entities are listed. The current approach to climate and environmental disclosure regulation is that the UAE regulators have adopted a set of high-level sustainability-related disclosure principles that are applicable to reporting entities within their respective jurisdictions.

The Central Bank of the UAE has adopted these disclosure principles and expects their implementation by banks and insurance companies. The primary audience for these disclosures includes investors, customers, and regulators.

ANNEX 2. STRUCTURE AND COMPOSITION OF INFORMATION DISCLOSURE IN THE AREA OF SUSTAINABLE DEVELOPMENT

Country	Corporate sector	Financial sector
Environmental data		
Brazil	1. Relevant environmental impacts, including carbon emissions, natural resource use, and waste management. 2. Financial and operational risks associated with ESG factors; etc.	Qualitative disclosure requirements apply to social, environmental and climate related risks
China	1. Climate change tackling: Scope 1 and Scope 2 GHG emissions and, if able, Scope 3 emissions; GHG emissions reduction practices; Governance, Strategy, Impacts, Risks, and Opportunities Management, Indicators and Targets related to climate change ;Transition plans, actions, and progress in responding to climate risks and opportunities; New technologies, products, and services that contribute to decarbonization and carbon neutrality and the related R&D progress. 2. Pollutant discharge & Waste disposal: The total amounts (in metric tons) and density (e.g., per unit of revenue, unit of output, or facility) of hazardous wastes and non-hazardous wastes produced; The treatment methods and specific actions taken 3. Ecosystem and biodiversity protection. 4. Energy usage. 5. Usage of water resources. 6. Circular economy. 7. Relevant sustainability information on risks, opportunities, and impacts related to sustainability themes in the areas of environment	1. Financial institutions' environment-related systems, including but not limited to financial institutions' environment-related internal management systems, financial institutions' implementation of environmental policies, regulations and standards of countries and regions relevant to financial institutions, and financial institutions' compliance with and adoption of international conventions, frameworks, and initiatives on climate and environment relevant to financial institutions. 2. The innovation of environment-related products and services of financial institutions, including but not limited to the development of innovative green financial products and services by financial institutions, and the environmental and social benefits of green product innovation implemented by financial institutions. 3. The impact of environmental factors on financial institutions, including environmental risks and opportunities for financial institutions, and quantitative analysis of environmental risks for financial institutions. 4. The impact of investment and financing activities of financial institutions on environment
Egypt	For NBFIs and Listed Companies: 1. Environmental operations and oversight. 2. Carbon emissions / greenhouse gases (GHG). 3. Water usage. 4. Waste management. 5. Energy sources usage and diversification. 6. Climate-related risks (risk management). 7. Metrics and targets (TCFD recommendations)	

Country	Corporate sector	Financial sector
India	1. Sustainability (including climate) related targets set by companies and performance against targets. 2. Key metrics on environment including: · Scope 1* and Scope 2** Greenhouse gas emissions on a mandatory basis and Scope 3*** emissions on a voluntary basis. · Investments made and initiatives taken to improve resource efficiency or reduce environmental impact. · Energy consumption including from renewable sources. 3. Material responsible business conduct and sustainability issues pertaining to environmental matters that present a risk or an opportunity to an entity's business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications. 4. Percentage of research and development and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total research and development and capex investments made by the entity, respectively. BRSR also seeks disclosures towards ascertaining the role played and oversight of the Board on these issues	The draft Disclosure Framework on Climate-related Financial Risks primarily focuses on climate-related aspects
Iran	*Environmental data*	According to the draft of the national standard, the disclosure of information about the environment includes information about: · climate-related (physical and transition) risks that the business unit is exposed to; · climate-related opportunities available to the business unit
Russia	It is recommended that the environmental factors and related risks taken into consideration should include, but not be limited to, climate change, greenhouse gas emissions, energy consumption, water consumption, waste generation, water use management, waste disposal policy, use and protection of natural resources (for instance, water and land), biodiversity protection, and other important environmental factors	As part of disclosures related to environmental data, financial organizations are required to describe their impact on the environment, including climate
South Africa	1. Climate change. 2. Water security. 3. Pollution and waste. 4. Biodiversity and land use. 5. Supply chain and materials	Climate, in accordance with IFRS S2

Country	Corporate sector	Financial sector
UAE	DFM: · Environmental management; · Direct and indirect GHG emissions; · Energy consumption; · Water and Waste management; · Biodiversity ADX: · Energy consumption and efficiency; · Direct and indirect GHG emissions; · Waste management; · GHG Emissions; · Emissions Intensity; · Energy Usage; · Energy Intensity; · Energy Mix; · Water Usage; · Environmental Operations; · Environmental Oversight; · Climate Risk Mitigation	The requirements of DFM and ADX apply to financial sector entities listed on these exchanges
Social data		
Brazil	Policies and initiatives related to diversity, inclusion, and equity	Qualitative disclosure requirements apply to social, environmental and climate related risks
China	1. Rural revitalization. 2. Contributions to the society. 3. Innovation-driven. 4. Ethics of science and technology. 5. Supply chain security. 6. Equal treatment to small and medium-sized enterprises. 7. Safety and quality of products and services. 8. Data security and customer privacy protection. 9. Employees. 10. Relevant sustainability information on risks, opportunities, and impacts related to sustainability themes in the areas of environment	None
Egypt	For NBFIs and Listed Companies: 1. Gender diversity and pay ratio. 2. Non-discrimination. 3. Health and safety standards. 4. Children and forced labour. 5. Labour rights	

Country	Corporate sector	Financial sector
India	1. Spending on measures towards wellbeing of employees and workers – cost incurred as a % of total revenue of the company. 2. Details of safety related incidents for employees and workers (including contract workforce e.g. workers in the company's construction sites). 3. Gross wages paid to females as a percentage of wages paid. 4. Complaints about sexual harassment. 5. Job creation in smaller towns – wages paid to persons employed in smaller towns (permanent or non-permanent / on contract) as a percentage of total wage cost. 6. Input material sourced from following sources as a percentage of total purchases – Directly sourced from MSMEs / small producers and within India. 7. Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	The draft Disclosure Framework on Climate-related Financial Risks primarily focuses on the climate risk-related aspects
Iran	*Social data*	So far, according to the international standard of sustainability reporting, only draft standards 1 and 2 have been prepared, and social issues have not been addressed in these standards
Russia	1. Staff turnover. 2. Occupational health and safety measures. 3. Work accident data. 4. Employee training costs. 5. Infringements of labour rights. 6. Approaches to human capital formation. 7. Relations with indigenous minorities and regional communities. 8. Supply chain management and other social factors important for a company, as well as related risks	Disclosure of social data related to sustainable development should reveal information about the impact that the financial organization may exert on social development, and its employee relations. This, inter alia, covers gender, age, and ethnic diversity, employment of persons with disabilities, employment in general, occupational safety, human capital management, and trade union relationships. It is also important to use communications with consumers and clients to disclose information on issues related to workplace health and safety, and the financial organization's impact on vulnerable social groups
South Africa	1. Labour standards. 2. Human rights and community development. 3. Health and safety. 4. Customer responsibility. 5. Supply chain	Not yet specified

Country	Corporate sector	Financial sector
UAE	DFM: · Social Responsibility; · Community engagement; · Employee diversity; · Contributions to local development; · Health and safety; · Data privacy; · Human rights; · Anti-corruption; · Employee training and development · Gender Diversity ADX: · Workforce diversity and equity; · Employee experience and engagement; · Workplace health and safety; · Data protection and privacy; · Customer satisfaction; · Community investment; · Temporary Ratio Worker; · Non-Discrimination; · Injury Rate; · Global Health & Safety; · Human Rights; · Nationalization	The requirements of DFM and ADX apply to financial sector entities listed on these exchanges
Corporate data		
Brazil	Corporate governance practices, including board structure, transparency, and ethics	Description of the role of the board, senior management, the chief risk officer, and the risk management committee in the governance process to identify, measure, evaluate, monitor, report, control and mitigate social risk, environmental risk, and climate-related risk
China	1. Due diligence. 2. Communications with stakeholders. 3. Anti-commercial bribery and anti-corruption. 4. Anti-unfair competition. 5. Relevant sustainability information on risks, opportunities, and impacts related to sustainability themes in the areas of environment	1. Environment-related governance structure, including the following three levels. 2. The green finance-related committees set up at the board level, their formulation of the institution's environment-related strategic objectives, analysis and judgment of environment-related risks and opportunities, and management, supervision and discussion of environment-related issues. 3. The green finance-related management positions or internal organizations at the senior management level, their main duties and reporting lines of such management positions or internal organizations. 4. The situation and effectiveness of implementing green finance-related work at the professional department level within the scope of departmental responsibilities
Egypt		1. Board of directors diversity. 2. Bribery / anti-corruption. 3. Ethics and code of conduct. 4. Data Privacy. 5. Policy on CSR (for banks)

Country	Corporate sector	Financial sector
India	1. Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure). 2. Details of the highest authority responsible for implementation and oversight of business responsibility policy(ies). 3. Does the entity have a specified committee of the board / director responsible for decision making on sustainability-related issues? 4. Share of Related Party Transactions (RPTs) (as a percentage) in: · Purchases; · Sales; · Loans & advances; · Investments. 5. Sales to dealers / distributors as a percentage of total sales: · Number of dealers / distributors to whom sales are made; · Sales to the top 10 dealers / distributors as a percentage of total sales to dealers / distributors. 6. Purchases from trading houses as a percentage of total purchases: · Number of trading houses from which purchases are made. 7. Purchases from the top 10 trading houses as a percentage of total purchases from trading houses	
Iran	*Corporate data*	According to the draft, one of the main contents of the disclosure of sustainability information is the management of the business unit in connection with sustainability issues, which states that the business unit must disclose the processes, controls and management procedures used by the business unit for the purpose of monitoring and management. Risks and opportunities related to sustainability are subject to disclosure
Russia	1. Capital structure, its controlling shareholder and any persons controlled by the company (if any). Moreover, it is important to take into account the company's management history, the company's role in the national economy, as well as the history of the shareholders' general meetings, including quorums, agendas, and the use of technology to hold meetings. 2. Information on how the company protects the rights of security holders in the course of corporate actions, including on its policy on major transactions and transactions entailing a conflict of interest. 3. Information on the company's implementation of the Corporate Governance Code recommendations, effectiveness of the company's governance system, including the composition of the board of directors and its performance review, and the company's approaches to risk management, internal control and internal audit. 4. Procedures used by the company to manage conflicts of interest, the company's approaches to remunerating members of its governing bodies and key employees, and the company's practices of disclosing information related to social and environmental responsibilities recommended by the Corporate Governance Code	Corporate governance-related data that is subject to sustainability disclosure includes information on corporate governance practices concerning the financial organization's operations, procedures and systems ensuring that the organization accounts for and manages issues related to its impact on the environment (including climate), social development (including respect of human rights) and economy, as well as accounts for ESG factors and manages risks and opportunities related to sustainable development
South Africa	1. Board composition. 2. Ethical behaviour. 3. Remuneration. 4. Compliance and risk management. 5. Tax transparency	Corporate governance data is in general, and not specific to sustainability

Country	Corporate sector	Financial sector
UAE	DFM: · Board composition and committees; · Internal controls and audits; · Executive compensation; · Related parties; · Independence criteria; · Female representation on board; · Board secretary. ADX (Corporate Governance data): · Board Diversity; · Board Independence; · Supplier Code of Conduct; · Ethics & Prevention of Corruption; · Data Privacy; · Sustainability Reporting; · Disclosure Practices; · External Assurance	Sustainability-related disclosures should reflect the way in which an entity operates, including its governance. Specifically, disclosure is expected to provide information on how the board of directors determines whether sufficient knowledge and skills are available to understand and assess the impact of sustainability-related risks on the reporting entity, and how sustainability-related risks and opportunities are taken into account in the board's oversight, decisions and actions. Disclosures should also cover the role of senior management in the governance processes for sustainability-related risks and opportunities. In addition, the requirements of DFM and ADX apply to financial sector entities listed on these exchanges

* Direct emissions from sources owned or controlled by the company.
** Indirect emissions from purchased electricity, steam, heat, and cooling.
*** Other indirect emissions, including those from general suppliers.

LIST OF ACRONYMS

ADX – Abu Dhabi Securities Exchange

BoD – Board of Directors

BCB – Banco Central do Brasil (Central Bank of Brazil)

BCBS – Basel Committee on Banking Supervision

BRSR – Business Responsibility and Sustainability Report

CBE – Central Bank of Egypt

CDSB – Climate Disclosure Standards Board

CMN – Monetary National Council of Brazil

CSRC – China Securities Regulatory Commission

CVM – Securities and Exchange Commission of Brazil

DFFE – Department of Forestry, Fisheries, and the Environment

DFM – Dubai Financial Market

EGX – Egyptian Exchange

ESG – Environmental, Social, Governance

FRA – Financial Regulatory Authority in Egypt

FSCA – Financial Sector Conduct Authority in South Africa

FSB – Financial Stability Board

GRI – Global Reporting Initiative

HFCs – Housing Finance Companies

IASB – International Accounting Standards Board

IFRS – International Financial Reporting Standards

IFRS S1 – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 – IFRS S2 Climate-related Disclosures

IIRC – International Integrated Reporting Council

IOSCO – International Organization of Securities Commissions

ISSB – International Sustainability Standards Board

JSE – Johannesburg Stock Exchange

KPIs – Key Performance Indicators

MCA – Ministry of Corporate Affairs in India

MCTI – Ministry of Science, Technology and Innovation

MoF – Ministry of Finance

MoIC – Ministry of International Cooperation

NBFCs – Non-Banking Financial Companies

NBFIs – Non-Banking Financial Institutions (Egypt)

NGOs – Non-Government Organizations

PA – Prudential Authority in South Africa

PBOC – People's Bank of China

PJSCs – Public Joint-Stock Companies

RBI – Reserve Bank of India

REs – RBI Regulated Entities in India

SASB – Sustainability Accounting Standards Board

SCA – Securities and Commodities Authority in UAE

SEBI – Securities and Exchange Board of India

TCFD – Task Force on Climate-Related Financial Disclosures

UAE – United Arab Emirates

LIST OF SHORT VERSIONS OF DOCUMENTS TITLES

Country	Guideline	Short Version
Russia	Bank of Russia Information letter No. IN-06-28/49, dated 12 July 2021 “Concerning the recommendations for public joint-stock companies on the disclosure of non-financial information pertaining to their activities”	Recommendations for PJSCs
	Bank of Russia Regulation No. 714-P of 27 March 2020 “On Disclosure of Information by Issuers of Issue-Grade Securities”	Bank of Russia Regulation No. 714-P
	Bank of Russia Information Letter No. IN-02-28/44, dated 13 June 2023, “On the Recommendations for Financial Institutions with regard to Sustainability Disclosures”	Recommendations for Financial Organizations
	Bank of Russia Information Letter No. IN-02-28/38, dated 24 May 2023, “On the Recommendations for Financial Institutions with regard to Provision (Disclosure) of Information on Sustainable Finance Products to Clients”	Recommendations on Disclosures to Clients of Financial Organizations
China	Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation) Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation)	Guidelines
	Guidelines on Environmental Information Disclosure for Financial Institutions by the People’s Bank of China	Guidelines for Financial Institutions
	Chinese Sustainability Disclosure Standards for Business Enterprises: Basic Standard (Exposure Draft)	Chinese Sustainability Disclosure Standards
South Africa	The King IV Report on Corporate Governance for South Africa	The King Report