I – Climate change drivers and relevant factors that affect the intensity of its effects

In order to include all the relevant factors in climate change, it’s essential to address not only GHG emissions, but also the natural sources of climate regulation, either through carbon capture (forests, wetlands, mangroves and oceans) or through other climate balance functions, such as the influence that forests of any type produce in the rainfall regime¹ and even resilience to extreme weather events (such as forests with regards to landslides caused by storms in hills, or mangroves, that act as storm buffers for coastal communities²). Also, given the fact that climate change increases significantly water risks, any factor that affects freshwater availability (and hence both human health and food security) might be included in the concept of climate change relevant issue.

So, it’s possible to distinguish, first, climate change relevant drivers:

a) GHG emissions (deriving both from fossil fuels use and deforestation, responsible alone for 25% of GHG emissions);

b) carbon sequestration reduction derived from nature degradation/destruction (oceans, forests, wetlands, mangroves and savannahs);

c) decrease in rainfalls caused by deforestation.

Despite the production and use of fossil fuels receives most of the attention when dealing with climate change mitigation, it’s important to observe that the preservation and restoration of forests affects it in all three ways and also avoid negative impacts from extreme weather events (such as storms). And other ecosystems are also relevant because they capture carbon (mangroves, for example, capture 4 times more carbon than forests and wetlands have been considered the most powerful carbon sinks³, even more than mangroves), while some also increase the resilience to extreme weather events (again, mangroves).

Secondly, there are relevant factors that might increase or decrease climate change effects (which include more floods in certain places and more droughts in others, decrease in food production due to extreme weather events, destruction of infrastructure and subsequent disruption of supply-chains):

a) freshwater excessive use or pollution increase the severity of water stress (a relevant input for many industries);

b) the preservation of mangroves and forests increase the resilience to extreme weather events;

¹ See, for example, this study analysing the effects of Amazon deforestation, a pattern that might be valid for other tropical forests globally:
https://d2ouvy59p0dg6k.cloudfront.net/downloads/the_future_climate_of_amazonia_report.pdf

² See, for example:
https://www.conservation.org/act/share-the-facts-about-mangroves

³ See, for example:
and also: https://royalsocietypublishing.org/doi/10.1098/rsfs.2019.0129
c) some agriculture techniques increase the **risks of soil erosion**, while others (such as cultures rotation) decrease.

Furthermore, the preservation and restoration of ecosystems brings the additional advantage of conserving biodiversity, an environmental risk that has increasingly been recognized as urgent and largely relevant, leading to the creation of the Taskforce on Nature-related Financial Disclosures (TNFD)\(^4\).

Finally, it’s important to say that climate change adaptation needs to receive as much attention as mitigation, once, as insurers already know, it’s no longer a future phenomenon, as the frequency and intensity of extreme weather events are already increasing every year in the last decade due to the temperature increase and the sea-level rises (and subsequent terrestrial land reductions) have been measured all over the world in coastal areas.

II – **Relevant corporate information to be disclosed** (question 2)

Considering the best interests of investors who want to align their portfolios with climate change mitigation and adaptation goals, we suggest that the new climate disclosure regulations issued by the the US Securities Exchange Commission have also a triple approach:

a) objective data on risk magnitude;

b) mitigatory actions taken by corporations to mitigate those risks, regarding both climate change mitigation and adaptation;

c) climate opportunities.

For the three dimensions, information encompassing both the corporation and its value-chain must be disclosed.

So, the disclosure requirements should include the following topics:

1) **Location of operations:**

When considering environmental risks and impacts, information on the location of operational activities (of course this concept excludes offices and stores) is essential to understand the magnitude of the corporations’ activities risks. In terms of climate change, it has a lot of uses:

a) level of exposure to extreme weather events;

b) level of exposure to sea-level rise (if any);

c) level of exposure to water risks;

\(^4\) See more information on: <tnfd.info>
d) regarding transition risks, level of exposure to expected regulatory changes in the places of operation (either countries or subnational entities, in case the latter have jurisdiction on energy issues).

So, the most essential information to be required is geo-referenced information on the companies environmentally-relevant operations – an information that could not be simpler to disclose (especially regarding item “c”). And the information needs to be linked to the volume of production and turnover of the company.

Besides the usefulness of this information in terms of climate risks, for investors, knowing the location of the operations also helps to assess if they are close to biodiversity hotspots, environmentally protected areas, tribal people or other vulnerable communities, and potential mitigatory actions taken by the company.

2) Value-chain information:

On many industries, such as food and beverages, pulp and paper (both with very high deforestation risks), metals manufacturing, etc, the most relevant environmental risks and impacts come from the supply-chain, not from the company itself. Hence, it’s essential to require that companies disclose how they manage supply-chain risks, or even customer risks, as in the case of traders that sell agriculture inputs to soy producers, such as Bunge, Cargill and others. For the same reasons described above, geo-referenced information on the value-chain should be provided as much as possible.

3) Data on production and KPIs

Beyond compliance with environmental regulations and initiatives/investments in improving environmental performance, investors need objective data to assess the efficiency of the companies in terms of use of energy and water (once climate change increases the frequency and severity of draughts, leading to increasing water stress). For the same reason, it’s necessary to assess the volume and treatment given to effluents emissions (if any), once they affect the availability of water for both food production and human use (which compete with the use of water per corporations and might be prioritised by water regulators over industrial/mining use when there is no availability for all the competing demands).

So, first of all, corporations must be required to disclose data on their production – units produced, not only turnover. With this information, investors will also want to assess:

- energy (both electricity and fuels) mix (percentage of coal, oil, gas, nuclear, water, sollar, wind, biomass produced or used);
- GHG emissions (scopes 1, 2 and 3);
- energy use (which will lead to energy efficiency when compared to production);
- water use (which will lead to water efficiency when compared to production);
- percentage of water reused or recycled;
- types and quantities of water discharges and data on treatment and outcomes (quality of water discharges);
- impacts on biodiversity (if any);
- environmental criteria adopted in the value-chain (suppliers and customers);
- impacts of biodiversity loss on vulnerable communities.

4) Mitigatory actions and climate opportunities (positive impacts)

On these two topics, there should not be an exhaustive list of information to be disclosed, but a few requirements should be made:

- need of quantitative data on the investments and outcomes of mitigatory actions (as well as any qualitative data), whenever feasible, such as: exact area of forest restoration and method used (planting or natural regeneration); GHG emissions reduction; reduction in water or energy use; amount of renewable energy proportion increased (percentage of energy mix and kwh); CapEx or research and development on energy efficiency, renewable energies, water efficiency; deforestation risk management in the supply-chain; etc
- clear description of quantitative data on climate opportunities – for example, if it’s a product that improves energy efficiency: number of units produced; percentage in the sales (units and turnover) compared to similar products that do not have the same feature; actual positive impacts achieved.

With regards to opportunities/positive impacts, the European Green Taxonomy, which is almost concluded on climate change mitigation and adaptation, has established a sound list of industry-specific technologies and products, with minimum quantitative standards, that are able to produce relevant contribution to these climate objectives.

Delegated Act 2021/2800 (climate change mitigation and adaptation):
There is only one very relevant industry that was not included yet: agriculture/livestock. For this one, the US SEC might develop its own public consultation to develop.

It’s worth to mention that there are several synergies regarding climate change and biodiversity loss mitigation. A few relevant studies/reports are:

- IPCC special report on Climate Change and Land Use, 2019: [https://www.ipcc.ch/srccl/](https://www.ipcc.ch/srccl/)

- “Global trends in carbon sinks and their relationships with CO₂ and temperature”: [https://www.nature.com/articles/s41558-018-0367-7](https://www.nature.com/articles/s41558-018-0367-7)


- IPBES/IPCC workshop report, Biodiversity and Climate Change: [https://www.ipbes.net/sites/default/files/2021-06/20210609_workshop_report_embargo_3pm_CEST_10_june_0.pdf](https://www.ipbes.net/sites/default/files/2021-06/20210609_workshop_report_embargo_3pm_CEST_10_june_0.pdf)

III – Industry-specific KPIs (question 4)

Industry-specific KPIs are certainly needed with regards to any type of environmental risks – energy and water use varies according to the industry, raw materials as well, waste, effluents and air emissions too, also location of operations.

For example, requiring the same level of disclosure in terms of energy mix from industries that produce their own energy and industries that use energy provided by public utilities does not make any sense. The same can be said from industries that use water in its production process or as an input/raw material compared to industries (as
most industries in the services sector) that do not use it at all (having only a consumption similar to domestic use).

The weight of energy use varies across industries, the locational flexibility too, the possibilities of improvement of effluents treatment or water efficiency as well.

So, industry KPIs are actually essential, as recognized by SASB, EFFAS, TCFD, German environmental disclosures guidance and a number of other standards. In terms of climate, the main industries that need specific standards are the ones to which TCFD developed them, considering both physical and transition risks. With regards to the financial sector, they must be required to disclose exactly the same KPIs information for these industries if they are part of their lending/investments/insurance portfolio. Financial institutions must also be required to disclose, at portfolio-level:
- industry composition (with percentage for each one);
- location of operations of financed/insured/invested companies;
- GHG emissions;
- deforestation risks;
- Risks of degradation of wetlands, mangroves and oceans;
- energy mix;
- energy and water efficiency (comparing portfolio’s companies with their respective industry average);
- value-chain risks (for all industries where they are relevant, especially with regards to deforestation and other ecosystems degradation risks);
- water risks;
- location of real estate collaterals, in order to allow assessment of climate physical risks;
- energy efficiency of real estate collaterals, in order to allow assessment of climate transition risks (loss of market value).

IV – Mandatory versus voluntary disclosure /“comply or explain” approach /self-regulations (questions 3, 9 and 10)

Regarding self-regulations, a few considerations are necessary:

1) self-regulations/market-led initiatives are never universal, once they depend upon voluntary adhesion, hence reaching only part of the market;

2) usually there are no monitoring actions to ensure that compliance is actually achieved on the commitments made through self-regulations – some studies even argue that

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6 https://effas.net/pdf/cesg/KPIs_for_ESG_3_0_Final.pdf
average market performance is not higher among adherents of self-regulatory initiatives, due to the phenomenon of the “free-riders”.

This does not mean that value is not recognized to self-regulatory initiatives, either in terms of contents, or due to the fact that, in many countries, they arise before any regulatory action, led by market pioneers.

A lot of Stock Exchanges globally have ESG reporting requirements, in a “report or explain” basis, and this eventually results in a very low percentage of reporting companies, even from industries with high environmental impacts.

The participation of the market is relevant and needed through public consultations and dialogue with regulators, which should also do the same with other stakeholders, as in this case.

Voluntary disclosures would have the same effect of self-regulation. It only works alone when all market players behave considering the public interest and where market failures do not exist – in short, nowhere.

V – How to update and improve the disclosure requirements (question 6)

Listening to environmental regulators is essential. Listening to scientists is essential. A clear comprehension of underlying technical issues is needed. This should be the criteria to update: new findings of the Intergovernmental Panel on Climate Change (IPCC) and similar reports.

VI – Disclosures in terms of governance (questions 8 and 11)

The TCFD framework requires disclosure of governance, including Board-level oversight. A number of financial regulations all over the world, when addressing ESG issues, require disclosure of governance issues 8, including the roles of different departments

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Brazil, Conselho Monetário Nacional. Resolução n. 4.327/2014 (governance requirements for environmental and social risk management by banks):

Germany, BaFin (country financial regulator), Guidance Notice on dealing with Sustainability Risks, 2020: https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/dl_mb_Nachhaltigkeitsrisiken_en.html


Honduras, Comisión Nacional de Bancos y Seguros (banking and insurance regulator), Circular CNBS 28/2020, Guidelines for Environmental and Social Risk Management: https://www.cnbs.gob.hn/blog/circulares/circular-cnbs-no-028-2020/?fbclid=IwAR3JrpydD7mjH2aC0vef4UnY8XjBtZd4njAtl-uolWylwR1oSOq0jm4zY

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(especially senior management, risk management, internal audit, compliance), the influence in compensation schemes, appropriate budgeting and staffing (in terms of size), sufficient expertise (either through training or hiring of experts), target-setting (both for risk or negative impacts reduction and for positive impacts),

VII – Relation with global standards and with existing frameworks (questions 5 and 9)

Building on the existing frameworks is necessary for efficiency reasons. It reduces the costs and time required for compliance, building in the expertise that has already been built on the topic.

For global alignment, the IOSCO Sustainable Finance Network should act more boldly and develop minimal standards for capital markets regulators in this area. In case the

Hong Kong, Hong Kong Monetary Authority, 2020, Common Assessment Framework on Green and Sustainable Banking:

Indonesia, Indonesia Financial Services Authority (OJK), Regulation on Application of Sustainable Finance to Financial Services Institutions, Issuer and Publicly Listed Companies. Jakarta, July 2017:

Indonesia, Indonesia Financial Services Authority (OJK), Technical Guidelines for Banks on the Implementation of the regulation, 2018:


Netherlands, De Nederlandsche Bank (Central Bank and banking regulator), Good practice: integration of climate-related risk considerations into bank’s risk management, 2020:

Nigeria, Central Bank of Nigeria, Sustainable Banking Principles, 2012:

Pakistan, State Bank of Pakistan (country Central Bank), Green Banking Guidelines, October 2017:

Paraguay, Banco Central de Paraguay, Guía para la gestión de riesgos ambientales y sociales para las entidades reguladas y supervisadas por el BCP, November 2018:
https://www.bcp.gov.py/riesgos-ambientales-y-sociales-i657

Philippines, Central Bank, Sustainable Finance Framework, 2020:
https://drive.google.com/file/d/1gXIU1APbyrFHTzhMaLqpxghptWN4Nk4r/view?fbclid=IwAR1wjA3DcXs5x6V6rL4PvzIcSpsoQ0YAYr0q72VYqD3P-5wS19e43W0

Singapore, Monetary Authority of Singapore (MAS), Guidelines on Environmental Risk Management for Banks, December 2020:

United Kingdom, Bank of England/Prudential Regulation Authority, Supervisory Statement SS3/19: Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change, 2019:
US SEC is not yet part of it yet, it is an excellent space for joint action/collaboration among these regulators.

VIII – **Oversight of investment managers, advisers and funds** (question 14)

The establishment of a proper framework for climate-related financial products, as made by the EU Sustainable Finance Disclosure Regulation (SFDR), climate benchmarks regulation and regulations that demand consideration of investors profile in the design of financial products ⁹ seems to be a needed boost to the US market in this field. The mentioned regulations are good examples, who might be improved and adapted to the reality of the US market.

IX – **Relevance of climate disclosures in access to and cost of capital** (question 2)

In order to illustrate the materiality of climate disclosures, it might be interesting to have an overview of existing regulations addressing institutional investors duties with regards to ESG (including climate) issues:

- **European Union**


  - Commission Delegated Regulation 2021/2614, integration of sustainability factors, risks and preferences into the product oversight and governance requirements for

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insurance undertakings and insurance distributors and into the rules of conduct of business and investment advice for **insurance-based investment products**: 

- Commission Delegated Regulation 2021/2612, integration of sustainability factors into the product governance obligations: 

- **Australia**

- FSC Standard n. 20, Superannuation Governance Policy, 2013: 

- **Austria**

- Financial Monetary Authority, 2020, Guide for Managing Sustainability Risks (including insurers, pensions and asset managers): 
https://www.fma.gv.at/en/fma/fma-guides/

- **Belgium:**

- Law on Supplementary Pensions (2003), article 42 – disclosure of the degree to which social, environmental and ethical criteria are considered in the investment strategy:

  L'organisme de pension ou la personne désignée dans la convention collective de travail ou le règlement de pension, rédige chaque année un rapport sur la gestion de l'engagement de pension. Ce rapport est mis à la disposition de l'organisateur, qui le communique sur simple demande aux affiliés. <L 2006-10-27/37, art. 219, 005; En vigueur: 01-01-2007>

  Le rapport doit contenir des informations sur les éléments suivants:
  1° le mode de financement de l'engagement de pension et les modifications structurelles de ce financement;

  2° la stratégie d'investissement à long et à court terme et la mesure dans laquelle sont pris en compte les aspects sociaux, éthiques et environnementaux;

  https://www.ejustice.just.fgov.be/cgi_loi/change_lg_2.pl?language=fr&nm=2003022481&la=F
• Brazil:

- PREVIC (closed pension funds regulator), regulations requiring the consideration of ESG factors in investment policies, whenever possible:

Companies pension funds (Resolução CMN 4661/2018):

State and Municipalities pension funds (Resolução CMN 3922/2010, amended by 4695/2018):

- PREVIC (closed pension funds supervisor) regulation requiring consideration of industry-specific ESG KPIs on investments (preferably):
<http://www.previc.gov.br/legislegais/normas/legislegais-previc/2018/instrucao-previc-no-6-de-14-de-novembro-de-2018.pdf/view> (article 23, VI)

- PREVIC Guidance on Best Practices for Investments, ESG issues on pages 17-19:
<http://www.previc.gov.br/central-de-conteudos/publicacoes/guias-de-melhores-praticas/guia-de-investimento.pdf> (in Portuguese)

- Open pension funds and insurers, regulations issued by SUSEP, 2019:
Resolução CMN 4769/2019 (open pension funds) and Resolução CNSP 376/2019 (insurers) – require that, whenever possible, ESG factors are considered in their investment policies:
https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o&numero=4769

• Chile

- Superintendencia de Pensiones, Norma de caracter general n. 276/2020 (fondos de pensiones):
https://www.spensiones.cl/apps/normativaSP/getNormativa.php?id=ncgsp

- Superintendencia de Pensiones, Resolución n. 43/2020 (fondos de cesantías):
https://www.spensiones.cl/portal/institucional/594/articles-14247_recurso_1.pdf
Colombia


France

10 Parte II - Mercado Intermediado, Título III - Instrucciones Generales Relativas a las Operaciones de las Entidades Administradoras de Pensiones y Cesantías, Capítulo IV: Disposiciones Comunes a la Administración de los Fondos de Pensiones Obligatorias y los Portafolios de Cesantías

Las políticas de inversión a divulgar a los afiliados y al público en general, para cada tipo de fondo de pensiones obligatorias y para cada portafolio del fondo de cesantía deben contener como mínimo, la siguiente información:

2.1.1.1. Objetivos de cada uno de los tipos de fondos de pensiones y de los portafolios del fondo de cesantía, teniendo en cuenta su perfil de riesgo, su horizonte de inversión, y el perfil de inversión de los afiliados de cada uno de los fondos. La entidad debe describir de manera clara la consistencia entre los objetivos del fondo y los factores antes mencionados, así como la metodología utilizada para establecerlos.

2.1.1.2. Estructura organizacional para la gestión de inversiones y administración de sus riesgos (áreas que participan con sus principales funciones y facultades, entre otros), incluidos los roles y/o responsabilidades para la gestión de los riesgos ambientales, sociales y de gobierno corporativo (ASG) y climáticos.

(…)

Parte II - Mercado Intermediado, Título IV - Instrucciones Generales Relativas a las Operaciones de las Entidades Aseguradoras, Capitalización e Intermediarios de Seguros

(…)

3.4.1.10. Descripción general de los riesgos a los que se encuentra expuesto el portafolio de inversiones, la cual deben incorporar como mínimo los efectos de los riesgos de liquidez, mercado y crédito en un análisis integral del portafolio. Las sociedades de capitalización deben mencionar en su política de inversión si incluyen la evaluación de los riesgos ambientales, sociales y de gobierno corporativo (ASG) y climático, o los motivos por los cuales no se incluyen.

3.4.1.11. Políticas para la administración o gestión de riesgos a los que se encuentra expuesto el portafolio de inversiones, las cuales deben incorporar como mínimo los efectos de los riesgos de liquidez, mercado y crédito en un análisis integral del portafolio. Las sociedades de capitalización deben mencionar en su política de inversión si incluyen la evaluación de los riesgos ASG y climático, o los motivos por los cuales no se incluyen.

(…)

Anexo 15: Políticas de Inversión y Gobernanza de la Gestión de las Inversiones de las Entidades Aseguradoras

1.10. Descripción general de los riesgos a los que se encuentra expuesto el portafolio de inversiones, la cual deben incorporar como mínimo los efectos de los riesgos de liquidez, mercado y crédito en un análisis integral del portafolio. Las entidades aseguradoras deben mencionar en su política de inversión si incluyen la evaluación de los riesgos ambientales, sociales y de gobierno corporativo (ASG) y climático, o los motivos por los cuales no se incluyen.
- Loi 2010-788, article 224 11 (adressé aux gestionnaires de fonds) :
https://www.legifrance.gouv.fr/loda/id/JORFTEXT000022470434/2020-11-09/
(see also article 225, for agriculture sector)

- Germany

- BaFin, Guidance Notice on dealing with Sustainability Risks, 2020 (affecting insurers, pensions and asset managers)
https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/dl_mb_Nachhaltigkeitsrisiken_en.html

- India

- Securities and Exchange Board of India, 2019, Stewardship Code for Boards of Trustees of Mutual Funds (including ESG considerations):

11 L'Autorité des marchés financiers définit les conditions dans lesquelles les organismes de placement collectif en valeurs mobilières doivent informer leurs souscripteurs et peuvent faire l'objet de publicité, en particulier audiovisuelle, ou de démarchage. Les statuts ou le règlement des organismes de placement collectif en valeurs mobilières ainsi que les documents destinés à l'information de leurs porteurs de parts ou actions sont rédigés en français. Toutefois, dans des conditions fixées par le règlement général de l'Autorité des marchés financiers, ils peuvent être rédigés dans une langue usuelle en matière financière autre que le français, sous réserve que cette langue soit compréhensible par les investisseurs auxquels l'information est destinée. Les sociétés d'investissement à capital variable et les sociétés de gestion mentionnent dans leur rapport annuel et dans les documents destinés à l'information de leurs souscripteurs les modalités de prise en compte dans leur politique d'investissement des critères relatifs au respect d'objectifs sociaux, environnementaux et de qualité de gouvernance. Elles précisent la nature de ces critères et la façon dont elles les appliquent selon une présentation type fixée par décret. Elles indiquent comment elles exercent les droits de vote attachés aux instruments financiers résultant de ces choix. Translation: The Financial Markets Authority defines the conditions under which undertakings for collective investment in transferable securities must inform their subscribers and may be advertised, in particular by audiovisual means, or canvassed. The articles of association or the rules of undertakings for collective investment in transferable securities as well as the documents intended for the information of their unit-holders or shareholders shall be drawn up in French. However, under the conditions laid down in the general regulations of the Financial Markets Authority, they may be drawn up in a language customary in financial matters other than French, provided that such language is understandable by the investors for whom the information is intended. Open-ended investment companies and management companies shall mention in their annual report and in the documents intended for the information of their subscribers the way their investment policy takes into account criteria relating to social, environmental and governance quality objectives. They shall specify the nature of these criteria and the way in which they are applied according to a standard presentation fixed by decree. They shall indicate how they exercise the voting rights attached to the financial instruments resulting from these choices.
- Indonesia

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

- Italy

  - Commissione di Vigilanza sui Fondi Pensioni (COVIP – pensions regulator), Deliberazione del 16 marzo 2012, art. 5th (disclosure of if and how environmental, social and ethical criteria are integrated in the investment policies):
    https://www.covip.it/sites/default/files/notizie/Deliberazione-16_03_20121.pdf

- Japan

  - Financial Services Agency, Stewardship Code, 2014:
    https://www.lexology.com/library/detail.aspx?g=3bad48f7-ae0d-4d0d-a169-3bfb8f925a5 (a link to the full text of the Code is provided)

    2020 revision:


  - Ministry of Economy/TCFD Consortium, 2020, TCFD Guidance:

- Malaysia

  - Securities Commission, Malaysian Code for Institutional Investors (Principle 5), 2014:
    https://www.sc.com.my/api/documentms/download.ashx?id=9f4e32d3-cb97-4ff5-852a-6cb168a9f936

- Spain

  - Real Decreto Legislativo 1/2002, Ley de Regulación de los Planes y Fondos de Pensiones

12 Article 16, 8:
Russia

- Central Bank of Russia, 2020, Recommendations for the implementation of the Principles for Responsible Investments:
  http://www.cbr.ru/Content/Document/File/112325/IN-06-28_111_e.PDF

Singapore

- Asset managers, 2020:

- Insurers, 2020:

South Africa

- 2011, Financial Services Board (previous regulator of pensions, asset managers and insurers), Regulation 28

“en el caso de los fondos de pensiones de empleo, se deberá indicar si se tienen en consideración, en las decisiones de inversión, los criterios de inversión socialmente responsable (éticos, sociales, medioambientales y de buen gobierno) que afectan a los diferentes activos que integran el fondo de pensiones.”

Article 27, 1:
“El sistema de gobierno incluirá la consideración de los factores ambientales, sociales y de gobierno en las decisiones de inversión de los fondos de pensiones, de acuerdo con lo previsto en la declaración de los principios de la política de inversión.

Article 30, bis:
“2. El sistema de gestión de riesgos cubrirá, de forma proporcionada con el tamaño y organización interna de la entidad y con el tamaño, la naturaleza, escala y complejidad de sus actividades, los riesgos que puedan surgir en los planes y fondos de pensiones o en las empresas a las que se hayan externalizado las tareas o actividades de la entidad al menos en los ámbitos siguientes, cuando proceda:
   a) La suscripción y la constitución de reservas.
   b) La gestión de activos y pasivos.
   c) La inversión, en particular, en instrumentos derivados, titulizaciones y compromisos similares.
   d) La gestión del riesgo de liquidez y de concentración.
   e) La gestión del riesgo operacional.
   f) El seguro y otras técnicas de reducción del riesgo.
   g) Los riesgos ambientales, sociales y de gobierno relacionados con la cartera de inversiones y su gestión, en los términos establecidos en su declaración de los principios de la política de inversión.”
- 2019, Financial Sector Conduct Authority (pensions regulator), Guidance Notice 1: Sustainability of investments and assets in the context of a retirement fund’s investment policy statement:


• UK

- Guidance from pensions regulator for defined benefit schemes (2019):


- Financial Conduct Authority, Shareholder engagement regulation (addressed at asset managers and life insurers), 2019:


- Bank of England/Prudential Regulation Authority, Supervisory Statement SS3/19: Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change, 2019:


https://www.frc.org.uk/investors/uk-stewardship-code

X – Relation with other ESG disclosures (question 15)

Sustainable development is about interconnections between the environmental, social and economic dimensions. Ecosystems comprehension requires an holistic view of how interactions among different components work. So, a sound system of ESG disclosures offers big opportunities to deal with climate issues as well, especially because they also have three dimensions, due to the social and economic effects of climate change.

The standards that are currently being developed by the International Financial Reporting Standards (IFRS), the existing standards of the Global Reporting Initiative (GRI) and the standards of the newly founded Value Reporting Foundation 13, as a result of the merger between SASB and Integrated Reporting, are very good departure points,

13 www.valuereportingfoundation.org
once they were improved over years and based on inputs from technical experts on ESG issues, market players and other civil society organizations.

A few examples on national capital markets regulations, as well as the ones from the European Union (currently being updated) might also be considered:

- **Canada:**
  
  **Canadian Securities Administrators (CSA):**
  
    
  
  - CSA Staff Notice 51-358: Reporting of Climate change-related Risks (2019):
    
  
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