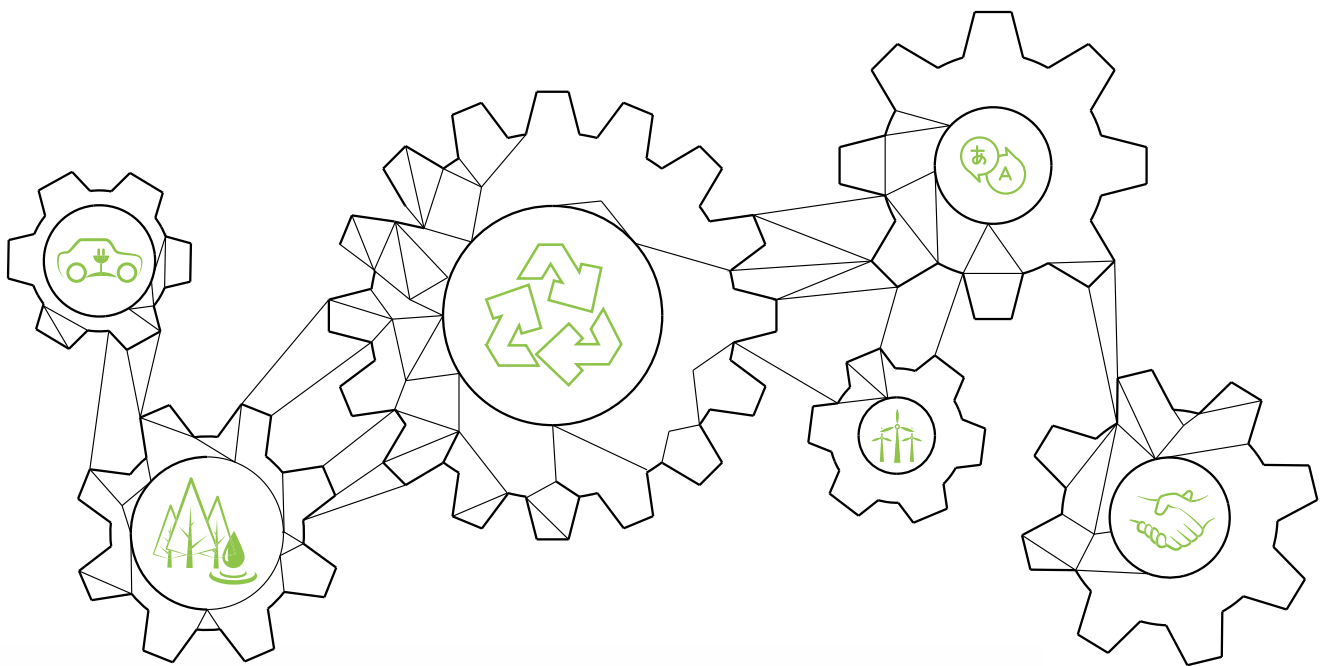




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LEGAL REGULATION OF PUBLIC NON-FINANCIAL REPORTING IN FOREIGN COUNTRIES



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TABLE OF CONTENTS

| | |
|--|-----------|
| Introduction | 4 |
| Conclusions | 5 |
| Regulation of public non-financial reporting in foreign countries | 6 |
| 1. Brazil | 6 |
| 2. The European Union. | 6 |
| 3. Germany | 7 |
| 4. India | 8 |
| 5. China | 8 |
| 6. The USA | 9 |
| 7. The RSA | 10 |
| Appendix. Summary on regulation of non-financial reporting | 12 |
| 1. Brazil | 12 |
| 2. The European Union. | 13 |
| 3. Germany | 15 |
| 4. India | 18 |
| 5. China | 21 |
| 6. The USA | 28 |
| 7. The RSA | 30 |

INTRODUCTION

Nowadays, the issues of sustainable development, environmental corporate social responsibility are increasingly reflected in the agenda of international fora and national development strategies. However, the implementation of such strategies and achievement of the indicators set eventually depend on the actions of particular companies.

In this regard, states, as well as international governmental and non-governmental organizations, are actively developing standards on public non-financial reporting, submission or publication of which, depending on jurisdiction, may be mandatory or voluntary. The submission of such reports may often be a criterion for obtaining certain benefits or a condition for the listing of securities at the stock exchange.

The purpose of this research is to analyze how individual states approach the regulation of public non-financial reporting. In particular, the research addresses the following issues: (i) whether the submission of non-financial reports is mandatory; (ii) which economic actors are subject to the disclosure requirements; (iii) what is the information to be disclosed; (iv) what is the procedure for information disclosure; (v) whether there are any incentives for disclosure of information or sanctions for failure to comply with reporting requirements. The subject-matter of this research was the legislation of the four BRICS countries (Brazil, India, China, and the RSA), as well as the USA, the EU and Germany in particular.

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CONCLUSIONS

1. The jurisdictions considered in this research (Brazil, Germany, the EU, India, China, the USA, and the RSA) use different approaches to regulating public non-financial reporting.
2. The requirements for non-financial reporting in these countries are set both at the level of legislation as well as at the level of private standards. The use of private standards is typical of all the countries considered.
3. The following approaches to the regulation of public non-financial reporting were identified during the research:
 - the legislation sets an obligation to disclose information and defines the scope of companies as well as the amount of information to be disclosed (the EU, Germany, India) **(paras. 10-22 of the Analytical Note)**;
 - the obligation is set out in law, but the scope of companies and the information to be disclosed are not set and are determined separately in each particular case (the USA) **(paras. 28-34 of the Analytical Note)**;
 - the obligation is set out in law, but there are no specific requirements as to the content of reports (Brazil) **(paras. 5-9 of the Analytical Note)**;
 - disclosure of non-financial information is mandatory only for the purpose of listing of securities on the stock exchange (the RSA) **(paras. 35-38 of the Analytical Note)**;
 - there is an obligation to disclose information in the sphere of environmental protection, and apart from that there are separate obligations to disclose non-financial information solely for the purpose of stocks to be listed on a stock exchange (China) **(paras. 23-27 of the Analytical Note)**.
4. In all the countries considered, the legislation either does not require an independent audit check at all, or mandates such audit with a very limited scope. For example, in the EU and Germany, the only aspect that needs to be inspected is the existence of such reports, and not their content **(paras. 14, 18 of the Analytical Note)**.

REGULATION OF PUBLIC NON-FINANCIAL REPORTING IN FOREIGN COUNTRIES

1. BRAZIL

5. In Brazil, centralized legislation is adopted in respect of non-financial reporting rules. The relevant requirements are established in both laws and secondary legislation.
6. The obligation to publicly disclose non-financial information only applies to public companies, government-sponsored entities, as well as their affiliated companies. These companies are required to submit sustainability reports annually.
7. Legislation in Brazil does not contain direct references to private or other standards. Nevertheless, such rules are applied in practice, including for the purposes of listing. For example, the Global Reporting Initiative (GRI)¹ is applied. Brazil is ranked third in the world by number of companies using the specified standards in their reporting.²
8. A prosecutor may apply to the court to force companies obliged to submit non-financial reporting to disclose it through a lawsuit for the public benefit.³
9. No mandatory independent audit is provided for.

2. THE EUROPEAN UNION

10. Since 2014, Directive 2014/95/EU has been in force in the EU, setting the obligations of certain organizations to file non-financial reporting.⁴ The rules set forth in this Directive do not apply directly to organizations in the territory of the EU. These rules apply to the extent the EU member states have implemented them into their domestic legislation. Thus, in determining the general set of obligations on non-financial reporting it is necessary to take into account both the rules established at the EU level and the rules that apply in the EU member states.
11. Along with that, Directive 2014/95/EU does not allow much freedom to the EU member states in establishing their own rules that would essentially differ from those of other EU countries. A margin of appreciation is reserved only as to liability for non-disclosure and the right to establish exceptions from applicability of the obligation to disclose information, if such disclosure may harm the commercial interests of the organization.

¹ Global Reporting Initiative – GRI: independent international organization that develops consolidated reporting standards on sustainable development and social responsibility.

² Global Reporting Initiative, Relatórios no Brasil. URL: <https://www.globalreporting.org/information/about-gri/regional-hubs/focal-point-brazil/Pages/default.aspx>.

³ Federal Law 7.347/85, art. IV. See for example: Superior Court of Justice. Precedent n. 601.

⁴ DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (hereinafter – “EU Directive on non-financial reporting”). URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>.

12. EU legislation does not contain references to specific international or European standards, but allows them to be applied along with private national standards.
13. In accordance with Directive 2014/95/EU, the European Commission has adopted guidelines on non-financial reporting. These are not legally binding and cover a limited range of issues (environment, social activity and climate impact).
14. The EU member states are obliged to establish in their domestic regulations the need for an audit check of non-financial reporting of organizations by either state authorities or private persons. However, such audit should be limited to verification that the relevant information is provided in organization's reporting.⁵ A mandatory independent check of reporting can also be set by the legislation of the EU member states.⁶

3. GERMANY

15. The German legislation in force on non-financial reporting was adopted pursuant to Directive 2014/95/EU. The EU member states had to implement this by the end of 2016, however, Germany did it later by adopting amendments to its Commercial Code as well as to several related laws only in April 2017.
16. In its rules, Germany adopted (with minor adjustments) the criteria from Directive 2014/95/EU as to the requirements on non-financial reporting. For example, it does not include socially significant organizations as a separate category of organizations to which mandatory non-financial reporting applies. The rules under consideration apply only to joint-stock companies, credit organizations and insurance companies that meet certain criteria. In furtherance of the EU rules, German legislation also establishes liability for failure to comply with the requirements in the form of either imprisonment or a fine.
17. German regulation does not contain references to specific international or European standards but allows them to be applied along with private national standards.
18. When providing mandatory non-financial reporting, organizations are required to conduct an audit check. However, the audit should be limited to verification that the relevant information is provided in the organization's reporting.⁷

⁵ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 5.

⁶ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 6.

⁷ Handelsgesetzbuch Gesetz vom 10.05.1897 (RGBl. I S. 219). URL: <https://www.gesetze-im-internet.de/hgb/index.html>, para. 2 art. 317 (hereinafter – “FRG Commercial Code”).

4. INDIA

19. Public disclosure of non-financial information in India is stipulated for a limited number of companies. The obligation to disclose information, however, depends on the size of the company's assets, its profit or turnover, as well as on whether the company's securities are listed on the stock exchange. Reporting addresses the issues of social, environmental and economic responsibility of business.
20. The existing regulation not only establishes an obligation for certain companies to disclose information, but also determines the appropriate procedures and liability for illegal activities associated with non-financial reporting. Nevertheless, the regulation refers to the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVGs)⁸ virtually integrating voluntary norms into general regulation of public non-financial reporting. Companies may also refer to other private standards of social, environmental and economic responsibility of business in their reports. NVGs, in turn, have references to international standards.
21. The existing regulation does not require an independent audit of non-financial reporting. However, in the reporting form itself, the company must answer the question whether an independent assessment of the company's policy functioning in the field of social, environmental and economic responsibility was carried out.
22. Stock exchanges are made responsible for monitoring the accuracy and adequacy of the information disclosed. The stock exchange must report the results of oversight to the Securities and Exchange Board of India.⁹ The financial statements audit includes audit on whether the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.¹⁰

5. CHINA

23. China has no special regulation of public non-financial reporting. At the same time, there are certain rules obliging companies to submit reports related to environmental protection. There are also a number of standards and guidelines by specific institutions (the China Securities Regulatory Commission (CSRC), China Banking Association (CBA), the National Environmental Protection Agency, the Shenzhen Stock Exchange (SZSE) and the Shanghai Stock Exchange (SSE)) that apply for certain categories of companies, for example, for the purpose of registering with a stock exchange. In particular, SZSE and SSE oblige companies to disclose information on corporate social responsibility.
24. In addition, a number of national standards for corporate social responsibility were adopted in 2015 by the General Administration of Quality Supervision, Inspection and Quarantine of the

⁸ National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2018. URL: https://www.mca.gov.in/Ministry/pdf/DraftNationalGuidelines2018_20062018.pdf.

⁹ Regulation 97 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [last amended – 26.12.2019]. URL: <https://www.sebi.gov.in/legal/regulations/dec-2019/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-december-26-2019-37269.html#lir6>.

¹⁰ Companies Act, sections 134, 135. URL: <https://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>.

PRC (AQSIQ) jointly with the National Standards Committee (for example, Guidelines on Social Responsibility (GT/B 36000-2015), Guidelines on Social Responsibility Reporting (GT/B 36001-2015) and Guidelines on Classifying Social Responsibility Performance (GT/B 36002-2015)). These standards are intended to help companies to disclose information; though not being mandatory.

25. National regulation does not refer to international standards. The ISO 26000:2010 Standard is mentioned only in the non-mandatory Guidelines on Social Responsibility, as well as in the CSC9000T management system introduced for the textile and apparel industry. In practice, companies that publish non-financial reporting voluntarily refer to the principles and standards set out in the United Nations Global Compact, OECD Guidelines for Multinational Enterprises, ISO 26000 and GRI (G3/G4).
26. The requirement for an independent audit of companies' reports exists only in connection with supervision of environmental protection for companies whose securities are listed on a stock exchange.
27. The 2008 Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies strictly require regional environmental departments to adopt an environmental audit system for companies listed on a stock exchange and to carry out environmental audits of such companies within its jurisdiction.¹¹

6. THE USA

28. In the United States, there is no specific legislation governing disclosure of non-financial reporting. Regulation S-K¹² adopted in accordance with the Securities Exchange Act of 1934 contains certain regulatory elements related to the mandatory disclosure of non-financial reporting for public companies.
29. Particularly, in accordance with clause 101 (c) (1) (xii) of Regulation S-K, public companies must disclose information regarding essential circumstances related to the company's activity. The concept of "essentiality" has been interpreted in a number of judicial acts¹³ where the US Supreme Court found that essential information is the information necessary for any investor to make a balanced investment decision regarding not only voting on certain matters of the company's activity but also deciding on sale and purchase of a public company's stocks.
30. In one of its latest Releases,¹⁴ the Securities and Exchange Commission (SEC)¹⁵ once again confirmed the criterion of essentiality of disclosable information for each specific company in order to properly inform investors. Meanwhile, this approach creates great uncertainty regarding the scale of information to be disclosed and increases the risks for public companies in respect of accountability for failure to disclose information that is essential from investors' point of view.

¹¹ Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies, Part 1, para. 4.

¹² It is a part of the Code of Federal Regulation (CFR), Title 17, Regulation S-K.

¹³ TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438 (1976); Basic, Inc. v. Levinson, 485 U.S. 224 (1988).

¹⁴ Business and Financial Disclosure Required by Regulation S-K, Securities Act, Release No. 10,064, Exchange Act Release No. 77,599, 81 Fed. Reg. 23,916 (proposed Apr. 13, 2016). SEC Releases are communications with participants in the securities market in which SEC answers the questions of market participants and also invites to express opinions on issues identified in the release.

¹⁵ The US Government Agency is the main body which carries out supervision and regulation functions of the US securities market.

31. The scope of information to be disclosed by a public company is strongly influenced by company stockholders, in particular, institutional investors. Using the right stipulated by CFR § 240.14a-8 to propose disclosure of certain non-financial information in a company's report they encourage public companies to make additional disclosures of important factors.
32. To make a non-financial report public companies use the criteria developed by the Sustainability Accounting Standards Board (SASB),¹⁶ the Global Reporting Institute (GRI),¹⁷ the Climate Disclosure Standards Board (CDSB),¹⁸ and other organizations.
33. Information is disclosed by filing the company's mandatory report to the Securities and Exchange Commission. The company may decide to additionally disclose non-financial reporting on its website.
34. The legislation does not provide specific criteria for voluntary disclosure of information; companies use the criteria and standards developed by international organizations.

7. THE RSA

35. The RSA does not have unified legislation on public non-financial reporting.
36. Applicable private standards include the King IV Code on Corporate Governance (prepared on November 1, 2016, by the Institute of Directors in Southern Africa and the King Committee of Southern Africa). However, the provisions of this code are not legally binding.¹⁹ According to the Code, it is recommended to publish integrated reporting containing non-financial information.²⁰ The authors of the Code recommend focusing on the International IR Network document developed by the International Integrated Reporting Council when preparing integrated reporting.²¹ The same recommendation is given by the Integrated Reporting Committee of South Africa in its advisory guidelines.²²
37. Reporting in accordance with the King IV Code is based on the principle of "apply and explain": the governing bodies of the company must not only indicate the principles applied in the governance of the company but also explain how it helps the company to achieve the goal of

¹⁶ SASB – American non-profit standards development organization. SASB voluntary reporting system has been modeled after the financial reporting and disclosure standards issued by the Financial Accounting Standards Board (FASB). SASB system is designed to allow US companies to disclose information in their SEC reports on sustainability issues that are essential for their business.

¹⁷ A global organization founded in 1997 and currently operating in the Netherlands as an affiliate of the United Nations. Its latest generation of sustainability reporting guidelines, "G4", has become the leading global standard for companies issuing voluntary sustainability reports.

¹⁸ CDSB is a non-profit organization working to provide essential information for investors and financial markets by integrating the climate change information into main financial statements.

¹⁹ See the Legal Status of King IV subsection, King IV Application and Disclosure section of King IV Code on Corporate Governance, page 35. URL: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/684B68A7-B768-4465C-8214-E3A007F15A5A/IoDSA-King_IV_Report_-_WebVersion.pdf.

²⁰ See Recommended practice of King IV Code on Corporate Governance, recommendations 12 and 15, page 48.

²¹ The International Integrated Reporting Council is an international non-governmental organization that consolidates experts in the field of integrated reporting and develops recommendations for its preparation. The International IR Network includes a description of the basic principles for developing integrated reporting, such as strategic focus and future orientation, materiality, conciseness, etc., as well as key elements of reporting content, for example, an organizational overview of the enterprise and the external environment, governance structure, business model, risks and opportunities, etc. URL: <http://integratedreportingsa.org/ircsa/wp-content/uploads/2017/05/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>.

²² Integrated Reporting Committee of South Africa. URL: <http://integratedreportingsa.org/integrated-reporting/guidance/>.

good corporate governance.²³ Reporting under the King IV Code is mandatory for companies applying for listing on the Johannesburg Stock Exchange.²⁴

38. The King IV Code provides for reporting to be certified by the Audit Committee²⁵ of the Company.²⁶

²³ King IV Code on Corporate Governance, page 7.

²⁴ JSE Limited Listings Requirements, Rule 7F5. URL: <https://www.jse.co.za/content/JSERulesPoliciesandRegulationItems/JSE%20Listings%20Requirements.pdf>.

²⁵ According to art. 94 of Companies Act, the Audit Committee of the Company should consist of at least three members – directors of the company that have not participated in the day-to-day operation of the company for the past three financial years, that are not full-time employees of the company for the past three financial years, and that are not significant suppliers or customers of the company.

²⁶ King IV Code on Corporate Governance, page 32.

APPENDIX.

SUMMARY ON REGULATION OF NON-FINANCIAL REPORTING

1. BRAZIL

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|---|---|----------------------|--|---|
| <p>Federal Law 13.303/16 (June 30, 2016; June 30, 2016).</p> <p>Federal Decree 8.945/16 (December 27, 2016; December 27, 2016).</p> | Mandatory. ²⁷ | <p>Public companies, government-sponsored enterprises and affiliated companies.</p> <p>Public companies are defined as organizations with a civil legal personality, the right of ownership of their own property, that are established according to the law to carry out economic activities related to the state operation.²⁸</p> <p>Government-sponsored enterprises are defined as organizations with a civil legal personality, that are established according to the law in the form of a joint-stock company to carry out economic activities. Most shares are owned by the state or governmental organizations.²⁹</p> | No specific criteria are indicated. But private standards are actively used (for example, GRI). | Not specified. | Not specified. | The possibility to force the company to disclose non-financial reporting through the prosecutor's office is provided. |

²⁷ Federal Law 13.303/16, art. 8, IX; Federal Decree 8.945 / 16, Art. 13, IX.

²⁸ Decree-Law n. 200/67, art. 5, II.

²⁹ Decree-Law n. 200/67, art. 5, III.

2. THE EUROPEAN UNION

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|--|--|--|--|---|
| Directive 2014/95/EU amending Directive 2013/34/EU (October 22, 2014; December 6, 2014, the EU member states should have implemented them by December 6, 2016). ³⁰ | Mandatory. ³¹ | <p>Organizations, including parent companies:</p> <ul style="list-style-type: none"> • large undertakings, • public-interest entities, and • with average number of 500 employees during the financial year (as a whole for parent companies).³² <p>Public-interest entities:</p> <ul style="list-style-type: none"> • entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State; • credit institutions; • insurance undertakings; • institutions designated by EU members as public-interest entities, for instance entities that are of significant public relevance because of the nature of their business, their size or the number of their employees.³³ | <p>General criterion:</p> <p>the information disclosed should contain information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, the following matters:</p> <ul style="list-style-type: none"> • environmental; • social; • employee; • respect for human rights; • anti-corruption and bribery.³⁶ <p>Non-financial reporting should contain the following information:</p> <ul style="list-style-type: none"> • a brief description of the undertaking's business model; • a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented; • the outcome of those policies; | <p>The European Commission advisory guidelines apply to:</p> <ul style="list-style-type: none"> • environment and social activity (2017); • climate impact (2019).⁴⁰ <p>Undertakings may rely on national, Union-based or international frameworks, and if they do so, undertakings shall specify which frameworks they have relied upon.⁴¹</p> | Not specified. | <p>At EU level:</p> <p>Not provided.</p> <p>At the national level:</p> <p>EU members should provide for liability for non-disclosure of information.⁴²</p> |

³⁰ EU Directive on non-financial reporting, art. 4-5.

³¹ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 1.

³² EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 1.

³³ EU Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, para. 13 art. 2. URL: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006L0043:20080321:EN:PDF>.

³⁶ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 1.

⁴⁰ See European Commission, Non-financial reporting. URL: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en.

⁴¹ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 1.

⁴² DIRECTIVE 2013/34/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (hereinafter – “EU Directive on financial and other reports”), para. art. 51. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0034>.

| | | | | | | |
|--|--|---|---|--|--|--|
| | | <p>An undertaking is considered large when two out of the three criteria are met:</p> <ul style="list-style-type: none"> • balance sheet total: EUR 20 000 000; • net turnover: EUR 40 000 000; • average number of employees during the financial year: 250.³⁴ <p>Subsidiaries do not submit reporting if it is submitted by the parent company and includes information about these subsidiaries.³⁵</p> | <ul style="list-style-type: none"> • the principal risks related to those matters linked to the undertaking's operations; • non-financial key performance indicators relevant to the particular business;³⁷ • a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period.³⁸ <p>If no such policy is applied, the statement shall contain an explanation as to why this is the case.</p> <p>Member States may allow information relating to impending developments or matters in the course of negotiation to be omitted in exceptional cases where the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance, position and impact of its activity.³⁹</p> | | | |
|--|--|---|---|--|--|--|

³⁴ EU Directive on financial and related reports, para. 4 art. 3.

³⁵ EU Directive on non-financial reporting, art. 1(3), introducing art. 29a, paras. 1, 3.

³⁷ EU Directive on non-financial reporting, art. 1(1), introducing art. 19a, para. 1.

³⁸ EU Directive on non-financial reporting, art. 1(2)(a), introducing para. 1(g) into art. 20.

³⁹ EU Directive on non-financial reporting, art. 1(2)(a), introducing para. 1(g) into art. 20.

3. GERMANY

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|--|---|---|---|---|--|--|
| The law on enhancing the non-financial reporting of entrepreneurs and concerns in their reporting documents (pursuant to the EU Directive on non-financial reporting) ⁴³ (April 11, 2017; April 19, 2017 ⁴⁴). | Mandatory. ⁴⁵ | <p>Joint-stock companies, credit institutions and insurance companies, if:⁴⁶</p> <ul style="list-style-type: none"> two out of three criteria are met: <ol style="list-style-type: none"> balance sheet total: EUR 20 000 000; net turnover: EUR 40 000 000; average number of employees during the financial year: 250.⁴⁷ the organization's transferable securities are admitted to trading on a regulated market; more than 500 employees work in average in the organization over the year. <p>Parent companies under the above conditions, as well as in addition to the last two criteria, if combined with subsidiaries:</p> <ul style="list-style-type: none"> the organization's balance sheet total exceeds EUR 24 000 000; the organization's net turnover exceeds EUR 48 000 000.⁴⁸ | <ul style="list-style-type: none"> A brief description of organization's business model;⁵⁰ environmental impact (for example, greenhouse gas emissions, water consumption, air pollution, harnessing of renewable resources or biological diversity protection); labor activity (for example, employees gender equality, working conditions, implementation of the main labor conventions provisions of the International Labor Organization, observance of workers' rights, social dialogue, rights of trade unions, health protection and labor protection); labor activity (for example, gender equality of employees, working conditions, implementation of the provisions of the main labor conventions of the International Labor Organization, respect for workers' rights, social dialogue, trade union rights, health protection and labor protection); human rights protection (for example, preventing human rights violations); | When disclosing, companies are allowed to be guided by national, European or international standards indicating the applied standard. ⁵⁶ | Not specified. | Imprisonment or a fine. ⁵⁷ |

⁴³ Gesetz zur Stärkung der nichtfinanziellen Berichterstattung der Unternehmen in ihren Lage- und Konzernlageberichten (CSR-Richtlinie-Umsetzungsgesetz) vom 11. April 2017. URL: https://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBL#_bgbl_%2F%2F*%5B%40attr_id%3D%27bgbl117s0802.pdf%27%5D_1579172522552 (hereinafter – “FRG Federal Law on non-financial reporting”).

⁴⁴ Excluding art. 2 and 4, entered into force on January 1, 2019, in accordance with art. 12 of FRG Federal Law on non-financial reporting. Further references are given to FRG Commercial Code.

⁴⁵ FRG Commercial Code, clause 1 art. 289b.

⁴⁶ FRG Commercial Code, clause 1 art. 289b.

⁴⁷ FRG Commercial Code, clause 3 art. 267.

⁴⁸ FRG Commercial Code, clause 1 art. 315b, clause 1 art. 340i, clause 1 341j.

⁵⁰ FRG Commercial Code, clause 1 art. 289c.

⁵⁶ FRG Commercial Code, art. 289d.

⁵⁷ FRG Commercial Code, art. 331, 334, 340n, 341n.

The following are excluded from the obligation:

- joint-stock companies whose non-financial reporting is included in the reporting of parent companies;
- joint-stock companies whose non-financial reporting complies with the rules of other EU members and the European Economic Area pursuant to the EU Directive on non-financial reporting.⁴⁹

- corruption and bribery control (for example, an indication of existing tools for control).⁵¹

The above aspects are provided for understanding of:

- company's activity;
- deliverables of the company's activity;
- company's status;
- assessment of its activities' impact on the above areas.⁵²

In addition, the reporting should contain information on:

- the goals and objectives, as well as the organization's approaches, including provisions for preliminary integrated inspections;
- the results of the implementation of goals and objectives, as well as application of the organization's approaches;
- significant risks from the organization's activities affecting the above areas;
- significant risks associated with manufactured goods and rendered services that affect the above areas to the extent that the inclusion of such information in the report is reasonable;
- significant performance parameters;
- additional aspects, including references to annual reports, to the extent that it's necessary.⁵³

If in relation to one of the indicated aspects there are no applicable approaches, the organization shall indicate it in its reporting together with the explanation.⁵⁴

⁴⁹ FRG Commercial Code, clause 2 art. 289b.

⁵¹ FRG Commercial Code, clause 1 art. 289c.

⁵² FRG Commercial Code, clause 2 art. 315c.

⁵³ FRG Commercial Code, clause 3 art. 289b.

⁵⁴ FRG Commercial Code, clause 4 art. 289b.

In exceptional cases, an organization may not include information in its reporting if:

- its inclusion will, in the opinion of the organization's representative bodies and taking into account business activities, damage the organization, and
- failure to include this information will not harm the understanding of the organization's actual situation and activities.

If the circumstances that have led to such a decision no longer exist, the organization must publish the relevant information in the reporting for the next period.⁵⁵

⁵⁵ FRG Commercial Code, art. 289e.

4. INDIA

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|--|--|--|--|---|
| <p>Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (LODR), Regulation 34, part 2, clause (f)⁵⁸ (September 2, 2015; September 2, 2015, last amended on January 10, 2020).</p> <p>Format for Business Responsibility Report, CIR/CFD/CMD/10/2015 (November 4, 2015; November 4, 2015).⁵⁹</p> | Mandatory. ⁶⁰ | Top 1000 listed companies by capitalization. | <ul style="list-style-type: none"> Organization's general information (scope of activities, goods / services, markets, etc.); financial information (paid-in capital; turnover; profit; total expenses for social responsibility measures); the implementation of social responsibility initiatives, including at the level of subsidiaries and suppliers; information on corporate social responsibility (structure; management; policies); whether the company's policy comply with the principles established in the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVGs), or international standards; whether an independent audit of social and environmental responsibility was carried out; reasons of non-compliance with the principles of NVGs; information on the implementation of each of the 9 principles of NVGs.⁶¹ | <p>A Responsibility of Business Report must be submitted with annual financial statements.⁶³</p> <p>Information should be disclosed according to the form set in Appendix 1 to the Format for Business Responsibility Report.</p> <p>Appendix 2 contains a list of principles that can be used to assess the company's compliance with the standards of business responsibility.⁶⁴</p> | Not specified. | <ul style="list-style-type: none"> General responsibility established by the regulation of the securities market; additional responsibility, including (a) the imposition of a fine, (b) the suspension of company's shares trading at the stock exchange, (c) the freezing of the group of securities founders' rights.⁶⁵ |

⁵⁸ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [last amended on January 10, 2020] (LODR). URL: <https://www.sebi.gov.in/legal/regulations/jan-2020/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-january-10-2020-37269.html>.

⁵⁹ SEBI Circular, Format for Business Responsibility Format, 4.11.2015, CIR/CFD/CMD/10/2015 (SEBI Circular, Format). URL: <https://www.sebi.gov.in/legal/circulars/nov-2015/format-for-business-responsibility-report-brr-30954.html>.

⁶⁰ LODR, Rule 34, part 2, clause (f).

⁶¹ SEBI Circular, Format, Appendix I.

⁶³ LODR, Rule 34, part 2, clause (f).

⁶⁴ SEBI Circular, Format, Appendix I, Appendix II.

⁶⁵ LODR, Rule 98.

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| | | | Companies that submitted sustainability reports to foreign regulators/shareholders based on internationally recognized reporting forms should not prepare a separate report. However, together with such a report, it is necessary to provide explanations regarding the form of the report and correlate the information presented in the report with NVGs principles. ⁶² | | | |
| | Voluntary. ⁶⁶ | Listed entities other than Top 1000 and listed entities which have listed their specified securities at the Small and Medium-sized Enterprises Exchange (SME Exchange). | Information similar to mandatory disclosure procedure. | Similar disclosure procedure. | Not specified. | None. |
| Companies Act 2013. (September 12, 2013; September 12, 2013, last amended July 31, 2019). ⁶⁷ Corporate Social Responsibility Policy, 2014. (April 1, 2014; April 1, 2014). ⁶⁸ | Mandatory. | Each company registered in India, including subsidiaries, as well as branches of foreign companies, ⁶⁹ that during the previous year had: <ul style="list-style-type: none"> • net asset value exceeding 5 billion INR, or • turnover exceeding 10 billion INR, or • net profit exceeding 50 million INR.⁷⁰ | Annual Report on Corporate Social Responsibility includes: <ul style="list-style-type: none"> • a brief description of the company's social responsibility policy, including an overview of projects and programs;⁷¹ • the Corporate Social Responsibility Committee structure; • the average net profit of the company for the three previous financial years; • information on the expenses for social responsibility measures during the previous financial year (the amount of funds spent, the amount of funds not yet spent); • clarifying the reasons why the company did not spend the required 2%⁷² of the average (according to the indicators of the previous three years) net profit of the company for social responsibility purposes; | The company must establish a Social Responsibility Committee affiliated with the Board of Directors, consisting of three or more directors, one of which must be an independent director. ⁷⁴ Taking into account the recommendations of the Social Responsibility Committee, the Board of Directors adopts the Company's Social | Not specified. | There is no special responsibility for non-reporting. However, a fine of 50,000-2.5 million INR is stipulated for violation of article 134 (3)(o) of the Companies Act (disclosing the contents of the social responsibility policy in the Board of Directors' report). The company officials responsible for withholding information may be |

⁶² SEBI Circular, Format, para. 4.

⁶⁶ LODR, Rule 34, part 2, clause (f).

⁶⁷ Companies Act 2013. URL: <https://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>.

⁶⁸ The Companies (Corporate Social Responsibility Policy) Rules, 2014. URL: <http://ebook.mca.gov.in/Default.aspx?page=rules>.

⁶⁹ The Companies (Corporate Social Responsibility Policy) Rules, 2014, Rule 3. URL: <http://ebook.mca.gov.in/Default.aspx?page=rules>.

⁷⁰ Companies Act, article 135 (1). URL: <http://ebook.mca.gov.in/Actpagedisplay.aspx?PAGENAME=17518>.

⁷¹ The spheres of social responsibility programs implementation are listed in [Schedule VII of the Companies Act](#), as specified in [Article 135\(3\)\(a\) of the Companies Act](#).

⁷² Companies Act, article 135 (5).

⁷⁴ Companies Act, article 135 (1).

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| | | | <ul style="list-style-type: none"> the statement of the Company's Corporate Social Responsibility Committee that the implementation and monitoring of the social responsibility policy is in accordance with the goals and policies of the company.⁷³ | Responsibility Policy and discloses the content of such policy in its report, ⁷⁵ and posts the report on the company's website. ⁷⁶ | imprisoned for up to 3 years or fined for 50,000-500,000 INR, or may be subject to both punishments. ⁷⁷ The liability ⁷⁸ similar to the above ⁷⁹ may occur for violation of the obligation to spend 2% of the average (according to the indicators of the previous three years) net profit of the company for social responsibility and for violation of the rule to transfer the amount that was not spent for the year to the account for social responsibility of the next year. |
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⁷³ The Companies (Corporate Social Responsibility Policy) Rules, 2014, Appendix, page 9. URL: https://www.mca.gov.in/Ministry/pdf/CompaniesActNotification2_2014.pdf.

⁷⁵ Companies Act, article 134 (3)(o). URL: <http://ebook.mca.gov.in/Actpagedisplay.aspx?PAGENAME=17517>.

⁷⁶ Companies Act, article 135 (2); The Companies (Corporate Social Responsibility Policy) Rules, 2014, Rule 9. URL: <http://ebook.mca.gov.in/Default.aspx?page=rules>.

⁷⁷ Companies Act, article 134 (8).

⁷⁸ Companies Act, article 135 (6).

⁷⁹ Companies Act, article 135 (7).

5. CHINA

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|--|---|---|---|--|
| Environmental Information Disclosure Act ⁸⁰ (February 8, 2007; May 1, 2008). | Mandatory. ⁸¹ | Polluting enterprises with emissions of heavy pollutants exceeding national or local emission standards, or total emissions of pollutants exceeding the general emission control indicators approved by the local people's government. ⁸² | <ul style="list-style-type: none"> Name, address and legal representative of the enterprise; names of major pollutants, discharge methods, discharge concentrations, total amounts and exceeding amounts; information on the construction and operation of environmental protection facilities; emergency plan for environmental pollution accidents. <p>An enterprise cannot refuse to disclose this information under the pretext of confidentiality.</p> | Publication of information in local mass media within 30 days after the list of polluting enterprises is announced by the Department of Environmental Protection. ⁸³ | Not specified. | A fine of up to 100,000 yuan. ⁸⁴ |
| | Voluntary. ⁸⁵ | All enterprises. | <ul style="list-style-type: none"> Enterprise environmental protection policy, annual environmental protection goals and effectiveness; total annual resource consumption of the enterprise; environmental protection investment and environmental technology development of enterprises; types, quantities, concentrations and destinations of pollutants emitted by enterprises; information on the construction and operation of environmental protection facilities; | Disclosing information to the public through the mass media, the Internet, or otherwise, or by publishing their annual environmental reports. ⁸⁷ | The environmental protection department may give the following rewards for information disclosure: <ul style="list-style-type: none"> public recognition in major local media; the status of a special priority for | Not specified. |

⁸⁰ Environmental Information Disclosure Act 2007. URL: http://www.gov.cn/flfg/2007-04/20/content_589673.htm.

⁸¹ Art. 20.

⁸² Art. 11(13)

⁸³ Art. 21.

⁸⁴ Art. 28.

⁸⁵ Art. 19.

⁸⁷ Art. 22

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| | | | <ul style="list-style-type: none"> • information on processing of waste generated during the production process; • voluntary agreements with environmental protection departments to improve environmental behavior; • the performance of the enterprises' social responsibility; • other environmental information voluntarily disclosed by enterprises.⁸⁶ | | <ul style="list-style-type: none"> • environmental protection when financing projects; • priority recommendation as a clean production demonstration projects for the purpose of providing financial subsidies; • other incentive measures stipulated by the state.⁸⁸ | |
| Measures on Disclosure of Environmental Information in Enterprises and Institutions ⁸⁹ (December 15, 2014; January 1, 2015). | Mandatory. ⁹⁰ | <p>The companies included into the list of pollutants discharge major source:⁹¹</p> <ul style="list-style-type: none"> • enterprises determined by the environmental protection department of the people's government at the city or district level; • chemical, pharmaceutical, biological provincial key laboratories and above the provincial level, hospitals of the second level or above, and centralized pollutant disposal units having caused widespread social concern or may cause major effect on the environment; • enterprises that experienced major environmental emergencies or major social impacts caused by environmental pollution within three years; | <ul style="list-style-type: none"> • Basic information, including the name of the unit, organization code, legal representative, production address, contact information, as well as information on products and the scale of production, operation and management; • information on the discharge of pollutants, including the names and methods of discharge of the main pollutants and characteristic pollutants, the number and distribution of discharge points, concentration and total number of discharges, the number of discharges that exceed the standards and the permitted total discharges; • information on the construction and operation of pollution prevention facilities; • environmental impact assessment of construction projects, as well as environmental administrative permits; | The competent environmental protection department of the municipal people's government should determine the list of pollutants discharge major source in its administrative region by the end of March each year and publish it on public websites such as government websites, newspapers, radio and television. | The state encourages enterprises and institutions to voluntarily disclose relevant information that is conducive to protecting the ecology, preventing pollution, and fulfilling social and environmental responsibilities. | A fine of up to 30,000 yuan and the publication of information about the violation. ⁹⁵ |

⁸⁶ Art. 20.

⁸⁸ Art. 23.

⁸⁹ Disclosure of Environmental Information in Enterprises and Institutions Act 2014. URL: http://www.mee.gov.cn/gkml/hbb/bl/201412/t20141224_293393.htm.

⁹⁰ Art. 9.

⁹¹ Art. 8.

⁹⁵ Art. 16.

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| | | | <ul style="list-style-type: none"> contingency plans for emergency environmental accidents; other environmental information to be released to the public. <p>The companies included into the list of pollutants discharge major source named in the list of national key monitoring enterprises should also disclose their environmental control programs.⁹²</p> | <p>After such publication, the companies disclose information within 90 days. Information will then be published within 30 days from the date it was generated or changed.⁹³</p> <p>The competent Department of Environmental Protection publishes and directs the public to monitor the disclosure of environmental information of enterprises and institutions.⁹⁴</p> | | |
| Standards for Content and Format of Information Disclosure by Companies Offering Securities to the Public, No. 2 - Content and Format of Annual Reports (revised in 2017) Corporate Social Responsibility Research Center ⁹⁶ (December 26, 2017; December 26, 2017). | Voluntary. ⁹⁷ | Companies Offering Securities to the Public at the stock market. | <ul style="list-style-type: none"> The company's purpose and philosophy of fulfilling social responsibilities; the protection of shareholders and creditors' rights and interests; labor rights protective measures; the protection measures of suppliers and consumers; environmental protection and sustainable development measures;⁹⁸ poverty alleviation action plan; report on the implementation of the poverty alleviation action plan for the reporting period.⁹⁹ | Not specified. | Not specified. | Not specified. |

⁹² Art. 9.

⁹³ Art. 11.

⁹⁴ Art. 15.

⁹⁶ Corporate Social Responsibility Research Center Standards for Content and Format of Information Disclosure by Companies Offering Securities to the Public No. 2-Content and Format of Annual Reports (Revised 2017).

URL: http://www.csrc.gov.cn/pub/newsite/flb/flfg/bmgf/xxpl/xxplnr/201805/t20180520_338390.html.

⁹⁷ Art. 42.

⁹⁸ Art. 42.

⁹⁹ Art. 43.

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| Code of Corporate Governance (Revised 2018). Corporate Social Responsibility Research Center ¹⁰⁰ (September 30, 2018; September 30, 2018). | Mandatory. ¹⁰¹ | Listed companies. | Information related to environmental protection and fulfillment of relevant social responsibilities such as poverty alleviation. | Not specified. | Not specified. | Not specified. |
| Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies. Corporate Social Responsibility Research Center ¹⁰² (February 22, 2008). | Mandatory. ¹⁰³ | Listed companies — if a major environmental event occurs that may have a significant impact on the trading prices of shares, including: <ul style="list-style-type: none"> • the company was investigated by the environmental protection department for violations of environmental laws, or it got criminal or major administrative penalties; • the company has undertaken major investment activities, such as new, reconstructed or expanded construction projects with significant environmental impacts; • due to reasons related to environmental protection, the relevant people's government or the relevant department decided that the company should suspend production, move or close it for a certain period of time; • a company is involved in major lawsuits, or its main assets were sealed, arrested, frozen or mortgaged, or pledged due to environmental problems.¹⁰⁴ | Information regarding the cause of the accident, current status and possible environmental damage. | "Immediate disclosure" of information. | The State Environmental Protection Administration will encourage and control the disclosure of environmental information by companies in accordance with relevant bylaws, such as "Environmental Disclosure Measures". ¹⁰⁵ | Local environmental departments should at all levels provide a list of listed companies that have not disclosed environmental information in accordance with regulations to the State Environmental Protection Agency and at the same time strictly protect the company's commercial and technical secrets. ¹⁰⁶ The State Environmental Protection Administration will promptly notify the China Securities Regulatory Commission of the list of listed |

¹⁰⁰ CSRC Code of Corporate Governance for Listed Companies (Revised 2018). URL: http://www.csrc.gov.cn/pub/csrc_en/laws/rfdm/DepartmentRules/201904/P020190415336431477120.pdf.

¹⁰¹ Art. 95.

¹⁰² CSRC Guidance on Reinforcement for the Supervision and Administration of Environmental Protection of Listed Companies. URL: http://www.csrc.gov.cn/pub/newsite/ssb/ssflfg/xggzjwj/200906/t20090623_108074.html.

¹⁰³ Part 2, para. 5.

¹⁰⁴ Part 2, para. 5.

¹⁰⁵ Part 1, para. 8.

¹⁰⁶ Part 1, para. 8.

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| | | | | | | companies that have not disclosed their environmental information in accordance with the framework for presenting environmental information. The China Securities Regulatory Commission will take actions against these companies in accordance with the "Disclosure Measures for Listed Companies". ¹⁰⁷ |
| | Voluntary. ¹⁰⁸ | Listed companies. | Social and environmental responsibility company information. | "Regular disclosure." The procedure is not disclosed. | | Not specified. |
| Guidelines for Central State-owned Enterprises to Fulfill Social Responsibilities ¹⁰⁹ (December 29, 2007; December 29, 2007). | Mandatory. ¹¹⁰ | "Central" enterprises (enterprises of central subordination). | <ul style="list-style-type: none"> • Information on social responsibility or sustainability reports; • status, plans, and measures of fulfilling corporate social responsibilities.¹¹¹ | "Regular publication" of reports. The procedure is not disclosed. | Not specified. | Not specified. |

¹⁰⁷ Part 1, para. 9.

¹⁰⁸ Part 2, para. 7.

¹⁰⁹ Guidelines for Central State-owned Enterprises to Fulfill Social Responsibilities. URL: http://www.gov.cn/zwqk/2008-01/04/content_850589.htm.

¹¹⁰ Clause 18.

¹¹¹ Clause 18.

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| Notification on Reinforcement for Social Responsibility of Listed Companies and the release of the "Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange" ¹¹² (May 14, 2008; May 14, 2008). | Mandatory. | Listed companies– if a major environmental event occurs that may have a significant impact on the trading prices of shares (similar to cases defined in the Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies. See above). | Similar to information defined in the Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies. See above. ¹¹³ | Disclosure in annual report. ¹¹⁴ | According to the Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies. See above. | |
| | Mandatory. ¹¹⁵ | Listed companies and included in the list of enterprises that pollute the environment severely. | <ul style="list-style-type: none"> Names of major pollutants, discharge methods, discharge concentrations, total amounts and exceeding amounts; information on the construction and operation of environmental protection facilities; emergency plan for environmental pollution accidents; company's measures to reduce pollutants discharge and plans for future work.¹¹⁶ | Disclosure of information within two days after the Department of Environmental Protection announces a list of enterprises that pollute the environment severely. ¹¹⁷ | According to Environmental Information Disclosure Act ¹¹⁸ (February 8, 2007; May 1, 2008). | |
| | Voluntary. ¹¹⁹ | Listed companies. | <ul style="list-style-type: none"> The company's work to promote social sustainable development, such as protecting health and safety of workers and community; protection and support, product quality control, etc.; the company's work to promote sustainable development, for example, to prevent and reduce environmental pollution, protect water resources and energy, ensure the region's suitability for living, protect and improve biodiversity in the region; the company's work to promote sustainable economic development, for example, creating value for customers through its products and services, creating better jobs for employees.¹²⁰ | The company's annual report on social responsibility is disclosed on the website. ¹²¹ | Not specified. | Not specified. |

¹¹² SSE Notification on Reinforcement for Social Responsibility of Listed Companies. URL: http://www.sse.com.cn/lawandrules/sserules/listing/stock/c/c_20150912_3985851.shtml.

¹¹³ Clause 2 (Guidance).

¹¹⁴ Clause 2 (Guidance).

¹¹⁵ Clause 4 (Guidance).

¹¹⁶ Clause 4 (Guidance).

¹¹⁷ Clause 2 (Guidance).

¹¹⁸ Environmental Information Disclosure Act 2007. URL: http://www.gov.cn/flfg/2007-04/20/content_589673.htm.

¹¹⁹ Clause 4 (Notification).

¹²⁰ Clause 3 (Notification).

¹²¹ Clause 3 (Notification).

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| Shenzhen Stock Exchange Guidelines for Standard Operation of Listed Companies ¹²² (November 2, 2015; March 20, 2015). | Voluntary. ¹²³ | Listed companies. | <ul style="list-style-type: none"> Information on the company's social responsibility system regarding employee protection, environmental protection, quality of goods, interaction with society; information on the implementation of the social responsibility system measures; an interpretation of differences between the measures taken for social responsibility and the requirements of guidelines; measures to improve the social responsibility system and a specific schedule for achieving goals.¹²⁴ | Publication of the report together with the annual financial report. ¹²⁵ | Not specified. | Not specified. |
| Guidelines on Corporate Social Responsibility for Banking Financial Institutions in China ¹²⁶ (January 12, 2009; January 12, 2009). | Mandatory. ¹²⁷ | <ul style="list-style-type: none"> Financial institutions with legal personality in China, including commercial banks, city credit cooperatives, rural credit cooperatives, and other financial institutions that accept government deposits; management and microfinance companies. | Social and environmental policy of a financial institution, implementation of social and environmental programs, measures taken (the specific content of reports is not defined in the law). | The information is disclosed for the previous year to the China Banking Association before the end of June of each year. | Not specified. | Not specified. |
| Management system CSC9000T. Corporate Sustainability Compact for Textile and Apparel Industry ¹²⁸ (December 7, 2017; December 7, 2017). | Voluntary. ¹²⁹ | Textile and Apparel Industry Enterprises. | Information related to the enterprise's management system of social responsibility measures. ¹³⁰ | The publication of reports on the implementation of social responsibility measures of the enterprise - "when necessary". ¹³¹ | Not specified. | Not specified. |

¹²² SZSE Guidelines for Standard Operation of Listed Companies on the Main Board (Revised 2015), SZSE Guidelines for Standard Operation of Listed Companies on the Small and Medium Enterprise Board (Revised 2015), SZSE Guidelines for Standard Operation of Listed Companies on the Growth Enterprise Market (Revised 2015). URL: http://www.szse.cn/disclosure/notice/general/t20150212_501373.html.

¹²³ Similar to the Shanghai Stock Exchange, the mandatory requirements are applied in accordance with the relevant provisions of the Guidelines for Enhancing Environmental Protection Supervision and Management of Listed Companies, as well as the Environmental Information Disclosure Act.

¹²⁴ Chapter 10, article 14.

¹²⁵ Chapter 10, article 14.

¹²⁶ Guidelines on Corporate Social Responsibility for Banking Financial Institutions in China. URL: <https://www.china-cba.net/Index/show/catid/16/id/609.html>.

¹²⁷ Chapter 5, article 25.

¹²⁸ Corporate Sustainability Compact 9000 for Textile and Apparel Industry (Revised 2018). URL: <http://www.csc9000.org.cn/d/file/download/CSC9000T/2018-08-06/00e9c89c0599db644495590ff18c9ffe.pdf>.

¹²⁹ Chapter IV, clause 4.4.3.

¹³⁰ Chapter IV, clause 4.4.3.

¹³¹ Chapter IV, clause 4.4.3.

6. THE USA

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|--|--|---|--|---|
| <p>Code of Federal Regulations, Title 17, Regulation S-K.</p> <p>Securities Exchange Act of June 6, 1934.</p> | <p>Mandatory.</p> | <p>Companies whose securities are traded on an organized exchange.¹³²</p> | <p>Information that is essential for investors to make decisions about the acquisition or sale of their shares, as well as for voting at a general meeting of shareholders.</p> <p>The following information should be disclosed without limitation:</p> <ul style="list-style-type: none"> • information about the company's expenses to comply with environmental requirements of the laws;¹³³ • information on lawsuits regarding environmental issues;¹³⁴ • information on factors that make the company's activities more risky and speculative;¹³⁵ • other information regarding factors that are significant for investors in a particular scope of the company. | <p>A consolidated report on financial and non-financial issues should be sent to the Securities and Exchange Commission, which, in its turn, brings this information to third parties through the EDGAR system.</p> | <p>Not specified.</p> | <p>In case of disclosure of false information with the aim of misleading the participants in the turnover, as well as in case of non-disclosure of information essential for investors, the anti-fraud provisions of Section 10 (b) of the Securities Exchange Act and 17 CFR § 240.10b-5 should apply.</p> <p>In case of violation of the law regarding disclosure of information, the company must compensate for damages caused by inaccurate disclosure/ non-disclosure of essential information, the search for private investors. In addition, the violator must pay a fine at the request of the Securities and Exchange Commission.</p> |

¹³² Companies subject to the disclosure requirement are contained in Section 12 (g) of the Securities Exchange Act.

¹³³ 17 CFR§229.101(c)(1)(xii).

¹³⁴ 17 CFR§229.103(f)(C).

¹³⁵ 17 CFR§503(c).

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| | Voluntary. | <ul style="list-style-type: none"> • All companies, with the exception of companies whose securities are circulating in on-exchange trading; • companies whose securities circulating in on-exchange trading, in terms of information that does not require mandatory disclosure. | At the law level, voluntary disclosure standards are not provided. The criteria developed by Financial Accounting Standards Board (FASB), Global Reporting Institute (GRI), International Integrated Reporting Council (IIRC), Climate Disclosure Standards Board (CDSB) can be taken as a basis. | Posting information on the company website. | Not specified. | <p>For the voluntary disclosure of non-financial information in order to mislead participants in the turnover, the provisions of Section 10 (b) of the Securities Exchange Act of 1934 also apply.</p> <p>In case of violation of the law regarding disclosure of information, the company must compensate for damages caused by inaccurate disclosure/ non-disclosure of essential information, the search for private investors. In addition, the violator must pay a fine at the request of the Securities and Exchange Commission.</p> |
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7. THE RSA

| Applicable legislation (date of adoption, entry into force) | Mandatory / voluntary disclosure of information | Organizations covered by the requirement | Information disclosed | Disclosure procedure | Incentives for disclosure of information | Responsibility for non-disclosure of information |
|---|---|---|---|---|--|--|
| <p>The following are not part of the law, but contain obligations:</p> <ul style="list-style-type: none"> • King IV Code on Corporate Governance of November 1, 2016;¹³⁶ • Johannesburg Stock Exchange Listing Requirements accepted by this stock exchange as of January 9, 2018.¹³⁷ | Mandatory. | Organizations willing to list their shares on the Johannesburg Stock Exchange (public companies). | <p>Information on compliance with the principles of the King IV Code on Corporate Governance (which principles are applied in company management and how).</p> <p>King IV Corporate Governance Principles cover five spheres:</p> <ul style="list-style-type: none"> • leadership, ethics and “corporate citizenship”; • strategy, achievement of goals and reporting; • governing structures and delegations; • governance functional areas (risk, technology and information, compliance, compensation policy, effective internal control); • taking into account the interests of all interested parties.¹³⁸ | The King IV Code on Corporate Governance recommends to post this information on the organization’s website. The listing requirements for the Johannesburg Exchange do not contain mandatory prescriptions for the procedure for providing information, but only refer to the standards of the King IV Code on Corporate Governance. | Not specified. | Not specified. |

¹³⁶ King IV Report. URL: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/684B68A7-B768-465C-8214-E3A007F15A5A/loDSA_King_IV_Report_-_WebVersion.pdf.

¹³⁷ JSE Limited Listings Requirements. URL: <https://www.jse.co.za/content/JSERulesPoliciesandRegulationItems/JSE%20Listings%20Requirements.pdf>.

¹³⁸ King IV Report, стр. 40-41. URL: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/684B68A7-B768-465C-8214-E3A007F15A5A/loDSA_King_IV_Report_-_WebVersion.pdf.

