Climate Disclosure in the Global South

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Keywords: corporate climate disclosure, Global South, international standards, sustainability reporting, legal heterodoxy

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Forthcoming in the Oxford Handbook of Climate Change and Private Law (Douglas Kysar & Ernest Lim (eds)., Oxford University Press, 2026.

Abstract

This Chapter examines the emerging landscape of corporate climate disclosure in the Global South, focusing on Brazil, India, China, and South Africa ("BICS"), and compares the adoption of international standards by the largest economies in both the Global South and North. We analyse these early developments in view of three perspectives on Global South regulatory tendencies: (i) the *resistance* view, predicting opposition to climate change measures due to developmental concerns, (ii) the *foreign influence* view, suggesting greater susceptibility to international standards, and (iii) the *legal heterodoxy* view, positing that Global South jurisdictions develop legal innovations incorporating broader public policy objectives. We find diverse patterns combining elements of all three views.

Strikingly, all ten jurisdictions examined in the Global South and North have adopted some form of corporate climate disclosure in the last decade. However, following the withdrawal of the U.S. Securities and Exchange Commission's defence for its climate rule in 2025, the U.S. stands out as the only major jurisdiction lacking a dedicated federal climate disclosure framework. Consistent with the foreign influence view, Brazil was the first jurisdiction worldwide to adopt ISSB standards, while China modified these standards to include double materiality. We also observe evidence of legal heterodoxy, with South Africa and India implementing pioneering frameworks for sustainability reporting that anticipated the European Union's emphasis on double materiality. While Global South jurisdictions fall behind EU standards, they often exceed U.S. and Japanese requirements, thereby contradicting a strong version of the resistance view in this area.

1. Introduction

The climate emergency has increasingly impacted various areas of public and private law. In a short period, climate change has become a mainstream concern for corporate law and governance around the world. Recent debates and initiatives in this field have focused on a wide range of legal strategies, including disclosure obligations, fiduciary duties, due diligence requirements, shareholder proposals, and the definition of corporate purpose.[1]

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[1] See, e.g., Madison Condon, ''Green' Corporate Governance' in Jeffrey N. Gordon and Wolf-Georg Ringe (eds), *Oxford Handbook of Corporate Law and Governance* (2nd edn, forthcoming); Stavros Gadinis, 'Dissonance in Climate Disclosure: the SEC, EU, California, and ISSB Regimes' (2024) Working Paper <https://ssrn.com/abstract=4828188> accessed 1 July 2025; George S. Georgiev, 'The Market Essential Role of Corporate Climate Disclosure' (2023) 56 UC Davis Law Review 2105-2135; Cynthia A. Williams, 'Fiduciary Duties and Corporate Climate Responsibility' (2021) 74 Vanderbilt Law Review 1875-[ii];

Arguably the most conspicuous regulatory development in this "green turn" of corporate governance is the rise of corporate climate-related disclosure.[2] The last decade has witnessed the proliferation and consolidation of global standards for sustainability and climate reporting driven by international and nonprofit organisations.[3] This Chapter examines the evolution of climate disclosure as a window into the impact of climate change on corporate law and governance.[4]

Given the global scale of climate change, a key question is whether and how the legal systems of different jurisdictions have adopted climate disclosure requirements, and, if so, based on which standards. The existing literature has primarily focused on legal developments in the Global North, particularly in the European Union (EU) and United States (U.S.).[5] Relatively few studies have addressed climate-related initiatives in the Global South from a comparative perspective.[6]

Ernest Lim, 'Sustainability and Corporate Mechanisms in Asia' (CUP 2020); Dan W. Puchniak and Umakanth Varottil, 'Climate-Related Shareholder Activism as Corporate Democracy: A Call to Reform "Acting in Concert" Rules' (2025) 50 Journal of Corporation Law 617; OECD, Climate Change and Corporate Governance (OECD Publishing 2022) 43-49; Tim Bowley and Jennifer G. Hill, 'The Global ESG Stewardship Ecosystem' (2024) 25 European Business Organization Law Review 229-268; Virginia Harper Ho, 'Stakeholders & The Dawn of Corporate Climate Governance' (2025) Working Paper <https://ssrn.com/abstract=5124607> accessed 1 July 2025; Jeffrey N. Gordon, 'Unbundling Climate Change Risk from ESG' Columbia Law and Economics Working Paper No. 667 (2024) <https://ssrn.com/abstract=4547679> accessed 1 July 2025.

[2] Maria Eduarda Lessa, 'The Green Turn of Corporate Law' (2025) 6.1 Corporate and Business Law Journal 27.

[3] 'The Proliferation of Sustainability Accounting Standards Comes with Costs' (*The Economist*, 3 October 2020) < https://www.economist.com/business/2020/10/03/the-proliferation-of-sustainability-accounting-standards-comes-with-costs > accessed 2 July 2025. For consolidation efforts, see 'IFRS Foundation Announces International Sustainability Standards Board, Consolidation with CDSB and VRF, and Publication of Prototype Disclosure Requirements' (*IFRS Foundation,* 3 November 2021); IFRS Foundation, *Progress on Corporate Climate-related Disclosures—2024 Report* (November 2024) 108 (in 2024, jurisdictions with "approximately 57% of global gross domestic product, more than 40% of the global market capitalisation and more than half of global GHG emissions" progressed toward ISSB adoption or use). On the role of nonprofits in developing climate disclosure standards and pushing for their adoption, see Mariana Pargendler and Elizabeth Pollman, 'Nonprofits and the Shaping of Corporate Governance' (2025) Working Paper (on file with authors).

[4] Disclosure requirements may also have significant implications for related corporate governance issues. See Virginia Harper Ho, 'Corporate Climate Governance' (2024) ECGI Law Working Paper No. 804/2024 <https://ssrn.com/abstract=4934244> accessed 1 July 2025.

[5] See, for works exploring U.S. and EU climate disclosures, Gadinis (n 1) 15; Gordon (n 1) 2. See also John Armour, Luca Enriques, and Thom Wetzer, 'Mandatory Corporate Climate Disclosures: Now, But How?' (2021) 3 Columbia Business Law Review 1085-1146 (criticising the lack of mandatory standardisation of climate reporting).

[6] We use the terms Global North and Global South to refer to economies traditionally classified as developed and developing countries, respectively. For a discussion of different terminologies, see Mariana Pargendler, 'The Global South in Comparative Corporate Governance' in Jeffrey N. Gordon and Wolf-Georg Ringe (eds), *Oxford Handbook of Corporate Law and Governance* (2nd edn, OUP) (forthcoming) 23-6 <https://ssrn.com/abstract=4699188> accessed 1 July 2025. For studies including Global South jurisdictions, see Virginia Harper Ho, 'China & Transnational Green Finance: Diverse Influences in an Unsettled Field' (2024) Working Paper <https://ssrn.com/abstract=4945150> accessed 1 July 2025; Virginia Harper Ho and Stephen Kim Park, 'ESG Disclosure in Comparative Perspective: Optimizing

However, the North-South divide has been historically central in debates over environmental sustainability and climate change. This divide has been a key theme in the international and environmental law literature on climate change.[7] A prevalent perspective suggests that the Global South does and should resist climate change mitigation efforts in the absence of compensation.[8] According to the principle of "common but differentiated responsibilities," Global North countries, being wealthier and historically larger emitters of greenhouse gases (GHG), bear the responsibility to lead the climate transition, while Global South economies, with limited resources, should have the opportunity to prioritise development.[9] The Global South has played a pivotal role in linking environmental issues—including climate change—with development matters in international climate negotiations.[10] From this standpoint, a combination of limited state capacity and national development concerns has positioned the Global South in a limited and often adversarial role within global climate governance.[11]

This traditional view of the Global South in global climate governance has influenced emerging scholarship on corporate governance. Scholars have depicted the Global South—particularly China—as resistant to the climate agenda championed by the Global North, especially by the EU.[12] Moreover, the "focus on development first and

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Private Ordering in Public Reporting' (2019) 41(2) University of Pennsylvania Journal of International Law 249-328 (addressing ESG disclosures in South Africa, Brazil, and China).

[7] See, e.g., Michael Grubb, 'Seeking Fair Weather? Ethics and the International Debate on Climate Change' (1995) 71 International Affairs 462; Joyeeta Gupta, *The Climate Change Convention and Developing Countries: From Conflict to Consensus?* (Springer 1997); Lavanya Rajamani, *Differential Treatment in International Environmental Law* (OUP 2012); Shawkat Alam and others (eds), *International Environmental Law and the Global South* (CUP 2015).

[8] See, e.g., Stephen M. Gardiner, 'Ethics and Global Climate Change' (2004) 114 Ethics and Global Climate Change 578-83; Cass R. Sunstein, *Climate Justice: What Rich Nations Owe the World—and the Future* (MIT Press 2025).

[9] The principle was first adopted in the United Nations Framework Convention on Climate Change (1992). See, for a description, Christopher D. Stone, 'Common but Differentiated Responsibilities in International Law' (2004) 98 American Journal of International Law 276; Lavanya Rajamani, 'The Principle of Common but Differentiated Responsibility and the Balance of Commitments under the Climate Regime' (2022) 9 Review of European, Comparative & International Environmental Law 120.

[10] Sakiko Fukuda-Parr and Bhumika Muchhala, 'The Southern Origins of Sustainable Development Goals: Ideas, Actors, Aspirations' (2020) 126 World Development 104706; Marc Williams, 'The Third World and Global Environmental Negotiations: Interests, Institutions and Ideas' (2005) 5 Global Environmental Politics 48, 56; Jens Marquardt, Anna Fünfgeld, and Joshua Philipp Elsasser, 'Institutionalizing climate change mitigation in the Global South: Current Trends and Future Research' (2023) 15 Earth System Governance 100163.

[11] Andrew Hurrell and Sandeep Sengupta, 'Emerging Powers, North–South Relations and Global Climate Politics' (2012) 88(3) International Affairs 463-484, 467 (noting that "the picture of emerging economies as the 'great irresponsibles' has become embedded").

[12] Roza Nurgozhayeva and Dan W. Puchniak, 'Corporate Purpose Beyond Borders: A Key to Saving our Planet or Colonialism Repackaged?' (2023) ECGI Law Working Paper No. 744/2023 <https://ssrn.com/abstract=4652012> accessed 1 July 2025.

respect for national sovereignty" has led to the assumption that the Global South would be less supportive of global climate standards.[13]

Conversely, other characteristics of Global South countries and their legal systems may make them more receptive to the incorporation of climate change considerations through private law. Recent scholarship has highlighted how Global South jurisdictions may embrace "legal heterodoxy" in private law, adopting doctrinal approaches that are innovative relative to the Global North by incorporating broader public policy and distributional objectives.[14] Global South countries have pioneered distinct and often bolder forms of "heterodox stakeholderism" in corporate law, including parent company liability for environmental obligations, mandatory corporate social responsibility requirements, and racial diversity policies for corporate ownership and management.[15] In the realm of climate change litigation, these jurisdictions have similarly innovated by linking climate change with human rights to protect vulnerable populations.[16] Moreover, North-South disparities may drive the Global South to combat climate change because of its heightened vulnerability to physical and transition risks due to factors such as geography, social inequality, and resource scarcity.[17]

Additionally, a third possibility is that Global South jurisdictions may be more susceptible to the influence of international climate standards and to pressures to conform with them.[18]

This Chapter explores these competing views by examining how core jurisdictions in the Global South—Brazil, India, China, and South Africa (BICS)—have engaged with,

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[13] ibid 53.

[14] Kevin E. Davis and Mariana Pargendler (eds), *Legal Heterodoxy in the Global South* (CUP, 2025). See also Mariana Pargendler, 'How Universal Is the Corporate Form? Reflections on the Dwindling of Corporate Attributes in Brazil' (2019) 58 Columbia Journal of Transnational Law 1; Kevin E. Davis, Mariana Pargendler, and Maria Eduarda Lessa, 'Legal Heterodoxy in the Global South: Priority of Workers versus Secured Creditors in Insolvency' (2025) ECGI Law Working Paper No. 843/2025 <https://ssrn.com/abstract=5250599> accessed 1 July 2025; Mariana Pargendler and Olivia Pasqualetto, 'Overcoming Corporate Separateness: The Early Origins and Evolution of Group Liability for Workers and Beyond' (2025) Working Paper (on file with authors).

[15] Mariana Pargendler, 'Corporate Law in the Global South: Heterodox Stakeholderism' (2024) 47 Seattle University Law Review 535-579.

[16] Joana Setzer and Lisa Benjamin, 'Climate Litigation in the Global South: Constraints and Innovations' (2019) 9 Transnational Environmental Law 77-101, 85 (noting that, in contrast to Global North litigation, Global South litigants "use existing legislative tools and human rights discourses to highlight the vulnerability of their populations to climate change and protect their valuable ecosystems"). See also Jacqueline Peel and Jolene Lin, 'Transnational Climate Litigation: The Contribution of the Global South' (2019) 113(4) American Journal of International Law 679-726.

[17] Barry S. Levy and Jonathan A. Patz, 'Climate Change, Human Rights, and Social Justice' (2015) 81 Annals of Global Health 310; Glenn Althor, James E. M. Watson, and Richard A. Fuller, 'Global Mismatch Between Greenhouse Gas Emissions and the Burden of Climate Change' (2016) 6 Nature: Scientific Reports 20281 (finding that "20 of the 36 highest emitting countries are among the least vulnerable" to climate change).

[18] Pargendler (n **Error! Bookmark not defined.**) (describing traditional views concerning foreign influence on corporate laws in the Global South).

or resisted, the global agenda on corporate climate disclosure, or have promoted innovations of their own. The BICS comprise the leading three Global South nations by GDP as of 2022, plus South Africa, a country noted for its legal innovations in public and private law and its unusually large stock markets relative to GDP.[19] These jurisdictions have also exhibited greater levels of stock market capitalisation as a percentage of GDP compared to the four largest economies in the Global North.[20]

Contrary to predictions of strong resistance to the climate agenda, the BICS were either early adopters of international disclosure frameworks or pioneers in tying the environmental and climate agenda to local concerns. Brazil was the first jurisdiction to adopt International Sustainability Standards Board (ISSB) standards globally in 2023, while China has expanded on ISSB standards to include a double materiality approach. Although South Africa and India have not yet adopted international climate disclosure standards, they were global pioneers in corporate sustainability reporting. South Africa has incorporated impact dimensions into corporate sustainability disclosures since 2002. India, in turn, innovated by requiring stakeholder-inclusive mandatory business responsibility reporting encompassing climate disclosures for large listed companies in 2012. This move preceded the adoption of climate disclosures in the largest Global North economies (U.S., EU, Germany, Japan, the UK, and France), though the Indian climate disclosure framework subsequently fell short of corresponding Global North rules.[21] Rather than invariably opposing or simply importing international climate disclosure standards, these findings suggest significant Global South agency in this domain.

Secondly, this Chapter maps the adoption of climate disclosure frameworks in the largest economies in each of the Global South and Global North.[22] We find that Global North disclosures are generally broader and more comprehensive than Global South disclosures. This is consistent with traditional assumptions of Global South inertia toward climate change and with weaker securities regulation. The EU has famously pioneered the strongest climate disclosure requirements. There is, however, significant variation in disclosure frameworks within the Global North and Global South blocs, with some Global South jurisdictions outperforming non-EU Global North counterparts and vice versa.

Admittedly, our analysis concentrates on disclosure requirements "on the books," without assessing their effectiveness or enforcement levels, which are predicted to be weaker in the Global South.[23] We cannot rule out the phenomenon of "cosmetic

[19] ibid 2.

[20] ibid 5-6.

[21] See Section 4 of this Chapter.

[22] We used 2023 World Bank data on GDP to define the largest economies. We selected Global South jurisdictions following the criteria adopted by Pargendler (n 15) 570, which cover the jurisdictions that are both classified as developing countries by the United Nations Conference on Trade and Development (UNCTAD) and as low- or middle-income countries by the World Bank. This results in the selection of the U.S., Germany, Japan, the UK, and France in the Global North, and China, India, Brazil, Mexico, and Indonesia in the Global South. See World Bank Group, 'GDP (current US$)' (*World Bank Open Data*, 2025).

[23] See the literature cited (n 14).

compliance" with international norms.[24] Furthermore, most existing requirements are still not fully effective and, like the global climate agenda more generally, are subject to backlash.

The remainder of this Chapter is structured as follows. Section 2 examines the emergence of international standards for corporate climate disclosure. Section 3 describes the adoption of corporate climate disclosure standards in the BICS jurisdictions. Section 4 compares the adoption of corporate climate disclosure standards in the largest Global North and Global South economies. Section 5 examines how the observed patterns fit existing views about the regulatory tendencies in the Global South. Section 6 concludes.

2. The Emergence of International Standards on Corporate Climate Disclosure

Following earlier experiments with international standards for voluntary sustainability reporting, most notably the Global Reporting Initiative (GRI) launched in 1997,[25] the last couple of decades have witnessed the emergence and growing standardisation of global standards focused on climate disclosure. In 2001, the GHG Protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development, introduced a methodology for emissions measurement that is widely recognised as the gold standard in carbon accounting.[26] The Protocol breaks down emissions into Scopes 1, 2, and 3. Scope 1 refers to direct GHG emissions from sources that are owned or controlled by the company. Scope 2 accounts for indirect emissions from purchased energy. Scope 3 emissions, which have been among the most contentious issues in climate disclosure,[27] encompass all other indirect emissions throughout the company's value chain. This carbon disclosure framework laid the foundation for the standardisation of corporate climate reporting.[28]

In 2015, the G20 prompted the Financial Stability Board (FSB) to address climate risk, leading to the formation of the Task Force on Climate-Related Financial Disclosures (TCFD).[29] This industry-led initiative was tasked with creating guidelines for corporate climate disclosure. Released in 2017, the TCFD guidance focuses on disclosure of

[24] Hyoung-Kyu Chey, 'Explaining Cosmetic Compliance with International Regulatory Regimes: The Implementation of the Basel Accord in Japan, 1998–2003' (2006) 11 New Political Economy 271; Gen Goto, Alan K. Koh, and Dan W. Puchniak, 'Diversity of Shareholder Stewardship in Asia: Faux Convergence' (2020) 58 Vanderbilt Journal Transnational Law 829, 874-76.

[25] 'Our Mission and History' (*Global Reporting Initiative*) <https://www.globalreporting.org/about-gri/mission-history/> accessed 1 July 2025.

[26] The Greenhouse Gas Protocol, *A Corporate Accounting and Reporting Standard (revised edition)* 2004 25.

[27] See generally Gadinis (n 1) (for a description of regulatory approaches to Scope 3 reporting).

[28] Lynn M. LoPucki, 'Corporate Greenhouse Gas Disclosures' (2022) 56 UC Davis Law Review 405, 425.

[29] 'About' (*Task-Force on Climate-related Financial Disclosures*) <https://www.fsb-tcfd.org/about/> accessed 1 July 2025. See, for a description, Mariana Pargendler, 'The Rise of International Corporate Law' (2021) 98 Washington University Law Review 1765-1820.

climate-related risks and opportunities.[30] These risks and opportunities should be identified by the company, integrated into its strategy, assessed through metrics and targets, and overseen by management. TCFD recommends disclosure of Scopes 1, 2, and, if appropriate, Scope 3 emissions. The International Monetary Fund and the United Nations' Special Envoy for Climate Change and Finance have advocated for mandatory implementation of TCFD reporting standards, which were adopted by various jurisdictions and paved the way for climate disclosure harmonisation.[31]

In 2021, the International Financial Reporting Standards (IFRS) Foundation, a global standard-setting organisation, established the International Sustainability Standards Board (ISSB) to develop global baseline standards for sustainability reporting.[32] Described as "a culmination of the work of the TCFD," ISSB succeeded it after the task-force was disbanded by the FSB in 2023.[33] ISSB published general sustainability reporting standards (IFRS S1) and specific standards for climate change disclosure (IFRS S2) in 2023.[34] The standards "fully incorporate"[35] TCFD recommendations and further extend disclosure requirements to material Scope 3 emissions.[36] In 2023, the International Organization of Securities Commissions (IOSCO) urged its members to consider implementing ISSB,[37] which has since been adopted by dozens of jurisdictions around the world.[38] Both TCFD and ISSB approach climate disclosure from a financial materiality perspective, which focuses on the impact of climate-related risks and opportunities on the company's financial performance for an

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30 *Task Force on Climate-related Financial Disclosures: Overview* (*Task-Force on Climate-related Financial Disclosures*, December 2022) 12 <https://www.fsb-tcfd.org/publications/> accessed 1 July 2025.

31 Brandon D. Stewart, 'Shining Some Light on Mandatory Corporate Climate-Related Disclosure' (2020) 17 McGill Journal of Sustainable Development Law 34.

32 'International Sustainability Standards Board: About the International Sustainability Standards Board' (*IFRS Foundation*) <https://www.ifrs.org/groups/international-sustainability-standards-board> accessed 1 July 2025.

33 FSB, 'FSB Plenary Meets in Frankfurt' (*FSB Press Release*, 6 July 2023). See also 'ISSB and TCFD' (*IFRS Foundation*) <https://www.ifrs.org/sustainability/tcfd> accessed 1 July 2025.

34 'ISSB Issues Inaugural Global Sustainability Disclosure Standards' (*IFRS Foundation*, 26 June 2023) <https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/> accessed 1 July 2025.

35 FSB Plenary Press Release (n 33).

36 IFRS Sustainability, *Comparison: IFRS S2 Climate-related Disclosures with the TCFD Recommendations* (November 2024). See also Veronica Poole and Neil Stevenson, 'Comparing Climate-Related Disclosure Requirements' (*Global Association of Risk Professionals*, 11 September 2024) ("While TCFD recommends that companies consider disclosing scope 3 GHG emissions in addition to disclosure of scopes 1 and 2, this is mandated by the ISSB (subject to materiality).").

37 IOSCO, 'IOSCO Endorses the ISSB's Sustainability-related Financial Disclosures Standards' (*Media Release IOSCO/MR/19/2023*, 25 July 2023) (calling on member jurisdictions to "consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards").

38 See, for a comprehensive list of jurisdictions, IFRS Foundation (n 3).

investor audience.[39] This contrasts with GRI's impact materiality, which emphasises reporting of corporate sustainability impacts for a broader multi-stakeholder audience.[40]

In 2023, the European Commission introduced the European Sustainability Reporting Standards (ESRS) for purposes of reporting under the Corporate Sustainability Reporting Directive (CSRD).[41] Under this framework, Scopes 1, 2, and 3 emissions disclosures are mandatory regardless of materiality. ESRS combines elements of ISSB and GRI standards.[42] The European standard is based on a "double materiality" threshold, which combines both financial and impact materiality.[43] Stakeholders include traditional constituencies such as workers, consumers, and local communities, as well as nature as "a silent stakeholder".[44] ESRS requires disclosure of any negative impact that initiatives to address climate-related risks and opportunities may have on other sustainability issues.[45] These features have led scholars to assert that ESRS provides for the "highest degree of stakeholder integration in corporate governance".[46]

3. The Evolution of Corporate Climate Disclosure in the BICS

This Section addresses the evolution of climate disclosure frameworks in the BICS jurisdictions. Our analysis suggests Global South agency and innovation in climate disclosure. We start with Brazil's early adoption of ISSB, followed by India's pioneering climate disclosure in stakeholder-oriented corporate responsibility reports. Next, we examine China's recent embrace and modification of international disclosure standards, before concluding with South Africa's voluntary standards and early adherence to impact materiality.

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[39] Climate Disclosure Standards Board, *Materiality and climate-related financial disclosures* (2018) 6; IFRS Foundation, 'ISSB: Frequently Asked Questions' <https://www.ifrs.org/groups/international-sustainability-standards-board/issb-frequently-asked-questions/> accessed 1 July 2025.

[40] Global Reporting Initiative, 'The Materiality Madness: Why Definitions Matter' (*The GRI Perspective,* 22 February 2022) 3 <https://www.globalreporting.org/media/r2oojx53/gri-perspective-the-materiality-madness.pdf> accessed 1 July 2025.

[41] Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards [2023] OJ L2023/2772 (ESRS); Directive (EU) 2022/2464 of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting [2022] OJ L322/15.

[42] Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'The Commission adopts the European Sustainability Reporting Standards' (*European Commission,* 31 July 2023) <https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31_en> accessed 1 July 2025; European Commission Questions and Answers on the Adoption of European Sustainability Reporting Standards (31 July 2023).

[43] ESRS (n 41) paras 14, 21.

[44] ESRS (n 41) AR 6-7.

[45] ibid para 53.

[46] Harper Ho (n 4) 23.

3.1. Brazil

In October 2023, Brazil became the first jurisdiction to adopt ISSB reporting standards (IFRS S1 and S2).[47] These standards will be implemented on a voluntary basis starting in 2024 and will become mandatory in 2026.[48] The new disclosure requirements, enacted through a resolution by Brazil's Securities Commission (*Comissão de Valores Mobiliários* – CVM), apply to listed companies, investment funds, and insurance companies. Notably, CVM chose to waive the usual public consultation and regulatory impact analysis before adopting ISSB standards, emphasising the goal of "maintain[ing] convergence with international standards."[49] During the approval process, the opinion of the Specialised Office of the Federal Attorney General, requested by CVM, cited IOSCO's endorsement of the standards and described alignment with multilateral agreements as "essential to fulfil[ling] one of this agency's most important strategic objectives: to promote and ensure the efficient functioning of the regulated sector".[50] These developments defy earlier sceptical predictions about future progress on sustainability issues in Brazil given the significant political clout and resistance from the agribusiness sector.[51]

While CVM has required the disclosure of environmental risks since 2009 and social risks since 2014,[52] it first mandated disclosure of climate risk factors and of the role of management in overseeing climate risks and opportunities in 2021. This was part of a broader expansion of ESG disclosure by Resolution 59, which also required companies to report, on a comply-or-explain basis, whether they considered TCFD or other international climate standards and adopted a GHG emissions inventory.[53] The Resolution sought to "meet the growing demand of investors for environmental, social,

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[47] Michael Kapor, 'Brazil Becomes First Country to Adopt Global ESG Reporting Rules' (*Bloomberg Law* 20 October 2023) <https://news.bloomberglaw.com/esg/brazil-becomes-first-country-to-adopt-global-esg-reporting-rules> accessed 1 July 2025.

[48] Comissão de Valores Mobiliários (CVM), Resolução CVM nº 193 (20 October 2023) art 1.

[49] CVM, Decisão do Colegiado no Processo nº 19957.003419/2023-47, Relatora: Superintendência de Normas Contábeis e de Auditoria (11 October 2023). A regulatory impact analysis is a mandatory "prior assessment" before the issuance of regulatory acts, which includes analysis of regulatory costs, alternative solutions, and their respective costs. The CVM decision relied on a waiver for regulatory acts seeking to maintain convergence with international standards. Decreto nº 10.411 de 30 de junho de 2020 (D.O.U. 01/07/2020 p. 35) arts 2(I), art 4(VI), and 6(VI)-(VII). CVM launched consultations and approved Brazilian ISSB standards in 2024, again without a regulatory impact analysis noting that it aimed exclusively "to update or repeal norms considered obsolete, without changing their merit". See CVM, Edital de Consulta Pública SNC nº 02/2024 (13 May 2024); CVM, Edital de Consulta Pública SNC nº 03/2024 (13 May 2024).

[50] Advocacia-Geral da União, Procuradoria Federal Especializada junto à Comissão de Valores Mobiliários, *Parecer n. 00073/2023/GJU - 2/PFE-CVM/PGF/AGU* (1 September 2023) 2, 4.

[51] Luciana Dias, 'Corporate Governance and Sustainability in Brazil' in Beate Sjåfjell and Christopher M Bruner (eds), *Cambridge Handbook of Corporate Law, Corporate Governance and Sustainability* (CUP 2019) 345.

[52] CVM, Resolução CVM nº 480 (7 December 2009); CVM, Resolução CVM nº 552 (9 October 2014) (amending Resolução CVM nº 480).

[53] CVM, Resolução CVM nº 59 (22 December 2021) Annex 24, ss. 1.9, 4.1, 7.1.

and governance (ESG) information and to align Brazilian regulation with the advances in all developed markets".[54] CVM characterised the new regulation as disaggregating the existing "socio-environmental" reporting requirements into "separate items for social, environmental, and climate issues".[55] A pre-consultation with the Financial Innovation Laboratory (*Laboratório de Inovação Financeira*), a multi-sector forum on sustainability co-founded by the Inter-American Development Bank, the Brazilian Development Bank, and CVM,[56] considered the existing frameworks in the U.S. and the EU, as well as global reporting standards such as GRI, Sustainability Accounting Standards Board (SASB), and International Integrated Reporting Council.[57]

Earlier voluntary initiatives by Brazil's stock exchange (B3) paved the way for the adoption of mandatory climate disclosure in the country. In 2011, as part of a partnership with the GRI, B3 began recommending that listed companies disclose whether they published sustainability reports or explain why they did not.[58] This recommendation was overtly inspired by the 2010 listing requirement of the Johannesburg Stock Exchange (JSE) and mandatory requirements for state-owned enterprises in France, Denmark, and Sweden since 2007.[59] In 2017, B3 expanded its earlier recommendation to mention consideration of Sustainable Development Goals (SDGs) in sustainability or integrated reports.[60] However, B3's proposal to require companies listed on Novo Mercado, the country's premium corporate governance segment, to publish a social and environmental report prepared according to international standards failed due to rejections by a majority of member firms.[61] These voluntary and softer initiatives follow Brazil's well-known tradition of using voluntary standards as a strategy to mitigate opposition to capital market reforms.[62]

3.2. India

[54] CVM, Public Consultation Notice SDM nº 9/2020 (2020) 2.

[55] ibid 10.

[56] 'Quem Somos' (*Laboratório de Inovação Financeira*) <https://labinovacaofinanceira.com/quem-somos/>.

[57] Laboratório de Inovação Financeira and B3, Documento submetido em pré-consulta pública de Proposição de Revisão da ICVM 480 (2020). See also Public Consultation Notice SDM nº 9/2020 (n 54) 2.

[58] BM&FBOVESPA, Comunicado Externo, 'Proposta de adoção ao modelo "Relate ou Explique" para Relatórios de Sustentabilidade ou Similares para Empresas Listadas' 23 December 2011.

[59] ibid 2.

[60] B3, Comunicado Externo, 'Proposta de adoção ao modelo "Relate ou Explique para os Objetivos de Desenvolvimento Sustentável para Empresas Listadas' 12 April 2017.

[61] Dias (n 51) 351 (finding that from the 129 Novo Mercado firms required to approve the change by a 2/3 majority, 50 voted against it, 49 voted in favour and 29 abstained).

[62] Ronald J. Gilson, Henry Hansmann, and Mariana Pargendler, 'Regulatory Dualism as a Development Strategy: Corporate Reform in Brazil, the U.S., and the EU' (2011) 63 Stanford Law Review 475.

In 2009, the Ministry of Corporate Affairs (MCA) published the Corporate Social Responsibility Voluntary Guidelines (CSR Guidelines),[63] a series of voluntary principles described as a "regulatory nudge" for business responsibility by Indian companies.[64] The preamble highlighted the 21st century's focus on "the desire for inclusive development and the imperatives of climate change".[65] Among the core elements, the CSR Guidelines encouraged companies to "proactively respond to the challenges of climate change" by adopting "cleaner production methods," "efficient use of energy," and "environment-friendly technologies".[66] In 2011, new National Voluntary Guidelines (NVGs)[67] were introduced to integrate "learnings from various international and national good practices" with a "distinctively 'Indian' approach" tailored to its "many unique requirements".[68] Principle 6, dedicated to environmental protection, emphasised how "environmental issues are interconnected at the local, regional and global levels," stressing the importance of addressing "global warming, biodiversity conservation and climate change in a comprehensive and systematic manner".[69]

In 2012, the Securities and Exchange Board of India (SEBI) introduced the mandatory Business Responsibility Report (BRR), based on the principles set out in the NVGs,[70] for the top 100 listed entities in India by market capitalisation.[71] When enacting the BRR, SEBI emphasised that companies are "accountable not merely to their shareholders" but also to "the larger society which is also its stakeholder".[72] SEBI subsequently expanded BRR's reach to India's top 500 and 1,000 listed entities based on market capitalisation in 2015 and 2019, respectively.[73] The Indian regulator provided a suggested framework for BRR, which included the company's strategies and initiatives to address global environmental issues such as climate change and Clean Development

[63] Ministry of Corporate Affairs, *Corporate Social Responsibility Voluntary Guidelines* (December 2009) (CSR Guidelines).

[64] Ministry of Corporate Affairs, *Report of the Committee on Business Responsibility Reporting* (2020) 22.

[65] CSR Guidelines (n 63) 9.

[66] ibid 12.

[67] Ministry of Corporate Affairs, *National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business* (July 2011).

[68] ibid 4.

[69] ibid 19.

[70] Securities and Exchange Board of India (SEBI), *Business Responsibility Reports* (Circular CIR/CFD/DIL/8/2012, 13 August 2012) (BRR Circular) Annexure II.

[71] ibid 1.

[72] ibid.

[73] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 (22 December 2015); Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019 (26 December 2019).

Mechanism projects.[74] A 2017 survey found that 60% of the top 100 listed companies in India adopted the suggested framework, while 97% reported on initiatives to address environmental risks.[75] However, only 46% disclosed or commented on strategies to address climate change.[76] By 2020, the MCA noted that "sustainability reporting in India [was] still in its infancy".[77]

In 2021, SEBI replaced the BRR with the Business Responsibility and Sustainability Report (BRSR).[78] The development of the BRSR involved a public consultation that considered sustainability disclosure frameworks from Denmark, South Africa, China, Malaysia, the Philippines, and the EU, and engaged a variety of local stakeholders, international organisations, and global standard setters.[79] The new standards, which apply to the top 1,000 listed entities in India by market capitalisation,[80] are divided into essential (mandatory) and leadership (voluntary) indicators. Mandatory disclosures encompass Scopes 1 and 2 GHG emissions as well as mitigation projects. Scope 3 emissions disclosure remains voluntary. The BRSR also mandates disclosure of policies to implement the National Guidelines on Responsible Business Conduct, which updated the NVGs in 2018 and cover climate-related initiatives, including goals, targets and performance, board approval and management oversight, and independent assessment of existing policies.

SEBI's Chairman emphasised that Indian regulators "kept [their] ground realities in mind" when conceiving the BRSR,[81] highlighting that "for a country like India social factors are as relevant and important as climate related factors".[82] He elaborated on how SEBI deliberately embraced a "climate plus approach," extending beyond environmental metrics to include quantitative social metrics such as workforce diversity, employee health and safety, employee engagement and welfare, social impact assessments of

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[74] BRR Circular (n 70) Annexure I.

[75] KPMG, 'Business Responsibility Reporting: An Analysis of Top 100 BSE and NSE Listed Companies' (July 2017) 4.

[76] ibid 19.

[77] Ministry of Corporate Affairs (n 64) 23.

[78] SEBI, *Business responsibility and sustainability reporting by listed entities* (Circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562, 10 May 2021) (BRSR Circular).

[79] Ministry of Corporate Affairs (n 64) 21. It also cites Australia, Mexico, the U.S., and France. ibid 22. The revision sought to align the NVGs with the SDGs and the United Nations Guiding Principles on Business and Human Rights. ibid 5. Global standards assessed include the United Nations Global Compact, Global Reporting Initiative, Integrated Reporting, Carbon Disclosure Project (CDP), ISO 26000, and SASB. ibid 19-20.

[80] BRSR Circular (n 78) 2.

[81] Federation of Indian Chambers of Commerce & Industry, 'Driving Climate Action through Disclosures: BRSR as Bedrock for ESG Action in India' (10 November 2021), para 16.

[82] ibid.

projects, procurement from marginalised and vulnerable groups, CSR spending in aspirational districts, and beneficiaries of CSR projects.[83]

While the BRR framework was pioneering in 2012, India's climate disclosure has not yet reached the granularity and comprehensiveness of those in other jurisdictions. Current Indian requirements do not meet the standards set by global climate reporting frameworks adopted in the Global North and in other Global South jurisdictions.

3.3. China

The year 2024 gained recognition as the "year for disclosure" in China.[84] In April, Chinese stock exchanges implemented climate disclosure aligned with international standards for listed companies.[85] By May 2024, the Chinese government published draft sustainability disclosures based on ISSB IFRS S1 for public comment.[86] By the end of the year, China issued its first unified sustainability disclosure framework for voluntary adoption.[87] These measures highlight China's efforts to align domestic disclosure requirements with global reporting standards for climate-related information, even if full convergence remains elusive. The evolution of climate disclosure in China closely aligns with the party-state's regulatory priorities to achieve climate neutrality, reflecting its leverage as "owner-regulator-financier" in shaping sustainability reporting.[88]

China has a mixed regime of voluntary and mandatory requirements based on international disclosure standards, issued by the Ministry of Ecology and Environment (MEE), the China Securities Regulatory Commission (CSRC), the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), and Chinese

[83] ibid.

[84] 'China Embarks on a Journey of ESG Disclosure: 2024 Progress and Focus for 2025' (*United Nations Environment Programme*, 7 January 2025) <https://www.unepfi.org/industries/banking/china-embarks-on-a-journey-of-esg-disclosure/> accessed 1 July 2025.

[85] Shanghai Stock Exchange (SSE), *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* (12 April 2024) (SSE Guidelines); Beijing Stock Exchange (BSE), *Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange – Sustainability Report (Trial)* (12 April 2024) (BSE Guidelines); PwC, 'Guidelines on Self-Regulation of Listed Companies – Sustainability Report (Trial) of the People's Republic of China' (18 April 2024) <https://www.pwccn.com/en/services/audit-and-assurance/capabilities/publications/guidelines-self-regulation-listed-companies-apr2024.html#:~:text=April%202024,ending%20on%2031%20December%202025> accessed 1 July 2025.

[86] Giulia Interesse, 'China Releases ESG Reporting Standards for Businesses' (*China Briefing,* 20 June 2024) <https://www.china-briefing.com/news/china-releases-esg-reporting-standards-for-businesses/> accessed 1 July 2025.

[87] Giulia Interesse, 'China Unveils Its First Set of Basic Standards for Corporate Sustainability (ESG) Disclosure' (*China Briefing*, 23 December 2024) <https://www.china-briefing.com/news/china-unveils-basic-standards-for-corporate-sustainability-esg-disclosure/> accessed 1 July 2025.

[88] Edmund Downie, Erica Downs, and Yushan Lou, 'China's Climate Disclosure Regime: How Regulations, Politics, and Investors Shape Corporate Climate Reporting (Columbia University CGEP 2023) 10. See also Helen Hong Yang and Alan Farley, 'Convergence or Divergence? Corporate Climate-change Reporting in China' (2016) 24 International Journal of Accounting & Information Management 391, 395-97 (describing the role of the Chinese government in fostering climate disclosure).

stock exchanges.[89] Virginia Harper Ho has labelled China as an "adaptive importer" of sustainability disclosures.[90] While earlier initiatives seemed relatively more endogenous, Chinese climate reporting is increasingly influenced and shaped by international policies and frameworks.[91]

The MEE imposes mandatory emissions disclosures on companies identified by the government as high polluting for violations of environmental obligations since 2003,[92] a requirement that was expanded over time.[93] Starting in 2021, the CSRC listing rules have encouraged voluntary disclosure of measures to reduce carbon emissions by listed companies.[94] The CSRC also encourages the disclosure of efforts related to the active fulfilment of social responsibilities, poverty alleviation, and rural revitalisation.[95]

Under the guidance of the CSRC, the Shenzhen Stock Exchange (SZSE) issued voluntary corporate social responsibility (CSR) guidelines in 2006,[96] and the Shanghai Stock Exchange (SSE) introduced environmental disclosures guidelines in 2008.[97] The CSR guidelines recommended disclosure of environmental protection policies, including reduction of raw materials and fuel consumption, minimisation of negative environmental impacts, and actions supporting sustainable development.[98] They also encouraged listed

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[89] Downie, Downs, and Lou (n 88) 34-35 (describing the roles of MEE, SASAC and CSRC in the Chinese disclosure framework); Harper Ho - China & Transnational Green Finance (n 6) 21-22.

[90] Harper Ho - China & Transnational Green Finance (n 6) 20-21 (noting that adaptation may be found in CSRC rules encouraging poverty alleviation and rural development disclosure).

[91] In 2011, a report by the International Finance Corporation noted that "[m]ost domestic sustainability guidelines feature local characteristics while also being in line with international guidelines". International Finance Corporation, 'Sustainability Reporting Guidelines: Mapping & Gap Analyses for Shanghai Stock Exchange' (*International Finance Corporation*, June 2011) 22 < https://documents1.worldbank.org/curated/en/939331468012023031/pdf/626360PUB00Sus00Box0361488B0PUBLIC0.pdf> accessed 1 July 2025. In 2016, Yang and Farley concluded that there was "a significant overlap" between Chinese and international guidelines, but the latter "tend to be more general". They also found "disclosure items that are unique to the Chinese context." Yang and Farley (n 88) 392. In 2024, Harper Ho affirmed that China has been "an importer rather than an exporter, reflecting the increased settling of transnational TCFD-based corporate reporting standards". Harper Ho - China & Transnational Green Finance (n 6) 23.

[92] The Reporting Exchange, 'An Overview of Sustainability and Corporate Reporting in China' (Climate Disclosures Standards Board and World Business Council for Sustainable Development 2018) 7 <https://www.wbcsd.org/wp-content/uploads/2023/12/The-Reporting-Exchange-An-overview-of-sustainability-and-corporate-reporting-in-China.pdf> accessed 1 July 2025.

[93] Downie, Downs, and Lou (n 88) 33-4.

[94] Harper Ho - China & Transnational Green Finance (n 6) 20.

[95] ibid.

[96] SZSE, *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies* (25 September 2006) (SZSE CSR Guidelines).

[97] Yang and Farley (n 88) 397; The Reporting Exchange (n 92) 7.

[98] SZSE CSR Guidelines (n 96) arts 27-28.

companies to adopt low pollutant emissions equipment and processes.[99] At the same time, SASAC guidelines urged state-owned enterprises to fulfil their social responsibility.[100] These initiatives "drew strongly on the CPC's [Communist Party of China] political ideology," which sought to "model international best practice in corporate reporting".[101] While sustainability reporting by Chinese companies experienced "rapid growth" at the time,[102] the absence of comprehensive guidelines resulted in low comparability and reliability of disclosures.[103]

As previously noted, SSE and SZSE—which are fully owned by the government—established mandatory sustainability reporting requirements for Chinese listed companies in 2024.[104] Starting in 2026, Shanghai and Shenzhen will apply the sustainability requirements to

top listed domestic companies and dual-listed companies.[105] The climate disclosure framework, aligned with ISSB standards, includes reporting on climate risks and opportunities, as well as their impact on the company's business model, operations, development strategy, financial positions, operational results, cash flows, and financing methods and costs.[106] Companies must also report on climate-related transition plans, indicators, and targets.[107] Disclosure is mandatory for Scope 1 and 2 emissions and voluntary for Scope 3 emissions.[108] Moreover, reporting entities must describe technologies, products, and services that contribute to decarbonisation and carbon neutrality.[109]

The government also introduced unified sustainability reporting standards for Chinese companies in 2024, the Corporate Sustainability Disclosure Standards—Basic

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[99] ibid art 29.

[100] Yang and Farley (n 88) 397.

[101] ibid 396.

[102] International Finance Corporation (n 91) 9.

[103] ibid 2-3.

[104] SSE Guidelines (n 85); BSE Guidelines (n 85); PwC (n 85). The stock exchanges also published implementation guides for the reporting requirements. See Shanghai Stock Exchange, 'SSE Releases Sustainability Reporting Guidance to Drive High-quality ESG reporting by Listed Companies' 17 Jan 2025.

[105] SSE 2024 Guidelines (n 85) art 3; PwC (n 85). The Beijing Stock Exchange, which lists primarily small and medium entities, adopted voluntary reporting standards for listed companies. BSE Guidelines (n 85) art 3.

[106] SSE Guidelines (n 85) arts 21-22; BSE Guidelines (n 85) arts 21-22.

[107] SSE 2024 Guidelines (n 85) art 23; BSE 2024 Guidelines (n 85) art 23; PwC (n 85).

[108] SSE 2024 Guidelines (n 85) art 24; BSE 2024 Guidelines (n 85) art 24; PwC (n 85).

[109] SSE 2024 Guidelines (n 85) art 28; BSE 2024 Guidelines (n 85) art 28; PwC (n 85).

Standards (Trial) (CSDS). CSDS standards draw explicitly from IFRS S1,[110] but depart from ISSB's single materiality standard to embrace double materiality.[111] The disclosures, which cover climate, environmental, social, and governance-related topics,[112] remain voluntary. Chinese authorities have announced plans to establish mandatory sustainability and climate-related disclosure standards by 2027 and implement an ISSB-aligned disclosure framework for all Chinese companies by 2030.[113]

3.4. South Africa

Hailed as a "global leader in sustainable corporate governance,"[114] South Africa was a pioneer in requiring integrated reporting for listed companies in 2010.[115] However, it still lacks a mandatory framework for climate-related disclosures within corporate law or securities regulation. Corporate climate disclosure remains voluntary in South Africa through a combination of standards by the King Code and the JSE,[116] which require integrated reporting on an apply and explain basis.[117]

Although the King Code does not explicitly address climate-related disclosure, the King IV Guidance Paper on the Responsibilities of Governing Bodies in Responding to Climate Change, issued in 2021, recommends disclosure of the impacts of climate-related risks on governance, strategy, risk management, and performance.[118] It also advises boards to report on the entity's commitment to respond to climate change and

[110] Interesse (n 86).

[111] Lake Wang, 'China's New ESG Reporting Standard Leaves Room for Local Elements' (*Asian Corporate Governance Association*, 24 June 2024) <https://www.acga-asia.org/blog-detail.php?id=86> accessed 1 July 2025.

[112] 'China Takes Steps Towards Unified National Sustainability Disclosure Regime' (*Climate Cooperation China*, 24 January 2025) <https://climatecooperation.cn/climate/china-takes-steps-towards-aunified-national-sustainability-disclosure-regime/> accessed 1 July 2025.

[113] Interesse (n 86).

[114] Christopher M. Bruner, *The Corporation as Technology: Re-Calibrating Corporate Governance for a Sustainable Future* (OUP 2022) 227.

[115] JSE Limited Listing Requirements (Service Issue 13); Robert G. Eccles, George Serafeim, and Pippa Armbrester 'Integrated Reporting in South Africa' 3 (*Harvard Business School Case No. 9-413-038*, September 2012) (rev November 2012) 1.

[116] See, for a description, Harper Ho and Park (n 6) 295.

[117] Institute of Directors in Southern Africa *King IV Report on Corporate Governance for South Africa* (2016) 28; Johannesburg Stock Exchange, *JSE Limited Listing Requirements, Service Issue 31* (January 2024) item 7.F.

[118] Institute of Directors in South Africa *King IV Guidance Paper: Responsibilities of Governing Bodies in Responding to Climate Change* (2021) 17.

mitigation actions.[119] The Guidance Paper supports the double materiality standard for climate disclosure.[120]

In 2022, the JSE issued voluntary Sustainability Disclosure Guidance and Climate Disclosure Guidance, which are informed by global standards while encouraging a "stakeholder-inclusive" approach.[121] The primary objective of the Climate Disclosure Guidance is to support alignment of JSE-listed companies' disclosure with ISSB and the King IV Guidance Paper.[122] The CEO of JSE Group explained that the sustainability reporting guidance aims to "help companies navigate the landscape of reporting standards" while "provid[ing] explicitly for the South African context".[123]

Although the structure and requirements almost entirely reproduce ISSB standards, the JSE goes beyond them by incorporating a double materiality approach.[124] The Climate Disclosure Guidance includes stakeholder-related disclosures for each of the four climate disclosure pillars of ISSB—governance, strategy, risk, and metrics and targets. These disclosures encompass monitoring of affected stakeholders' views, the company's stakeholder engagement processes, impacts of the business strategy on people, the environment, and the economy, transition plans' commitment to stakeholder engagement with workers, and communities.[125] They also cover steps taken to access a variety of internal and external perspectives in management risk identification, as well as metrics on stakeholder engagement with workers and communities on transition plans.[126] The EU's CSRD and ESRS, enacted in 2022 and 2023, respectively, mandate similar disclosures.[127]

The JSE attributes the concept of double materiality to the European Commission.[128] However, inspired by GRI guidelines, South African voluntary sustainability reporting has embodied stakeholder concerns into the materiality

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[119] ibid 18.

[120] ibid 17.

[121] Johannesburg Stock Exchange *JSE Climate Disclosure Guidance* (2022) (JSE Climate Guidance); Johannesburg Stock Exchange, *JSE Sustainability Disclosure Guidance* (2022) (JSE Sustainability Guidance).

[122] JSE Climate Guidance (n 121) 14.

[123] JSE Sustainability Guidance (n 121) 3.

[124] JSE Climate Guidance (n 121) 16.

[125] ibid 26-28.

[126] ibid 31-33

[127] See (n 41) above.

[128] JSE Climate Guidance (n 121) 16.

assessment for sustainability reporting since 2002.[129] Scholars have considered South Africa a "prominent" and "innovative" player in sustainability and integrated reporting, which is partly credited to the country's "political history and transition from apartheid to multi-racial democracy.".[130]

In 1994, King I provided for a "board duty" to "present a balanced and understandable assessment of the company's position in reporting to stakeholders," including "material matters of significant interest and concern to all stakeholders.".[131] In 2002, King II introduced a specific section on "integrated sustainability reporting," which included a description of the company's "social, transformation, ethical, safety, health and environmental management policies and practices.".[132] However, companies were left to develop their own materiality standards while having regard for "international models and guidelines, as well as national statutory definitions.". [133] The Code linked sustainability reporting to the African philosophy of "Ubuntu," noting that "[i]nternational experience (…) is a wake-up call to Africans not to abandon their cultures when they become part of the business sector, but to import and infuse these practices into the corporate world.".[134]

In 2009, King III further clarified South Africa's conception of an "integrated report," explaining that sustainability reporting should not "be a matter of collating information and reporting at the end of the year," but "integrated with other aspects of the business process and managed throughout the year.".[135] In 2016, King IV reproduced this reporting framework anchored on the notions of corporate citizenship, stakeholder inclusivity, and sustainable development.[136] While previous versions applied on a comply or explain basis, King IV established an "apply or explain" framework. [137] These

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[129] Institute of Directors in Southern Africa *King II Report on Corporate Governance for South Africa* (2002) 290, 339 ("The level of stakeholder interest in a given aspect or indicator is the key determinant of its significance, or materiality, to a sustainability report.").

[130] Alexandra F Clayton, Jayne M Rogerson, and Isaac Rampedi, 'Integrated Reporting vs. Sustainability Reporting for Corporate Responsibility in South Africa' (2015) 29 *Bulletin of Geography. Socio-economic Series* 7, 10.

[131] Institute of Directors in Southern Africa *King Report on Corporate Governance* (1994) (King I) Principles 9.1-9.3, 33; King II (n 129) para 4 ("Unlike its counterparts in other countries at the time (…) the King Committee in 1994 successfully formalised the need for companies to recognise that they no longer act independently from the societies and the environment in which they operate."); GJ Rossouw, A van der Watt, and DP Malan, 'Corporate Governance in South Africa' (2002) 37 *J Bus Ethics* 289, 300 (describing King I as the "first report on corporate governance" to adopt an "integrated approach.")

[132] King II (n 129) Principle 5.1.1.

[133] Ibid Principle 5.1.3.

[134] Ibid 99.

[135] Institute of Directors in Southern Africa *King III Report on Governance for South Africa* (2016) (King III) 110.

[136] King IV (n 117) 23.

[137] King IV (n 117) 7. The "apply or explain" approach was described as "the original intellectual thinking of the King Committee.". See also Parmi Natesan and Prieur du Plessis, 'Why King IV's "apply and explain"

developments are consistent with Global South values and needs favouring the embrace of broader objectives in private law.[138]

4. Climate Disclosure Requirements in the Global North and Global South

This Section compares the corporate climate disclosure frameworks of the five largest economies in each of the Global North (U.S., Germany, Japan, UK, and France) and Global South (China, India, Brazil, Indonesia, and Mexico) as of June 2025.[139] In the U.S., we consider both Securities and Exchange Commission (SEC) and California climate disclosure frameworks due to the state's pioneering approach to climate disclosure and significant economic importance.[140] Before proceeding, a caveat is in order: There is major variation in the size of capital markets, measured by market capitalisation, of the jurisdictions examined, which may hinder comparability. The total market capitalisation of Global North jurisdictions is about four times larger than the total market capitalisation of Global South jurisdictions. The U.S. alone represents 75.99% of the total market capitalisation of the largest Global North economies and 57.6% of the combined North and South market capitalisation of the jurisdictions examined. Similarly, China and India together account for 89% of Global South market capitalisation and 21.54% of the total North and South market capitalisation—while Mexico, which has the smallest capital market in our sample, only represents 2.68% of the market capitalisation of the jurisdictions examined. This context is important as significantly smaller levels of capital market development reduce the scope of application and practical relevance of corporate climate disclosure rules.

Table 1. Total Equity Market Capitalisation of the Largest Economies in the Global North and South in USD (2022)[141]

Global North		**Global South**	
Jurisdiction	*Market capitalisation*	*Jurisdiction*	*Market capitalisation*
U.S.	40,297,980.32	China	11,469,346.09
Japan	5,380,475.46	India	3,603,482.44
UK	3,095,983.43	Brazil	794,417.90
France	2,365,950.24	Indonesia	610,288.39
Germany	1,889,663.94	Mexico	454,370.43

is so important' (*Institute of Directors in South Africa*, 20 February 2019) (noting that it "decisively moves away from a compliance-based approach").

[138] Davis and Pargendler (n 14).

[139] For selection criteria, see (n 22). See also Annex I below.

[140] Loyti Cheng, David A. Zilberberg, and Emily Roberts, 'California Enacts Major Climate-related Disclosure Laws' (*Harvard Forum on Corporate Governance*, 22 October 2023) ("It is estimated that S.B. 253 and S.B. 261 will cover over 5,000 and 10,000 companies, respectively."); Dani Anguiano, 'California's Economy Surpasses Japan's as it Becomes Fourth Largest in World' (*The Guardian*, 24 April 2025).

[141] World Bank Group, 'Market Capitalization of Listed Domestic Companies (Current US$)' (*World Bank Open Data*, 2025) <https://data.worldbank.org/indicator/CM.MKT.LCAP.CD>.

Total	53,030,053.39	Total	16,931,905.25

Notably, we find significant recent convergence in the adoption of mandatory climate disclosure standards in the last decade: all the largest economies in the Global North and South have imposed some form of climate reporting requirement on public companies. Since the 2025 decision by the U.S. SEC to end its defence of the climate disclosure rule, the United States stands out as an outlier among the largest Global North and Global South economies in lacking corporate climate disclosure requirements at the federal level.[142]

The rapid growth of mandatory climate disclosure was significantly influenced by the emergence of international climate disclosure standards as a product of "international corporate law".[143] The disclosure schemes of all Global North jurisdictions and three Global South jurisdictions are explicitly based on the main international climate reporting frameworks (TCFD, ISSB, or ESRS). These frameworks can be described as "legal implants" as they were first conceived at the supranational level with the aim of international adoption—unlike traditional "legal transplants" that reflect the transpositions of legal solutions originating in a given jurisdiction to a foreign context.[144] Except for Germany and France, which follow the more demanding ESRS, all of the largest Global North jurisdictions have adopted TCFD-based standards. Interestingly, the Global South was faster to adopt—even if occasionally slower to implement—ISSB, TCFD's cutting-edge successor, which has been embraced by Brazil and Mexico. In China, regulators developed specific standards for Chinese companies, which also present a "high level of interoperability" with ISSB and GRI.[145] Like the EU, China has diverged from TCFD and ISSB standards, which are based on single materiality, by adopting double materiality.

International influence, even if less explicit, cannot be ruled out in India and Indonesia. Indian regulators consulted "on a one to one basis" with the SASB, GRI, and World Bank before introducing the current regime for sustainability disclosure,[146] whose preparatory reports also took account of developments in the international sphere.[147] Likewise, GRI was "one of the guidelines" used by regulators in developing the

[142] 'SEC Votes to End Defense of Climate Disclosure Rules' (*SEC Press Release*, 27 March 2025).

[143] On 'international corporate law', see Pargendler – Rise of International Corporate Law (n 29).

[144] On 'legal implants', see ibid 1774-76.

[145] KPMG, 'China Stock Exchanges Finalised Mandatory Sustainability Reporting Requirements for Larger Listed Entities' (2024) 7; Kazuma Osaki & Di Tang, 'China's Sustainability Reporting for Listed Companies' *PRI Policy Briefing* (November 2024) 3.

[146] Securities and Exchange Board of India, 'Memorandum on Business Responsibility and Sustainability Reporting by listed entities' 4.

[147] See (n 79).

Indonesian sustainability report,[148] which was established as part of the country's Sustainable Finance Plan—a national framework for sustainable development formulated with input from a wide range of national and international organisations and foreign governments.[149] Although neither India nor Indonesia explicitly prescribe a materiality approach for sustainability reporting, both frameworks hint at elements of impact materiality.[150]

Despite high-level convergence in the adoption of mandatory corporate climate disclosure frameworks, there are differences with respect to the scope and content of mandatory rules, which are generally more expansive in the Global North jurisdictions examined. Four out of five jurisdictions examined in the Global North, but only two out of five in the Global South, have some form of Scope 3 disclosure requirement in place. In the Global North, EU jurisdictions have mandatory Scope 3 emissions disclosure and the UK imposes Scope 3 disclosure related to business travel for large unquoted companies and LLPs, but all other Scope 3 emissions remain voluntary.[151] California's state-level statutory disclosure also covers Scope 3 emissions, though federal-level SEC rules limited emissions reporting to Scopes 1 and 2.

Only Japan has adopted Scope 1 and 2 disclosures for Prime Market listed companies under TCFD on a comply-or-explain, rather than on a strictly mandatory basis.[152] A survey indicates that 84% of the top 225 listed companies in the country—the Nikkei 225—disclosed such emissions in 2024.[153] All Japanese listed companies must report on climate risks, but disclosure of metrics and targets—which includes

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[148] Otoritas Jasa Keuangan, *Roadmap for Sustainable Finance in Indonesia 2015-2019* (December 2014) 3-4.

[149] ibid 5-6. OJK held consultations with the International Finance Corporation (IFC)-World Bank, Swiss State Secretariat for Economic Affairs, U.S. Agency for International Development, and multiple government entities and branches.

[150] Indonesian companies must disclose their impact on society and the environment. Otoritas Jasa Keuangan, OJK Regulation No. 51/POJK.03/2017 (27 July 2017) arts. 1(13), 10(1)-(3), and 12. See, concluding that Indonesia adopts a double materiality approach, 'The Future of Business – Evolving Through ESG and Climate Reporting: Indonesia' (*RSM,* 9 January 2025); 'ESG in APAC – Indonesia by SSEK Law Firm' (*Slaughter and May*, 2024). Indian companies must report "material responsible business conduct and sustainability issues" that "present a risk or an opportunity". BRSR Circular (n 78) Annexure I. We found sources indicating that the country follows a double materiality approach and others suggesting that it adheres to single materiality. Compare 'ESG in APAC – India by Khaitan & Co' (*Slaughter and May*, 2024) with KPMG, *Business responsibility and sustainability reporting – the new dimension of ESG reporting* (2021) 3. See also Sugandha Yadav, 'Beyond materiality: Materiality in ESG disclosures under securities regulations in India' (2023) Working Paper <https://ssrn.com/abstract=4793785> (concluding that India's materiality approach for sustainability reporting is unclear).

[151] HM Government, *Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance* (March 2019) 50.

[152] Tokyo Stock Exchange, Securities Listing Regulations (1 April 2024) 3.1.3.

[153] KPMG Sustainable Value Services Japan, *Survey of Corporate Reports in Japan 2024: Towards Corporate Reporting for Sustainable Value* (April 2025) 40-41S.

emissions—remains voluntary.[154] In the Global South, Brazil and Mexico require disclosure of material Scope 3 emissions under ISSB, but China and India limit GHG reporting to Scopes 1 and 2 emissions. Indonesia requires emissions disclosure by type, without following the GHG Protocol,[155] standing out as the only jurisdiction in our sample that does not adhere to the Protocol's standards for emissions reporting.

In terms of scope of application, three Global North jurisdictions require disclosure from non-listed entities, but no Global South jurisdiction does so. EU standards are again the most rigorous in covering listed and non-listed companies, as well as small and medium entities. Under the Omnibus proposal, however, the scope of the CSRD may be "reduced by about 80%" with exclusion of large undertakings with up to 1,000 employees and small and medium entities.[156] Standards in both the UK and California go beyond listed companies to include large private entities exceeding certain size thresholds.[157] The exceptions in the Global North are the U.S. (federal level) and Japan, which confine climate disclosure to listed companies.

5. Regulatory Tendencies in the Global South

This Section examines the adoption of corporate climate disclosure by the five largest Global South jurisdictions and South Africa in light of three perspectives on their regulatory tendencies: the resistance view, the foreign influence view, and the legal heterodoxy view.

Exemplifying legal heterodoxy in the Global South, both India and South Africa were pioneers in sustainability disclosure initiatives with an emphasis on social and environmental impact—though not using the language of double materiality and without a targeted focus on climate disclosure. Introduced in 2012, India's BRR preceded climate reporting initiatives in Global North jurisdictions often considered pioneers, such as the UK, the EU, and France, although the latter subsequently adopted more stringent standards. In the UK, all listed companies are required to disclose GHG emissions since 2013.[158] It was not until 2014 that the EU introduced the Non-Financial Reporting Directive (NFRD), which requires disclosure of development, performance, position, and

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[154] Financial Services Agency, *Publication of the Finalized Amendments to the "Cabinet Office Order on Disclosure of Corporate Affairs" and Other Relevant and Applicable Cabinet Office Orders after Public Consultation* (*FSA Weekly Review No. 524*, 9 February 2023).

[155] OJK (n 150); Otoritas Jasa Keuangan, OJK Circular Letter No. 16/SEOJK.04/2021 (29 June 2021).

[156] Commission, 'Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements' COM(2025) 80 final 3-4.

[157] HM Government, *Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance* (March 2019) 50; S.B. 253, 2022-2023 Leg., Reg. Sess. (Cal. 2023) (all business entities doing business in California with annual revenue over USD 1,000,000,000); S.B. 261, 2022-2023 Leg., Reg. Sess. (Cal. 2023) (all business entities doing business in California with annual revenue over USD 500,000,000).

[158] The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, SI 2013/1970, pt. 7, 15, 20 (U.K.). In the context of ESG disclosure, see Harper Ho and Park (n 6) 306 (describing the UK as a "global leader in the promotion of non-financial reporting").

impact of the company on "environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters."[159] In 2015, France's Energy Transition Law introduced comply-or-explain disclosure of climate financial risks, measures to mitigate them, the consequences of the company's activities and the use of the goods and services it produces on climate change.[160] France has been described as an "early mover"[161] and "pioneer" that "launche[d] an international movement"—[162] despite similar Indian disclosures being in place three years earlier. Similarly, South Africa's King Code incorporated impact materiality for sustainability reporting twelve years before the EU adopted this approach in the 2014 NFRD.[163]

Foreign influence has also played a key role in the Global South, as it has in the Global North. None of the jurisdictions examined have escaped the global diffusion of international disclosure standards. Some Global South jurisdictions, such as Brazil and Mexico, have strictly adhered to ISSB standards.

At the same time, there is only limited evidence of resistance to the climate agenda disclosure agenda in the Global South. On the one hand, despite their early roles in sustainability disclosure, South Africa still lacks mandatory climate disclosure requirements, while India's framework currently falls short of the standards set by global climate reporting frameworks. On the other hand, Brazil, China, and Mexico have embraced broader requirements compared to the U.S. and Japan, falling behind only EU jurisdictions and California, which contradicts a strong version of the climate resistance view in this area.

6. Conclusion

In recent years, there has been a remarkable rise of corporate climate disclosure both in the largest Global North and Global South economies. We observe the influence of international standards in the Global South and North, as well as Global South legal heterodoxy. Brazil was the first jurisdiction to adopt ISSB standards, which is consistent with the foreign influence view. India and South Africa pioneered distinct stakeholder-oriented approaches to sustainability disclosure, which exemplify legal heterodoxy in the Global South. The scope of climate disclosure obligations in the largest Global South

[159] Directive (EU) 2014/95 of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups [2014] OJ L330/1.

[160] Loi n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte (amending Code de commerce, Art. L225-37 and Art. L225-102-1), Art. 173. See also Principles for Responsible Investment (2016) 'French Energy Transition Law: Global Investor Briefing' 7-8. Earlier versions of the Commercial Code already required listed companies and non-listed companies meeting certain thresholds to report the ways in which they consider the social and environmental consequences of their activity and societal commitments in favor of sustainable development. Code de commerce, Article L225-102-1 as amended by Loi n° 2001-420 du 15 mai 2001, art. 116 (V) and Article L225-102-1, as amended by Loi n° 2010-788 du 12 juillet 2010, art. 225.

[161] Armour, Enriques, and Wetzer (n 5) 1111.

[162] Forum pour l'Investissement Responsable, 'Article 173-VI: Understanding the French Regulation on Investor Climate Reporting' (2016) 6.

[163] Milena Mitrovic, 'Materiality Concept(s) in the EU Sustainability (Non-Financial) Reporting' (2024) 62 (4) *Pravo i privreda* 603, 617.

economies is generally more limited than in the largest Global North economies given the EU's leadership in this area but exceeds that of Global North jurisdictions such as the U.S. and Japan.

This complex landscape defies conventional narratives of strong Global South resistance to North-led climate initiatives. There is significant variation both within the Global South and the Global North. Since the abandonment of the SEC Climate Rule in 2025, the U.S. is the only large economy in our sample lacking substantial climate disclosure standards at the federal level. Once hailed as an influential leader in global corporate governance developments, the U.S. is a clear laggard in this global trend—and the strongest exemplar of resistance in our sample. However, it remains to be seen whether the rapid and sweeping embrace of corporate climate disclosure around the world will survive the nationalistic and industry-led backlash that fuelled the U.S. retreat.

Annex I

Corporate Climate Disclosure Frameworks – Global North (2025)

Jurisdiction	*Disclosure type*	*Standards*	*Adopted*	*Effective*	*Scope*	*Materiality*	*GHG emissions*
U.S.	Mandatory	TCFD	2024	2025 - suspended	Listed companies	Single materiality	Scopes 1 and 2
California	Mandatory	TCFD	2023	2026	Large companies	Single materiality	Scopes 1, 2 and 3
Japan	Mandatory	TCFD	2023	2023	Listed companies	Single materiality	N/A
Germany	Mandatory	ESRS	N/A	2024*	Listed and non-listed companies	Double materiality	Scopes 1, 2 and 3
UK	Mandatory	TCFD	2018	2019	Listed and non-listed companies	Single materiality	Scopes 1, 2 and 3 (business travel)
France	Mandatory	ESRS	2023	2024*	Listed and non-listed companies	Double materiality	Scopes 1, 2 and 3

Corporate Climate Disclosure Frameworks – Global South (2025)

Jurisdiction	*Disclosure type*	*Standards*	*Year adopted*	*1st year effective*	*Scope*	*Materiality*	*GHG emissions*
China	Mandatory	Modified ISSB/ESRS	2024	2025	Large listed companies	Double materiality	Scopes 1 and 2
India	Mandatory	Bespoke (incl. GRI)	2021	2022	Large listed companies	?	Scopes 1 and 2
Brazil	Mandatory	ISSB	2023	2026	Listed companies	Single materiality	Scopes 1, 2 and 3
Mexico	Mandatory	ISSB	2025	2025	Listed companies	Single materiality	Scopes 1, 2 and 3
Indonesia	Mandatory	Bespoke (incl. GRI)	2017	2020*	Listed companies	?	Scopes 1, 2 and 3

** Implementation phased in for different categories of companies with extended deadlines for non-listed entities.*

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