
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

30th SESSION
6 - 8 November 2013
Room XVIII, Palais des Nations, Geneva

Friday, 8 November 2013
Morning Session

Good practices in sustainability reporting

Presented by

Sonia Favaretto
BM&F Bovespa, Brazil

*This material has been reproduced in the language and form as it was provided.
The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*



“Rapid access to information is a key strategy for business success”

Our approach for sustainability reporting initiatives is voluntary

- Report or Explain
- Indices
- Guide
- Other brazilian initiatives for ESG disclosure information

Objective

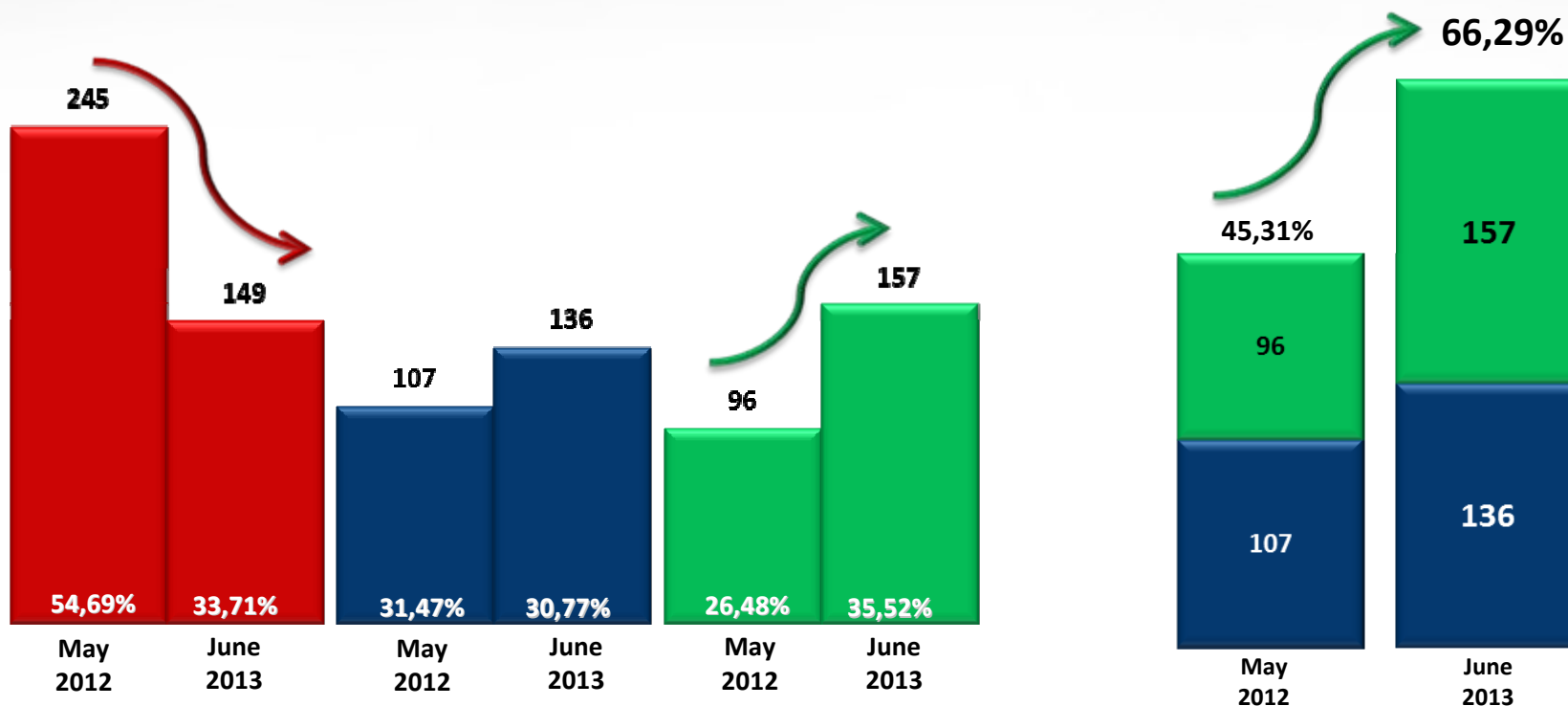
To engage listed companies at BM&FBOVESPA to report their social and environmental actions, recommending them to report their Sustainability Report (preferably by GRI) or similar, and if not, explain why they do not.

How

Release of the circular letter issued by the CEO, recommending that listed companies state in item 7.8 of the Reference Form (“Description of the company’s relevant long-term relationships not elsewhere described”) whether or not they publish a regular sustainability or similar report, and if not, that they explain why not.

Partnership: With GRI, to provide companies with guidance on how to report

Companies Analyzed: comparison between May 2012 and June 2013



- Did not comment
- Did not publish, but commented
- Published a report

203 companies published or commented In May 2012

293 companies published or commented In June 2013

How to access the information

www.bmfbovespa.com.br/en-us

See how to access listed companies' non-financial information on the BM&FBOVESPA website:

- 1st step
✓ Click on Markets
- 2nd step
✓ Click on Equities
- 3rd step
✓ Click on Listed Companies
- 4th step
✓ Click on Sustainability Report or Similar Document



Question to authorize or not the disclosure:

INDICATOR 6A. DISCLOSURE

GER 13A. As for the answers provided to the questionnaire, the organization:

(P) The disclosure of answers checked by the companies that may integrate the portfolio will be carried out in a specific page on the *website* www.isebvmf.com.br by means of a digital copy, in pdf format, of the answered questionnaire.

The company's classified information presented as evidence in the verification process will not be disclosed.

- a) Authorizes disclosure
- b) Does not authorize disclosure



- The question was included in the ISE – Corporate Sustainability Index's Questionnaire in 2011 and the first answers were published on the website in 2012.



The screenshot shows the ISE website interface. At the top, there are logos for 'Índice de Sustentabilidade Empresarial ISE' and 'BM&F BOVESPA A Nova Bolsa'. A navigation menu includes 'SOBRE | ATIVIDADES | DESEMPENHO DO ISE | RESPOSTAS DAS EMPRESAS | PARCERIAS | RADAR'. A main article titled 'Empresas divulgam suas respostas ao questionário do ISE BVM&FBOVESPA' is featured, with a sub-headline stating that 14 companies have disclosed their responses, reinforcing the index's transparency. Below the article, there are three 'DESTAQUE' (highlight) sections: 'Estudo sobre o valor do ISE no Mercado de Capitais', 'Sustentabilidade no Mercado de Capitais', and 'Nova carteira do ISE'. On the right, there is a 'SOBRE INVESTIMENTO RESPONSÁVEL' section with links for 'Notícias', 'Agenda', and 'Biblioteca'.

The disclosure of the Questionnaire:

Companies that authorized disclosure of their answers to the Questionnaire:

- 2012



- 2013



- Partnership between BM&FBOVESPA and BNDES.
- Stock index weighted by companies' greenhouse gas emissions (GHG).
- Starting point: IBrX-50 portfolio (the 50 most liquid companies in Brazil).
- Voluntary participation, inclusive approach.



- **Prerequisite: GHG inventory performed and reported.**
- Launch of first portfolio: December 2, 2010.
- Of the 60 firms invited, 49 joined second ICO2 portfolio.
 - Before: approximately 70% of companies in IBrX-50 did not report emissions data
 - After: approximately 74% of companies in IBrX-50 report emissions for at least Scope 1 and Scope 2

NOVO VALOR: Corporate sustainability How to begin, who to involve and what to prioritize

<http://www.bmfbovespa.com.br/novo-valor/pt-br/download/quia-de-sustentabilidade.pdf>

Management for sustainability in 13 steps



Other Brazilian initiatives for ESG disclosure information

CVM (the Brazilian Regulator): new document category included in Periodic & Occasional Information System. December 19, 2011

New categories were created, among them the category "Sustainability Report", in order for the companies which voluntarily elaborate this document to archive.

Codim (the Brazilian Committee for Guidance on Disclosure Best Practice). Best practices for ESG Disclosure. September 4, 2012

[http://www.codim.org.br/downloads/Melhores Praticas de Divulgacao de Informacoes sobre Sustentabilidade fnal.pdf](http://www.codim.org.br/downloads/Melhores_Praticas_de_Divulgacao_de_Informacoes_sobre_Sustentabilidade_fnal.pdf)

Recommendation by ABRASCA (National Association of Publicly Held Companies) July 11, 2011. <http://www.abrasca.org.br>

"3.4.3 It is recommended that companies publish sustainability reports in accordance with the GRI guidelines at least to Application Level C. This information should preferably be included in an integrated annual report containing environmental, social and corporate governance (ESG) information as well as financial statements and related information."

BACEN (the Brazilian Central Bank): resolution on the Socio-Environmental Responsibility Policy (PRSA), including publication of sustainability reports. 1st regulation of its type in Brazil. It encompasses credit, relations with all publics, governance structure, risk management and reporting. At public hearing stage.

“Best practice guidance for policy makers and stock exchanges on sustainability reporting initiatives”

We support it why:

- Road map for exchanges and regulators
- Best practices
- No one-size-fits-all approach
- “Different countries under different circumstances will need to tailor their sustainability reporting policies to best fit their specific conditions.”
- “Sustainability reporting initiatives should avoid creating reporting obligations for companies that may not have the capacity to meet them.”