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Navigating Global Sustainability Reporting

Key Requirements and Best Practices

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Contents

Executive Summary

Environmental, Social, and Governance (ESG) reporting has rapidly evolved from a compliance requirement into a strategic business priority. Around the world, regulators, investors, and customers are demanding greater transparency on environmental, social, and governance performance. While ESG regulations vary significantly by region, the overall trajectory is clear: sustainability disclosure has emerged as a strategic imperative in the global business environment.

Global ESG Regulation Considerations

This paper examines ESG reporting regimes and regulatory developments across:

- **Europe**, where early adoption of ESG frameworks established benchmarks for corporate reporting
- **The United States**, shaped by state-level climate disclosure initiatives and market-driven transparency
- **India,** advancing ESG through the phased Business Responsibility and Sustainability Reporting (BRSR) framework
- **China and Hong Kong**, reflecting rapid regulatory progress and alignment with ISSB principles
- **Australia**, with mandatory ISSB-aligned climate disclosures under AASB S2
- **The Middle East**, where ESG reporting is moving steadily toward mandatory frameworks
- **Africa**, where ESG adoption is gaining momentum through capital markets and investor expectations

Across all these regions, ESG reporting is becoming a strategic enabler. Strong disclosure supports access to capital, improves resilience, facilitates transactions, strengthens supply-chain positioning, and enhances talent attraction and retention.

Challenges & Opportunities

Despite growing convergence, organizations must navigate:

- Fragmented and evolving regulatory requirements
- Differences in materiality, scope, and assurance expectations
- The need to harmonize data, methodologies, and governance across jurisdictions

Momentum toward ISSB-aligned global standards continues to build, creating opportunity for organizations that act early and decisively. Those who proactively map obligations, strengthen governance, and adopt high-quality ESG reporting frameworks will be best positioned to turn sustainability reporting into a source of credibility, competitiveness, and long-term value.

This paper reflects the depth of insight and practical experience required to support that journey across markets and industries—informed by the global perspective and expertise of Allinial Global member firms across the world.

Key Drivers for ESG Reporting

As regulators across the globe continue to mandate ESG reporting, many organizations are opting to go beyond mere compliance. The United Nations and other global bodies have already established some international standards, including the Global Reporting Initiative (GRI), International Sustainability Standards Board (ISSB) frameworks, and the Greenhouse Gas (GHG) Protocol. These globally recognized standards often serve as the foundation for regional and national legislation, such as the EU Corporate Sustainability Reporting Directive (CSRD) or India's Business Responsibility and Sustainability Report (BRSR Core).

ESG reporting has emerged as a strategic priority across global markets, even in jurisdictions where disclosure remains voluntary. Organizations are recognizing that sustainability-related transparency is driven by the expectations of capital providers, regulators, and commercial partners. Strong ESG disclosure supports competitive positioning in a variety of ways.

Securing Financing

Banks, investors, and credit agencies increasingly evaluate ESG performance when assessing risk. Strong ESG qualification can enable better access to funding and reduce the cost of capital through green bonds, sustainability-linked loans, or preferential financing terms. Some governmental institutions reward companies that promote sustainable business practices that help achieve sustainability objectives like those outlined in the Paris Agreement.

Strengthening Economic Resilience

Sustainable companies tend to be more proactive, which generally balances short-term and long-term costs. In addition to being the first to adapt to environmental regulations and market shifts, they also embrace more sustainable environmental practices, which reduces operational costs linked to energy and waste management. These companies are more likely to develop a long-term strategy and a stronger value for long-term investment.

Facilitating Transactions and Increasing Valuation

ESG due diligence is now a standard feature in M&A activity. Buyers and investors reward companies that demonstrate strong ESG practices, often resulting in higher valuations and smoother transactions. As far as listed companies are concerned, a higher valuation can also increase access to financing and meet shareholders' expectations.

Winning New Business through Supply-Chain Requirements

Sustainability credentials are becoming mandatory across public and private procurement processes. In the US, major retailers such as Walmart and ALDI now require suppliers to:

- Participate in initiatives like Project Gigaton
- Demonstrate responsible practices through Supplier Ethical Data Exchange (SEDEX) and SEDEX Members Ethical Trade Audit (SMETA) assessments
- Expand disclosures through the Carbon Disclosure Project (CDP)

These expectations mirror the procurement standards already common across Europe and international development markets, where transparent, assured ESG reporting is essential to meeting RFP criteria and securing contract opportunities.

Attracting and Retaining Talent

Employees, particularly from younger generations, are increasingly drawn to purpose-driven employers. Clear ESG commitments help enhance employer branding, reduce turnover, and attract top talent.

This raises important strategic questions for global businesses:

- *How can we maintain competitiveness while taking on the cost and complexity of ESG reporting?*
- *Does disclosing ESG information give an edge to competitors from less-regulated markets?*
- *What are our global peers doing—and how do we compare?*

These are critical considerations that this paper aims to explore further.

Global ESG Regulations Overview

Europe approved the Green Deal in 2020, establishing an ambitious sustainability roadmap that laid the foundation for key regulatory frameworks. The 2022 Corporate Sustainability Reporting Directive (CSRD), for example, later emerged as a direct result of the Green Deal's sustainability goals.

However, with a new majority in European institutions in 2024, new directives were introduced in major ESG regulations to simplify reporting standards and requirements while significantly reducing the scope of the companies subject to the regulation. This shift is seen by supporters as a way to boost EU competitiveness, but it has also created uncertainties.

The US landscape combines voluntary standards (e.g., TCFD, GRI) with binding regulations like California's Climate Laws (SB 253 and SB 261), which take effect in 2026. India has started a phased enforcement of ESG reporting, the Business Responsibility and Sustainability Report (BRSR), which goes into full effect in 2027. China aligns obligations with global standards (IFRS), focusing on listed companies, and the Middle East plans harmonized ESG frameworks, expected by 2025. Meanwhile, Australia's Corporations Act amendments, administered by ASIC, require certain entities to lodge a sustainability report containing climate-related financial information under AASB S2 starting in 2026 for financial years commencing on or after 1 January 2025.

The following table compares ESG regulations in key jurisdictions.

Region	Frameworks	Timeline	Scope	Standards	Key Highlights
Europe	• Non-Financial Reporting Directive (NFRD), 2014–2024 • Corporate Sustainability Reporting Directive (CSRD), since 2024 • European Sustainability Reporting Standards (ESRS) • EU Taxonomy, since 2020 • Corporate Sustainability Due Diligence Directive (CSDDD), 2024	• Phased CSRD from 2024–2028 • Omnibus delayed application to 2028–2029 for non-PIE entities and PIE below some thresholds	• Entities with >1,000 (up to 1,750) employees and ≥€450M turnover (according to new European commission proposition)	• ESRS • EU Taxonomy • CSDDD • GHG Protocol • Double Materiality	• Mandatory ESG reporting • Taxonomy alignment • Risk governance disclosure • Delayed reporting • Narrowed scope (~80% fewer firms) • Reduced data points • Limited value-chain requests • Voluntary reporting available

Region	Frameworks	Timeline	Scope	Standards	Key Highlights
India	• Business and Sustainability Reporting (BRSR) • BRSR Core • Carbon Credit Trading Scheme (CCTS) • Renewable Consumption Obligation (RCO) • Green Credit Programme (GCP)	• BRSR Core mandatory for top 150 (FY 2023–2024) and top 1,000 by FY 2026–2027 • CCTS compliance mechanism mandatory over 1,000 companies	• Top 1,000 listed companies • Value chain disclosures encouraged	• Global Reporting Initiative (GRI) • Task Force on Climate-Related Financial Disclosures (TCFD) • Partial alignment with ISSB	• Phased, pragmatic ESG rollout • Focus on transparency, child labor, water use • Incentive-based GCP • Global alignment drives value chain disclosures (voluntary) • Assurance glide path
USA	• Securities and Exchange Commission (SEC), pending • California SB 253 & SB 261 (2023), voluntary (e.g., Climate Pledge)	• Federal action stalled • CA laws effective 2026 (for FY 2025)	• CA: Public and private firms >$1B revenue • Others voluntary	• GHG Protocol • TCFD (California) • Voluntary GRI/ISSB	• Highly fragmented landscape • State-led momentum • Corporate-driven transparency
China	• State-Owned Assets Supervision and Administration Commission (SASAC), 2022 • China Securities Regulatory Commission (CSRC), 2024 • Corporate Sustainability Disclosure Standards (CSDS), 2024 • Full ESG system by 2030	• Mandatory ESG for State-Owned Enterprises (SOEs), 2023 • Major listed firms, FY 2025 • Full CSDS system by 2030	• SOEs, large listed companies (SSE 180, STAR 50, etc.)	• ISSB (IFRS S1 & S2) • GRI • TCFD • ISO 26000 • CSDS	• Double materiality • Scope 1–3 • Third-party assurance encouraged • Board accountability • Rapid systemic rollout
Middle East	**UAE** • Securities and Commodities Authority (SCA), 2024 KSA • Voluntary **Qatar** • Mandatory ESG disclosure under Qatar Central Bank (QCB)/Qatar Stock Exchange (QSE) guidance **Turkey** • Capital Markets Board (CMB) Sustainability Principles Compliance Framework • Public Oversight Accounting and Auditing Standards Authority (KGK) sustainability standards (drafted)	**UAE** • Mandatory in 2024; others*** likely by 2025 **Qatar** • Effective January 2026; phased to 2028 **Turkey** • Mandatory “comply or explain” since 2021 • Expected transition toward ISSB-aligned standards from 2025–2026	**UAE** • All listed firms; others* voluntary/in progress **Qatar** • All QSE–listed companies **Turkey** • Publicly traded companies meeting size thresholds (employees, revenue, assets)	**UAE** • GRI, TCFD, ISSB (planned)** • ISSB (IFRS S1 & S2) **Turkey** • GRI, TCFD • ISSB (IFRS S1 & S2) under developme	**UAE** • Net-zero trajectory • Voluntary frameworks • Convergence toward global norms**** **Qatar** • One of the first to mandate ISSB-aligned reporting • Phased rollout (2026–2028) • Strong focus on climate risks and integrated reporting **Turkey** • “Comply or explain” ESG disclosures for listed companies • Strong pressure from EU trade exposure • Scope 1–2 emissions disclosure encouraged; Scope 3 expected • ESG increasingly linked to external assurance and supply-chain requirements

* Turkey: Publicly traded companies that are in the scope of the determined criteria. Criteria based on last two years' average number of workers, revenue, and net assets.
** Planned for Turkey as well.
*** Mandatory for Turkey effective 2024.
**** Turkey: Scope 1–2 (Year 1), Scope 3 (Year 2); external auditor assurance; ESG-performance links to executive duties; anti-greenwashing

Region	Frameworks	Timeline	Scope	Standards	Key Highlights
Australia	• Australian Accounting Standards Board (AASB) S2, 2024 • Corporations & ASIC Acts	Phased: • Large entities (2025) • Medium (2027) • Full assurance by 2030	• Large: >$500M revenue or >$1B assets or 500+ employees • Medium: lower thresholds	• ISSB (IFRS S1 & S2) • GHG Protocol • AASB S2	• Scope 1–2 (Year 1) • Scope 3 (Year 2) • External auditor assurance • ESG-performance links to executive duties • Anti-greenwashing
Africa	• Stock-exchange-led ESG codes • National guidelines (e.g., South Africa, Nigeria, Kenya, Egypt)	• Mostly voluntary • Gradual strengthening expected 2025–2030	• Primarily listed companies • Development Finance Institutions (DFIs) influence private sector	• GRI (dominant) • TCFD (growing) • ISSB (emerging)	• Fragmented landscape • ESG driven by capital markets and development finance • Limited assurance • Climate risk reporting gaining tract

Beyond regional specificities, there is a global trend toward more robust ESG requirements, albeit with contrasting approaches. Europe imposes structured, centralized, and prescriptive regulation, while the United States favors a bottom-up approach driven by its states and large companies. India, although equipped with an ambitious framework, struggles to guarantee data homogeneity and reliability, while China is adopting a progressive strategy that combines voluntarism and state management.

This diversity of frameworks will require international groups to conduct a precise mapping of requirements for each territory, and also harmonize indicators and methodologies to meet local expectations without losing overall coherence.

However, current momentum suggests a continued movement toward international standards driven by regulators, investors, and companies themselves, with the ISSB playing a central role.

Country-Specific Requirements and Challenges

Europe: Balancing Ambition and Pragmatism in ESG Reporting

Regulatory Framework and Evolution

Europe has pioneered ESG regulations, beginning with the 2014 Non-Financial Reporting Directive (NFRD), which was later expanded by the Corporate Sustainability Reporting Directive (CSRD) in 2022. This directive introduced mandatory European Sustainability Reporting Standards (ESRS) and aligned reporting with the EU Green Deal (2020).

In 2020, the European Parliament established the Taxonomy Directive, defining a common classification system for sustainable economic activities.
The 2024 Corporate Sustainability Due Diligence Directive (CSDDD) also requires large companies to develop and implement better sustainability activities and civil liability vigilance plans.

Recent adjustments via the 2025 Omnibus Simplification Package have raised reporting thresholds and delayed compliance timelines, aiming to reduce burdens while maintaining alignment with strategic goals. The omnibus package also includes amendments to the CSDDD, the EU Taxonomy for Sustainable Activities, and the Carbon Border Adjustment Mechanism (CBAM), with the aim of simplifying, reducing regulatory obligations, and restricting the scope of regulated companies.

Sustainability Reporting: Key Components

The EU CSRD requires large companies to prepare standardized reports with a double materiality assessment, to evaluate ESG impacts on both (1) their operations and (2) their influence on society and the environment. It requires disclosing KPIs, detailed information for each ESG pillar (referred to as "ESRS norms") on material impact, risk and opportunities, assessed. Companies must also disclose information about the roles and responsibilities of the committee in charge of impacts, risks, and opportunities.

As far as the EU taxonomy is concerned, it establishes six Technical Screening Criteria (TSC) related to the environment. To be classified as sustainable (aligned), a company must contribute to at least one of these objectives without harming others. Non-financial companies now need to report on amounts that are taxonomy-eligible and taxonomy-aligned, for their turnover, capital expenditures (CapEx), and operational expenditures (OpEx).

Vision for the Future

The EU's approach is caught between ambitious sustainability goals and the diverse, complex interests of its member states. While the CSRD is supported by large sustainable companies, its full implementation has been hindered by resistance from some member states, often due to lobbying. As a result, the EU is gradually losing its momentum, postponing the rollout of certain measures, softening reporting requirements, and reducing the number of indicators companies must disclose.

Concerning CSRD, the second wave of companies has until 2028, while listed Small and Medium Entities (SMEs) in the third wave have until 2029. Fewer companies will be impacted because the threshold is expected to be raised again. Some of these companies may opt to prepare a *Voluntary Standard for Non-Listed Micro-, Small- and Medium-Sized Undertakings (VSME)*. Based on CSRD reporting, the VSME requires fewer data points and less detailed information. Moreover, this standard report should contain all information required by large companies for their due diligence.

India: Aligning with Global Standards

Regulatory Framework and Evolution

India has adopted a phased and pragmatic approach to sustainability reporting. In 2021, the Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) framework, marking the first mandatory ESG disclosure requirement for the top 1,000 listed companies in the country.

This framework was strengthened through the introduction of BRSR Core, which mandates disclosures on a defined set of standardized, decision-useful ESG indicators. BRSR Core became applicable to the top 150 listed entities from FY 2023–24, with plans to extend it to the top 1,000 listed entities by FY 2026–27. A gradual assurance glide path will also be implemented. These measures aim to improve data quality, comparability, and credibility while aligning India's capital markets with global sustainability expectations.

In parallel, India has launched complementary policy instruments to support its sustainability objectives. The Green Credit Programme (GCP) incentivizes voluntary environmental actions such as afforestation, water conservation, and emissions reduction. Additionally, India has operationalized its Carbon Credit Trading Scheme (CCTS), laying the foundation for a domestic carbon market aligned with national climate commitments.

Sector-specific transition initiatives further reinforce this ecosystem. Notably, India is actively promoting the CCTS and Green Steel through policy signals, pilot projects, and public procurement preferences, encouraging the adoption of low-carbon production pathways, increased scrap utilization, and renewable energy integration. Together, these regulatory and market-based instruments signal India's intent to drive credible corporate transition, support hard-to-abate sectors, and position itself competitively in a carbon-constrained global economy.

Sustainability Reporting: Key Components

BRSR Core requires covered companies to disclose performance across quantitative ESG indicators, including labor practices, child labor safeguards, occupational health and safety, water withdrawal and consumption, and greenhouse gas emis-

sions. The framework emphasizes consistency, traceability, and assurance readiness, particularly for governance and environmental metrics.
India's reporting architecture is increasingly aligned with globally recognized standards such as GRI and TCFD, while retaining flexibility suited to the Indian economic context. Value-chain disclosures remain voluntary but encouraged, reflecting the growing pressure from multinational buyers, lenders, and global supply chains for reliable ESG data from Indian companies and their suppliers.

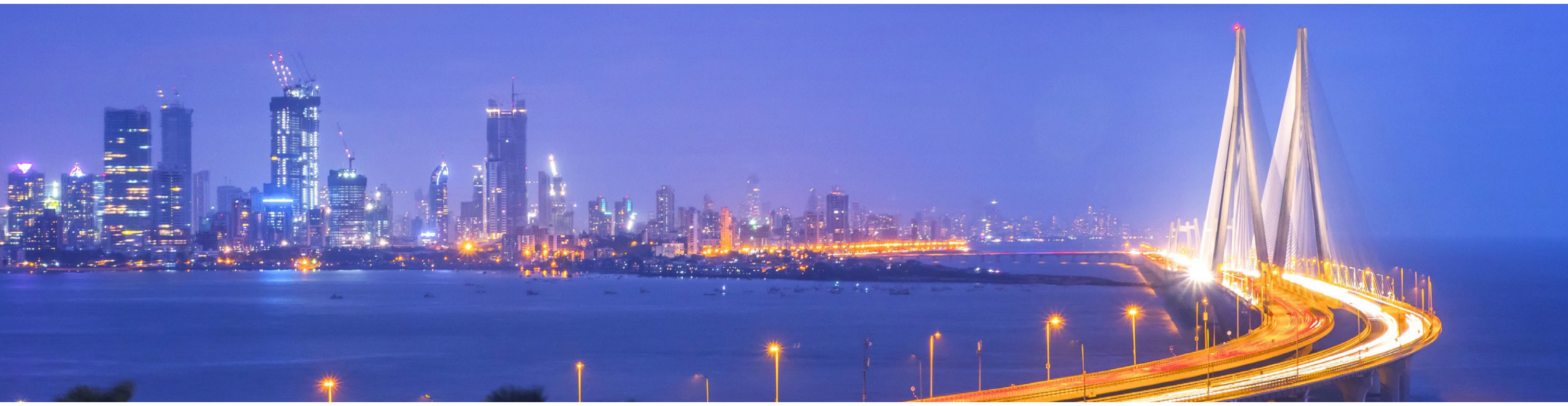
Vision for the Future
India's ESG regulatory ecosystem is expected to continue maturing, with greater focus on assurance, value-chain transparency, and convergence with international standards, including the ISSB framework. Future enhancements are likely to address double materiality concepts, expanded coverage beyond large listed companies, and improved ESG data consistency across sectors.

By combining regulatory mandates with market-based mechanisms such as carbon markets and green incentives, India is positioning itself as a leading ESG adopter among emerging economies. This trajectory not only strengthens investor confidence but also sets a reference point for other developing Asian economies navigating the transition toward transparent and sustainable business practices.

USA: Fragmentation and Innovation in ESG Reporting

Regulatory Framework and Evolution
Federal ESG regulation in the US remains stalled as the Securities and Exchange Commission (SEC) faces legal challenges to its climate disclosure rules. In response to federal stagnation, numerous states, including California, New York, New Jersey, Colorado, and Illinois, have aggressively advanced climate disclosure regulations, largely modeling their frameworks on California's landmark Climate Corporate Data Accountability Act (CCDAA, SB 253, 2023) and SB 219.

Sustainability Reporting: Key Components
The SEC's objective was to compel all listed companies to report greenhouse gas emissions (GHG Protocol), including Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and, in some cases, Scope 3 (value chain emissions). But the law ultimately stalled due to political gridlock surrounding the SEC. Accordingly, states like California implemented similar measures. In California, companies are required to disclose Scope 1 and 2 emissions under the GHG Protocol.



However, California's laws go a step further by making Scope 3 emissions reporting mandatory and applying these measures to both public and private companies with total revenue exceeding $1 billion. California also mandates climate-related risk reporting in alignment with TCFD standards.

Due to the difficulty of pushing for federal action and the growing demand for companies to disclose environmental information, some large companies have begun implementing voluntary ESG reporting practices and requiring high levels of transparency from their suppliers and vendors. For example, Amazon's Climate Pledge requires suppliers to commit to measuring and disclosing emissions and to reducing their carbon footprints. Evidencing the widespread adoption of ESG practices, over 90% of Fortune 500 companies now issue sustainability reports.

Vision for the Future

California is moving forward decisively, reinforcing its position as a leader in advancing climate disclosures both domestically and internationally. In the absence of a comprehensive federal framework, regulatory approaches remain uneven across states. However, front-runners like California are paving the way for other states to implement similar legislation in the next few years.

China: Structured Progress amid Challenges

Regulatory Framework and Evolution

China does not have a single unified ESG law, operating instead through multiple rapidly evolving frameworks. In 2022, the State-Owned Assets Supervision and Administration Commission (SASAC) mandated that all listed State-Owned Enterprises (SOEs) publish ESG reports by 2023.

Two years later, in 2024, the China Securities Regulatory Commission (CSRC) issued mandatory ESG reporting for major listed companies (e.g., SSE 180, STAR 50, SZSE 100, ChiNext) for FY 2025 data. Additionally, the Ministry of Finance released the Corporate Sustainability Disclosure Standards (CSDS), laying the foundation for a national ESG system to be implemented by 2030.

Sustainability Reporting: Key Components

Companies at the cutting-edge of sustainability often refer to GRI, TCFD, and ISO 26000 in their reports. Indeed, China is advocating for a global ESG system with "Chinese characteristics," incorporating national goals like revitalization.

China's frameworks are aligned with International Sustainability Standards Board (ISSB) guidelines (IFRS S1/S2), following the four-pillar structure (Governance, Strategy, Risk Management, and Metrics & Targets) for large, listed companies. A double materiality analysis is required to build the reporting on the risk analysis assessment.

Subject companies must also disclose Scope 1, 2, and 3 emissions and explicitly state which part of the board is responsible for ESG.

Vision for the Future

Small and Medium Entities (SMEs) remain outside the mandatory scope for now. However, China encourages smaller companies to adopt similar measures and is on track to implement sustainability reporting for smaller companies. China recommends:

- Use of international ESG frameworks, such as the Global Reporting Initiative (GRI) and the Task Force on Climate-Related Financial Disclosure (TCFD)
- Disclosure of Scope 3 emissions
- Third-party assurance of ESG data, key performance indicators (KPIs), and a double materiality assessment

Although China could have been considered late three years ago, it has made significant progress regarding ESG disclosures and intends to keep following this path.

Hong Kong: Accelerating ESG Integration through Global Alignment

Regulatory Framework and Evolution

Hong Kong has been an early mover in mandating ESG disclosures for listed companies. Since 2018, the Hong Kong Exchanges and Clearing Limited (HKEx) has required all Main Board and GEM Board listed issuers to publish annual ESG reports under its ESG Reporting Guideline. These requirements have progressively tightened, introducing mandatory board-level oversight, disclosure of environmental KPIs, and a "comply or explain" approach for social indicators.

In line with global convergence, HKEx announced its roadmap to adopt the ISSB standards (IFRS S1 and S2) starting in 2025, reinforcing Hong Kong's ambition to remain a leading international financial center. This transition will replace the current ESG Reporting Guideline with a more prescriptive framework aligned with global norms.

Sustainability Reporting: Key Components

Current HKEx ESG requirements include:

- **Governance:** Mandatory disclosure of board accountability for ESG strategy and risk management
- **Environmental:** Reporting on emissions, energy use, water consumption, and waste management, with quantitative KPIs
- **Social:** Policies and practices on labor standards, supply chain management, and community investment
- **Materiality:** Issuers must conduct a materiality assessment and disclose stakeholder engagement processes

Under the upcoming ISSB-aligned regime, companies will need to:

- Integrate climate-related financial disclosures based on TCFD principles
- Report Scope 1 and Scope 2 emissions, with Scope 3 encouraged
- Provide forward-looking metrics and scenario analysis for climate resilience
- Enhance assurance and data quality to meet investor expectations

Vision for the Future

Hong Kong's ESG roadmap reflects its strategic positioning as a gateway between Mainland China and global capital markets. The adoption of ISSB standards will:

- Improve comparability for international investors
- Strengthen Hong Kong's role in sustainable finance, including green bonds and transition financing
- Increase pressure on smaller issuers and private companies to align voluntarily, as supply-chain ESG requirements intensify

Challenges remain around data readiness, third-party assurance, and capacity building for SMEs. However, Hong Kong regulators and industry bodies are actively promoting training and guidance to support compliance. Companies that act early—by embedding ISSB principles and enhancing governance—will gain a competitive edge in attracting capital and meeting stakeholder expectations.

Middle East: A Regional Shift toward ESG

Regulatory Framework and Evolution

Across the Middle East region, ESG reporting is transitioning from voluntary guidance to mandatory, internationally aligned disclosure frameworks. Regulators and financial authorities are increasingly converging around ISSB standards—IFRS S1 and IFRS S2—to enhance transparency, comparability, and investor confidence. Regulatory authorities in countries such as Qatar and the United Arab Emirates have taken concrete steps to formalize ESG reporting requirements for listed companies, while other jurisdictions, including Saudi Arabia, Oman, Kuwait, Bahrain, and Egypt, continue to promote ESG disclosure through guidance and best-practice recommendations. This evolution reflects the region's broader ambition to integrate more deeply with global capital markets and sustainable finance flows.

Sustainability Reporting: Key Components

In the United Arab Emirates, ESG disclosure requirements became mandatory in 2024 for companies listed on domestic exchanges, based on GRI and TCFD principles, with a clear trajectory toward ISSB alignment. Saudi Arabia and other MENA markets currently rely on voluntary ESG guidelines, though expectations are steadily increasing for listed entities and financial institutions, driven by investor scrutiny and national sustainability strategies.

Qatar

A key development is the introduction of mandatory ESG reporting requirements in Qatar.

Starting from January 2026, all companies listed on the Qatar Stock Exchange (QSE) will be required to comply with new ESG disclosure requirements aligned with the ISSB framework, specifically IFRS S1 (General Sustainability-Related Financial Information) and IFRS S2 (Climate-Related Disclosures).

Qatar's Core Pillars of ESG Disclosure

Under the new MENA-wide direction exemplified by Qatar's framework, companies will be required to disclose sustainability-related information across four core pillars:

- **Governance:** Oversight and accountability for sustainability and climate-related risks
- **Strategy:** Integration of sustainability and climate considerations into business models and long-term planning
- **Risk Management:** Identification, assessment, and mitigation of ESG and climate-related risks
- **Metrics & Targets:** Quantitative indicators, emissions data, and performance targets to track progress

This structure ensures consistency with global capital-market expectations and improves comparability across jurisdictions.

Qatar's Phased Implementation Approach

Regulators in the region are adopting a gradual implementation model to support market readiness. The Qatar Central Bank (QCB) has outlined a phased roadmap that reflects a broader regional best practice:

- **2026:** Initial compliance for listed companies, focusing on foundational ESG disclosures using available data
- **2027:** Enhanced climate-related disclosures under IFRS S2, with greater emphasis on climate risks, opportunities, and resilience
- **2028:** Full alignment with ESG best practices, including more integrated reporting that links financial performance with sustainability impacts

This phased approach allows organizations time to strengthen governance structures, improve data systems, and build internal ESG capabilities.

Turkey

Turkey's ESG regulatory framework is evolving through a phased, criteria-based approach, driven by capital-market regulation and increasing alignment with international sustainability standards. Rather than introducing a single comprehensive ESG law, Turkey has focused on integrating sustainability disclosure requirements into its capital markets and corporate governance framework, with a strong emphasis on transparency and comparability.

The Capital Markets Board (CMB) of Turkey has introduced mandatory ESG-related disclosures for in-scope listed companies through its Sustainability Principles Compliance Framework, initially implemented on a “comply or explain” basis. This framework became mandatory for Turkey effective 2024, strengthening expectations around sustainability governance, risk management, and transparency.

In parallel, Turkey is preparing for further convergence with international sustainability standards, with ISSB-aligned requirements (IFRS S1 and S2) planned for future adoption. This direction reflects Turkey’s close economic integration with the European Union and growing exposure to EU sustainability-linked regulations.

Vision for the Future

The Middle East region is moving steadily toward mandatory, ISSB-aligned ESG reporting, driven by regulatory ambition, capital-market integration, and net-zero commitments, particularly in the UAE, Qatar, and Saudi Arabia. While implementation timelines and enforcement levels vary, the overall trajectory is clear: sustainability disclosure is becoming a core expectation rather than a voluntary exercise.
As more jurisdictions follow Qatar’s lead, companies operating across the region will need to adopt consistent ESG frameworks, robust data governance, and forward-looking climate strategies to remain compliant, competitive, and attractive to international investors.

Turkey’s ESG trajectory reflects a clear intention to align with EU and global sustainability expectations, particularly in light of trade exposure to the EU and the implications of mechanisms such as CBAM. Future developments are expected to strengthen assurance requirements, climate risk disclosures, and alignment with ISSB standards, while maintaining a proportional, criteria-based scope for affected companies.

Australia: Phased Compliance and Strengthening ESG Infrastructure

Regulatory Framework and Evolution

In January 2024, the Australian government proposed a climate risk disclosure framework enforced through the Corporations Act 2001 and the ASIC Act 2001. Entities will be required to publish climate-related disclosures in a standalone sustainability report integrated into their annual report.

The Australian Accounting Standards Board (AASB) has also issued AASB S2 as the core reporting standard, with phased implementation beginning in 2025 for large entities (>$500 M revenue, >$1 B assets, or 500+ employees) and in 2027 for medium entities (>$50 M revenue, >$25 M assets, or 100+ employees).

Sustainability Reporting: Key Components

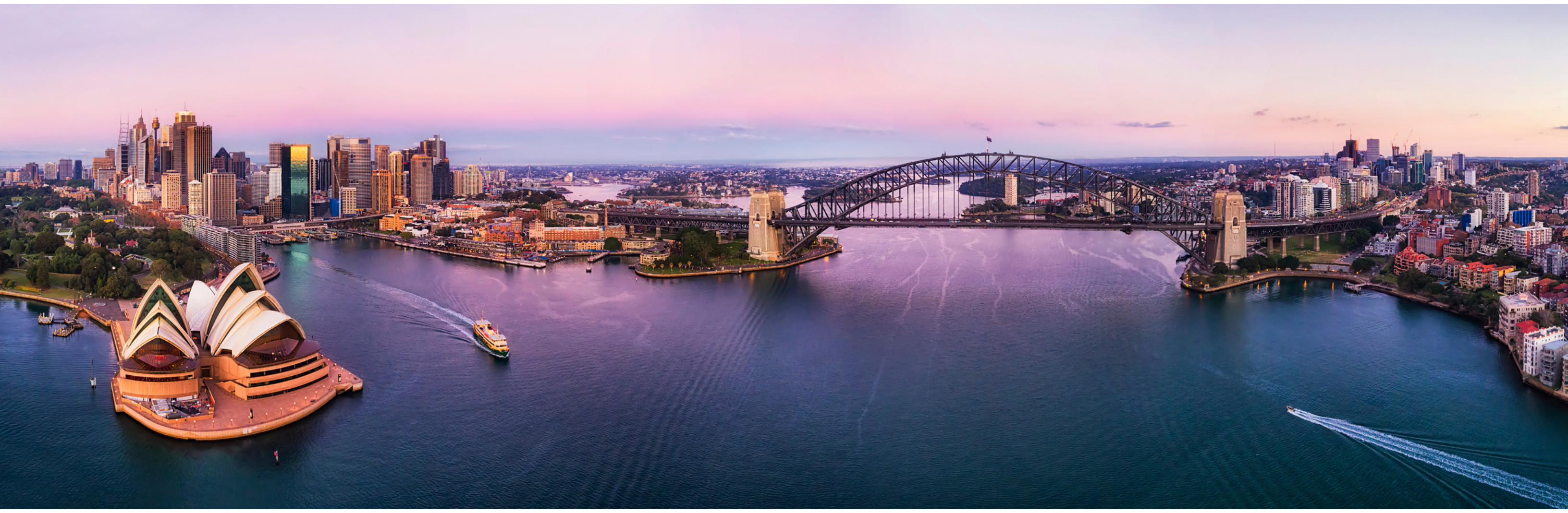
Australia's framework AASB S2 aligns with ISSB guidelines, requiring companies to disclose across the four-pillar structure: Governance, Strategy, Risk Management, and Metrics & Targets.

The Metrics & Targets section will include the GHG Protocol's classification system, which calls for the disclosure of Scope 1 and Scope 2 emissions. Scope 3 emissions will be required starting in the second year of reporting.

There will be scaled assurance requirements through a rollout period that leads to full assurance for all groups by 2030. The current proposal suggests that this assurance will be provided by the external auditor of the financial report.

Vision for the Future

Australia has already implemented a voluntary sustainable finance taxonomy (Australian Sustainable Finance Taxonomy, ASFT), with plans to embed it into regulatory frameworks. Additionally, we expect supply chain due-diligence mandates on environmental and human rights issues, as well as stronger links between ESG performance, executive remuneration, and director liability, amplified by Australian Securities and Investments (ASIC) and Australian Prudential Regulation Authority (APRA) enforcement powers targeting greenwashing.



Africa: Adoption Starting and Evolving

Regulatory Framework and Evolution

Africa's ESG regulatory environment remains fragmented, with significant variation across countries. Rather than a single continental framework, sustainability reporting requirements are largely driven by stock exchanges, financial regulators, and regional initiatives, often influenced by international standards and investor expectations.

Several African jurisdictions have introduced or strengthened ESG disclosure requirements for listed companies. South Africa remains the most advanced, with mandatory sustainability and climate-related disclosures embedded within corporate governance frameworks and stock exchange listing requirements. Other markets such as Kenya, Nigeria, Morocco, and Egypt have issued ESG guidelines through capital market authorities or stock exchanges, primarily on a "comply or explain" or voluntary basis.

At a regional level, pan-African initiatives and development finance institutions are driving ESG integration through lending conditions, sustainable finance taxonomies, and climate risk management frameworks. These efforts are increasingly aligned with global climate commitments and international investor expectations, particularly for companies accessing international capital markets or operating in export-oriented sectors.

Sustainability Reporting: Key Components

ESG reporting across Africa is largely anchored in international frameworks, with GRI being the most widely adopted standard, followed by TCFD-aligned climate disclosures for financial institutions and large corporates. Stock exchanges in several countries encourage listed companies to report on environmental impacts, labor practices, community engagement, and governance structures.

Climate-related disclosures are gaining traction, particularly among banks, insurers, and energy-intensive sectors, driven by exposure to physical climate risks and growing scrutiny from global investors and development finance institutions. While Scope 1 and Scope 2 emissions reporting is increasingly encouraged, Scope 3 disclosures remain limited due to data constraints and value chain complexity.

Third-party assurance is generally voluntary and unevenly applied, though multinational subsidiaries and export-focused companies increasingly adopt assurance practices to meet parent-company or buyer requirements

Vision for the Future

Africa's ESG landscape is expected to evolve through gradual convergence rather than uniform regulation. Future progress will likely be driven by stock exchanges, financial regulators, and international capital flows rather than comprehensive national legislation. Alignment with ISSB standards is emerging as a key objective, particularly for markets seeking deeper integration with global financial systems. Capacity building, data availability, and cost considerations remain key challenges, especially for small and medium-sized enterprises. However, as climate finance, blended finance, and sustainable investment grow across the continent, ESG reporting is set to become a strategic enabler rather than a purely compliance-driven exercise.

By leveraging international standards while adapting to local economic realities, African markets are progressively embedding ESG principles into corporate governance, positioning sustainability reporting as a catalyst for long-term resilience, access to capital, and inclusive growth.

Conclusion: ESG Is a Global Strategic Lever

The ESG transition is underway, with Europe as a trailblazer and the rest of the world on the move. We are witnessing a growing convergence of regulations worldwide, increasingly aligned with internationally recognized standards such as GRI, the GHG Protocol, and ISSB frameworks.

Strategic compliance management, data quality, and appropriate governance have become differentiators. Even if some countries delay, these sustainability reports tend to be required by the market, from clients, suppliers, and investors. By structuring relationships and anticipating expectations, companies can transform this obligation into an opportunity to improve attractiveness, credibility, and access to new markets.

Companies must adapt by mapping the ESG obligations in each country, harmonizing collection and analysis methodologies (e.g., GRI, ISSB), outlining the supply chain, and preparing a common consolidated framework. To follow this process, companies are encouraged to use an ESG-knowledgeable advisor and obtain independent third-party assurance to verify the accuracy and compliance of a company's ESG disclosures in addition to their financial statements. This third-party oversight can also raise awareness of specific local regulations to local management and executives.

With 1,120 offices across 112 countries, the Allinial Global community is well-positioned to support ESG planning, reporting, and assurance for companies of all sizes and in all jurisdictions.

Contact us today to get started with a global ESG strategy:
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