

CMF publishes for consultation regulatory proposal perfecting instructions on Integrated Annual Reports

August 20, 2024 — The Financial Market Commission (CMF) published for consultation today a regulatory proposal which amends General Rules Nos. 30 and 461 to perfect instructions concerning Integrated Annual Reports.

In November 2021, the CMF issued General Rule No. 461, which incorporated sustainability and corporate governance information requirements in the Reports of supervised entities, ensuring both investors and the public have access to a complete set of information that helps them distinguish those entities better prepared to identify, quantify and manage their risks; and therefore evaluate and select investment alternatives in which their interests would be best protected.

As a result of permanent monitoring and evolution of the best international practices, as well as the results of its implementation, the Commission deemed pertinent to perfect some aspects of the regulation. The amendments can be grouped as follows:

- **NIIF Standards S1 and S2:** In line with progress already made with General Rule No. 461 to help ensure that reported information is useful, consistent and comparable not only in local terms, but also internationally, the proposal expressly refers to the IFRS standards of the International Sustainability Standards Board (ISSB) of IFRS as the international reference standard for reporting material information on sustainability. The ISSB standards are based on the same criteria as those used as reference for General Rule No. 461, so there are no significant differences in substance and in most cases, they provide greater clarity to requirements, easing compliance. However, for an adequate implementation, and to mitigate the eventual costs that the standards may entail, entities subject to said standards must comply with ISSB S1 and S2 guidelines as of fiscal year 2026, which is to be reported in 2027.
- **Flexibility:** The regulatory proposal extends the implementation period for securities issuers that have not yet reported under General Rule No. 461 by one year. In addition, it excludes securities issuers whose total consolidated assets on a two-year average do not exceed UF 1 million from submitting an Integrated Report.
- **Diversity and Inclusion on Boards of Directors:** Given the relevance that information on how companies address diversity and inclusion issues may have for investors, an obligation whereby companies must expressly mention in their annual report the existence of policies regarding gender quotas on Boards of Directors and nomination committees that support the process of electing directors of both sexes by shareholders is now included.
- **Other Improvements:** The proposal considers some adjustments to the current text in matters such as adherence to corporate governance codes; labor adaptability; and labor and sexual harassment. These adjustments are intended to ease the understanding of what is required or to complement the current requirement, improving their reporting.

Interested parties can check the [Draft Rules and Norms section](#) of the CMF website until September 27, 2024 to check the regulatory proposal in detail and submit their feedback.

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