



During the COP26 Summit

CMF issues regulation incorporating sustainability and corporate governance requirements in Annual Reports

November 12, 2021 — After the conclusion of a public consultation process, the Financial Market Commission (CMF) issued today [General Rule No. 461](#), which incorporates sustainability and corporate governance issues in the Annual Reports of supervised financial institutions. It applies to entities such as banks, insurance companies, issuers of publicly offered securities, general fund managers, and stock exchanges.

The aim is for supervised entities to report on their policies, practices and goals adopted in environmental, social and governance (ESG) matters. This is due to the growing relevance that the disclosure of this type of information has acquired both locally and internationally. ESG information allows investors to evaluate investment alternatives in which their interests will be better protected, as well as identify companies able to better identify, quantify and manage their risks.

The publication of a new CMF regulation on ESG issues is particularly relevant considering the [2021 United Nations Climate Change Conference](#), known as COP26, which wraps up this week in Glasgow, Scotland.

New Annual Report Structure

General Rule No. 461 modifies **General Rule No. 30** on integral sustainability topics throughout Annual Reports. It also includes corporate governance issues originally established in **General Rule No. 385**, which is now repealed. Banks, in their capacity as issuers of securities, and Insurance Companies, regarding the Annual Report, shall be subject to the provisions of General Rule No. 30. This is expressly established in **Chapter 2-11 of the Updated Compilation of Rules for Banks** and **Circular Letter No. 991 of 1991**. Additionally, it amends General Rules No. 364 and No. 431 to clarify the content to which Annual Reports of reporting entities and special corporations must refer.

Accordingly, the new Annual Report is based on an approach starting with the entity's governance, strategy, and risk management system. It also involves information requirements on the following topics:

- **Entity Profile**, including mission, vision, and corporate purposes.
- **Corporate governance and risk management frameworks**. This section includes the composition and role of the board of directors or its equivalent, corporate

governance practices, and sustainability risks — particularly those related to climate change.

- **Strategy.** Objectives, timeframes, and investment plans.
- **Personnel indicators and policies.** Among others, it includes diversity, gender pay gap, job security, workplace and sexual harassment, training, and other benefits.
- **Business model.** Industry sector, stakeholders, properties, subsidiaries, and associates.
- **Supplier management.** Payment policies, indicators, and supplier assessments.
- **Regulatory compliance indicators** in matters related to customers, workers, environment, free competition, and others.
- **Sustainability indicators** according to the type of industry the entity belongs to, in accordance with international standards.

Although entities may voluntarily submit their Annual Report in accordance with the new regulations as of fiscal year 2022 — to be reported in 2023 — they will be required to do so under the following schedule:

- For open stock corporations with **total consolidated assets exceeding UF 20 million**, calculated as of the beginning of the year referred to in the Annual Report, the new standards will apply as of December 31, 2022. They shall submit their new Annual Reports in March 2023.
- For open stock corporations with **total consolidated assets exceeding UF 1 million**, calculated as of the beginning of the year referred to in the Annual Report, the new standards will apply as of December 31, 2023.
- For **special corporations enrolled in the Securities Registry maintained by the Commission**, like banks, or who must submit their Annual Reports in accordance with General Rule No. 30, the new standards will apply as of December 31, 2024. They shall submit their new Annual Reports starting on 2025.

Interested parties can access the [Rules and Norms section](#) of the CMF website to check the details of the new regulation. In addition, the Commission makes available a [Regulatory Report](#), a [Presentation](#), a [Regulatory Brochure](#), and a [Frequently Asked Questions document](#) with its core elements.

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