

# Emerging Markets Insights: Emerging & Developed Sustainability Disclosure Rates Have Reached Parity

December 2024



## Now on Equal Footing: Emerging & Developed Sustainability Disclosure Rates Have Reached Parity

### Key takeaways

- Environmental disclosure in the MSCI Emerging Markets index has caught up to the MSCI World
- Disclosure rates in the EM are growing at a faster rate than their DM peers
- LATAM and APAC ex. China are leading the green transparency charge in the EM
- In 15 sectors, we see equal or higher disclosure rates in the EM than the DM
- Larger EM companies tend to disclose better than smaller companies
- China is no longer a laggard and now rivals the United States in disclosure

NB: Figures referred to throughout this piece are Market Capitalisation weighted and data is as of December 2024, unless specified otherwise. Developed Markets (DM) refers to the MSCI World, and Emerging Markets (EM) refers to the MSCI EM (Emerging Markets).

### Emerging market disclosure rates are on par with the developed markets

Over the last 5 years, emerging markets have experienced a remarkable transformation, now surpassing the environmental reporting rates of developed markets. Less than a decade ago, only a few emerging market companies disclosed environmental data.

92% of companies in the MSCI Emerging Markets Index are now considered to be "disclosing", meaning they report on at least two of the three environmental metrics Osmosis considers – carbon emissions, water withdrawal, and waste generation.

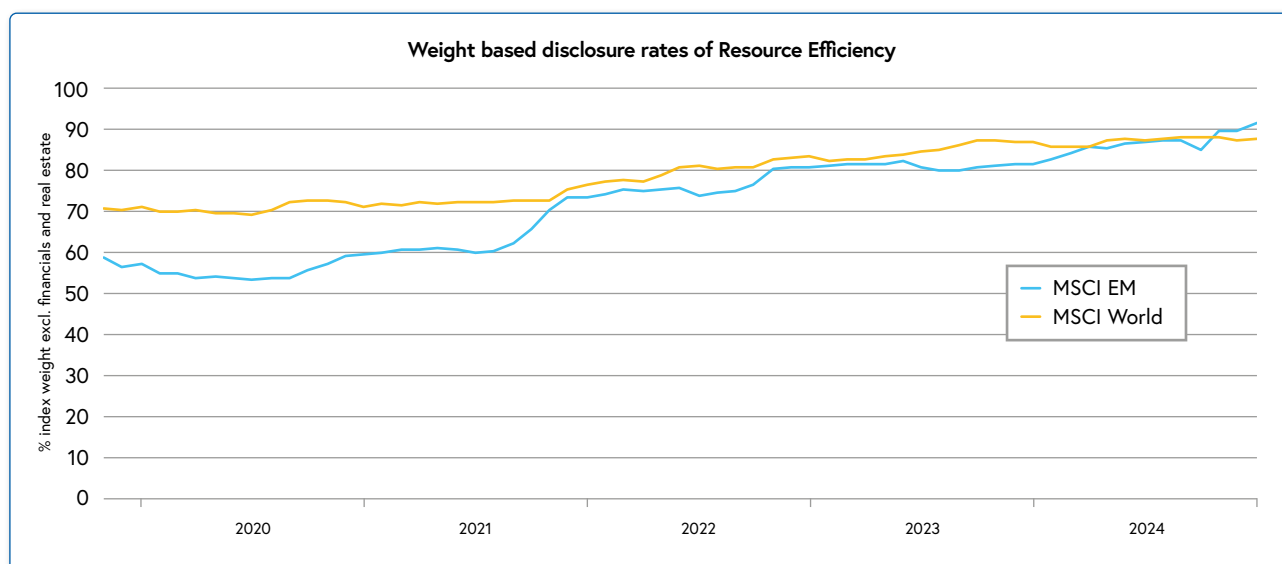


Figure 1: Source: Osmosis IM, December 2024. Disclosure means at least two of three metrics of carbon, water or waste are disclosed.

**What's more, EM environmental disclosure is increasing faster than in the DM.** Over the past five years the EM has seen disclosure rates of carbon emissions, water withdrawal, and waste generation rise by roughly 30%. This impressive growth, albeit

from a lower baseline, is double the rate seen in the DM. EM disclosure rates across all three environmental performance indicators now sit between 88-92%. Further, the EM now has a higher rate of water and waste disclosure than we see in the DM.

## Strong sectoral disclosure rates

In 15 out of 31 sectors, EM disclosure rates are either on par or better than those in the DM. Only one sector has a disclosure rate lower than 50%. In the EM sectors that lag, we don't see clear sector intensity patterns. Both asset-intensive and asset-light sectors appear among those that have achieved similar disclosure levels to the DM.

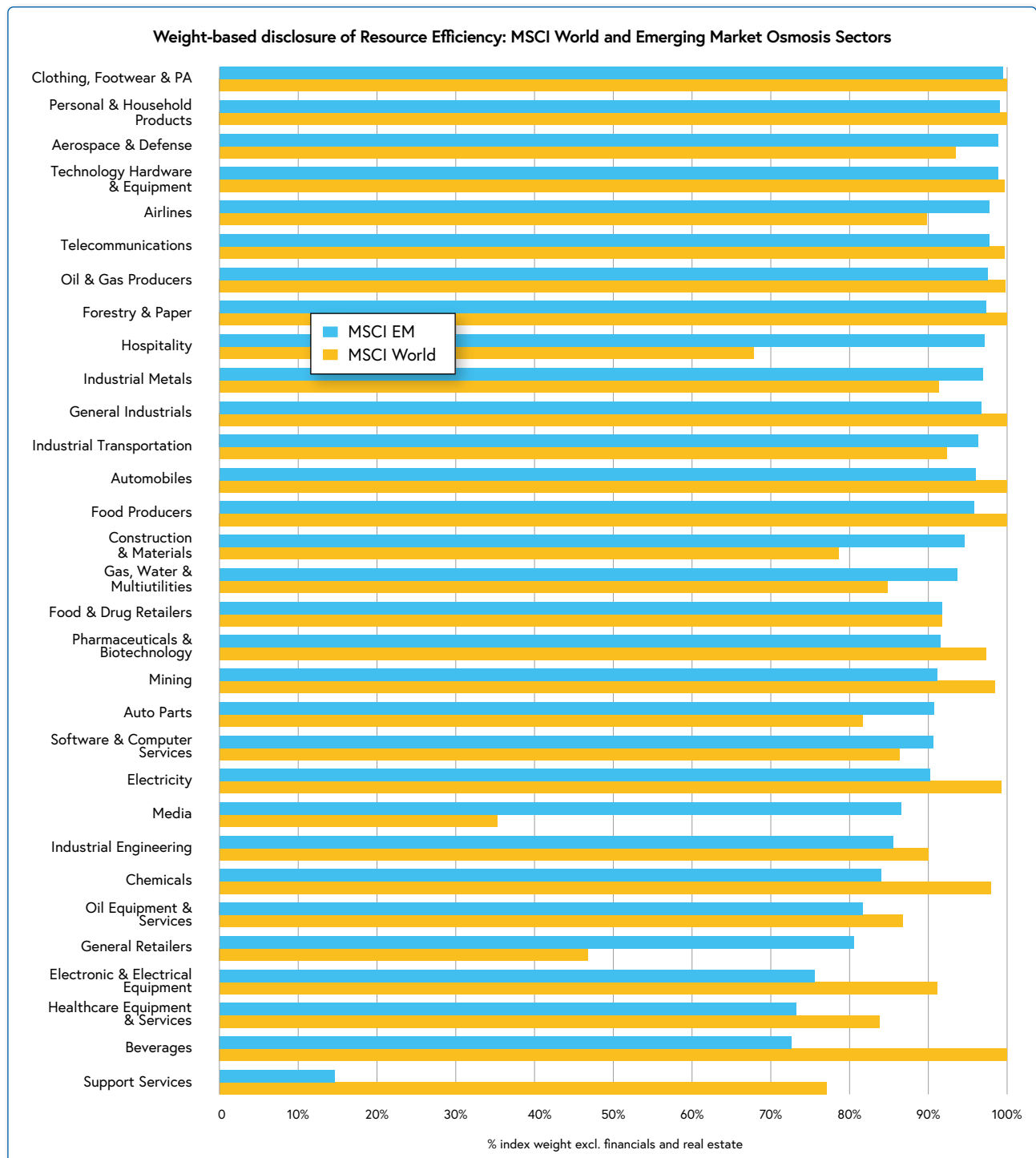


Figure 2: Source: Osmosis IM, December 2024. Disclosure means at least two of three metrics of carbon, water or waste are disclosed.

## Strong disclosures globally, led by LATAM and APAC ex. China

Taiwan, South Korea, India and Brazil are leaders in global environmental disclosure growth. These countries are some of the largest constituents of the index and have all reached strong levels of disclosure. India's disclosure growth is particularly noteworthy, almost tripling over the last five years. Environmental data from these countries tends to be structured and granular, which increases our confidence in its accuracy and reliability, and in Brazil and South Korea we see strong adherence to internationally recognised frameworks. One of the contributing factors to the quality and level of disclosure is the presence of governmental and bourse-mandated environmental disclosure regulations in EM countries, which are often more rigorous than their DM counterparts.

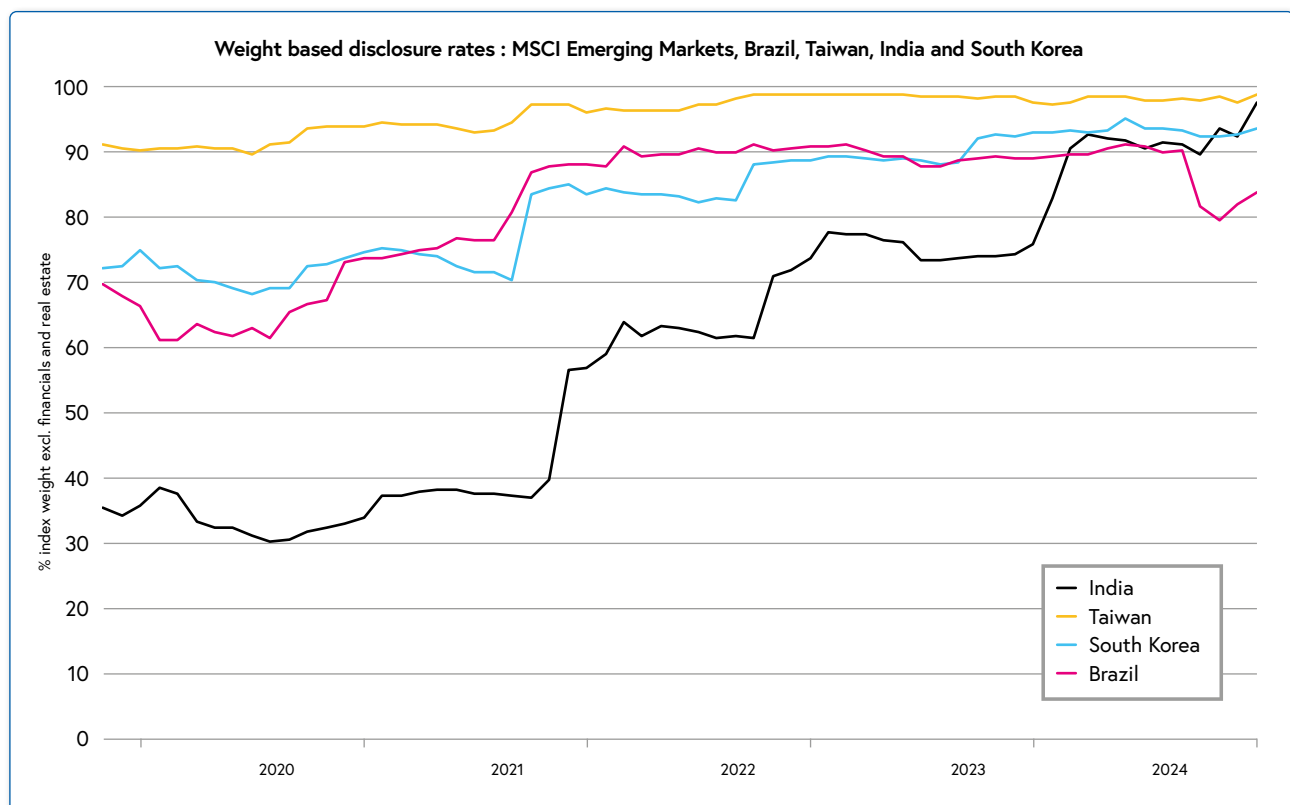


Figure 3: Source: Osmosis, 2025. NB: Brazil's decline in disclosure in September 2024 was caused by index reconstitution involving a large non-disclosing inclusion alongside smaller disclosing exclusions. Disclosure means at least two of three metrics of carbon, water or waste are disclosed.

## Large disclosure growth observed on a country-basis

Many EM countries have caught up with their DM counterparts over the past five years. In total, 15 countries have achieved 100% disclosure, seven of which are in the EM. The countries with the largest growth in disclosure over the period tend to be in EM, which can be seen by the differences in disclosure rates between EM countries in the two figures below. Countries that have reached 100% disclosure in the last five years include Chile, Colombia, the Philippines and Peru. Notably, Colombia achieved this milestone without any mandatory ESG requirements.

Despite initially being a regulatory leader, South Africa now has the lowest EM disclosure rate at just above 60%. Nonetheless, it is encouraging that all countries now have disclosure rates exceeding 60%.

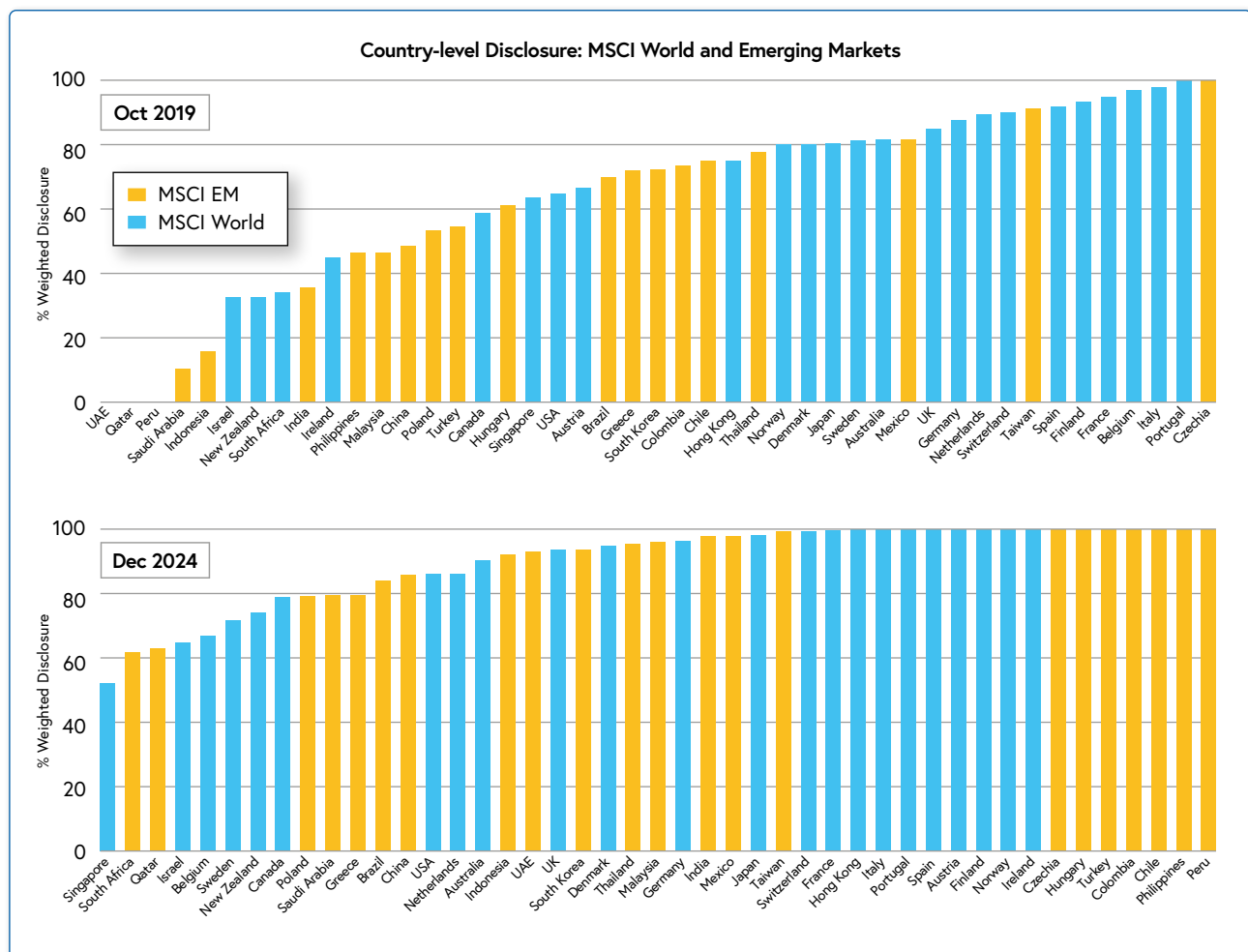


Figure 4: Source: Osmosis IM, December 2024. Disclosure means at least two of three metrics of carbon, water or waste are disclosed.

## EM disclosure is correlated with company size

**A positive relationship between company size and disclosure status is observed.** In the DM, disclosure rates are largely consistent across the index regardless of company size, reflecting a broader commitment to transparency. In contrast, EM environmental disclosure is more related to market capitalisation; larger companies tend to disclose environmental information. For the largest third of companies we see a disclosure rate above 90%, for the middle third roughly 80%, and for the smallest third of companies this is closer to 50%. One explanation for this is that disclosure regulations are often introduced for the largest companies first.



## China's environmental disclosure is now on par with the United States

China, the largest EM economy, has historically been a significant laggard with regard to environmental disclosure. This has changed over the last five years following impressive year-on-year growth in disclosure. As of December 2024, China's disclosure rate reached 86% which puts it on par with its DM counterpart, the United States. China announced in 2024 that large-cap companies traded on its Shanghai and Shenzhen exchanges are required to disclose environmental data by 2026, which we anticipate will further bolster disclosure rates.

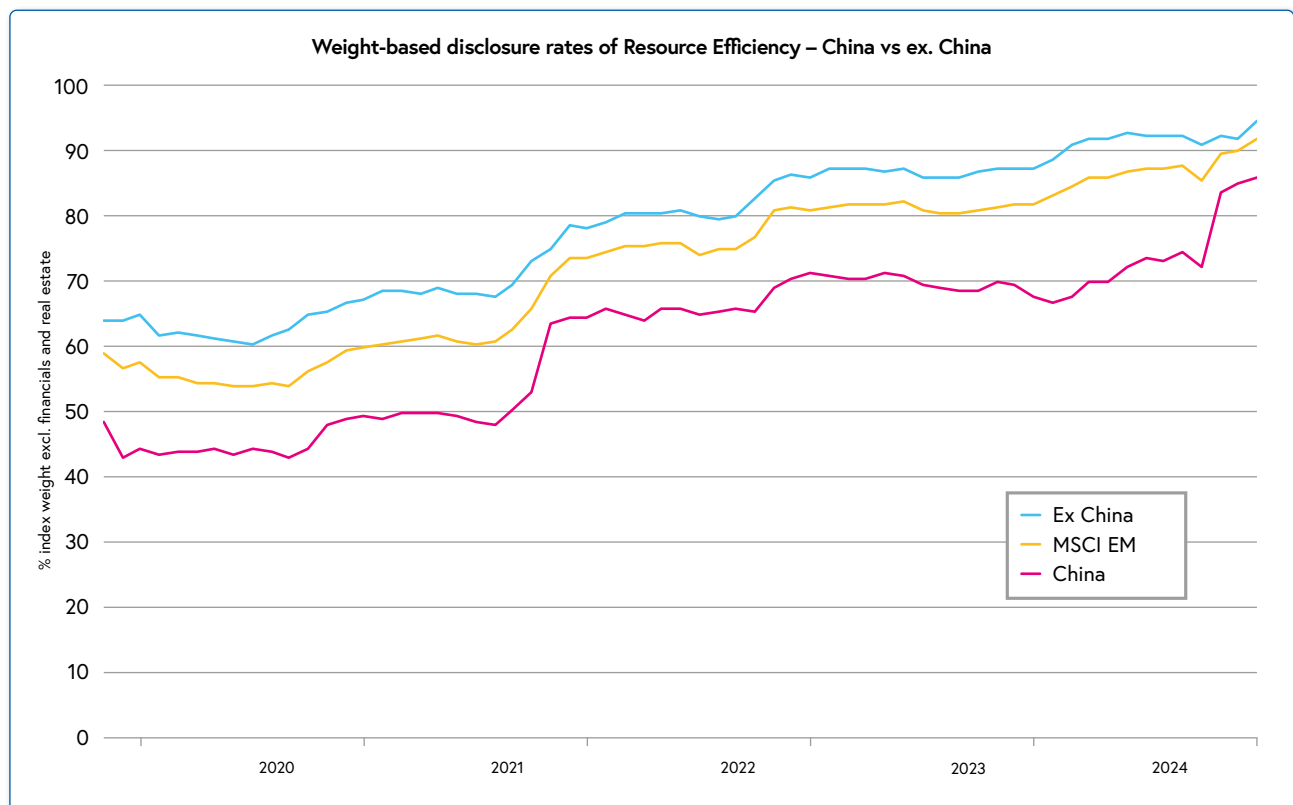


Figure 5: Source: Osmosis IM, December 2024. Disclosure means at least two of three metrics of carbon, water or waste are disclosed.

## Looking ahead

We are encouraged by strong growth in EM disclosure rates, which recently overtook the MSCI World. We anticipate continued growth in the EM, particularly in the smaller companies within the Index. Strong regulatory tailwinds are a contributing factor to this trend, and there are still regulations that are yet to come into force (see Regulatory Rigour and the Rapid Growth of Environmental Disclosure for more details). Another contributing factor is engagement efforts from investors, and we continue to engage to improve both the quality and quantity of data disclosed. The higher quantity of data we have, and the better quality the data is, the more effectively we can make corporate sustainability comparisons, and the better we can deploy our Model of Resource Efficiency (MoRE).

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