



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

REGULATORY FRAMEWORK FOR REGULATING ON ESG AUDITING

Sayfullayev Mehroz Sayfullayevich

Doctoral student at Tashkent State University of Economics

Email: m.sayfullayev@tsue.uz

Abstract

In this thesis ESG audit and regulatory framework for its regulation It provides an opportunity to deeply analyze the possibilities of application in the economic conditions of our country.

Keywords: General requirements for financial disclosures related to sustainability, Climate Disclosure Standard, Sustainability Reporting Standards, GRI standards

International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards (S1 and S2) are an international framework developed by International Sustainability Standards Board (ISSB) for MSHS, these standards require companies to disclose sustainability-related risks and opportunities that affect financial performance.

IFRS S1: General Requirements for Sustainability-Related Financial Disclosures and IFRS S2: Climate-Related Disclosures The standards emerged at the COP26 summit in 2021. These standards were a response to the demand for standardized guidance that could influence national, sectoral, and company policies. Note that while they are voluntary in most jurisdictions, these standards may be required for some financial institutions. For example, Singapore Stock Exchange Regulation announced that reporting will be required starting in fiscal year 2025.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

IFRS S1 and S2 are generally adopted by publicly listed companies and large private companies that wish to publish information for investors. However, other organizations may adopt the standards.

It will enter into force in January 2024, with adoption dependent on regulatory decisions in various jurisdictions.

IFRS S1 covers general financial information related to sustainability, while IFRS S2 focuses on climate-related disclosures.

Depending on the international and individual country and regulatory acceptance. According to IFRS, More than 20 jurisdictions have decided to use ISSAIB standards or are taking steps to implement them. This includes the European Union, whose CSRD regulations are based on ISSAIB S1 and ISSAIB S2.

The objective of IFRS S1 is to require entities and organizations to disclose information about sustainability-related risks and opportunities that is useful to the primary users of general purpose financial statements in making decisions about the provision of resources.

This standard requires entities and organizations to disclose information about all sustainability-related risks and opportunities that could affect the entity's cash flows, access to financing or cost of capital in the short, medium or long term. For the purposes of this standard, these risks and opportunities are collectively referred to as "sustainability-related risks and opportunities that could affect the entity's prospects".

The objective of IFRS S2 is to require entities and organizations to disclose information about climate-related risks and opportunities that is useful to primary users of general purpose financial statements in making decisions related to the provision of resources to entities and organizations.

This standard applies to climate-related risks and opportunities that arise from the activities of enterprises and organizations. These risks include the risks of adverse



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

impacts of climate change by enterprises and organizations, and the financial and operational risks that arise from the transition to a climate-neutral economy.

The most widely used voluntary international framework, GRI is an independent, non-profit organization that develops rigorous sustainability reporting practices. The GRI standards are used by approximately 14,000 organizations in over 100 countries. Notable organizations using the standards include Coca Cola HBC (Switzerland), Ecopetrol (Colombia), Enel (Italy), City Developments Limited (Singapore) and JSW Steel (India).

Reporting deadlines vary by organization. The last major update to the GRI standards, introduced in 2021, came into effect in 2023.

The three universal standards, designed as a modular set of global, sector and subject standards, apply to all organizations. The sector and subject standards are selected according to the focus of the reporting organization.

This standard is global in scope and its use is voluntary and permanent.

The B Lab standards required to obtain B Corp status are also in place, making achieving "B Corp" status a coveted status in the business world, and this scheme has greater brand recognition among consumers and investors than other systems. The qualification process to obtain B Corp status is very difficult and it "Rarely achievable" A qualifying score of 80+ on the B Impact Assessment (BIA) on the first attempt.

Businesses of all sizes and industries can choose to become certified B Corporations by meeting the standards set by B Lab. There are more than 9,500 certified companies in 102 countries, with a focus on small and medium-sized businesses and consumer-focused brands like Patagonia, Ben & Jerry's, TOMS, and Moodle.

B Corps must complete the assessment every three years to maintain certification. Companies can choose to report more frequently if they wish.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

Candidates complete the BIA by answering a series of questions about their company's performance in five categories: governance, employees, society, environment and customers. Companies must achieve a score of 80+ (out of 200) to be certified. Certification is also paid according to the organization's financial situation. This standard is global and its use is voluntary.

The UK government is considering mandatory ESG rules for UK-listed companies from March 2025, with the possibility of implementation Sustainability Disclosure Requirements (SDR) Legislation that will begin on or after January 1, 2026. Affected organizations will be required to provide sustainability information.

Given the UK government's commitment to clean energy by 2030, these sustainability requirements could eventually affect more organizations than just large corporations.

There is also scope for expansion into other businesses, including large UK-listed companies, asset managers and financial institutions.

The planning process is ongoing and reporting is due in 2026. It can start from the 1st quarter.

Sustainability risks and opportunities aligned with the UK's upcoming Sustainability Reporting Standards (SRS). These standards are based on IFRS S1 and IFRS S2.

The UK has the potential to impact companies operating within its jurisdiction. The standard is mandatory for certain entities, with plans to expand in the future. The California climate law, scheduled to take effect in 2026, consists of three Senate bills (SBs): the Climate Corporate Data Accountability Act (SB 253), the Climate-Related Financial Risks Act (SB 261), and SB 219, which became law in 2024 and amended SB 253 and SB 261.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

California's important legislature is the most comprehensive in the United States, influencing many of its largest organizations.

Companies with revenues exceeding \$1 billion and doing business in California are required to disclose their carbon emissions (SB 253), and businesses with revenues exceeding \$500 million are also required to report on climate-related financial risks and measures to address them (SB 261).

Organizations will need to start disclosing their GHG emissions from 2026, based on 2025 data, with reporting on GHG emissions from 2027. Climate-related financial risk reporting will start from 2026, also based on 2025 data.

SB 253 requires companies to disclose their Scope 1, 2, and 3 (upstream and downstream) greenhouse gas emissions. SB 261 requires entities to report on climate-related financial risks and any measures they are taking to mitigate them. For example, a company could report that the increase in the number and severity of wildfires poses a significant risk to operations and how they are protecting themselves. The law does not require any specific actions, only disclosure. If a company does not have a risk mitigation strategy, investors, regulators, and the public will be able to see this.

The reporting requirements apply to companies "doing business" in the state of California. This has not yet been determined, but experts predict that it will apply broadly to general operations in the state.

This system is mandatory, with SB 253 and SB 261 signed into law on October 7, 2023, and subsequent amendments under SB 219 taking effect on September 27, 2024. The California Air Resources Board (CARB) oversees compliance.

The ASRS, which begins in January 2025, will require large companies to disclose the financial implications of climate change and their responses to these risks. More than 1,800 firms will be required to comply, with the regime being phased in over three years, depending on the size of the companies.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

Companies are required to report on climate-related risks and opportunities, as well as on governance, strategy and key climate-related indicators and targets, including greenhouse gas emissions under Regulations 1, 2 and 3. The reports are based on standards set by the Australian Accounting Standards Board (AASB). AASB S1 and AASB S2 are aligned with the aforementioned IFRS S1 and IFRS S2.

The requirements cover companies operating in Australia, including domestic and registered foreign companies that meet the reporting requirements set out in the Corporations Act (2001).

This ESG rule is mandatory and is administered by the Australian Securities and Investments Commission (ASIC).

7. European Union Corporate Sustainability Reporting Directive (CSRD)

Compared to the EU GDPR's impact on data protection, the CSRD is a comprehensive, binding framework that is already shaping how other countries standardize ESG reporting requirements. The CSRD is based on 12 European Sustainability Reporting Standards (ESRS), which cover a wide range of ESG topics, including the circular economy and climate change.

From January 2025, the European Union Corporate Sustainability Reporting Guidelines expands reporting requirements to approximately 50,000 companies. This will require comprehensive ESG disclosure.

Large companies and registered SMEs in the European Union, as well as certain non-EU companies with significant operations in the European Union.

CSRD report It will begin in 2025 for fiscal year 2024, with a phased implementation for companies of various sizes in subsequent years.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

How ESG rules and data sanitization fit together

There is a growing global focus on sustainability. More rules and more frameworks mean more focus not only on what you measure, but also on how you can reduce your footprint.

How you manage data in your organization can help you improving ESG performance.

For example, by continuously reducing unnecessary data storage delete redundant, obsolete, and irrelevant (ROI) data Industries 2 and 3 can reduce emissions because less data in your data centers requires less energy to power and cool the servers.

Shifting the way we recycle end-of-life IT assets from physical destruction to software-based disinfection and reuse could also have a big impact. Fewer laptops and drives being disposed of means less e-waste, less pollution, and stronger resilience.

By integrating these practices, your organization will not only improve its environmental impact, but also improve security and data compliance. As digital transformation accelerates, companies that proactively and sustainably manage their data and IT assets will lead the way in ESG excellence.

List of used literature

1. Crabbe P (1997), Sustainable Development: Concepts, Measures, Market and Policy Failure at the Open Economy, Industry and Firm Levels. Ottawa, Institute for Research on Environment and Open Economy, University of Ottawa.
2. Mawhinney M (2008), “Sustainable development: understanding the green debates”, John Wiley & Sons, 15 April 2008, Page 6.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd April, 2026

Website: <https://econferencia.com>

-
3. Rogers P, Kazi F, Boyd J (2012), "An introduction to sustainable development", Earthscan, Page 43.
 4. Barbier E (2016), "Sustainability and development", Annual Review of Resource Economics, vol 8, issue 1, Pages 261-280.
 5. Clandine O (2004), "La dynamique de l'évaluation face au développement durable : Limoges 2003", l'Harmattan, Page 30.
 6. Rumpala Y (2009), " Mesurer le développement durable pour aider à le réaliser ? ", Histoire et Mesure XXIV 1, Pages 211-246.