

## JURISDICTIONAL SNAPSHOT: People’s Republic of China



*‘The Ministry of Finance and other ministries commit to formulate national unified sustainability disclosure standards that reflect the beneficial experience of ISSB Standards, are in line with China’s circumstances and highlight Chinese characteristics. On 20 November 2024, the Ministry of Finance and other ministries jointly issued the Sustainability Disclosure Standards for Business Enterprises: Basic Standard (Trial), which opened the prelude to the construction of a unified national sustainability disclosure standards system. China’s Sustainability Disclosure Standards follow a convergence approach with ISSB Standards.’*

*Ministry of Finance, China*

*The IFRS Foundation is providing this high-level overview of the regulatory approach the jurisdiction has proposed or indicated it intends to take for the adoption or other use of ISSB Standards (including local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2). The IFRS Foundation has undertaken a preliminary review of the proposed regulatory framework. The final jurisdictional approach may differ from the preliminary summary provided herein. This overview may therefore differ from content the IFRS Foundation may publish in a future jurisdictional profile, including as a result of additional information or changes made by a jurisdiction in finalising its regulatory approach to sustainability-related reporting.*

### Regulatory stage

In progress.

The Ministry of Finance (MoF), together with other nine ministries, established a cross-agency working group in China. This group formulated the unified national sustainability disclosure standards system that is based on the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2), aligning with China’s context and showcasing Chinese characteristics.

The unified national sustainability disclosure standards system is intended to consist of the *Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial)* (Basic Standard), Specific Standards, and Application Guidance.

The Basic Standard, which provides overarching requirements for business enterprises’ sustainability information disclosure, was issued by the MoF, jointly with eight other ministries, in November 2024. The Basic Standard provides the foundations for the unified national sustainability disclosure standards system to be designed to deliver functionally aligned outcomes with those resulting from the application of ISSB Standards.

The *Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial) (Exposure Draft)* was issued by the MoF, jointly with the Ministry of Ecology and Environment (MEE), in April 2025.

MoF intends to finalise its climate-related disclosure standard following feedback from stakeholders. It also plans to establish the Basic Standard, climate-related disclosure standard, and application guidance by 2027, and to complete the basic architecture of the unified national sustainability disclosure standards system by 2030.

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|   | <p>Given the long timeline for building the standards system, certain authorities may first develop disclosure guidelines or regulatory frameworks for specific industries or areas as needed, and these will be adjusted and improved over time.</p> <p>Individual stock exchanges have issued sustainability-related disclosure guidelines.</p> <p>This Snapshot summarises the Basic Standard only.</p>   |
| <p><b>Relevant authority or authorities</b></p> | <p>Lead authority: Ministry of Finance of the People’s Republic of China</p> <p>Other authorities:<br/> Ministry of Foreign Affairs, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Ecology and Environment, Ministry of Commerce, People’s Bank of China, State-owned Assets Supervision and Administration Commission of the State Council, National Financial Regulatory Administration, China Securities Regulatory Commission</p> |

### Proposed requirements

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| <p><b>Name of framework or standards</b></p>  | <p><i>Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial).</i><br/> <i>Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial)(Exposure Draft).</i></p> <p>This Snapshot summarises the Basic Standard only.</p>   |
| <p><b>Date when requirements become effective</b></p>   | <p>The Basic Standard was issued jointly by the MoF and eight ministries on 20 November 2024 and until the implementation scope and requirements are specified, entities could apply the standard voluntarily.</p>   |
| <p><b>Reporting entities</b></p>  | <p>To be determined.</p> <p>Intended to apply to listed companies and gradually expand to non-listed companies, from large companies to small and medium-sized enterprises, from qualitative requirements to quantitative requirements, and from voluntary disclosure to mandatory disclosure.</p>   |
| <p><b>Required or permitted</b></p>   | <p>To be determined.</p> <p>Enterprises are permitted to voluntarily apply the Basic Standard until the scope of implementation and further implementation requirements are specified.</p>   |
| <p><b>Focus</b></p>   | <p>Sustainability information users include investors, lenders, government and other relevant departments and stakeholders. Therein, investors and lenders are primary users of sustainability information.</p> <p>Disclosures are required to be presented in a way that ensures information on sustainability-related risks and opportunities that is material for investors and lenders is not obscured by sustainability impact information to meet broader stakeholders’ information needs.</p> |
| <p><b>Scope of sustainability-related risks and opportunities on which entities must report</b></p> | <p>The Basic Standard is designed to provide the foundations for disclosures encompassing information about all sustainability-related risks and opportunities.</p>  |

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| <p><b>Materiality filter for disclosures</b></p>                               | <p>Under the Basic Standard, material information refers to material information on sustainability-related risks, opportunities and impacts.</p> <p>Disclosures of sustainability information are subject to materiality.</p> <p>The definition of material information about sustainability-related risks and opportunities aligns with the materiality requirements in IFRS S1, focused on what is decision-useful to existing and potential investors and lenders. This definition is used as a basis for requiring that material information for investors and lenders is provided on an unobscured basis.</p> <p>Primary users of sustainability information are defined as investors and lenders.</p> <p>Enterprises are prohibited from obscuring material information by providing additional non-material information and from obscuring sustainability-related risks and opportunities information by information on impacts. Disclosures on sustainability impacts should not obscure or blur disclosures on sustainability-related risks and opportunities and must be distinguishable.</p> <p>Material information about sustainability impacts is assessed on the basis of their scale, scope, and likelihood.</p> |
| <p><b>Timing, location and reporting entity</b></p>                            | <p>Requirements for the timing of reporting are aligned with ISSB Standards, meaning they are aligned with the timing of publication of financial statements, unless a regulatory authority specifies otherwise.</p> <p>The Basic Standard does not specify the location for sustainability-related disclosures.</p> <p>Reporting entity requirements are aligned with ISSB Standards.</p>   |
| <p><b>Extension of transition reliefs</b></p>                                  | <p>The Basic Standard does not provide any extensions of transition reliefs.</p>   |
| <p><b>Jurisdictional modifications from requirements in ISSB Standards</b></p> | <p>Industry-specific information is required to be provided; however, the particular form of that information is not yet specified. The Basic Standard does not include a requirement to consider, or refer to, SASB Standards. The application guidance will determine in further detail aspects related to the disclosure of industry-specific information.</p>  |
| <p><b>Additional disclosure requirements</b></p>                               | <p>Under the Basic Standard, information on sustainability-related risks and opportunities to meet investors' and lenders' information needs to be clearly distinguishable and not obscured by additional disclosures about sustainability impacts to meet broader stakeholder information needs.</p>  |
| <p><b>Assurance requirements</b></p>   | <p>Encouraged but not required in accordance with the Basic Standard.</p>  |
| <p><b>Further information</b></p>  | <p>The Basic Standard provides a foundation for further disclosure requirements to be developed beginning with climate.</p>  |
| <p><b>Relevant document(s)</b></p>   | <p><a href="#">Notice on the issuance of the Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial)</a> (in Chinese)<br/> <a href="#">Letter Soliciting Comments on the Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial)(Exposure Draft)</a> (in Chinese)</p>  |