



On 25 December 2025, the Ministry of Finance of the People's Republic of China ("MoF"), together with eight other ministries and departments, jointly issued the Climate Standard.

Chinese Sustainability Disclosure Standards for Business Enterprises No. 1 – Climate (trial) ("Climate Standard") Issued

This is the first thematic standard issued after the issuance of the Sustainability Disclosure Standard for Business Enterprises - Basic Standard ("Basic Standard") in November 2024. The Climate Standard is the accumulation of significant collaboration and consideration by nine ministries and departments. The Climate Standard has 47 articles contained in 6 chapters:

Chapter 1 – Objective (including proportionality mechanism)

Chapter 2 – Governance

Chapter 3 – Strategy

Chapter 4 – Management of Risks and Opportunities

Chapter 5 – Metrics and Targets

Chapter 6 – Authority of Interpretation

Appendix – Glossary

Even though sustainability disclosure standards in Chinese mainland applies a double materiality approach, the Climate Standard was informed by IFRS S2 Climate-related Disclosures (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”) and is intended to produce functionally-equivalent results. In selected areas, the level of granularity and specificity is beyond what IFRS S2 requires. At the same time, it also exhibits unique Chinese characteristics. These include, but is not limited to:



prioritizing the use of GHG Protocol unless the entity is mandated by local greenhouse gas emissions measurement methods. Also, specific inputs when applying the direct or indirect methods of measurements should be disclosed;



limiting the disclosure of financed emissions for commercial banking, asset-managers and insurance providers to only those emissions related to loans and investments, to be consistent with the amendment made to IFRS S2;



requiring disclosure of current period financial effect arising from trading emission allowances, purchasing green energy certificates, participating in voluntary carbon reduction projects, innovation used on mitigation and adaptation measures, etc;



disclosing the pathway used to meet international or nationally-determined contributions or industry-specific transition pathways;

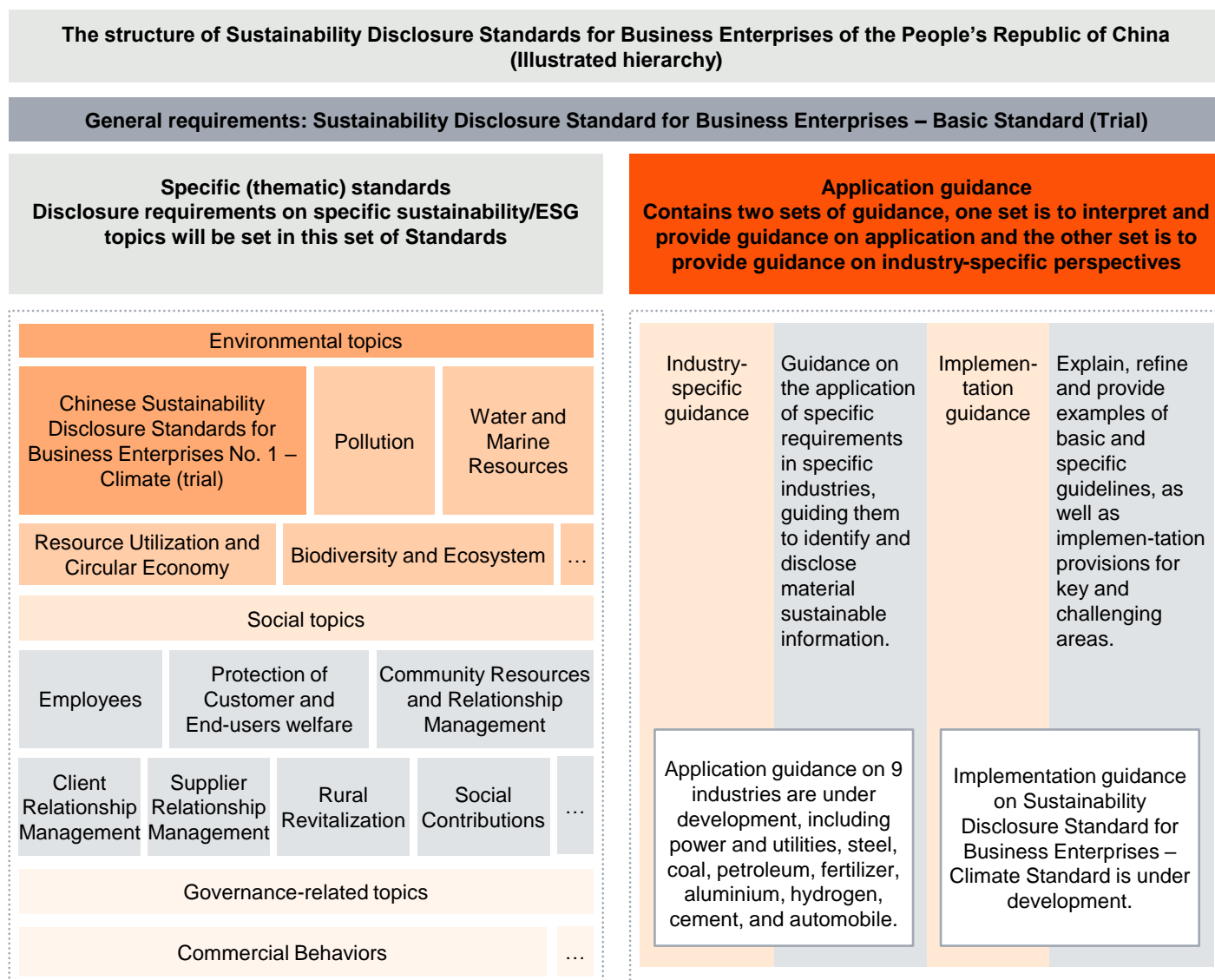


encouraging sustainability information to be assured by independent third parties.

Even in areas subject to significant application challenges, like scope 3 GHG emissions, financed emissions, scenario analysis, current and anticipated financial effect, etc., the Climate Standard has fully converged with IFRS S2.



And considering certain industries may be more prone to impact from climate risks, industry-specific guidance on nine different industries will be formulated. To date, they are still being drafted and will be issued in due course.



The Climate Standard can be applied on a voluntary basis before the application scope and timeline is determined.

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