



Exposure Draft to Chinese Sustainability Disclosure Standards for Business Enterprises No. 1 – Climate (trial) (“Climate ED”) and an Explanatory Memo to the Drafting (“EM”)

On 30 April 2025, following the issuance of the Sustainability Disclosure Standard for Business Enterprise – Basic Standard (“Basic Standard”) in November 2024 (see earlier In-Brief), the Ministry of Finance of the People’s Republic of China (“MoF”), together with the Ministry of Ecology and Environment of the People’s Republic of China (“MEE”), jointly issued the Climate ED and the EM.

According to the EM, the Climate ED is the accumulation of significant collaboration and consideration by nine ministries and departments, including piloting IFRS S2 Climate-related Disclosures (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”) in 22 companies and conducting field study in selected companies between late 2023 and early 2024. Whilst companies expect implementation challenges in certain areas, the conclusion is that IFRS S2 can be applied in China. Throughout 2024, discussions on technical applications were conducted with the ISSB as well as with standard-setters of other jurisdictions. The MoF and the MEE jointly drafted a discussion paper which, after consultation with relevant parties, was refined again and again and ultimately formed the Climate ED.

Building on the Basic Standard, the Climate ED 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

The Climate ED was informed by IFRS S2 especially on disclosures of climate-related risks and opportunities where functionally equivalent results are expected. At the same time, it also exhibit unique Chinese characteristics, including use of local greenhouse gas emissions measurement methods, require disclosure of effect to current period financial statements arising from trading emission allowances, innovation used on mitigation and adaptation measures, etc.

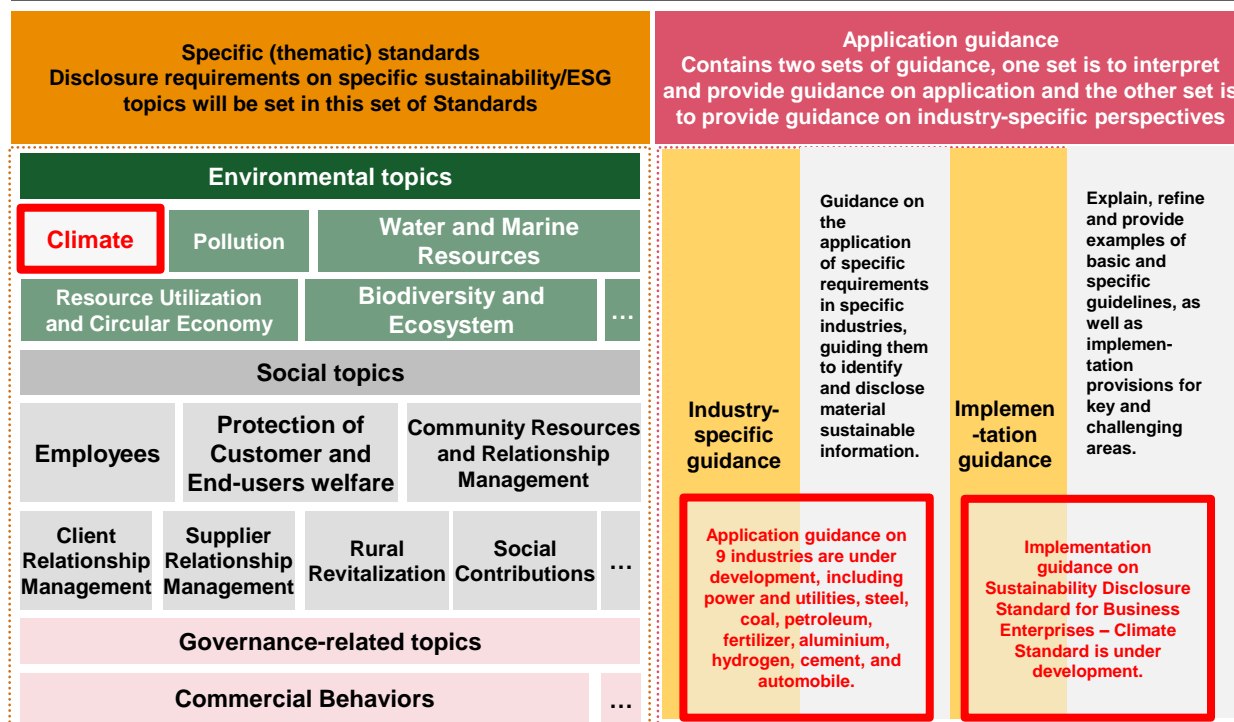
Even in areas subject to significant application challenges, like scope 3 GHG emissions, financed emissions, scenario analysis, etc., the Climate ED has converged with IFRS S2. Then again, acknowledging companies may have different capacity, before the application scope and timeline is promulgated, companies can apply on a voluntary basis.



And considering certain industries may be more prone to impact from climate risks, industry-specific guidance on nine different industries are being formulated. It is anticipated that they will be issued after the Climate standard is released in its final form.

The structure of Sustainability Disclosure Standards for Business Enterprises of the People's Republic of China (Illustrated hierarchy)

General requirements: *Sustainability Disclosure Standard for Business Enterprises – Basic Standard (Trial)*



The Climate ED has a one-month commentary period ending 31 May 2025.

Contact Us

Yvonne Kam

Partner,

yvonne.kam@cn.pwc.com

Amy Cai

Partner,

amy.cai@cn.pwc.com

Loretta Fong

Partner,

loretta.wh.fong@hk.pwc.com

Kanus Yue

Partner,

kanus.km.yue@cn.pwc.com

www.pwchk.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2025 PricewaterhouseCoopers Limited. All rights reserved. PwC refers to the Hong Kong member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.