

Sustainable Information Disclosure: Policies and Practices in China

The Basic Tenets of Xi Jinping's Thought on Ecological Civilization – "Ten Adherences"

- Adhering to the comprehensive **leadership of the Party** in the construction of ecological civilization.
- Adhering to the principle that a thriving ecology leads to a thriving civilization.
- Adhering to the harmonious coexistence between humanity and nature.
- Adhering to the **concept that lucid waters and lush mountains are invaluable assets.**
- Adhering to the belief that a good ecological environment is the most inclusive public benefit.
- Adhering to the understanding that green development is a profound revolution in the development paradigm.
- Adhering to the integrated governance of mountains, rivers, forests, farmlands, lakes, grasslands, and deserts.
- Adhering to **the strictest systems and the most rigorous rule of law** to protect the ecological environment.
- Adhering to transforming the construction of a beautiful China into a **conscious action of the entire population.**
- Adhering to the joint pursuit of a path towards **global ecological civilization.**

Central Bank

- 2020: Implemented the Operational Manual for Environmental Information Disclosure by Banking Financial Institutions (Trial) in the Green Finance Reform and Innovation Pilot Zone, promoting unified yet **distinctive disclosure frameworks** by local corporations and major pilot banks in the region.
- July 2021: Issued the Guidelines for Environmental Information Disclosure by Financial Institutions (JR/T 0227-2021), which provided **principles** for financial institutions to follow during the environmental information disclosure process.
- 2021: Released the Technical Guidelines for Carbon Accounting by Financial Institutions (Trial), offering **guidance** on measuring carbon emissions and reductions related to the investment and financing activities of financial institutions.

- July 2021: The State-owned Assets Supervision and Administration Commission (SASAC) included ESG (Environmental, Social, and Governance) as a key area in promoting corporate social responsibility.
- May 2022: SASAC released the Work Plan for Improving the Quality of Central State-owned Enterprises' **Listed Companies**, which **mandates** that all listed companies controlled by central state-owned enterprises must disclose ESG reports by 2023.
- July 2023: The General Office of SASAC issued a Notice on the Distribution of the <Research on the Compilation of ESG Special Reports by **Listed Companies** Controlled by Central State-owned Enterprises>, highlighting the exemplary role of central enterprises in further advancing the level of ESG information disclosure in China.

China Securities Regulatory Commission

- February 2021: The Guidelines for Investor Relations Management of Listed Companies (Draft for Public Comment) was released, which includes "the company's **environmental protection, social responsibility, and corporate governance information**" as key content for communication between listed companies and investors.
- June 2021: The Content and Format Guidelines for Information Disclosure by Companies Issuing Public Securities No. 2 – Annual Report Content and Format (2021 Revision) (CSRC Announcement [2021] No. 15) and the Content and Format Guidelines for Information Disclosure by Companies Issuing Public Securities No. 3 – Semi-Annual Report Content and Format (2021 Revision) (CSRC Announcement [2021] No. 16) were published, organizing "**corporate governance**" into a **separate chapter**.
- 2022: The Guidelines for Investor Relations Work of Listed Companies were revised to form the Guidelines for Investor Relations Management of Listed Companies. In Chapter 2, Article 7, "the company's **environmental, social, and governance information**" was added.

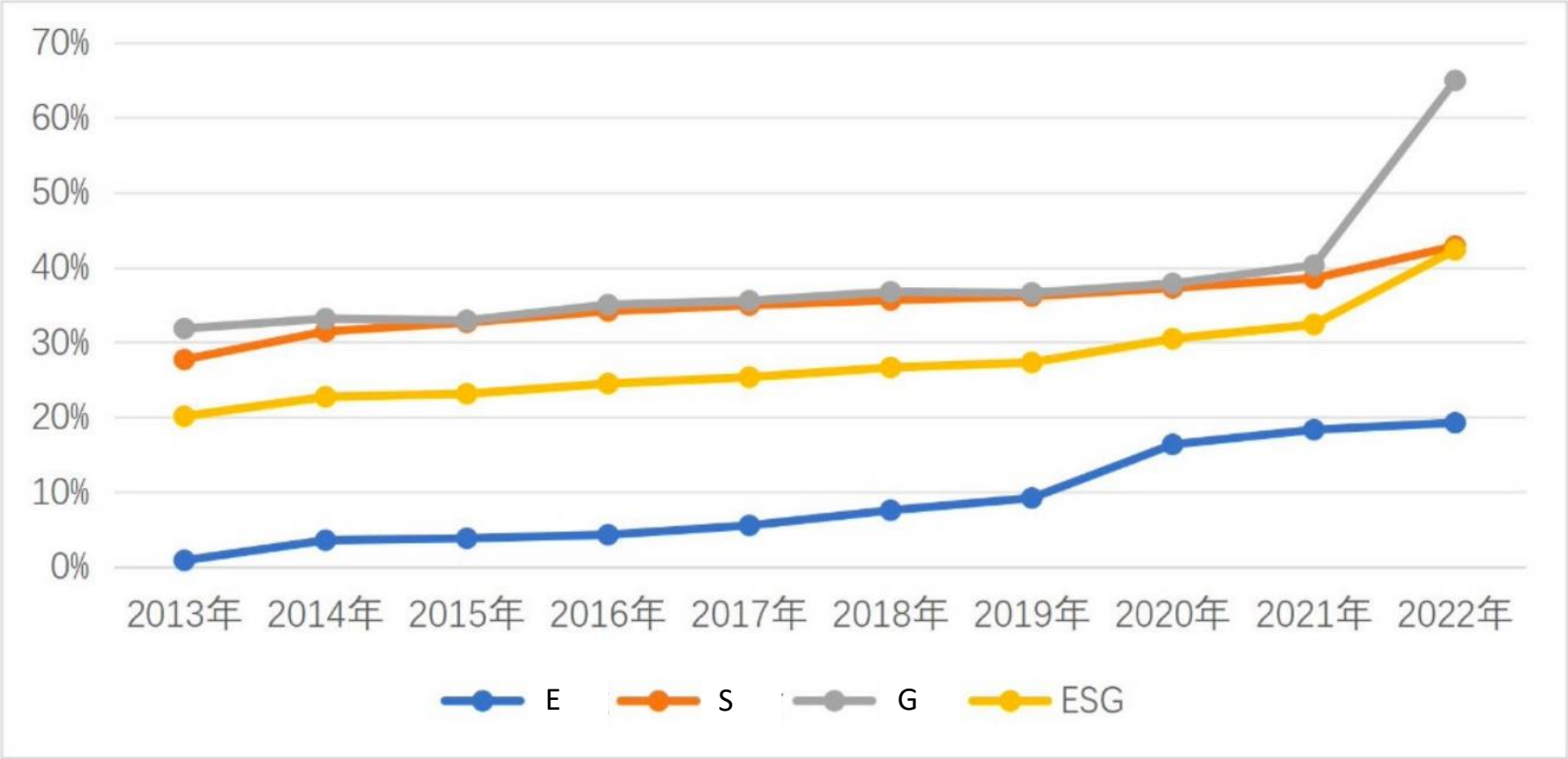
Ministry of Ecology and Environment

- May 2021: issued a Notice on the Reform Plan for the Legal Disclosure System of Environmental Information, stating that by 2025, a **mandatory environmental information disclosure system** should be fundamentally established. Enterprises will be required to disclose environmental information legally, timely, and accurately.
- December 2021: The Administrative Measures for Legal Disclosure of Environmental Information by Enterprises was released, specifying that enterprises must establish and improve their environmental information disclosure management systems and disclose the environmental information from January 1 to December 31 of the previous year by March 15 each year.
- December 2021: The Notice on the Format Guidelines for Legal Disclosure of Environmental Information by Enterprises was issued, providing detailed explanations on the **content and format** of environmental information disclosure.

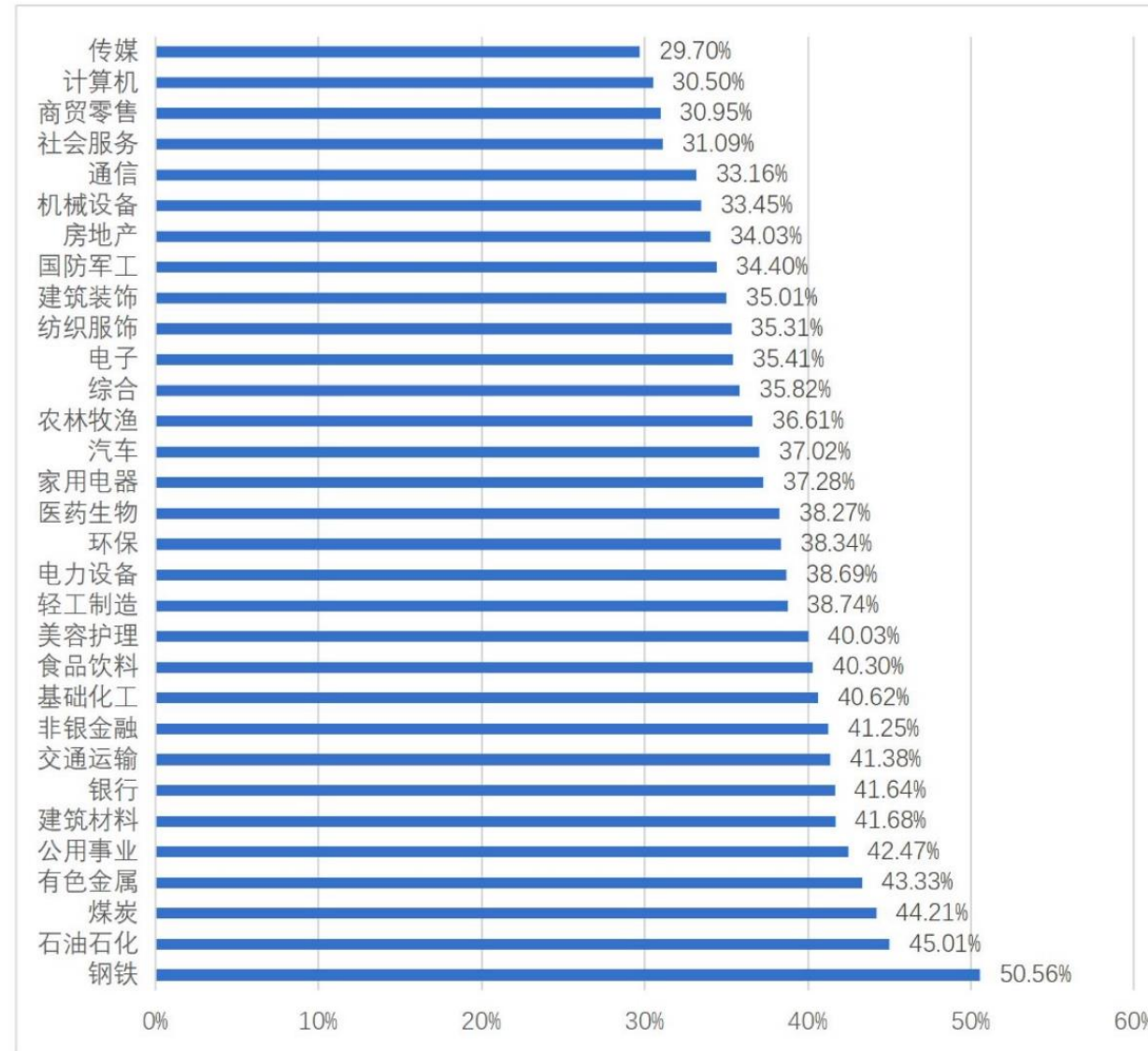
Trend of disclosure



Trend of disclosure



Trend of disclosure



Existing problems

- Selective disclosing
- Branding
- False information
- Voluntary disclosure should follow guidance
- Lack of training and skilled personnel

Stock Exchange

- The Shanghai Stock Exchange Listed Companies Self-Regulatory Guidelines No. 14 - Sustainable Development Report (Trial) (Draft for Public Comment) mandates disclosure for companies in the SSE 180 Index, the STAR 50 Index, and those listed both domestically and internationally, while encouraging voluntary disclosure by other listed companies.
- The Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines No. 17 - Sustainable Development Report (Trial) (Draft for Public Comment) mandates disclosure for companies in the SZSE 100 Index, the ChiNext Index, and those listed both domestically and internationally, while encouraging voluntary disclosure by other listed companies.
- The Beijing Stock Exchange Listed Companies Continuous Regulatory Guidelines No. 11 - Sustainable Development Report (Trial) (Draft for Public Comment) encourages listed companies to voluntarily disclose their sustainable development reports.
- Effective in May 1, 2024.

Issues

	Number	Issue	Article Number
Environmental	1	Climate change	21-28
	2	Waste discharge	30
	3	Waste management	31
	4	Ecosystem and Biodiversity Protection	32
	5	Environmental Compliance Management	33
	6	Energy Utilization	35
	7	Water Resource Utilization	36
	8	Circular Economy	37

Issues

Social	9	Rural Revitalization	39
	10	Social Contribution	40
	11	Innovation-Driven	42
	12	Technology Ethics	43
	13	Supply Chain Security	45
	14	Equal Treatment of Small and Medium-Sized Enterprises	46
	15	Product and Service Safety and Quality	47
	16	Data Security and Customer Privacy Protection	48
	17	Employees	50

Governance	18	Due Diligence	52
	19	Stakeholder Communication	53
	20	Anti bribery and corruption	55
	21	anti-illegitimate competition	56

Key points

- Stakeholders: Refers to individuals or groups whose interests are or may be affected by the activities of a company, such as employees, consumers, customers, suppliers, investors, etc.
- Selective disclosure is prohibited; it must not conflict with legally disclosed information and must not mislead investors and other stakeholders.
- National, local, industry, or recognized international standards should be adopted.
- For each issue set out in these guidelines, determine whether the issue is expected to have a significant impact on the company's business model, operations, development strategy, financial condition, performance, cash flow, financing methods, and costs in the short, medium, and long term (referred to as financial significance), and whether the company's performance on the relevant issue will have a significant impact on the economy, society, and the environment (referred to as impact significance). Additionally, explain the process used to analyze the importance of each issue.

Problems remain

- Standards methods
- Incentive from corporations
- Training and skills
- Data
- Civil society

Thanks



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