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Understanding China's new sustainability disclosure requirements

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In a landmark initiative aimed at bolstering corporate transparency and responsibility, China's financial markets have introduced new guidelines for sustainability reporting.

The Sustainability Report Guidelines, announced by the Shanghai, Shenzhen and Beijing stock exchanges, represent a critical shift towards more concrete and actionable requirements for environmental, social and governance (**ESG**) and sustainability disclosures among listed entities. This is part of a wider initiative that aims to align China corporate sustainability disclosures to international standards, and develop China-wide standards that would be fully rolled out by 2030.

The new disclosure requirements are built upon the International Sustainability Standard Board's (**ISSB**) framework and require companies to disclose against the four core areas – governance, strategy, risk management, and metrics and targets for financially material topics. The guidelines also follow the double materiality principle and require companies to disclose their impacts on environmental, social, and sustainability related governance. These guidelines were released in response to investors and stakeholders' increasing expectations for greater transparency. The guidelines have set out specific disclosure requirements for 21 key ESG topics that are most relevant in a Chinese context, including climate change, biodiversity, and labour practices, for example.

Together with the ISSB-aligned climate disclosure rules from The Stock Exchange of Hong Kong (**HKEX**), announced in 2023, these guidelines will likely increase the pressure on onshore listed companies to enhance their sustainability reporting if they intend to raise offshore capital.

In addition, the Ministry of Finance of the People's Republic of China (the **Ministry**) released a draft guideline of the Corporate Sustainability Disclosure Standards - Basic Standards (the **Basic Standards**), with aim to establish a nationwide corporate sustainability disclosure standard and system by 2030.

The Basic Standards set out general requirements for corporate sustainability disclosure, and are applicable to companies established in China that are required to disclosure such information. The Ministry aims for the Basic Standards and Climate-related Disclosure Standards (the **Standards)** to be implemented by 2027. However, the deadline and requirement details are yet to be finalised. Implementation of the Standards will gradually be extended from listed companies to non-listed companies and from a voluntary to mandatory basis, pending companies' capacity to gather the necessary data.

The emphasis of these two new initiatives is on the accountability and transparency of corporations, as well as robust, data-driven ESG disclosures.

Who is in scope?

Under the Sustainability Report Guidelines, an expansive range of companies, particularly those featured in prominent indices like the SSE 180, the Sci-Tech Innovation Board 50, the SZSE 100, and the GEM Index, in addition to those listed on both domestic and international platforms, are obligated to present their first annual Sustainable Development Reports by 30 April 2026.

These reports will encompass the fiscal activities of the year 2025. This regulation is set to impact upwards of 450 A-share listed corporations, which collectively make up about 51% of the total market value of A-shares.

This move indicates a significant leap towards making ESG reporting more substantial and less abstract, moving away from a largely narrative-driven format to one that is rooted in concrete, data-backed evidence. The guidelines notably intertwine financial and impact significance, highlighting the increasing influence of ESG metrics in market trends.

For those enterprises falling within the required disclosure category, this regulation opens avenues to further embed ESG principles within their operational and strategic frameworks, ensuring their business models are in line with overarching sustainability ambitions.

What's next?

The lead-up to the April 2026 deadline offers a critical period for affected companies to evaluate and incorporate ESG considerations, and optimise their reporting processes to comply with the new benchmarks.

The guidelines will also impact legal, auditing and other financial services, which will have a key role in assisting companies with the transition towards sustainability reporting, implementation and compliance.

How can Ogier help?

We offer a wide range of services to help our clients comply with evolving sustainability disclosure regulations. We also help companies integrate environmental, social, and governance (ESG) considerations into their day-to-day operations, policies and business strategy.

We work across a broad spectrum of sustainability frameworks, aligning clients desired outcomes to best market practice. We help companies drive ESG performance improvements, maintain compliance, and operationalise goals in order to be able to disclose confidently on their sustainability vision.

For more information on how Ogier Sustainable Investment Consulting can help support your corporate journey: Sustainability governance, policy and strategy | Ogier

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