ICGN
International Corporate Governance Network

Mr. Lin Qiyun
Director
Ministry of Finance
Accounting Regulatory Department
No. 3 Sanlihe Nansanxiang, Xicheng District
Beijing 100820

Dear Mr. Qiyun,

Subject: Sustainability Disclosure Standard for Business Enterprises No. 1 - Climate Standard (Trial)

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the China Ministry of Finance's (MoF) draft *Sustainability Disclosure Standard for Business Enterprises No.1 - Climate Standard (Trial)*. Led by investors responsible for assets under management of >US$90 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries.

We appreciate the MoF's efforts to develop sustainability disclosure standards functionally aligned with the International Sustainability Standards Board's (ISSB) Standards. We note that the MoF already issued a standard for general sustainability disclosures grounded in IFRS S1 in November 2024 and welcome the further development of a climate-specific standard, grounded in IFRS S2.

ICGN supports the ISSB's mission to develop a global baseline of sustainability-related corporate disclosures.[1] Investors have been calling for comparable, reliable, and verifiable corporate sustainability disclosures, grounded in financial materiality, to make informed investment and stewardship decisions, and for their own reporting to beneficiaries. Global adoption of the ISSB Standards is key to achieve this.

We believe the adoption of the ISSB Standards will contribute to greater transparency on companies' exposure to and management of sustainability risks and opportunities. This is an important step for efficient capital markets and sustainable economies. In May 2024, ICGN, alongside 121 investors, companies, industry associations and stock exchanges have signed on to a call for commitment from relevant authorities across jurisdictions to adopt the ISSB Standards.[2]

Investors need to be able to draw comparisons - across companies, markets, sectors and over time - for their analyses. To ensure comparability of information, we encourage the MoF to adopt the IFRS S2 without substantial modifications, to the greatest extent possible. We therefore recommend the MoF to clarify that information that is material for primary users should be clearly identifiable in a preparer's disclosures and not obscured by additional information, and explicitly refer to the Greenhouse Gas (GHG) Protocol for the measurement

[1] ICGN Letter, "Inaugural global sustainability disclosure standards, International Sustainability Standards Board (ISSB)" (26 June 2023)

[2] PRI, London Stock Exchange Group, UN Sustainable Stock Exchanges initiative, World Business Council for Sustainable Development, "Call to Action: ISSB Global Adoption" (22 May 2024)

of emissions. We note that the ISSB published an *Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures* on 28 April,[3] which may offer useful reference points for jurisdictions as they develop their climate disclosure requirements. Finally, we encourage the MoF to require entities to refer to and consider the *Industry-based Guidance on Implementing IFRS S2.*

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact Severine Neervoort, Global Policy Director (severine.neervoort@icgn.org).

Yours faithfully,

Jen Sisson

Jen Sisson
Chief Executive Officer, ICGN

[3] ISSB, *Exposure Draft to IFRS Sustainability Disclosure Standard: Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2* (28 April 2025)