



7 June 2021

To
China Securities Regulatory Commission

**Sub: Comments on Guidelines for the Content and Format of Information
Disclosure by Companies That Are Publicly Issuing Securities**

On behalf of **Friends of the Earth (HK)** and the **World Benchmarking Alliance**, we take this opportunity to submit our joint comments in response to the notice for public solicitation of comments for the content and format of information disclosure by companies that are publicly issuing securities — annual reports and semi-annual reports.

We congratulate CSRC for recognising the importance of environmental and social issues in the context of corporate transparency. This step is in alignment with international and regional policy actions in the realm of corporate sustainability and ESG.

Overall, we feel that **Section 5** of the draft is lagging in comparison with similar disclosure requirements introduced by other countries in Asia. We fear that this could potentially keep Chinese companies behind the curve. The disclosures based on **Section 5** of this framework may not be able to provide the types of information that will allow Chinese investors (or other stakeholders) to understand systemic local, regional, and global risks including climate change, biodiversity loss and inequality, or businesses relationship to those risks. This could also potentially prevent the incentivisation of companies to support the transition to the 2030 Sustainable Development Goals (SDGs) Agenda and Paris Climate Agreement as

stakeholders will not be able to make informed choices. We would like to make some recommendations to strengthen **Section 5** of the draft framework.

1. We recommend that **Section 5, Article 42 A** be amended to the effect that the environment disclosures should be for all companies/ subsidiaries in scope. Sectoral guidance could be provided to address materiality and impact variances of sectors. This will enable a better comparison of company performance at the national/ regional or international level.
2. We recommend that **Section 5, Article 42 A (1)** be amended to enable companies to disclose standardised pollution discharge information in alignment with GRI 305 and 306. This will enable companies to provide objective and comparable disclosures and help stakeholders in comparing, assessing the data.
3. We recommend that **Section 5, Article 42 A (5)** be amended to asking companies to disclose their governance, strategy (including scenario planning) and risk management plan for climate-related risks and opportunities per the TCFD **in the context of the low-carbon transition through a publicly available low-carbon transition plan**. This will enable companies to plan and implement their contribution towards China's environmental and climate ambitions.
4. We recommend that the text in **Section 5, Article 43** be changed from *"Encourage companies to actively disclose..."* to *"Companies shall disclose..."*.
5. We recommend that **Section 5, Article 43** be amended to include *"protection of the rights and interests of general public and communities"*.
6. We also recommend aligning **Section 5, Article 43** with the UN Guiding Principles of Business and Human Rights (Ruggie Framework) that was unanimously adopted by the UN Human Rights Council in 2011 when China was a member. This will enable companies to be prepared for human rights risks in their operations and supply chains. This would also help align the framework with the future GRI reporting standards, enabling meaningful comparisons with global peers etc.

We would also recommend that the above comments are applied to the draft of the semi-annual report.