WHEN DOES A SUSTAINABILITY REPORT COUNT AS SECURITIES DISCLOSURE IN CHINA? CHANNEL INTEGRATION AND REMEDIAL CONSEQUENCES

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Abstract

China's 2024 to 2026 reforms connected the listed-company sustainability report to ordinary securities disclosure without settling what follows when a statement in it proves false. The article separates two questions. Whether a statement is securities disclosure is a classification question, fixed by channel; how much follows is a consequence question, fixed by statement type, materiality, causation and remedy. For classification it defends its own four-part typology, absent from existing Chinese legal texts. A statement that appears in or independently triggers a conventional disclosure file has full securities-disclosure status. A statement in a mandatory Shanghai or Shenzhen sustainability report, a board-approved reporting object that CSRC Order No. 226 now recognizes, has integrated sustainability-disclosure status. A statement in a voluntary exchange report has voluntary exchange-channel status, binding the issuer to truthfulness once published. Everything else is an off-channel ESG statement, governed by other law. Until a public chain from statement to evidence, correction and consequence becomes visible, counterparties will keep rebuilding it privately, through audit rights, data covenants and assurance demands.

Keywords: sustainability disclosure; securities disclosure; China; stock exchange supervision; CSRC; securities misrepresentation; representative litigation; ESG credibility

I. INTRODUCTION

Suppose a company on the SSE 180 Index states, in its first mandatory sustainability report, that Scope 1 emissions fell by a fifth.

Suppose the figure is false. What happens? Current law does not yet provide a clear answer. Two years into China's reporting reform, that gap is the problem this Article takes up. The reports themselves are no longer optional. On April 12, 2024, the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) issued trial sustainability-report guidelines, effective from May 1, 2024.[1] The Beijing Stock Exchange (BSE) issued a parallel guideline for sustainable-development reporting on the same date.[2] The three instruments are not one regime. The SSE and SZSE rules make sustainability reporting mandatory for defined cohorts of index constituents and dual-listed companies, on the SSE[3] and the SZSE,[4] while leaving their remaining issuers to report voluntarily, subject to the guideline once they do; the BSE rule is different in kind, mandating no cohort at all.[5]

For the SSE and SZSE mandatory cohorts, the guidelines require a board-approved sustainability report on the annual-report timetable;[6] the first mandatory reports, for the 2025 cycle, accordingly fell due by April 30, 2026, for calendar-year issuers. Public monitoring by the China Association for Public Companies (CAPCO) records that

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1 Shanghai Zhengquan Jiaoyisuo Shangshi Gongsi Zilü Jianguan Zhiyin Di Shisi Hao: Kechixu Fazhan Baogao (Shixing) (上海证券交易所上市公司自律监管指引第 14 号——可持续发展报告（试行）) [Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies: Sustainability Report (Trial)] (promulgated by the Shanghai Stock Exchange, Apr. 12, 2024, effective May 1, 2024), https://english.sse.com.cn/news/newsrelease/c/10753174/files/5a3884ca89cd434bb34ab39dd539f8e7.pdf (China) [hereinafter SSE Guideline No. 14]; Shenzhen Zhengquan Jiaoyisuo Shangshi Gongsi Zilü Jianguan Zhiyin Di Shiqi Hao: Kechixu Fazhan Baogao (Shixing) (深圳证券交易所上市公司自律监管指引第 17 号——可持续发展报告（试行）) [Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange: Sustainability Report (For Trial Implementation)] (promulgated by the Shenzhen Stock Exchange, Apr. 12, 2024, effective May 1, 2024), https://www.szse.cn/English/rules/siteRule/P020240412667555851701.pdf (China) [hereinafter SZSE Guideline No. 17].

2 Beijing Zhengquan Jiaoyisuo Shangshi Gongsi Chixu Jianguan Zhiyin Di Shiyi Hao: Kechixu Fazhan Baogao (Shixing) (北京证券交易所上市公司持续监管指引第 11 号——可持续发展报告（试行）) [Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange: Sustainability Report (For Trial Implementation)] (promulgated by the Beijing Stock Exchange, Apr. 12, 2024, effective May 1, 2024), https://www.bse.cn/cxjg_list/200021393.html (China) [hereinafter BSE Guideline No. 11].

3 SSE Guideline No. 14, *supra* note 1, arts. 3–4.

4 SZSE Guideline No. 17, *supra* note 1, arts. 3–4.

5 BSE Guideline No. 11, *supra* note 2, arts. 3–4.

6 SSE Guideline No. 14, *supra* note 1, art. 4; SZSE Guideline No. 17, *supra* note 1, art. 4.

389 of the 412 mandatory-disclosure entities published sustainability-related reports for the 2024 cycle.[7] The figures show a measurable change in reporting tempo and visibility. Whether the statements inside those reports can be believed, or sued on, is a different and harder question.

Nor is the exchange channel the only track. In late 2024 the Ministry of Finance, with eight other central departments, adopted a national Basic Standard for corporate sustainability disclosure.[8] A first specific standard, on climate, followed in December 2025.[9] Both

7 Qiangzhi Pilu Zhuti 2024 Niandu Kechixu Xinxi Pilu Qingkuang Fenxi Baogao (强制披露主体 2024 年度可持续信息披露情况分析报告) [Analysis Report on 2024 Sustainability Information Disclosure by Mandatory Disclosure Entities], CHINA ASSOCIATION FOR PUBLIC COMPANIES (May 30, 2025), https://www.capco.org.cn/sjfb/dytj/202505/20250530/j_2025053010313100017485724122140810.html (China) [hereinafter CAPCO Report]. The percentages take the 389 disclosed reports, not the 412 mandatory entities, as their denominator; 83.03 percent, for example, is 323 companies of the 389. *See also* 2025 Nian Shangshi Gongsi Kechixu Xinxi Pilu Qingkuang Fenxi Baogao (2025 年上市公司可持续信息披露情况分析报告) [2025 Analysis Report on Listed-Company Sustainability Information Disclosure], CHINA ASSOCIATION FOR PUBLIC COMPANIES (Aug. 14, 2025), https://www.capco.org.cn/xhdt/xhyw/202508/20250814/j_2025081416113500017551592156222821.html (China) (recording that 391 of the 412 mandatory entities had disclosed 2024-cycle reports by June 30, 2025, a 94.90 percent rate).

8 Qiye Kechixu Pilu Zhunze: Jiben Zhunze (Shixing) (企业可持续披露准则——基本准则（试行）) [Corporate Sustainability Disclosure Standards: Basic Standard (Trial)] (promulgated by the Ministry of Finance together with eight other central departments, Nov. 20, 2024, released Dec. 17, 2024), https://kjs.mof.gov.cn/zhengcefabu/202412/P020241216565879245839.pdf (China) [hereinafter CSDS Basic Standard]. The accompanying official explanation states the program: basic and climate standards, with application guides, by 2027, and a basically complete national system of sustainability-disclosure standards by 2030. *See* Caizhengbu Kuaijisi Youguan Fuzeren Jiu “Qiye Kechixu Pilu Zhunze: Jiben Zhunze (Shixing)” Da Jizhe Wen (财政部会计司有关负责人就《企业可持续披露准则——基本准则（试行）》答记者问) [Officials of the MOF Accounting Department Answer Reporters’ Questions on the Basic Standard], DEPARTMENT OF ACCOUNTING (Dec. 16, 2024), https://kjs.mof.gov.cn/zhengcejiedu/202412/t20241216_3949760.htm (China).

9 Qiye Kechixu Pilu Zhunze Di 1 Hao: Qihou (Shixing) (企业可持续披露准则第 1 号——气候（试行）) [Corporate Sustainability Disclosure Standards No. 1: Climate (Trial)] (promulgated by the Ministry of Finance together with nine other central departments and bodies, Dec. 19, 2025, applied voluntarily pending rules on scope and implementation), https://kjs.mof.gov.cn/zhengcefabu/202512/t20251225_3980202.htm (China) [hereinafter CSDS Climate Standard].

instruments apply voluntarily pending rules on scope, on a declared schedule running to 2030. The exchange report examined here is therefore one story of a larger structure.

My short answer is that the reforms have connected the sustainability report to ordinary securities disclosure without settling, remedy by remedy, what follows when a statement in it proves false. The longer answer turns on two distinctions. The first concerns the *channel* in which the statement is made: mandatory SSE or SZSE sustainability report, voluntary exchange sustainability report, ordinary securities-disclosure file, material-event disclosure, or off-channel ESG communication. The second concerns the *remedy* invoked, which may run through exchange self-regulation, CSRC correction or supervisory measures, administrative penalty, or civil misrepresentation liability. A statement may be plainly supervisory disclosure for exchange purposes while its civil-liability status still depends on materiality, causation, revelation or correction, and the court's treatment of the sustainability report as an "other information disclosure material" under the Securities Law.[10]

CSRC Order No. 226 states the position with unusual economy. Article 7 does not name the sustainability report. Its operative sentence provides that information-disclosure documents include periodic reports, interim reports, prospectuses, offering memoranda, listing announcements, takeover reports and the like. The concluding words "and the like" keep the list open, but it remains a list of information-disclosure documents, and sustainability reports do not appear in it. Article 65 then provides that listed companies publish sustainability

10 Zhengquan Fa (证券法) [Securities Law] arts. 78, 84, 85, 87, 95, 197 (promulgated by the Standing Comm. Nat'l People's Cong., Dec. 28, 2019, effective Mar. 1, 2020), https://www.sipf.com.cn/flfg/2020/03/12865.shtml (China); Zuigao Renmin Fayuan Guanyu Shenli Zhengquan Shichang Xujia Chenshu Qinquan Minshi Peichang Anjian de Ruogan Guiding Fa Shi [2022] Er Hao (最高人民法院关于审理证券市场虚假陈述侵权民事赔偿案件的若干规定，法释【2022】2 号) [Several Provisions of the Supreme People's Court on the Trial of Civil Compensation Cases for Tortious Misrepresentation in the Securities Market No. 2 [2022]] arts. 4, 6, 8–10 (promulgated by the Judicial Comm. Sup. People's Ct., Jan. 21, 2022, effective Jan. 22, 2022), http://gongbao.court.gov.cn/Details/bc2d1e8ed5c2eeacd862fc3752c0dd.html (China) [hereinafter SPC Misrepresentation Provisions].

reports according to the rules of the stock exchanges.[11] Order No. 226 is thus anything but silent: it expressly recognizes the sustainability-report channel. What it leaves to be worked out, through the Securities Law, the Supreme People's Court's misrepresentation interpretation and the exchange rules, is the remedial classification of what travels through that channel.

Sustainability disclosure now feeds into capital allocation, procurement and lending decisions, insurance underwriting and supply-chain due diligence, and the counterparties who rely on these reports use them to allocate verification costs. If the law can generate a visible chain from statement to evidence, correction, penalty or civil recovery, a sustainability report begins to function as part of market infrastructure. If it cannot, counterparties have little reason to take the report on trust.

Part II develops the vocabulary of traceability, testability and legal consequence, then walks the sustainability report down China's disclosure hierarchy, from the exchange rules through the CSRC's disclosure administration and the Ministry of Finance's national standards to the Securities Law and the SPC's misrepresentation doctrine. Part III applies the classification to particular statement types, from missed filings and false hard metrics to supply-chain claims and transition targets, reads the public enforcement record as a dated baseline for later re-coding, and draws the reform and trade-facing consequences. Appendix A sets out the coding method and public-source protocol on which the evidence claims rest; Appendix B maps the principal sources to the work they do in the argument.

II. CHANNEL CREDIBILITY AND CHINA'S DISCLOSURE HIERARCHY

A. Verifiability, Reliability, and Public Channel Credibility

A proposition is verifiable when it can be checked against evidence and method; it is reliable when a user is justified in acting on

11 Shangshi Gongsi Xinxi Pilu Guanli Banfa (上市公司信息披露管理办法) [Measures for the Administration of Information Disclosure by Listed Companies] arts. 7, 65 (promulgated by the China Securities Regulatory Commission, Mar. 26, 2025, effective July 1, 2025), https://www.csrc.gov.cn/csrc/c101953/c7547359/content.shtml (China) [hereinafter CSRC Measures]. Article 7 provides: "信息披露文件包括定期报告、临时报告、招股说明书、募集说明书、上市公告书、收购报告书等." Article 65 provides: "上市公司按照证券交易所的规定发布可持续发展报告."

it. Credibility, as used here, belongs to institutions: a disclosure channel is credible when it makes falsification publicly costly within a timeframe that matters to investors, counterparties, supervisors and courts. The temporal element is the hardest to observe from rule text alone, since whether the system answers falsification quickly enough is a question of practice; Section III.D returns to it.

The institutional usage follows securities-enforcement and disclosure scholarship. Coffee's enforcement work supplies one limited proposition: enforcement intensity is an institutional variable, observable in regulatory inputs, enforcement outputs, sanctions and private-enforcement exposure, rather than in formal rule wording alone.[12] The disclosure literature points the same way: the effects of mandatory reporting vary sharply with the surrounding enforcement environment rather than with template design.[13] Comparative lawyers reached a parallel conclusion long ago: similar legal texts do not generate similar outcomes unless the surrounding institutions, interpretive practices and remedial routines do similar work.[14] In ESG reporting, where measurement uncertainty, boundary disputes, value-chain data gaps and forward-looking transition claims are routine, the surrounding channel often matters at least as much as the statement's surface form.

Recent Chinese scholarship has concentrated on the design of ESG disclosure duties, on the relationship between mandatory and voluntary reporting, and on the doctrinal structure of securities

12 *See* John C. Coffee, Jr., *Law and the Market: The Impact of Enforcement*, 156 U. PA. L. REV. 229 (2007) (mapping the intensity of securities enforcement across jurisdictions through regulatory inputs, enforcement outputs, sanctions and private-enforcement exposure, and relating that intensity to market outcomes).

13 Hans B. Christensen, Luzi Hail & Christian Leuz, *Mandatory CSR and Sustainability Reporting: Economic Analysis and Literature Review*, 26 REV. ACCT. STUD. 1176 (2021) (reviewing the evidence that the economic effects of mandatory CSR and sustainability reporting depend on implementation and the surrounding enforcement environment). *See also* Christian Leuz & Robert E. Verrecchia, *The Economic Consequences of Increased Disclosure*, 38 J. ACCT. RES. 91 (2000) (on the economic consequences of disclosure commitments more generally).

14 Rodolfo Sacco, *Legal Formants: A Dynamic Approach to Comparative Law*, 39 AM. J. COMP. L. 1 (1991) (showing that a system's operative rules are produced by multiple "formants" (statutory text, judicial practice and doctrine), which can diverge, so that identical texts yield different law); KONRAD ZWEIGERT & HEIN KÖTZ, AN INTRODUCTION TO COMPARATIVE LAW (Tony Weir trans., 3d ed. 1998) (stating the functional method, which compares rules by the institutional work they do rather than by their textual form).

misrepresentation, from causation and loss attribution to collective redress.[15] The interface between those bodies of work has received less attention: how the exchange-defined sustainability report travels, as a matter of law, into the wider securities-misrepresentation system.

I therefore ask three legal questions of any challenged sustainability statement. Is it traceable to an official or incorporated disclosure document, with a named issuer and a defined perimeter? Is it testable against an identifiable method and the records behind it? And can it attract legal consequence, whether through exchange inquiry and correction, supervisory measure, administrative penalty or civil compensation?

A coded profile built on these questions is set out in Appendix A and put to work in Section III.D. A sustainability statement becomes legally serious only when those dimensions connect to the remedy invoked.

B. The Legal-Status Test: A Four-Part Typology

Is a sustainability report securities disclosure? A single yes or no would misdescribe the law; the question calls instead for a legal-status typology. The exercise is interpretive: the task is to find the reading of China's disclosure scheme that both fits the enacted materials and shows them in their best light.[16] Three consequences of that characterization discipline everything that follows. First, the four labels are mine: none appears in the Securities Law, in Order No. 226 or in

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15 Peng Yuchen (彭雨晨), *Qiangzhixing ESG Xinxi Pilu Zhidu de Fali Zhengcheng he Guize Gouzao* (强制性 ESG 信息披露制度的法理证成和规则构造) [*Jurisprudential Justification and Rule Construction of Mandatory ESG Information Disclosure*], 4 DONGFANG FAXUE (东方法学) [ORIENTAL LAW] 152, 152–64 (2023); Li Yan & Xiao Zeyu (李燕、肖泽钰), *Qiangzhi yu Ziyuan Eryuan Dingwei Xia Zhengquan Fa ESG Xinxi Pilu Zhidu de Tixi Wanshan* (强制与自愿二元定位下《证券法》ESG 信息披露制度的体系完善) [*Systemic Improvement of the ESG Information Disclosure Regime Under the Securities Law's Mandatory-Voluntary Dual Positioning*], 2 CHONGQING DAXUE XUEBAO (SHEHUI KEXUE BAN) (重庆大学学报（社会科学版）) [JOURNAL OF CHONGQING UNIVERSITY (SOCIAL SCIENCE EDITION)] 195, 195–210 (2024); Chen Jie (陈洁), *Zhengquan Xujia Chenshu Qinquan Sunhai Peichang Zhong Yinguo Guanxi de Rending Jizhi* (证券虚假陈述侵权损害赔偿中因果关系的认定机制) [*Mechanism for Determining Causation in Tort Damages for Securities Misrepresentation*], 10 ZHONGGUO SHEHUI KEXUEYUAN DAXUE XUEBAO (中国社会科学院大学学报) [JOURNAL OF UNIVERSITY OF CHINESE ACADEMY OF SOCIAL SCIENCES] 41, 41–57 (2023).

16 *See* RONALD DWORKIN, LAW'S EMPIRE (1986) (presenting interpretation as the search for the reading that best fits and best justifies the practice interpreted).

the exchange rules. Second, the typology is constrained by fit. It must take as fixed points Article 7's open but conventional list, Article 65's spare incorporation sentence, the exchange rules' separation of mandatory and voluntary cohorts, and Article 85's residual phrase; and it proves its value only by organizing those materials better than the two readings it displaces: that every exchange sustainability report is already, for all purposes, an information-disclosure document, and that none is securities disclosure at all. Third, the typology is defeasible. A CSRC classification instrument or a published judgment sorting sustainability statements differently would supersede it, and the reform agenda in Part III invites exactly that supersession. Two questions then need separating. Whether a statement *is* securities disclosure is a question of classification, answered by channel and statute. How much follows from that classification is a question of consequence, answered by statement type, materiality, causation and remedy. A false sentence in a mandatory report is securities disclosure even if no workpaper survives to test it; the missing workpaper weakens the remedy, not the classification. The typology answers the first; the public record in Part III shows how credibly the system yet delivers the second.

Category 1: full securities-disclosure status. A sustainability statement has full securities-disclosure status when it appears in, is repeated in, or independently triggers a conventional securities-disclosure file. Article 7 of Order No. 226 keeps the category open, since its list of "信息披露文件" ends with "等," but the instruments it names remain conventional securities-disclosure files.[17] The category also includes sustainability-related facts that independently qualify as material events requiring interim disclosure, such as events that may materially affect the trading price of the company's securities.[18] The sustainability content here needs no stand-alone report channel to carry the legal load; it travels through the ordinary securities-disclosure machinery.

Category 2: integrated sustainability-disclosure status. Integrated sustainability-disclosure status attaches to a statement made in a board-approved sustainability report required of the SSE or SZSE mandatory cohort. The report is created by exchange self-regulatory rules, tied to the annual report's reporting entity and period, filed on a fixed timetable, and now expressly recognized in Order No. 226 Article

17 CSRC Measures, *supra* note 11, art. 7.

18 Securities Law, *supra* note 10, arts. 80, 85; CSRC Measures, *supra* note 11, art. 23.

65.[19] This is the strongest sustainability-specific channel. It plainly supports exchange supervision and general CSRC disclosure-administration measures. Its exposure to administrative penalty and private civil liability is greatest where the disputed statement was one the exchange rule required, where it was material to investors, and where a revelation or correction event can be identified; whether the statement was in fact false, misleading or materially incomplete is then the question for decision, not a precondition of asking it. One qualification remains, and it is evidentiary: targeted searches of the official and public-facing sources described below located no published decision applying Securities Law Article 85 or Article 197 to a stand-alone sustainability-report misstatement as such.[20]

Category 3: voluntary exchange-channel status. The third category covers statements in a non-mandatory SSE or SZSE sustainability report, or in a BSE sustainability report. Here the initial duty to publish differs: the BSE guideline is framed in voluntary terms, and non-mandatory SSE and SZSE issuers are encouraged rather than required

19 SSE Guideline No. 14, *supra* note 1, arts. 3–4; SZSE Guideline No. 17, *supra* note 1, arts. 3–4; CSRC Measures, *supra* note 11, art. 65.

20 Author's targeted official-site and public-source searches. The exact websites, search terms, inclusion criteria and limitations are set out in Appendix A. The searches did not locate a publicly available case, CSRC administrative-penalty decision, exchange disciplinary sanction, official correction order or representative-litigation judgment imposing consequences specifically for a sustainability-report misstatement as such within the evidence window. They also did not locate a comparable official aggregate filing dataset, compiled after the April 30, 2026, deadline, for the first mandatory 2025 reporting cycle. The search was limited to public sources and does not exclude issuer-level filings, unpublished supervisory contacts, informal guidance, pending investigations, later-issued aggregate statistics or non-public regulatory materials. Two further limitations should be borne in mind: publication on the national China Judgments Online database has declined markedly since 2021, so absence from public case reporting is weak evidence of absence in the courts. *See China's Top Court Pledges More Transparency After Sharp Drop in Judgments Shared Online*, S. CHINA MORNING POST (Jan. 15, 2024), https://www.scmp.com/news/china/politics/article/3248484/chinas-top-court-pledges-more-transparency-after-sharp-drop-judgments-shared-online (reporting the Supreme People's Court's December 2023 disclosure that annual postings fell from 19.2 million in 2020 to 10.4 million in 2022 and 5.1 million in 2023); postings partially recovered in 2024 while remaining well below the 2020 level. *See Chinese Courts Enhance Judicial Transparency with over 8.1 Million Judgments Published Online*, SUP. PEOPLE'S CT. (Jan. 6, 2025), https://english.court.gov.cn/2025-01/06/c_1062168.htm (recording over 8.1 million judgments posted online from January to November 2024, up 67.3 percent year on year); and only five weeks separate the first mandatory filing deadline from the close of the window. Both limitations are recorded in Appendix A.

to report. Once an issuer chooses the exchange channel, however, the report must satisfy the requirements of truthfulness, objectivity, consistency and non-misleading presentation; and Order No. 226 adds the regulator's own discipline, requiring voluntary disclosure to be truthful, accurate and complete, made fairly, continuously and consistently rather than selectively, and never used improperly to influence the price of the company's securities or their derivatives.[21] A voluntary sustainability report is therefore regulated speech from the moment of publication. In one respect its statutory footing is even more direct than the mandatory report's: Article 84 of the Securities Law itself prohibits voluntary disclosure that conflicts with legally required disclosure or misleads investors, so a claim aimed at a misleading voluntary statement can rest the breached disclosure obligation on the statute directly, without the departmental-rule bridge that Section II.F builds for the mandatory report.[22] The directness of the duty does not, however, carry the rest of the claim. The voluntary report's travel into administrative-penalty and civil-liability doctrine remains more calibrated, especially where the statement was not otherwise required, was not repeated in a conventional disclosure file, and is not shown to be material: the choice to publish was free, materiality is harder to presume for content no rule demanded, and a court may fairly weigh both in calibrating consequence.

Category 4: off-channel ESG statement. What remains is the off-channel residue: statements appearing only in marketing materials, websites, roadshow slides or other communications never incorporated into recognized securities disclosure. Such statements are not without law. A false green claim in marketing can amount to false advertising under the Advertising Law and to misleading commercial publicity under the Anti-Unfair Competition Law, and may sound in contract,

21 SSE Guideline No. 14, *supra* note 1, arts. 3, 6, 8, 61; SZSE Guideline No. 17, *supra* note 1, arts. 3, 6, 8, 61; BSE Guideline No. 11, *supra* note 2, arts. 3, 6, 8, 60; CSRC Measures, *supra* note 11, art. 5 (voluntary disclosure must be truthful, accurate and complete, fair, continuous and consistent, and must not be used improperly to influence the price of the company's securities or their derivatives).

22 Securities Law, *supra* note 10, art. 84; SPC Misrepresentation Provisions, *supra* note 10, art. 4. Article 84 supplies the statutory duty; Article 4 of the 2022 interpretation supplies the gateway through which the breached obligation is identified.

tort, consumer protection or sectoral regulation.[23] What such statements lack is the securities channel. They do not become securities disclosure merely because they concern ESG. They become relevant to securities law only if incorporated into an official disclosure file, if they contradict legally required disclosure, if they are deployed in a market-facing voluntary disclosure that misleads investors, or if they concern a material event that should have been disclosed under the Securities Law and Order No. 226.[24]

Across the four categories, the test runs on a gradient. A sustainability statement counts as securities disclosure most clearly where traceability is supplied by a conventional disclosure file or a mandatory exchange report, testability by required hard information or disclosed methods, and legal consequence by exchange or CSRC correction, administrative penalty or civil misrepresentation doctrine. The claim weakens where a plaintiff seeks civil compensation for a stand-alone sustainability statement that published judicial practice has not yet classified, and weakens further where the statement never enters the market-disclosure channel at all.

One further filter is the type of statement. Hard historical metrics, an emissions figure or a recorded penalty, call for different treatment than transition plans and aspirations. Chinese misrepresentation doctrine already draws this line for predictive information, which the 2022 interpretation describes as profit forecasts, development plans and similar forward-looking content; a transition plan answers to that description. A prediction is not actionable merely because reality later diverges from it. Liability turns on whether risk warnings were adequate, whether assumptions were obviously unreasonable, and whether material changes in the underlying premises went uncorrected.[25] Applied to sustainability reporting, the principle supports a calibrated rule: false hard metrics and concealed boundary manipulation should be easier to challenge than good-faith transition

23 Guanggao Fa (广告法) [Advertising Law] arts. 4, 28 (as amended Apr. 29, 2021), https://scjgj.beijing.gov.cn/cxfw/flfgcxfw/ggl/202204/t20220401_2646388.html (China); Fan Buzhengdang Jingzheng Fa (反不正当竞争法) [Anti-Unfair Competition Law] arts. 9, 25 (as revised June 27, 2025, effective Oct. 15, 2025), https://www.spp.gov.cn/spp/fl/202506/t20250627_699862.shtml (China).

24 Securities Law, *supra* note 10, arts. 78, 84–85; CSRC Measures, *supra* note 11, arts. 3, 5, 23, 65.

25 SPC Misrepresentation Provisions, *supra* note 10, art. 6. The provision addresses "盈利预测、发展规划等预测性信息," that is, profit forecasts, development plans and similar predictive information.

projections accompanied by clear assumptions, methods and update duties.

C. The Exchange Layer: Trial Guidelines, Cohort Scope, and Compilation Guides

At the first operational layer sit the 2024 exchange trial guidelines. They do more than recommend ESG reporting. For the SSE and SZSE mandatory cohorts they create a board-approved sustainability report that must be disclosed within four months of the financial year-end, not earlier than the annual report, and on the same reporting-entity and reporting-period basis as the annual report.[26] They require sustainability information to be truthful and objective, not selectively presented, and consistent with information already disclosed according to law.[27] Estimates, forecasts and other predictive information must rest on reasonable assumptions and premises, carry appropriate risk warnings, and be updated where the assumptions or premises materially change.[28] Breaches may attract exchange self-regulatory measures or disciplinary sanctions.[29]

On the SSE, the triggers are continuous inclusion throughout the reporting period in the SSE 180 Index or the STAR 50 Index, and dual domestic and overseas listing;[30] on the SZSE, continuous inclusion in the SZSE 100 Index or the ChiNext Index, and dual listing.[31] On the BSE, Article 3 is a voluntary reporting provision: BSE companies may disclose a sustainability or ESG report, and those that do become disclosure subjects under that guideline.[32]

CAPCO's figure of 412 mandatory-disclosure entities is best read against the SSE and SZSE index and dual-listing triggers; it is not evidence that BSE issuers sat under the same mandatory architecture.[33]

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26 SSE Guideline No. 14, *supra* note 1, art. 4; SZSE Guideline No. 17, *supra* note 1, art. 4; BSE Guideline No. 11, *supra* note 2, art. 4.

27 SSE Guideline No. 14, *supra* note 1, arts. 6, 8; SZSE Guideline No. 17, *supra* note 1, arts. 6, 8; BSE Guideline No. 11, *supra* note 2, arts. 6, 8.

28 SSE Guideline No. 14, *supra* note 1, art. 8; SZSE Guideline No. 17, *supra* note 1, art. 8; BSE Guideline No. 11, *supra* note 2, art. 8.

29 SSE Guideline No. 14, *supra* note 1, art. 61; SZSE Guideline No. 17, *supra* note 1, art. 61; BSE Guideline No. 11, *supra* note 2, art. 60.

30 SSE Guideline No. 14, *supra* note 1, art. 3.

31 SZSE Guideline No. 17, *supra* note 1, art. 3.

32 BSE Guideline No. 11, *supra* note 2, art. 3.

33 CAPCO Report, *supra* note 7.

The cohort is also time-variant: CAPCO fixes its 412 at the companies that satisfied the mandatory conditions for the 2024 reporting year and holds that definition constant in later monitoring, while counts taken at the April 2026 filing deadline, under later index compositions, run higher.[34] The three exchanges can still be analyzed together because their channels share truthfulness, consistency, board-approval and timetable features; the legal consequences of non-publication, misreporting and voluntary disclosure must nonetheless be analyzed exchange by exchange and cohort by cohort.

The designation "trial" (试行) signals that the exchanges regard the guidelines as provisional and revisable; while they stand, however, they bind the cohort. In the early years, trial status supports proportionate enforcement, because issuers may legitimately expect supervisory patience on questions the rule itself has left open, and strengthens Part III's case for a published, correction-first response sequence rather than immediate severity.

The compilation guides occupy a lower normative tier. The first guides, covering general requirements and climate response, were issued in parallel by the three exchanges in January 2025 under CSRC guidance. A public consultation on three further application guides opened in September 2025, and on January 30, 2026, the three exchanges issued guides on pollutant emissions, energy use and water

34 CAPCO Report, *supra* note 7 (defining the mandatory cohort as the 412 companies that satisfied the Guideline conditions for the 2024 reporting year, and holding that definition constant in later monitoring). For a deadline-time count, *see* *A Gu ESG Qiangzhi Pilu Yuannian: Cong "Hegui Dajuan" Dao "Jiazhi Chongsu"* (A 股 ESG 强制披露元年：从"合规答卷"到"价值重塑") [*The First Year of Mandatory A-Share ESG Disclosure: From Compliance Answer Sheet to Value Reshaping*], SINA FIN. (May 19, 2026), https://finance.sina.com.cn/roll/2026-05-19/doc-inhymuma3141157.shtml (China) (republishing a Securities Market Weekly article; reporting, on commercial-database figures, 469 filings across the cohort treated as mandatory at the April 30, 2026 deadline; cited as context only under the Appendix A protocol). The figures describe differently defined cohorts, not inconsistent facts.

use, Shanghai simultaneously revising its general compilation guide.[35] The revised Shanghai guide states that report preparation must comply with laws, administrative regulations, regulatory rules, normative documents, the trial guideline and other exchange business rules, and that disclosure failures producing false records, misleading statements or material omissions attract legal responsibility.[36] The guides create no free-standing liability code, but they reduce methodological variation, tighten disclosure expectations, and, by narrowing the space for discretionary preparation choices, make later correction more feasible.

Nor are the guidelines the only supervisory signal. In November 2024 the SSE finalized a three-year action plan for raising the quality of ESG disclosure by its listed companies, which commits the exchange, among other things, to strengthening its supervision of ESG disclosure and to using self-regulatory measures to raise the cost of malicious

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35 Shanghai Zhengquan Jiaoyisuo Shangshi Gongsi Zilü Jianguan Zhinan Di 4 Hao: Kechixu Fazhan Baogao Bianzhi (2026 Nian 1 Yue Xiuding) (上海证券交易所上市公司自律监管指南第 4 号——可持续发展报告编制（2026 年 1 月修订）) [Guidance No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies: Preparation of Sustainability Report] (Jan. 2026 rev.), https://english.sse.com.cn/start/sserules/stocks/listing/c/10814666/files/03af38346cc2401e899d65e10d924077.pdf (China) [hereinafter SSE Compilation Guide]. The first compilation guides, covering general requirements and climate response, were issued in parallel by the three exchanges in January 2025 under CSRC guidance; a public consultation on three further application guides opened on September 5, 2025; and on January 30, 2026, the three exchanges issued application guides on pollutant emissions, energy use, and water use, Shanghai simultaneously revising its general guide. *See, e.g.*, *San Da Jiaoyisuo Xiuding Kechixu Fazhan Baogao Bianzhi Zhinan, Hangshi Kechixu Fazhan Xinxi Pilu Jichu* (三大交易所修订可持续发展报告编制指南，夯实可持续发展信息披露基础) [*Three Exchanges Revise the Sustainability Report Compilation Guides, Consolidating the Foundation of Sustainability Disclosure*], CHINA FUND (Jan. 30, 2026), https://www.chnfund.com/article/AR107a7e8d-2269-d9ff-336f-3a1f209adaeb (China); Shenzhen Stock Exchange, *Guanyu Fabu "Shenzhen Zhengquan Jiaoyisuo Shangshi Gongsi Zilü Jianguan Zhinan Di San Hao: Kechixu Fazhan Baogao Bianzhi (2026 Nian Xiuding)" "Shenzhen Zhengquan Jiaoyisuo Chuangye Ban Shangshi Gongsi Zilü Jianguan Zhinan Di San Hao: Kechixu Fazhan Baogao Bianzhi (2026 Nian Xiuding)" de Tongzhi* (关于发布《深圳证券交易所上市公司自律监管指南第 3 号——可持续发展报告编制（2026 年修订）》《深圳证券交易所创业板上市公司自律监管指南第 3 号——可持续发展报告编制（2026 年修订）》的通知) [*Notice on Issuing the SZSE Self-Regulatory Guidance No. 3 on Sustainability Report Preparation (2026 Revision) for Main Board and ChiNext Companies*] (Jan. 30, 2026), https://www.szse.cn/lawrules/service/share/t20260130_618858.html (China).

36 SSE Compilation Guide, *supra* note 35, art. 4.

greenwashing and selective disclosure.[37] The plan imposes no obligations of its own; it announces how the exchange intends to supervise.

D. Order No. 226 and the Broader Information-Disclosure System

The second layer is the CSRC's Measures for the Administration of Information Disclosure by Listed Companies, revised in 2025 as Order No. 226 and effective from July 1, 2025. In legal-rank terms the Measures are a CSRC departmental rule for listed-company disclosure administration: below the Securities Law, above ordinary supervisory guidance and issuer-specific supervisory practice.[38] Their connective work is substantial: Article 3 restates the basic disclosure standard of truthfulness, accuracy and completeness; Article 5 permits voluntary disclosure only on non-selective and non-misleading terms; and Article 11 places exchange supervision of disclosure conduct within the broader supervisory system overseen by the CSRC, whose approval exchange listing and disclosure rules require.[39]

The most important bridging provision is Article 65, quoted in the Introduction.[40] Its placement is telling: it sits in the Measures' closing chapter, between an authorization to make special disclosure rules for particular industries and the rule extending the Measures to overseas-incorporated enterprises listed domestically. That is where a drafter puts a provision connecting the Measures to an adjacent regime, not

37 *Tuidong Tigao Hushi Shangshi Gongsi ESG Xinxi Pilu Zhiliang Sannian Xingdong Fang'an (2024–2026 Nian)* (推动提高沪市上市公司 ESG 信息披露质量三年行动方案（2024-2026 年）) [*Three-Year Action Plan for Improving the Quality of ESG Information Disclosure by Companies Listed on the Shanghai Stock Exchange (2024–2026)*] (finalized by the Shanghai Stock Exchange, Nov. 2024) (China), announced at Shanghai Stock Exchange, *Shangjiao Suo Zhiding "Tuidong Tigao Hushi Shangshi Gongsi ESG Xinxi Pilu Zhiliang Sannian Xingdong Fang'an (2024–2026 Nian)" Bing Jiu Shangshi Gongsi Kechixu Fazhan Baogao Bianzhi Zhinan Gongkai Zhengqiu Yijian* (上交所制定《推动提高沪市上市公司 ESG 信息披露质量三年行动方案（2024-2026 年）》并就上市公司可持续发展报告编制指南公开征求意见) [*SSE Formulates the Three-Year Action Plan and Consults on the Sustainability Report Compilation Guides*] (Nov. 6, 2024), https://www.sse.com.cn/aboutus/mediacenter/hotandd/c/c_20241106_10763797.shtml (China) [hereinafter SSE Action Plan].

38 CSRC Measures, *supra* note 11.

39 CSRC Measures, *supra* note 11, arts. 3, 5, 11; Securities Law, *supra* note 10, arts. 85, 87, 197; SPC Misrepresentation Provisions, *supra* note 10, arts. 4, 8–10.

40 CSRC Measures, *supra* note 11, art. 65. On the provision's setting, *see id.* arts. 64–67 (supplementary provisions addressing, in sequence, special-industry rules, sustainability reports, overseas issuers and entry into force).

where one houses a definition. The grammar points the same way, outward, to the exchange rules as the immediate source of the duty. Placement and grammar support a single reading: Article 65 incorporates the channel; it does not classify its contents.

Commentary has described Article 65 as the first regulation of ESG disclosure at the level of a departmental rule, and a milestone for that reason.[41] The description is accurate, and compatible with the narrower point here: bringing sustainability reports within disclosure administration matters for supervisory legitimacy and issuer compliance expectations, but it neither places them inside Article 7's list nor answers the civil-liability questions by itself.

Order No. 226 also builds internal governance around disclosure through duties assigned to the disclosure-affairs management system, which must cover internal reporting, review, archival control and the allocation of responsibility (Article 31);[42] the audit committee, which supervises disclosure duties and investigates suspected violations (Article 37);[43] and the board secretary, who organizes disclosure work, holds access to the company's financial and operating information, and answers for outward publication (Article 39).[44] Articles 44 and 46 connect disclosure obligors to securities firms and service institutions through duties to provide authentic materials and preserve client mandates, verification materials, workpapers and related quality-control documents.[45] Article 51 authorizes the CSRC to require explanations and supporting materials and to examine service-provider workpapers where it doubts the truthfulness, accuracy or completeness of specialized opinions;[46] Article 53 supplies supervisory measures, from orders to correct and regulatory interviews to warning letters and orders for public explanation;[47] and Article 55 channels false,

41 *See, e.g.*, *Zhengjianhui Shouci Cong Bumen Guizhang Cengmian Guifan ESG Xinxi Pilu* (证监会首次从部门规章层面规范 ESG 信息披露) [*The CSRC Regulates ESG Disclosure at the Departmental-Rule Level for the First Time*], 21ST CENTURY BUS. HERALD (Apr. 1, 2025), https://www.21jingji.com/article/20250401/herald/f773005debefb0128675e8bf33f13e52.html (China).

42 CSRC Measures, *supra* note 11, art. 31.

43 *Id.* art. 37.

44 *Id.* art. 39.

45 *Id.* arts. 44, 46.

46 *Id.* art. 51.

47 *Id.* art. 53.

misleading or materially incomplete disclosure into the Securities Law's administrative-penalty regime.[48]

No one can now say that sustainability reports are absent from Order No. 226; what the Measures leave unspecified, since Article 7's list names only conventional files,[49] is how each kind of stand-alone sustainability-report statement maps onto Article 85 civil compensation, Article 197 administrative penalty and the Supreme People's Court's misrepresentation criteria.

E. The Ministry of Finance Layer: National Sustainability Disclosure Standards

In late 2024 the Ministry of Finance, acting with eight other central departments, adopted the Corporate Sustainability Disclosure Standards: Basic Standard (Trial). The Basic Standard announces a national standards system in three tiers: a basic standard stating general requirements, specific standards for environmental, social and governance topics, and application guides interpreting and operationalizing both.[50] In December 2025 the first specific standard followed, Standard No. 1 on climate, co-issued by the Ministry of Finance and nine further central authorities, this time including the CSRC, and likewise applied voluntarily pending rules on scope and implementation.[51] The declared schedule is concrete: basic and climate standards with application guides by 2027, and a basically complete national system of sustainability-disclosure standards by 2030.

These instruments are normative documents of central departments, adopted under the Ministry of Finance's standard-setting authority and trial in designation; they impose no present filing duty on any listed company. Their significance lies elsewhere: they fix the direction of travel for the content of sustainability disclosure, much as the accounting standards once did for financial reporting.

Two consequences follow. The first concerns the gateway in the misrepresentation doctrine: the 2022 interpretation rests claims on disclosure requirements found in laws, administrative regulations, and the rules and normative documents of the regulatory authorities. The exchange guidelines reach that gateway only through incorporation.

48 *Id.* art. 55.

49 *Id.* art. 7.

50 CSDS Basic Standard, *supra* note 8.

51 CSDS Climate Standard, *supra* note 9; CSDS Basic Standard, *supra* note 8.

The national standards, once implementation rules make their content mandatory for defined enterprises, will sit inside it without strain, because they are themselves departmental normative documents, and the climate standard already bears the CSRC's signature. The classification question would not disappear, but its hardest step would. The second is content convergence. The exchange guidelines and compilation guides set the present floor; the national standards state the eventual common language. An issuer drafting today, and a regulator designing classification rules tomorrow, should both write with one eye on that convergence, so that classification does not have to be done twice.

The sustainability report therefore no longer stands alone as an exchange experiment; it is the listed-company face of a national disclosure program with a published timetable.

F. The Securities Law and the Supreme People's Court Layer

The statutory backbone lies in the Securities Law. Article 78 requires truthful, accurate, complete, concise, clear and timely disclosure; Article 84 prohibits voluntary statements that conflict with legally required disclosure or mislead investors; Article 87 confirms exchange supervision of disclosure acts; and Article 95 establishes representative litigation for securities civil-compensation claims. Article 85 is the central civil-liability provision. Its wording is precise: an information-disclosure obligor is liable where it fails to disclose information as required, or where the announced "证券发行文件、定期报告、临时报告及其他信息披露资料" contain "虚假记载、误导性陈述或者重大遗漏" and investor loss results. The residual expression is "其他信息披露资料," other information-disclosure materials, not merely "other documents" in the abstract. Article 197 distinguishes between failure to disclose and disclosure containing false records, misleading statements or major omissions, and assigns the latter a higher penalty band.[52]

Two statutory provisions are particularly critical here: Article 85's residual phrase, capable of accommodating mandatory sustainability reports where Order No. 226 Article 65 and the exchange rules supply a recognized reporting channel, though it nowhere defines its own outer boundary; and Article 197's distinction between non-disclosure and positive disclosure falsity, which becomes pressing once sustainability reporting moves beyond missed filings, comfortable

52 Securities Law, *supra* note 10, arts. 78, 84, 85, 87, 95, 197.

within exchange enforcement, to contested metrics, boundary choices and narrative claims within a filed report.

The procedural and doctrinal back end is supplied by the Supreme People's Court. The 2020 provisions on representative litigation in securities disputes give operational form to ordinary and special representative litigation for claims involving false statements, insider trading and market manipulation.[53] The special representative mechanism is no longer theoretical. In the Kangmei Pharmaceutical litigation, the Guangzhou Intermediate People's Court entered judgment on November 12, 2021, and the China Securities Investor Services Center announced that it would not appeal.[54] *Kangmei* proves that Chinese courts can translate disclosure fraud into large-scale civil compensation; it decides nothing about the classification of sustainability reports.

The SPC's 2022 judicial interpretation on securities misrepresentation supplies the finer doctrinal machinery. Article 4 treats a disclosure as false or misleading where the disclosure obligor violates information-disclosure requirements in laws (法律), administrative regulations (行政法规), or the rules (规章) and normative documents (规范性文件) made by the regulatory authorities (监管部门). That formula does not convert every exchange guideline into a statute; it is a gateway for identifying the disclosure obligation

53 Zuigao Renmin Fayuan Guanyu Zhengquan Jiufen Daibiaoren Susong Ruogan Wenti de Guiding, Fa Shi [2020] Wu Hao (最高人民法院关于证券纠纷代表人诉讼若干问题的规定，法释【2020】5 号) [Provisions of the Supreme People's Court on Several Issues Concerning Representative Litigation in Securities Disputes, Judicial Interpretation No. 5 [2020]] art. 1 (promulgated by the Judicial Comm. Sup. People's Ct., July 23, 2020, effective July 31, 2020), https://www.court.gov.cn/fabu-xiangqing-245501.html (China) [hereinafter SPC Representative Litigation Provisions].

54 Kangmei Yaoye Zhengquan Xujia Chenshu Tebie Daibiaoren Susong An (康美药业证券虚假陈述特别代表人诉讼案) [Kangmei Pharmaceutical Securities Misrepresentation Special Representative Litigation], (2020) Yue 01 Min Chu No. 2171 (Guangzhou Intermediate People's Ct. Nov. 12, 2021) (China) [hereinafter Kangmei Judgment]; Toufu Zhongxin Guanyu Dui Kangmei Yaoye Tebie Daibiaoren Susong Yishen Panjue Buyu Shangsu de Gonggao (投服中心关于对康美药业特别代表人诉讼一审判决不予上诉的公告) [Announcement That the Investor Services Center Will Not Appeal the First-Instance Kangmei Pharmaceutical Special Representative Litigation Judgment], CHINA SECURITIES INVESTOR SERVICES CTR. (Nov. 19, 2021), https://www.investor.org.cn/qybh/wqfw/tfzxwq/dbrss/kmyya/202111/t20211119_524338.shtml (China) [hereinafter CISC Kangmei Announcement].

on which a misrepresentation claim can rest. The interpretation's remaining machinery, predictive information under Article 6, revelation and correction under Articles 8 and 9, and materiality under Article 10, is taken up below.[55]

A civil claim on a Category 2 statement therefore runs through three texts in series. Article 85 supplies the cause of action and its residual phrase; Article 4 of the 2022 interpretation supplies the gateway; and Order No. 226 Article 65, itself a departmental rule, carries the claim across the gateway's most awkward gap. The stock exchanges are self-regulatory organizations under CSRC supervision, not regulatory authorities in the strict sense, and a court asked to treat an exchange guideline alone as an Article 4 source would face a fair objection. The objection loses most of its force once the CSRC's own rule commands publication according to the rules of the stock exchanges, because the breach can then be framed as a breach of the departmental rule, given content by the exchange rule it incorporates.[56] Adjacent practice points the same way. Courts have long entertained misrepresentation claims arising from documents, such as performance forecasts, whose immediate textual home is sub-statutory; the obligation's location below the statute has not been treated as fatal. Whether courts will take the final step for stand-alone sustainability reports remains to be seen, but the materials for taking it are in place.

G. Materiality, Revelation, and the Price Connection

How far a claim proceeds depends above all on materiality. Article 10 of the 2022 interpretation recognizes three bases. A matter is material if it constitutes a material event under the Securities Law, if it is one the regulators' rules and normative documents require to be disclosed, or if its falsity produced a demonstrable effect on price or trading volume.[57] Sustainability content reaches the first basis only occasionally, as where a major environmental penalty independently qualifies as a material event. The second depends on the same incorporation argument as Article 4, and shares its fortunes. The third is the empirical crux.

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55 Securities Law, *supra* note 10, arts. 85, 87; CSRC Measures, *supra* note 11, arts. 11, 65; SPC Misrepresentation Provisions, *supra* note 10, arts. 4, 6, 8–10.

56 SPC Misrepresentation Provisions, *supra* note 10, art. 4; CSRC Measures, *supra* note 11, art. 65; Securities Law, *supra* note 10, art. 85.

57 SPC Misrepresentation Provisions, *supra* note 10, art. 10; Securities Law, *supra* note 10, arts. 80–81.

Whether ESG misstatements systematically move A-share prices is an open empirical question, and much of the civil remedy's practical reach hangs on it. It is open but not unstudied. Event studies of Chinese listed companies find negative abnormal returns around the public disclosure of environmental violations, smaller than the reactions documented in mature markets, and around the exposure of greenwashing; what they measure is the market's response to exposure, which supports the revelation machinery described below while leaving the price effect of any particular misstatement a case-specific question.[58] If much greenwashing has no demonstrable price effect, then part of the gap this Article documents is structural rather than transitional, and no correction practice will manufacture loss causation where prices never moved. That possibility would relocate the regime's center of gravity toward supervision and correction, with damages doing little of the work. The reform agenda in Part III is drafted to be robust to either answer.

The revelation machinery, by contrast, is already adequate to the likely sustainability sequence. Articles 8 and 9 of the interpretation fix the revelation and correction dates by reference to public exposure in qualifying media, the public announcement of a filing for investigation, exchange self-regulatory measures, and the issuer's own correction.[59] An exchange inquiry letter that publicly identifies a suspected misstatement, followed by a correction announcement, is exactly the kind of event the interpretation contemplates.

Loss follows the general machinery. Transaction causation is presumed for open-market purchases made after the misrepresentation and before its revelation, subject to rebuttal, and investment-difference loss is computed against a base date and base price fixed after revelation or correction.[60] Nothing in that machinery

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58 Xiaodong Xu, Saixing Zeng & Chi Ming Tam, *Stock Market's Reaction to Disclosure of Environmental Violations: Evidence from China*, 107 J. BUS. ETHICS 227 (2012) (documenting negative but comparatively modest market reactions to the public disclosure of environmental violations by Chinese listed companies); Xingqiang Du, *How the Market Values Greenwashing? Evidence from China*, 128 J. BUS. ETHICS 547 (2015) (finding exposed greenwashing significantly negatively associated with cumulative abnormal returns around the exposure event); *see also* Christensen, Hail & Leuz, *supra* note 13 (on the dependence of reporting effects on the surrounding enforcement environment).

59 SPC Misrepresentation Provisions, *supra* note 10, arts. 8–9.

60 SPC Misrepresentation Provisions, *supra* note 10, art. 26 (base date for calculating investment-difference loss); *see also id.* arts. 11–12 (transaction causation and its rebuttal).

is peculiar to sustainability statements; the distinctive question remains whether the price moved at all.

H. What the Hierarchy Settles, and What It Leaves Open

The hierarchy settles a good deal, though not everything. Legal rank and remedial function are not the same. The Securities Law supplies the statutory liability and penalty hooks; Order No. 226 is a CSRC departmental rule; and the exchange guidelines are self-regulatory rules that nonetheless create, for the mandatory cohorts, a required report backed by exchange consequences.[61]

Nor does current law impose the same initial publication obligation everywhere: defined SSE and SZSE cohorts must report, while BSE issuers and the remaining SSE and SZSE issuers report voluntarily, subject to the guideline where their reports cover governed content.[62]

Order No. 226 Article 65 brings sustainability reports into CSRC listed-company disclosure administration.[63] That is stronger than soft-law encouragement, but it stops short of remedial classification.

What remains open is the last step: a settled rule or published decision classifying mandatory sustainability reports and their constituent statements for the full range of Article 85 and Article 197 consequences. A stand-alone sustainability-report statement is not automatically identical, for all purposes, to a periodic-report statement merely because both sit within the disclosure system.

III. FROM STATEMENT TO CONSEQUENCE: ACHIEVEMENTS, GAPS, AND REFORM

One question runs through this Part: can a sustainability statement move from report to evidence, and from evidence to consequence?

A. Report Creation, Filing Failure, and Public Visibility

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61 Securities Law, *supra* note 10, arts. 85, 87, 197; CSRC Measures, *supra* note 11, arts. 11, 65; SSE Guideline No. 14, *supra* note 1, arts. 3–4, 61; SZSE Guideline No. 17, *supra* note 1, arts. 3–4, 61.

62 SSE Guideline No. 14, *supra* note 1, art. 3; SZSE Guideline No. 17, *supra* note 1, art. 3; BSE Guideline No. 11, *supra* note 2, art. 3.

63 CSRC Measures, *supra* note 11, art. 65.

The regime's strongest feature is the creation of the report itself.[64] A statement inside a dated, board-approved, exchange-filed report is more legally tractable than a sentence scattered across a website, a marketing brochure or an investor-relations slide deck.

CAPCO's monitoring shows the channel changing reporting behavior even before the first mandatory 2025 cycle became due: of the 389 reports disclosed for the 2024 cycle, 83.03 percent were prepared in accordance with the exchange guidelines, 60.15 percent rested on a double-materiality assessment, and 27.51 percent obtained whole-report or partial-data third-party assurance.[65]

Non-filing and late filing should be separated from misstatement. An SSE or SZSE mandatory issuer that publishes no report has failed to use a defined exchange channel; one that publishes after the four-month timetable has filed late. Both are easier supervisory cases than a dispute over whether a reported emissions figure, boundary exclusion, supply-chain statement or transition target is false or misleading. For voluntary reporters, non-filing is no defect at all; the obligations described in Section II.B attach only to the report they choose to publish.

B. Governance, Testability, and the Evidence Gap

The second achievement is institutional embedding. The Order No. 226 governance provisions described in Section II.D give the report named internal owners across the disclosure-affairs system, the audit committee and the board secretary,[66] and bind the surrounding securities firms and service institutions to authenticity and workpaper duties.[67] Those arrangements are not sustainability-specific, but they give the sustainability report the closest available analogue to the financial-reporting control environment.

The compilation guides described in Section II.C make the required evidentiary basis more visible,[68] and their effect is greatest where the statement is a hard historical metric. A report may state, for

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64 SSE Guideline No. 14, *supra* note 1, arts. 3–4; SZSE Guideline No. 17, *supra* note 1, arts. 3–4.

65 CAPCO Report, *supra* note 7. The absence of a comparable 2025-cycle aggregate dataset is based on the public-source search described in *supra* note 20. The point is limited to public aggregate data and does not exclude issuer-level filings or unpublished supervisory information.

66 CSRC Measures, *supra* note 11, arts. 31, 37, 39.

67 *Id.* arts. 44, 46, 51.

68 SSE Compilation Guide, *supra* note 35.

example, that Scope 1 emissions for 2025 were 1.2 million tonnes of carbon dioxide equivalent, that wastewater discharge met the relevant pollutant standard, or that water withdrawal at all major production sites fell by 10 percent against the prior year. None of these is an aspiration; each invites testing against calculation files, meter data, monitoring records and methodology notes.

The gap lies on the evidence side: issuer-side retention duties are under-specified, and third-party assurance is partial rather than routine.[69] The regime is consequently strongest at making statements traceable, weaker at making contested statements testable, and weaker still at showing public consequence.[70]

C. Statement-Type Consequences

The legal analysis should be statement-specific. The exchange guidelines' self-regulatory and disciplinary measures,[71] the CSRC's explanation, correction and supervisory tools,[72] and the Securities Law's administrative-penalty backstop[73] do not operate identically across all sustainability-report statements.

If a mandatory issuer states that its Scope 1 and Scope 2 emissions were calculated on the same reporting perimeter as the annual report, but internal records show that a high-emitting subsidiary, captive power plant or newly acquired production facility was excluded without explanation, the defect is a boundary and metric problem of the most concrete kind. The same holds if the report states that all pollutant-emissions data were measured under a specified standard when the issuer used inconsistent sampling periods or omitted a non-compliant facility. Where the metric is required, material, price-sensitive, or corrected through a visible announcement or supervisory measure, the case under the Securities Law and the 2022 misrepresentation provisions is materially stronger.[74]

69 CAPCO Report, *supra* note 7.

70 Author's targeted official-site searches, *supra* note 20.

71 SSE Guideline No. 14, *supra* note 1, art. 61; SZSE Guideline No. 17, *supra* note 1, art. 61; BSE Guideline No. 11, *supra* note 2, art. 60.

72 CSRC Measures, *supra* note 11, arts. 51, 53, 55.

73 Securities Law, *supra* note 10, art. 197.

74 Securities Law, *supra* note 10, arts. 80, 85; CSRC Measures, *supra* note 11, art. 23; SPC Misrepresentation Provisions, *supra* note 10, arts. 8–10.

Methodology disputes are harder but still legally important. A report may state that emissions intensity fell by 20 percent while quietly moving the denominator from physical output to revenue; it may describe an energy-use reduction as group-wide while drawing data only from selected facilities; it may fold renewable-energy procurement and carbon credits together so that operational reductions appear larger than they were. None of this is necessarily false in the simple arithmetic sense. The defects become legally significant where the method, boundary or restatement choice makes the statement misleading or materially incomplete. Article 197's positive-falsity category, described in Section II.F, reaches exactly these defects.[75]

Supply-chain and value-chain statements require still greater calibration. A statement that all tier-one suppliers passed environmental-compliance audits is more testable than a general statement that the issuer promotes green procurement. A statement that key suppliers are covered by traceable due-diligence procedures is more testable where the report identifies its evidentiary basis, and barely testable where the report says only that the company "encourages suppliers to improve sustainability performance." Securities-law consequences become more plausible where the statement is repeated in the annual report, used to support a financing or listing representation, concerns a material risk, or contradicts legally required disclosure.

Repeated annual-report statements should be treated separately from stand-alone sustainability statements. If an emissions figure, environmental penalty, production-site closure, supplier disruption or climate-risk exposure appears in the annual report as well as the sustainability report, the ordinary securities-disclosure rules carry more of the legal load. Article 95 of the Securities Law and the 2020 representative-litigation provisions supply the collective procedure,[76] a procedure *Kangmei* has already shown to work at scale,[77] and the 2022 interpretation's revelation and correction machinery applies in the ordinary way.[78]

75 Securities Law, *supra* note 10, art. 197.

76 Securities Law, *supra* note 10, art. 95; SPC Representative Litigation Provisions, *supra* note 53, art. 1.

77 Kangmei Judgment, *supra* note 54; CISC Kangmei Announcement, *supra* note 54.

78 SPC Misrepresentation Provisions, *supra* note 10, arts. 8–9.

Dual listing is itself one of the mandatory triggers, and it changes the analysis. An issuer listed in Shanghai or Shenzhen and in Hong Kong reports under two regimes at once: the exchange guideline at home and, in Hong Kong, climate disclosures modeled on the ISSB climate standard. There, Scope 1 and Scope 2 emissions disclosure is mandatory for all issuers for financial years commencing on or after January 1, 2025; the remaining climate requirements apply on a comply-or-explain basis from the same date; and the full requirements become mandatory for Hang Seng Composite LargeCap Index constituents from financial years commencing January 1, 2026.[79] The overlap cuts both ways. It supplies a second, often earlier, public record against which the mainland report can be tested; and it creates a distinctive exposure, because inconsistency between the two filings is itself a fact a regulator or a plaintiff can use. Nor is the Hong Kong side toothless on its own terms: disclosure of false or misleading information likely to induce transactions is market misconduct, with a parallel criminal offence, under the Securities and Futures Ordinance; providing false or misleading information to the Exchange or the Securities and Futures Commission is itself an offence; and the ESG Reporting Code sits inside the Listing Rules and their disciplinary machinery.[80] Press reporting indicates roughly 188 mandatory-cohort

79 Hong Kong Exchanges & Clearing Ltd., Main Board Listing Rules app. C2, pt. D, https://en-rules.hkex.com.hk/rulebook/appendix-c2-environmental-social-and-governance-reporting-code-0. Part D, added with effect from January 1, 2025, following the Exchange's April 2024 consultation conclusions, introduces climate-related disclosures modeled on the ISSB climate standard (IFRS S2) in phases: Scope 1 and Scope 2 greenhouse-gas emissions disclosure is mandatory for all issuers for financial years commencing on or after January 1, 2025; the remaining climate requirements apply to Main Board issuers on a comply-or-explain basis from the same date and become mandatory for issuers that are Hang Seng Composite LargeCap Index constituents for financial years commencing on or after January 1, 2026, with GEM issuers encouraged to report voluntarily.

80 Securities and Futures Ordinance (Cap. 571) §§ 277, 298 (H.K.) (the civil market-misconduct provision and its criminal counterpart for disclosure of false or misleading information inducing transactions); *id.* § 384 (provision of false or misleading information to the Securities and Futures Commission or a recognized exchange company); Hong Kong Exchanges & Clearing Ltd., Main Board Listing Rules ch. 2A (disciplinary powers); on the ESG Reporting Code, *see supra* note 79.

issuers listed in both markets; for them, cross-market consistency is a legal-risk parameter in its own right.[81]

Forward-looking transition claims sit at the other end of the spectrum. A report may state that the issuer aims to reduce Scope 1 and Scope 2 emissions by 50 percent by 2030, reach carbon neutrality in operations by 2040, procure 80 percent renewable electricity by 2030, or reduce supply-chain emissions through supplier engagement. The stronger case arises where the report omits that the target depends on unapproved capital expenditure, unavailable technology or renewable power that has never been contracted. The legal question is whether assumptions, risk warnings and update duties were disclosed with enough specificity to prevent the statement from misleading investors. Article 85's residual phrase and Article 10 of the 2022 interpretation provide a plausible basis.[82]

D. Public Enforcement Signals as Transitional Evidence

Public enforcement signals test whether the channel built in Part II has begun to generate visible movement from statement to evidence, correction, sanction or civil claim; the answer is fixed to a stated date so that the same questions can be re-asked, under the same protocol, as the record matures. The public-source search covered the official and public-facing sites listed in Appendix A, including CSRC and local-bureau pages, SSE, SZSE and BSE materials, exchange inquiry-letter

81 *Liang Zhi Qi Sheng: Kechixu Fazhan Baogao Qiangzhi Pilu Shounian Chengxiao Xianzhu* (量质齐升 可持续发展报告强制披露首年成效显著) [*Quantity and Quality Rise Together: Notable Results in the First Year of Mandatory Sustainability-Report Disclosure*], ECON. INFO. DAILY (May 18, 2026), https://www.news.cn/finance/20260518/73257e276c59483892beebe50db275c1/c.html (China) (reporting, on commercial-database figures, that 2,720 A-share companies had published 2025-cycle sustainability reports by the end of April 2026, a disclosure rate of roughly 49 percent, with full filing across the mandatory cohort, including all 188 issuers listed both on the mainland and in Hong Kong; cited as context only because press and vendor data fall outside the official-source protocol in Appendix A).

82 Securities Law, *supra* note 10, art. 85; CSRC Measures, *supra* note 11, art. 65; SPC Misrepresentation Provisions, *supra* note 10, art. 10.

and listed-company announcement databases, CNINFO disclosures, court materials, investor-protection sources and CAPCO data.[83]

The search located the 2026 compilation-guide updates, including the Shanghai revision and the application guides for pollutant emissions, energy use and water use, together with issuer-level sustainability and ESG reports filed during the 2026 reporting season, ordinary annual-report inquiry letters, listed-company correction announcements and general financial-fraud enforcement materials. What it did not locate was a comparable official aggregate post-deadline dataset for the 2025 mandatory cycle, or a publicly available case, CSRC administrative-penalty decision, exchange disciplinary sanction, official correction order or representative-litigation judgment imposing consequences specifically for a misstatement in a sustainability report as such.[84] Sources outside the official protocol, used here only as context, point the same way on tempo: press reporting of commercial-database figures records some 2,720 published 2025-cycle reports by the end of April 2026, a disclosure rate near 49 percent across the A-share market, and full filing across the mandatory cohort. Those figures evidence reporting tempo, not remedial activation.

The most likely explanation for the silence is arithmetical. Only five weeks separate the first mandatory filing deadline from the close of the evidence window. Investigations take longer than that to mature into penalty decisions; civil claims require a revelation event and then a filing; even an exchange disciplinary decision usually trails the conduct by months. The principal national judgments database has also published far fewer decisions since 2021 than it once did, so absence from public case reporting is weak evidence of absence in the courts. It is too early for a response to be visible; nothing in the record suggests a system that has declined to respond. What the negative result does establish is narrower: public reliance remains limited where correction, sanction and classification practice cannot yet be observed.

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83 Author's targeted official-site and public-source searches, *supra* note 20, and Appendix A. The public search was necessarily limited to public sources and does not exclude unpublished supervisory communications, informal guidance, pending investigations or later-issued aggregate statistics.

84 Author's targeted official-site searches, *supra* note 20; SSE Compilation Guide, *supra* note 35; *Liang Zhi Qi Sheng*, *supra* note 81.

Other systems show what activation looks like. In 2022 the United States Securities and Exchange Commission charged Vale S.A. under the antifraud and reporting provisions of the federal securities laws, resting in part on dam-safety assurances in the company's public sustainability reports; the matter settled in 2023 for USD 55.9 million.[85] The case offers no template for Chinese doctrine, but it is proof of concept: a mature enforcement system treated sustainability-report statements as securities statements without needing a new statute to say so.

Table 1. Public-evidence profile for China (May 2024 to June 2026); method and coding protocol in Appendix A.

Indicator	Score	Supporting public evidence	Uncertainty or qualification
V1. Mandatory reporting object and traceability	2	For the SSE and SZSE mandatory cohorts, the channel contains a defined mandatory filing obligation, board approval, the same reporting-entity and reporting-period frame as the annual report, a fixed filing calendar, and a traceable reporting object.	The score reflects the mandatory SSE and SZSE channel. BSE and non-mandatory SSE and SZSE issuers remain voluntary or differently calibrated at the initial-publication stage.
V2. Boundary, cohort, and topic clarity	1	Order No. 226 Article 65 and the 2026 compilation-guide revisions make the sustainability-report channel and preparation expectations clearer, and the national CSDS standards state the direction of content convergence.	Statement-type boundaries and full remedial classification remain incomplete, especially for stand-alone voluntary statements, methodology changes, boundary omissions and

85 Press Release, U.S. Sec. & Exch. Comm'n, *Brazilian Mining Company to Pay $55.9 Million to Settle Charges Related to Misleading Disclosures Prior to Deadly Dam Collapse* (Mar. 28, 2023), https://www.sec.gov/newsroom/press-releases/2023-63 (recording that the charges, brought in April 2022 under the antifraud and reporting provisions of the federal securities laws, rested in part on dam-safety assurances contained in the company's public sustainability reports).

Indicator	Score	Supporting public evidence	Uncertainty or qualification
			forward-looking transition claims.
A1. Assurance and verification infrastructure	1	Third-party assurance exists, but CAPCO recorded only 27.51 percent whole-report or partial-data assurance among the 389 reports disclosed by the 2024 mandatory cohort.[86]	Assurance is partial rather than routine, and its legal value depends on whether the assurance perimeter, standard, method and data coverage are clear.
A2. Supervisory activity	2	Exchange supervision is visible through the trial guidelines, the compilation guides and their 2025-2026 consultation and revision cycle, and the SSE's three-year ESG disclosure-quality action plan, with its announced self-regulatory response to malicious greenwashing.[87]	This is strong rule-building and supervisory-channel visibility. It is not yet sustainability-specific sanction activation.
P1. Evidence access and standing	1	Supervisory compulsion and service-provider workpaper access exist within the listed-company disclosure system.[88]	Issuer-side sustainability workpaper duties and calibrated external access remain under-specified.
P2. Procedural tempo	1	Reporting deadlines are clear; general correction, explanation and supervisory-response tools exist; and the rule	No sustainability-specific correction cadence on the response side, from inquiry to correction, has yet become visible.

86 CAPCO Report, *supra* note 7.

87 SSE Guideline No. 14, *supra* note 1; SZSE Guideline No. 17, *supra* note 1; BSE Guideline No. 11, *supra* note 2; SSE Compilation Guide, *supra* note 35; SSE Action Plan, *supra* note 37.

88 CSRC Measures, *supra* note 11, arts. 44, 46, 51.

Indicator	Score	Supporting public evidence	Uncertainty or qualification
		side shows a visible cadence, from the September 2025 consultation to the January 2026 guides.[89]	
S1. Correction power	1	Exchange measures and CSRC correction powers exist, including correction, warning, public explanation and disciplinary escalation tools.[90]	No published sustainability-specific correction sequence or routine correction practice has yet been identified.
S2. Punishment and activated bite	1	Administrative penalties and representative litigation are real in general disclosure law, and Kangmei shows that disclosure fraud can generate large-scale civil recovery.[91]	Sustainability-specific activation has not been demonstrated in published practice; the first mandatory cycle closed only weeks before the window did.

The profile carries no aggregate total, because the indicators are not commensurable: a regime cannot buy back a missing sanction record with an especially well-drafted filing calendar. The indicator families are grounded in the enforcement and disclosure literature on which Part II drew.[92] The scores are ordinal codes of public evidence,

89 SSE Guideline No. 14, *supra* note 1, art. 4; SZSE Guideline No. 17, *supra* note 1, art. 4; BSE Guideline No. 11, *supra* note 2, art. 4; CSRC Measures, *supra* note 11, arts. 51, 53; SSE Compilation Guide, *supra* note 35 (recording the September 2025 consultation and January 2026 issuance cadence on the rule side).

90 SSE Guideline No. 14, *supra* note 1, art. 61; SZSE Guideline No. 17, *supra* note 1, art. 61; BSE Guideline No. 11, *supra* note 2, art. 60; CSRC Measures, *supra* note 11, arts. 53, 55; Author's targeted official-site searches, *supra* note 20.

91 Securities Law, *supra* note 10, arts. 85, 95, 197; SPC Representative Litigation Provisions, *supra* note 53; Kangmei Judgment, *supra* note 54; Author's targeted official-site searches, *supra* note 20.

92 Coffee, *supra* note 12; Christensen, Hail & Leuz, *supra* note 13.

not measurements of legal force; coding conventions, sources and limitations are set out in Appendix A.

On that reading, China has moved faster on report creation and reporting visibility than on public remedial activation.

E. Reform Design: Evidence Infrastructure and Trade-Facing Disclosure

The reform agenda follows from the diagnosis: the report now exists and can be found; what it says cannot yet be reliably tested; and falsifying it costs nothing visible. Four tasks follow, each answering a weakness that Table 1 records: classification (V2), assurance (A1), evidence access and response tempo (P1 and P2), and visible correction and sanction (S1 and S2). Each builds on V1 and A2, the two indicators already at the top of the scale, by converting a traceable reporting object and visible rule-building energy into the response practice the remaining indicators lack. All four tasks are proposals, not descriptions of present law.

1. Hold the Reporting Gain; Settle Classification

The first task is to preserve what has been gained while settling what has not. The mandatory cohorts now have a defined, board-approved reporting object in an official exchange channel; that achievement should not be diluted by treating the sustainability report as soft corporate narrative. What the rules still do not state with sufficient precision is how different sustainability-report statements are classified for supervision, administrative penalty and civil misrepresentation. The CSRC should therefore issue an interpretive or disclosure-administration instrument stating when mandatory sustainability reports, and required statements within them, are to be treated as information-disclosure documents or as other information-disclosure materials within the listed-company disclosure system. Voluntary exchange reports should be addressed separately, with channel choice, statement content, materiality and market context supplying the limiting criteria. The instrument should also be drafted with one eye on the national CSDS standards, so that the classification settled now does not have to be unsettled when the 2027 and 2030 milestones arrive.

That classification rule should be statement-specific. Falsified emissions data, concealed boundary manipulation and false descriptions of completed supplier audits should face meaningful correction and sanction exposure. Good-faith transition plans should receive conditional protection where assumptions, dependencies, risk warnings and update duties are disclosed with specificity. Chinese misrepresentation doctrine already treats predictive information differently from hard falsehoods, and that distinction should be carried into sustainability-report classification.[93]

2. Build Verification into the Report

The second task is verification, which has not kept pace with rule-building: third-party assurance exists but remains partial rather than routine. The reform should therefore allocate verification responsibilities across issuers, audit committees, board secretaries, assurance providers, exchanges and the CSRC, rather than treating assurance as a market add-on.

For mandatory issuers, board approval of the sustainability report should be linked to an internal certification process covering the materiality assessment, the reporting perimeter and methodology, data sources, and consistency with annual-report disclosures. Assurance should be phased in for a narrow group of core metrics in the mandatory cohort, including Scope 1 and Scope 2 greenhouse-gas emissions, energy use, water use and pollutant-emissions data. Reports should state which figures are assured and which are not, the assurance standard used, whether assurance covers the reporting boundary and methodology, and what exceptions or management representations were recorded. Assurance that does not identify its perimeter adds little to public credibility.

3. Evidence Retention and Response Tempo

The present position is lopsided: general supervisory compulsion and service-provider workpaper access exist, but issuer-side evidence duties for sustainability files remain under-specified. The reform should impose a defined evidence-retention obligation for mandatory sustainability-report files. Issuers should preserve, for a defined period, the files from which the report was built: the materiality analysis, calculation and data-lineage records, boundary judgments and methodology notes, assurance and supplier-audit correspondence, the assumptions and dependencies behind transition plans, and the board or committee review materials. Order No. 226 already supplies general disclosure-governance, service-provider and workpaper-access tools;

93 SPC Misrepresentation Provisions, *supra* note 10, art. 6.

the CSRC can extend those tools to mandatory sustainability-report files through disclosure-administration rules.[94]

Response tempo is the related gap: a sustainability-specific correction cadence has not yet become visible. The exchanges should specify a public response sequence for contested sustainability disclosures: inquiry, issuer response, correction or a revised data table, an update to any assurance statement where relevant, disciplinary escalation, and CSRC referral where the facts suggest an administrative-penalty case. The aim is a path from statement to evidence, correction and escalation predictable enough that investors, counterparties and courts can tell what kind of defect has occurred, without making every disagreement litigable.

4. Visible Correction and Escalation

Sanctions come last, and the gap here is visibility rather than power. The law, including the law of supervisory response, should be accessible and, so far as possible, intelligible, clear and predictable, so that an issuer can know in advance what follows from each kind of failure and an investor can know what a given supervisory step signifies.[95] The SSE, SZSE and BSE should therefore publish a common correction taxonomy distinguishing non-reporting and late reporting by mandatory issuers, false hard metrics, undisclosed boundary exclusions, misleading methodology, and transition claims made without adequate assumptions or risk warnings. Each category should carry the public response path described above, from inquiry through correction to disciplinary escalation and CSRC referral.[96]

The taxonomy would also protect against over-enforcement. A corrected arithmetic error in a non-core metric should not be treated as equivalent to deliberate exclusion of a high-emitting subsidiary from a mandatory emissions boundary. Public correction should identify the kind of defect involved, whether a data error, a reporting-boundary defect, a methodology change, or a broader internal-control failure, because that classification is what makes falsification publicly costly without converting every sustainability statement into strict liability.

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94 CSRC Measures, *supra* note 11, arts. 31, 37, 39, 44, 46, 51.

95 TOM BINGHAM, THE RULE OF LAW 37 (2010) (stating the first principle that "the law must be accessible and, so far as possible, intelligible, clear and predictable").

96 SSE Guideline No. 14, *supra* note 1, art. 61; SZSE Guideline No. 17, *supra* note 1, art. 61; BSE Guideline No. 11, *supra* note 2, art. 60; CSRC Measures, *supra* note 11, arts. 53, 55.

5. The Trade-Facing Consequence

The trade-facing consequence is this: while those gaps persist, buyers, lenders, insurers and overseas counterparties rebuild the evidence channel privately through warranties, audit rights, data-sharing covenants and corrective-action clauses, often with flow-down obligations reaching the supplier's own suppliers. Those clauses are rational, because they allocate the cost of checking emissions data, supplier-audit coverage and transition-plan dependencies. They are also expensive. Overbroad audit rights, repeated questionnaires, incompatible data templates and overlapping assurance demands can impose disproportionate burdens on smaller upstream firms.

Contracts could rely on the public report for stable, assured or low-risk data, and reserve bespoke verification for unaudited, boundary-sensitive, high-risk or inconsistent claims. For core metrics and supply-chain claims, reports should therefore identify the reporting boundary and consolidation method, the data source and calculation standard, the assurance status, and any correction history. Where a statement concerns suppliers, the report should distinguish first-tier audit coverage, deeper value-chain estimates, policies and aspirations. A claim that all key suppliers were audited should state the supplier population, the audit period and standard, the sampling rule, and how non-conformities were handled. These are the data points that determine whether an external user can accept a public statement, sample it, request assurance or insist on a private audit.

The European Union's deforestation regime illustrates the point without becoming a model for Chinese securities law. Even after the December 2025 revision postponing application to December 30, 2026, the regime keeps the operator's own due-diligence responsibility at the center: third-party schemes can support risk assessment, but certification does not substitute for the operator's duty, and OECD guidance likewise treats due diligence as a targeted process, not a license for indiscriminate audit layering.[97] The narrower implication is that public disclosure and private due diligence are substitutes only at the margin. The stronger the public chain from statement to evidence, correction and consequence, the more precisely private contracts can target the weak link.

IV. CONCLUSION

More than four hundred issuers are now obliged to report, their filings carry thousands of data points, and assurance covers about a quarter of the reports. On those numbers a contested misstatement cannot be far away, and the form of the first response will reveal a good deal about the regime. An exchange inquiry followed by a correction would confirm the sustainability report as a creature of supervision, disciplined but rarely litigated. A CSRC penalty under Article 197 would pull it toward the stricter treatment of the annual report. A representative action would do most, because it would put in issue the question this Article has had to leave open: whether green misstatements move A-share prices at all. If they do not, civil compensation will rarely be available whatever the classification, and supervision will have to carry the regime alone.

Whichever path the first case takes, the classification defended in Part II will sort it: full status for statements in or independently triggering conventional disclosure files, integrated status for the

97 Regulation (EU) 2025/2650 of the European Parliament and of the Council of 19 December 2025 Amending Regulation (EU) 2023/1115 as Regards Certain Obligations of Operators and Traders, 2025 O.J. (L, 2025/2650), https://eur-lex.europa.eu/eli/reg/2025/2650/oj; *see also* Press Release, Council of the Eur. Union, *Deforestation: Council Signs Off Targeted Revision to Simplify and Postpone the Regulation* (Dec. 18, 2025), https://www.consilium.europa.eu/en/press/press-releases/2025/12/18/deforestation-council-signs-off-targeted-revision-to-simplify-and-postpone-the-regulation/; Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the Making Available on the Union Market and the Export from the Union of Certain Commodities and Products Associated with Deforestation and Forest Degradation and Repealing Regulation (EU) No. 995/2010, 2023 O.J. (L 150) 206, arts. 8–11, https://eur-lex.europa.eu/eli/reg/2023/1115/oj; Commission Notice, Guidance Document for Regulation (EU) 2023/1115 on Deforestation-Free Products, 2025 O.J. (C/2025/4524) § 10, https://eur-lex.europa.eu/eli/C/2025/4524/oj/eng; OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT (2018), https://www.oecd.org/en/publications/2018/02/oecd-due-diligence-guidance-for-responsible-business-conduct_c669bd57.html.

mandatory exchange report, truthfulness chosen with the channel for voluntary reports, and other law for everything off-channel.

The national standards run to a published schedule ending in 2030; the classification question has no schedule at all. Nothing obliges the CSRC to say, before the first dispute, whether a mandatory sustainability report is an "other information-disclosure material" under Article 85. But the question will be answered eventually, by rule or by judgment, and the two routes are not equally good. A rule made now can draw the statement-specific distinctions Part III recommends; a judgment will be shaped by whatever facts the first case happens to present, and first cases are rarely chosen for their suitability.

The rule-making phase of this reform is nearly complete. Its sequel will consist of events: a correction some issuer is made to publish, a penalty, perhaps a judgment. Those events will give the sustainability report its settled legal character, and the profile recorded here is offered as the baseline against which to read them.

APPENDIX A. ACCS METHOD AND PUBLIC-SOURCE PROTOCOL

The Accountability Channel Credibility Scorecard (ACCS) operationalizes the Article's three legal questions: traceability, testability and legal consequence. It is a transparent public-evidence coding frame for assessing whether the sustainability-report channel has moved from rule creation into observable enforcement, and it claims nothing more: neither a maturity index, nor a prediction of enforcement outcomes, nor a substitute for doctrinal analysis. Its design goal is repetition: the profile is built to be re-coded, by other hands, as the record matures.

Coding is based on public sources unless the Article expressly states otherwise. For each indicator, the coder records the operative rule or document, source date, issuer cohort or exchange, source type, and reason for the score. Source type distinguishes rule text, public filing, compilation guidance, inquiry or correction material, enforcement material, adjudication, and aggregate public data. A secondary context tier is permitted on stated terms: press and commercial-database reporting may be cited as context where expressly flagged as such, but is never counted as evidence of remedial activation.

Scoring scale. 0 means that no public evidence of the feature was located within the search window. 1 means that the feature exists in rule text or adjacent disclosure practice, but remains incomplete, voluntary, under-specified, or not visibly activated for sustainability reports. 2 means that the feature is clearly established for the relevant sustainability-report channel, or has been visibly activated in public practice. Scores are reported indicator by indicator and are not aggregated. I coded the profile alone. The temporal element of channel credibility is captured only partially, through P2 and the correction-history elements of S1.

Indicator	Coding instruction
V1. Mandatory reporting object and traceability	Identify whether the report is mandatory, voluntary or differently calibrated; who must file; whether the report is a defined public object; whether board approval, reporting period, reporting entity, timetable, and repository are clear.

Indicator	Coding instruction
V2. Boundary, cohort, and topic clarity	Identify whether the regime states who must report, who may report voluntarily, what must be reported, on what perimeter, and whether it calibrates hard metrics, boundary choices, predictive information, and transition-oriented statements.
A1. Assurance and verification infrastructure	Record whether assurance is absent, partial, voluntary, phased, or mandatory for defined metrics. Note the assurance perimeter, standard, method, data coverage, exceptions, and relationship with board or committee review.
A2. Supervisory activity	Look for visible exchange or regulator activity, including guidelines, compilation guides, thematic reviews, public notices, inquiry practice, correction notices, disciplinary action, and administrative penalty.
P1. Evidence access and standing	Identify what supporting materials regulators or courts can require; whether service-provider workpapers can be obtained; whether issuer-side files must be preserved; and whether private, collective or representative procedures exist for challenge.
P2. Procedural tempo	Identify whether there are visible timelines for filing, inquiry, issuer response, clarification, correction, supervisory escalation, and civil or administrative activation.
S1. Correction power	Catalog restatement, correction, clarification, and public-explanation tools. Distinguish powers that exist only in rule text from correction practice visible in public sources.
S2. Punishment and activated bite	Record whether administrative penalty, civil compensation, or criminal exposure exists only in general disclosure law, is visible in adjacent securities-disclosure practice, or has already been activated for sustainability-report statements.

Public-source protocol. The protocol was limited to public-facing official and quasi-official sources. It was designed to capture public evidence of movement from a sustainability-report statement to inquiry, correction, sanction, administrative penalty, civil claim, or investor-protection action.

Source group	Public sources searched	Materials included
CSRC and local CSRC bureaus	csrc.gov.cn and public local-bureau pages under the CSRC domain	CSRC rules, regulatory measures, orders to correct, warning letters, administrative-penalty decisions, listed-company disclosure materials, and local-bureau enforcement notices.
Stock exchanges	sse.com.cn, english.sse.com.cn, szse.cn, szse.cn/English and bse.cn	Sustainability-report guidelines, compilation guides, inquiry letters, regulatory letters, concern letters, disciplinary sanctions, self-regulatory measures, and exchange notices.
Exchange and CNINFO repositories	cninfo.com.cn, static.cninfo.com.cn and listed-company announcement repositories on the SSE, SZSE, and BSE websites	Annual sustainability reports, ESG reports, annual reports, correction announcements, supplementary announcements, revision announcements, inquiry-letter responses, and issuer-level disclosures.
Courts and case-reporting portals	court.gov.cn, gongbao.court.gov.cn, wenshu.court.gov.cn and gzcourt.gov.cn	SPC instruments, public judgments, case reports, representative-litigation materials, and court materials relevant to securities misrepresentation.
Investor-protection and public data sources	investor.org.cn, isc.com.cn and capco.org.cn	China Investor Website materials, China Securities Investor Services Center materials, representative-litigation and investor-service notices, and CAPCO public data on mandatory sustainability disclosure.

Search terms included the following Chinese control terms: “可持续发展报告,” “环境、社会和公司治理报告,” “ESG 报告,” “可持续信息披露,” “2024 年度可持续发展报告,” “2025 年度可持续发展报告,” “问询函,” “监管函,” “关注函,” “纪律处分,” “自律监管措施,” “监管措施,” “责令改正,” “更正公告,” “补充公告,” “修订公告,” “行政处罚,” “行政处罚决定书,” “虚假记载,” “误导性陈述,” “重大遗漏,” “虚假陈

述," "证券虚假陈述," "代表人诉讼," and "特别代表人诉讼." English control terms included sustainability report, ESG report, sustainability disclosure, inquiry letter, regulatory letter, correction announcement, misrepresentation, false statement, misleading statement, material omission, administrative penalty, representative litigation, CSRC, SSE, SZSE, and BSE.

Replication procedure. The search proceeded in five steps, stated here so that another researcher can repeat it. First, each Chinese control term was run through each source group's own search interface where the site provides one, and otherwise through a site-restricted general web search confined to the listed domain; English control terms were run in the same way against the English-language pages of the same sources. Second, the announcement and inquiry-letter repositories were additionally browsed by document type and filtered to the evidence window, because issuer-level corrections and exchange letters are catalogued by type and date rather than reliably retrieved by full-text search. Third, results were screened on title and summary against the inclusion criteria below, and every document plausibly within them was read in full. Fourth, each qualifying document was logged with the coding-record fields stated above. Fifth, scores were assigned indicator by indicator from the logged record, not from memory of the search. The negative findings reported in this Article are coded zeros under that procedure: they mean that, after full-text screening, no located document satisfied the correction, sanction, penalty or adjudication limbs of the inclusion criteria within the window, not that such documents are known not to exist.

The protocol excluded media reports, general policy commentary, issuer marketing materials and private contractual due-diligence materials unless they were incorporated into an official disclosure, public correction, supervisory measure, court material or investor-protection source. Two structural limitations, stated in Section III.D, qualify any negative finding: the five-week interval between the first mandatory filing deadline and the close of the window, and the sharply reduced publication rate of the national judgments database since 2021. The protocol also cannot exclude unpublished supervisory contacts, informal guidance, pending investigations, documents behind non-public filing interfaces, later-issued statistics or issuer-level records not captured by public search.

APPENDIX B. SELECTED SOURCE TABLE

This table identifies the principal sources used in the classification and public-evidence analysis. Full citations remain in the footnotes. The table shows each source's role in the Article.

Source	Type	Role in article
SSE Guideline No. 14, Sustainability Report (Trial)	Exchange self-regulatory guideline	Creates the SSE mandatory sustainability-report channel for defined cohorts and supplies board approval, timetable, reporting-period alignment, truthfulness, and exchange-sanction features.
SZSE Guideline No. 17, Sustainability Report (Trial)	Exchange self-regulatory guideline	Performs the corresponding channel-creation function for defined SZSE cohorts and supports the same distinction between mandatory and voluntary exchange-channel reporting.
BSE Guideline No. 11, Sustainable Development Report (Trial)	Exchange continuous-supervision guideline	Frames the BSE channel in voluntary terms and shows why BSE should not be collapsed into the SSE and SZSE mandatory regime.
CSRC Measures for the Administration of Information Disclosure by Listed Companies, Order No. 226	CSRC departmental rule	Article 65 recognizes sustainability reports published according to exchange rules. Other provisions supply disclosure standards, governance duties, workpaper access, correction tools and the link into administrative penalty.
Securities Law of the People's Republic of China	Statute	Supplies the statutory disclosure standards, voluntary disclosure limits, civil-liability hook, exchange-supervision basis, representative-litigation

Source	Type	Role in article
		procedure and administrative penalty powers.
SPC 2022 Misrepresentation Provisions	Judicial interpretation	Supplies misrepresentation criteria, treatment of predictive information, materiality, revelation or correction events, causation, and loss-allocation machinery.
SPC 2020 Representative Litigation Provisions	Judicial interpretation	Supplies the collective procedure for securities civil-compensation claims.
Kangmei Pharmaceutical judgment and CISC announcement	Securities-misrepresentation case and investor-protection material	Demonstrates that Chinese securities law can produce large-scale civil recovery for disclosure fraud, while leaving the sustainability-report classification question undecided.
CSDS Basic Standard (Trial), Cai Kuai [2024] No. 17	National standard (trial)	Establishes the national sustainability-disclosure track and the 2027 and 2030 program; identifies where disclosure obligations will increasingly sit in regulators' normative documents.
CSDS Climate Standard No. 1 (Trial), Cai Kuai [2025] No. 34	National standard (trial)	First specific national standard; voluntary pending scope rules; co-issued by the Ministry of Finance and nine further central authorities including the CSRC, which shows securities-regulator participation in content convergence.
SSE Three-Year ESG Action Plan (2024-2026)	Exchange supervisory program	Signals supervisory posture, including the announced self-regulatory response to malicious greenwashing and selective

Source	Type	Role in article
		disclosure; relevant to the A2 and S1 indicators.
SSE 2026 Compilation Guide and application guides	Exchange preparation guidance	Reduces methodological discretion for climate response, pollutant emissions, energy use and water use, and therefore matters to testability even though it creates no free-standing liability code.
SZSE and BSE compilation guides	Exchange preparation guidance	Provide background preparation guidance for the broader exchange-channel system and support the source map for reporting methodology.
HKEX ESG Reporting Code, Main Board Listing Rules Appendix C2	Overseas listing rules	Governs the Hong Kong leg of dual-listed issuers; ISSB-modeled climate disclosure phases in from financial year 2025 (Scope 1 and 2 emissions mandatory for all issuers, other requirements comply-or-explain) and becomes fully mandatory for Large Cap constituents from financial year 2026, making cross-market consistency a legal-risk parameter for the dual-listing cohort.
SEC Vale enforcement materials	Comparative enforcement material	Shows what sustainability-specific remedial activation looks like in a mature system; used as proof of concept, not as a model for Chinese classification.
CAPCO public report on mandatory sustainability disclosure	Quasi-official public data	Provides aggregate evidence on mandatory entities, reporting in accordance with exchange guidelines, double-materiality assessment and assurance rates for the observed cycle.

Source	Type	Role in article
CSRC, exchange, CNINFO, court, and investor-protection public-source pools	Public evidence search pool	Supports the public-evidence claim that, within the stated search window, no publicly available sustainability-specific Article 85 or Article 197 decision or representative-litigation judgment was located.
EU deforestation materials and OECD due-diligence guidance	Trade-facing comparator and due-diligence materials	Used only to explain why public disclosure credibility affects private verification, not as a model for Chinese securities-law classification.