

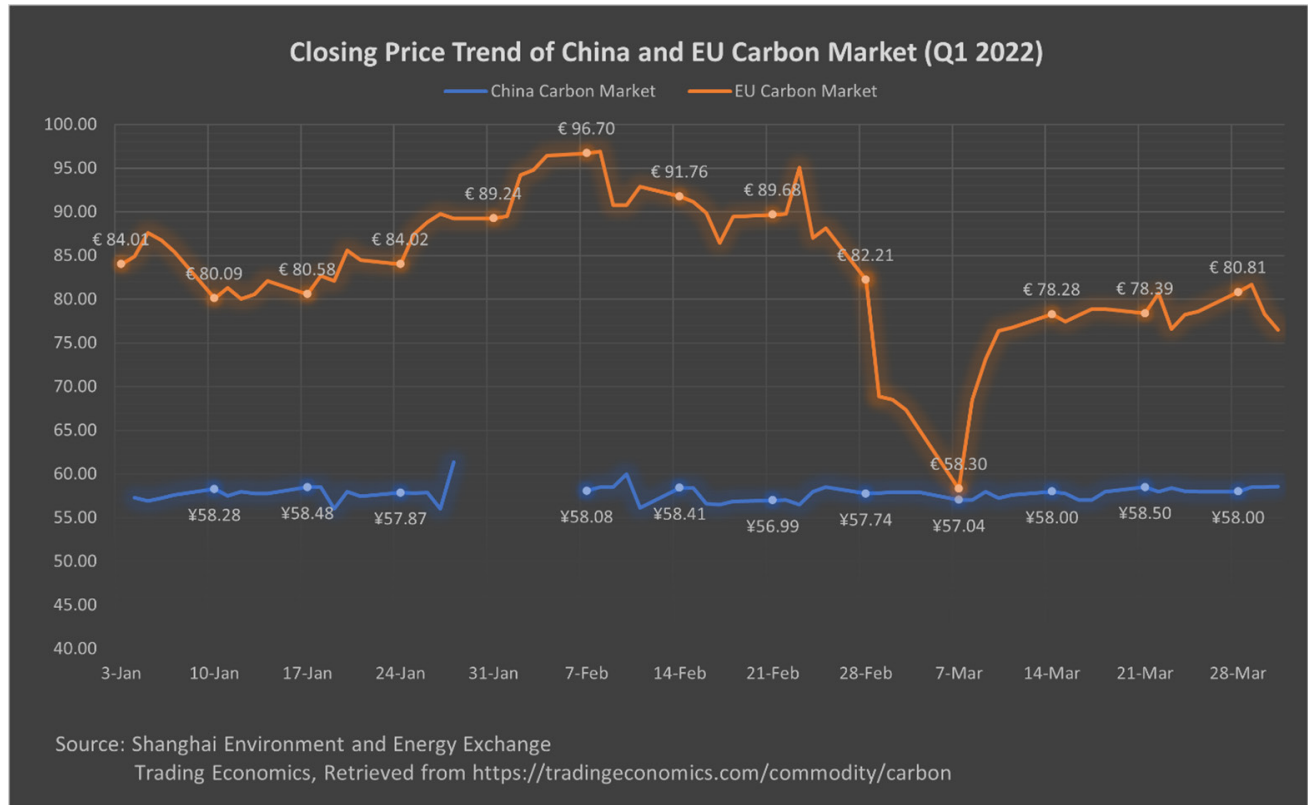
# China Sustainability Newsletter



Q1 2022

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# Carbon Trading Trend



**Note:** The chart is generated from the daily closing price from January to March of 2022, with the closing price on each Monday as markers. The missing data for China Market (24th of January – 7th of February) is due to the public holidays.

Date	3-Jan	10-Jan	17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	14-Mar	21-Mar	28-Mar
China Carbon Market	-	€ 8.28	€ 8.31	€ 7.80	-	€ 8.36	€ 8.30	€ 8.10	€ 8.21	€ 8.11	€ 8.24	€ 8.31	€ 8.24
EU Carbon Market	€ 84.01	€ 80.09	€ 80.58	€ 84.02	€ 89.24	€ 96.70	€ 91.76	€ 89.68	€ 82.21	€ 58.30	€ 78.28	€ 78.39	€ 80.81

**Note:** This is a comparison table of China Carbon Market and EU Carbon Market after converting the closing price of the China Market into Euros. The missing data for China Market is due to the public holidays.

# Policy Tracker

**Title:** [Format Guidelines for Legal Disclosure of Enterprise Environmental Information](#)

**Department:** Ministry of Ecology and Environment **Date:** 2022/01/04

**Title:** [Guidelines for Ecological Environmental Protection of Foreign Investment Cooperation and Construction Projects](#)

**Department:** Ministry of Ecology and Environment **Date:** 2022/01/06

**Title:** [Implementation Plan for Promoting Green Consumption](#)

**Department:** National Development and Reform Commissions **Date:** 2022/01/18

**Title:** [14<sup>th</sup> Five-Year Comprehensive Work Plan for Energy-Saving and Emission Reduction](#)

**Department:** The State Council **Date:** 2022/01/24

**Title:** [Regtech Adoption Practice Guide Issue #5: Cyber Risk Management](#)

**Department:** Hong Kong Monetary Authority **Date:** 2022/01/25

**Title:** [Implementation Guidelines for Energy Conservation and Carbon Reduction Transformation and Upgrading in Key Areas of Energy-Intensive Industries \(2022 Edition\)](#)

**Department:** National Development and Reform Commissions **Date:** 2022/02/11

**Title:** [Notice on the Management of Corporate Greenhouse Gas Emissions Reporting in 2022](#)

**Department:** Ministry of Ecology and Environment **Date:** 2022/03/15

## News Summary

More than one year has now passed since China's initial announcement of achieving Carbon Neutrality by 2060, also known as "30-60" Goals. Following the announcement, various measures have been introduced across the country starting from the province/city level to the institution and company level to align with the national target.

In the first quarter of 2022, Beijing Winter Olympics was successfully held under the principle of [low-carbon emissions and sustainability in a core of Olympics organization](#). According to experts from S&P Global, Beijing 2022 is the "[Carbon Neutral Template](#)" for future global events.

Jiangsu Province released "Implementation Opinions on Promoting High-Quality Development and Carbon Neutrality" in January 2022. Following that, Zhejiang provincial government published its [timeline](#) for Carbon Peak and Carbon Neutrality in February 2022. Besides that Shanghai Stock Exchange (SSE) released the [Low-carbon Action Plan](#) aligned with the 14<sup>th</sup> Five Year Plan.

In 2021, many companies have announced their own carbon neutrality targets, including [Alibaba](#). We are expecting that more companies will set and disclose their targets to achieve carbon neutrality such as [Tencent](#) and [State Grid Corporation of China](#).

# Carbon-related News



## **Xi Calls for a Steady Low-Carbon Transition**

The president also stressed that the achievements of China's climate goals should be considered on national level, while each area had its own role to play in the low-carbon transition. Some should cut their emissions while some may increase energy output to ensure energy security for the whole country.



## **Exchanges to Explore Carbon Market Opportunities in Greater Bay Area**

HKEX, CEEX sign memorandum of understanding on voluntary emission reduction programme. Under the MoU, HKEX and Guangzhou-based CEEX will jointly explore the development of a voluntary carbon emission reduction programme in the Guangdong-Hong Kong-Macao Greater Bay Area, with the aim of supporting China's efforts to reach peak carbon emissions by 2030 and carbon neutrality by 2060.





### **China Sets Carbon Reduction Goals for Central SOEs**

According to the guideline, comprehensive energy consumption for every 10,000 yuan (\$1,500) produced by a central SOE should fall by 15% by 2025 and carbon emissions by 18%.



### **China to Continue Promoting Green, Low-Carbon Development**

The country will work harder to address pollution and protect and restore ecosystems. It will promote development while also reducing emissions, and ensure greater harmony between humanity and nature.



### **Five Ways in Which Beijing 2022 will Become Carbon Neutral**

Five ways include low-carbon venues, a push for renewables, low-carbon transport, low-carbon ice cooling and compensating through afforestation.



### **Beijing 2022 Releases Low-Carbon Management Pre-Games Report**

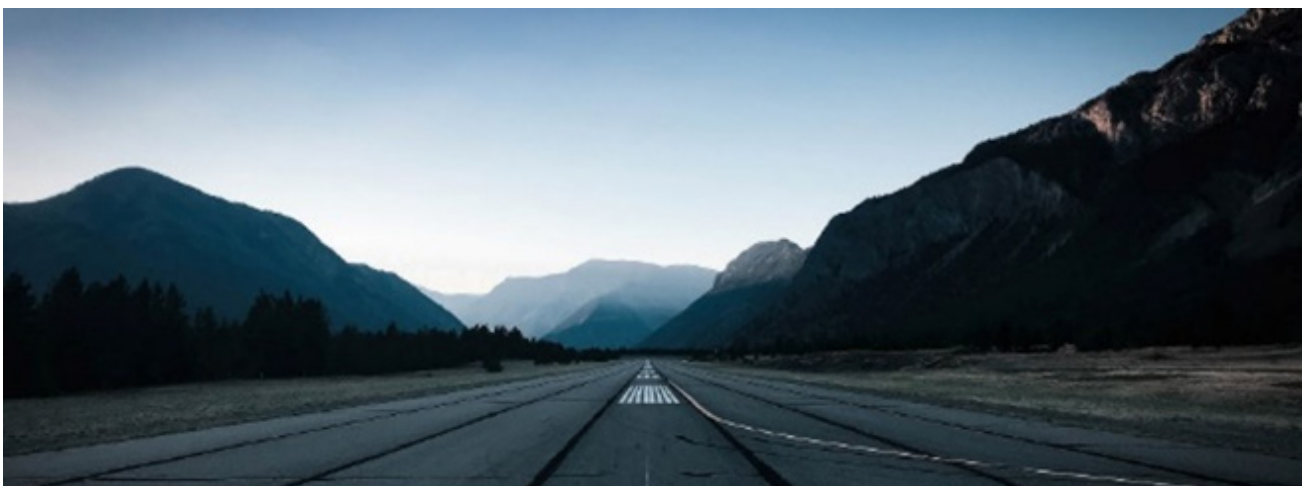
The report summarizes the progress of Beijing 2022's carbon management and focuses on the carbon footprinting methodology, baseline projections, revised estimations, and carbon compensation projects.





### **Beijing's Carbon Market Turnover Exceeds 2 billion Yuan**

By the end of 2021, the accumulated turnover of Beijing's carbon market exceeded 2.11 billion yuan (\$333.02 million). In 2021, the average online transaction price reached 72.86 yuan per metric ton, higher than the rates of six other local pilot markets.



### **Shanghai Stock Exchange Releases Its Low-Carbon Action Plan During the 14<sup>th</sup> FYP**

The Action Plan proposed six main initiatives as implementation guidance to establish China's low-carbon capital market.



### **China's Zhejiang Province Releases Carbon Peak and Neutrality Timetable**

By 2030, the province aims for a 30% share of non-fossil energy in its overall consumption, and slash carbon emissions per GDP by 65% from 2005 levels. By 2060, Zhejiang plans to have more than 80% of energy consumption from non-fossil sources, while effectively managing all other greenhouse gases (GHG) such as methane.



### **Chinese Product Life Cycle Greenhouse Gas Emission Factor Dataset was Published**

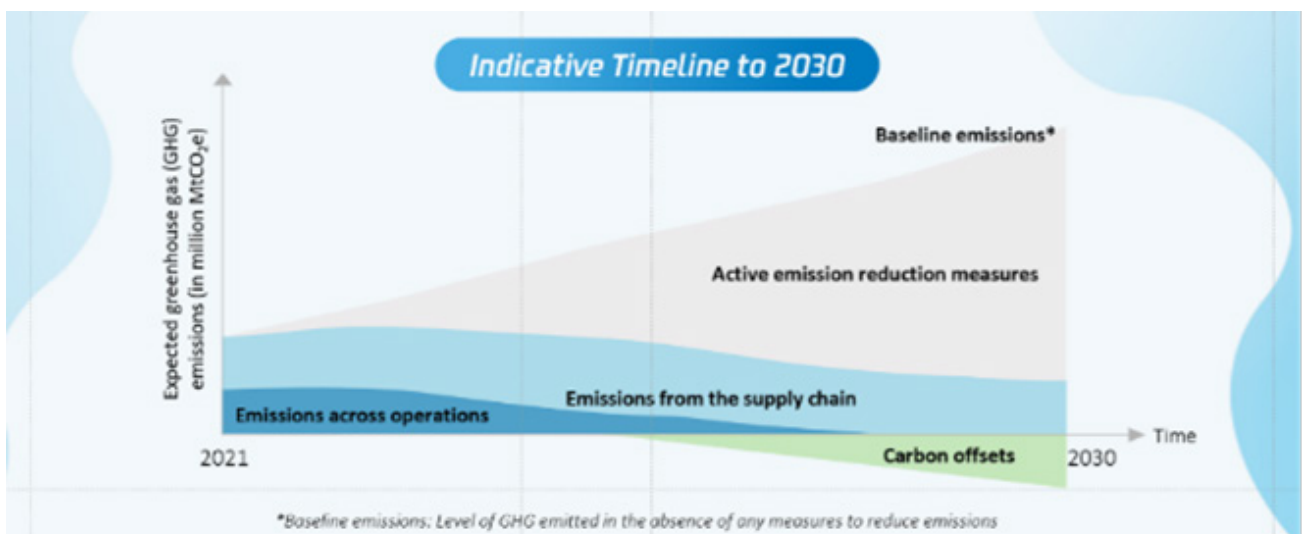
There are six major topics, including energy products, industry products, household products, transportation services, waste treatment and carbon sinks. The dataset of life cycle emissions includes product upstream emissions, downstream emissions, and waste management emissions.





### **HSBC to Slash Financed Emissions from Oil & Gas Clients by 34% by 2030, 75% for Power & Utilities**

Global banking and financial services company HSBC announced new financed emissions reduction targets for the carbon intensive Oil & Gas and Power & Utilities sectors, initiating the next step on its stated strategy to align its financing activities with the goals of the Paris Agreement and move to net zero by 2050.



### **Tencent Announces Carbon Neutrality by 2030**

Tencent pledges to achieve full carbon neutrality in its own operations and supply chain and to achieve 100% green electricity by 2030.



### **State Grid Corporation of China Released the “Carbon Peak, Carbon Neutral” Action Plan**

The action plan proposes that the SGCC will take “carbon peak” as the basic premise and “carbon neutrality” as the ultimate goal to accelerate the promotion of diversified, clean, low-carbon energy supply, and efficient energy consumption reduction and electrification.

## Green Finance



### **China Poised to Boost Global ESG-Labelled Bond Issuance**

Issuance of global environmental, social and governance (ESG) bonds could more than triple to \$4.5 trillion by 2025, from \$1.4 trillion at the end of 2021, boosted by greater participation from China, according to a new report.





### **PBOC Plans to Fund China Energy Transition**

The People's Bank of China (PBOC) has committed to further intensify its support for carbon transformation initiatives, including establishing a CNY 200 billion special loan facility to provide low-cost funding to financial institutions that lend to businesses in key areas of carbon emission reduction.



### **HSBC to Review Client Climate Plans to Assess Whether to Continue to Provide Financing**

Global banking and financial services company HSBC announced today a series of key steps it will take to advance its net zero-aligned financing goals, including a commitment to phase down fossil fuel financing, and to review clients' transition plans to assess whether to provide financing services.

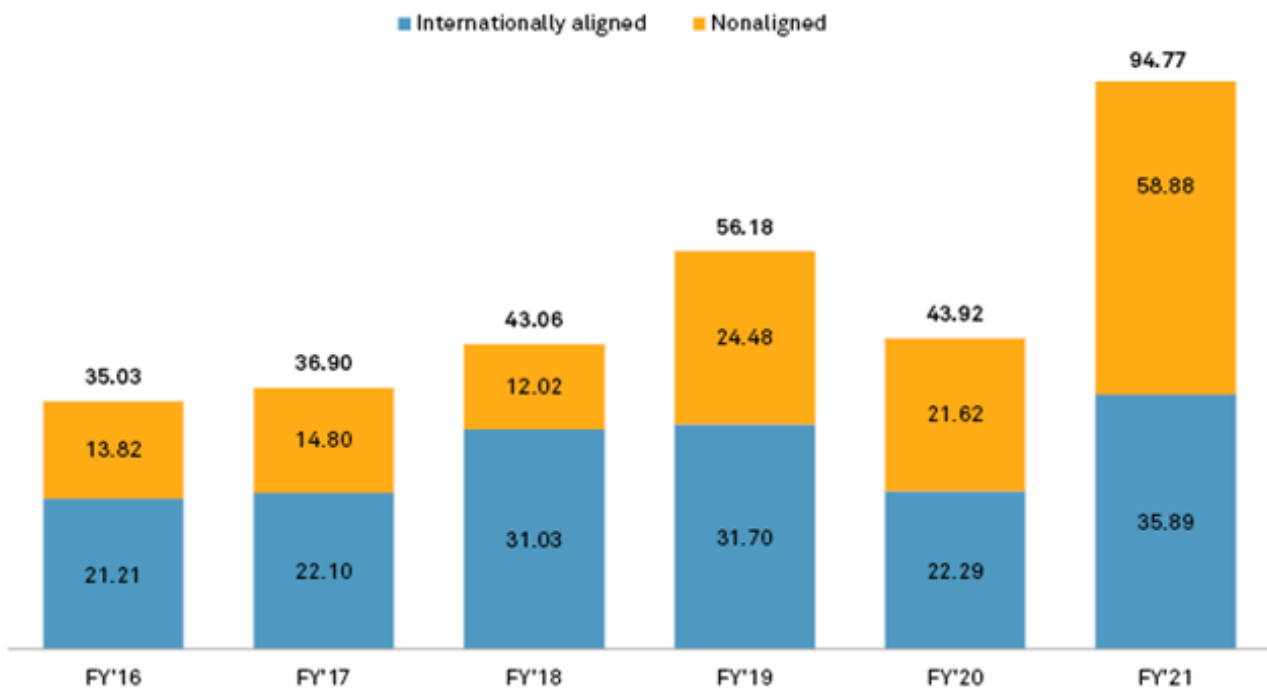




### **Australia and China Lead Region's ESG ETFs Boom**

Australia's assets in ESG ETFs grew from \$156m in 2016 to \$4.93bn in mid-2021, but China jumped from a paltry \$15m to \$3.3bn in the same period.

### **Volume of Chinese green bond issuance (\$B)\***



Data compiled Jan. 12, 2022.

\* Volume includes bonds aligned with international standards and bonds aligned with only local standards.

Internationally aligned green bonds are limited to those where at least 95% of proceeds are designated for green projects aligned with the Climate Bonds Taxonomy.

Source: Climate Bonds Initiative

### **China Green Bond Issuances Set to Cross \$100B Mark in 2022**

More Chinese issuers are expected to flock to the green bond market in 2022 on the back of the government's initiatives to widen the investor base and encourage bank lending to energy transition projects.



### **5 Indices Including CSI 500 ESG Optimal Strategy to be Released on March 21**

After excluding the 20% listed company securities with the lowest CSI ESG evaluation results from the CSI 500 Index sample, 150 listed company securities with high profitability, sufficient cash flow and growth characteristics were selected as an index sample of CSI 500 ESG.





## **Moody's Expects China's Transportation 5-yr Plan to Drive Infrastructure Investment, Sustainable Development**

Moody's believes multiple measures in the plan, such as improving the logistics, developing green infrastructure, and a leveling of capital spending for operators, are credit positive to enterprises in the sector.



## **China Stress Tests Find Default Risks in High-emitting Sectors**

The People's Bank of China (PBOC) has revealed the results of its first phase of climate risk stress tests of major banks in the country. Stranded assets, defaults in thermal power, steel and cement sectors may increase if companies do not shift to low-carbon alternatives.

## Regulation & Disclosure





### **New Environmental Disclosure Rules to Take Effect in China**

China's Ministry of Ecology and Environment has issued new disclosure rules that will require domestic entities to disclose a range of environmental information on an annual basis, effective 8 February 2022.



### **HKEX Listing Committee Outlines Policy Agenda for 2022**

HKEX will review the IPO eligibility requirements for technology firms, optimize the IPO price discovery process, and enhance ESG standards and climate disclosures.



### **HK FRC Establishes Sustainability & Climate Action Task Force**

The task force will provide high level recommendations on strategic actions the FRC should consider promoting sustainability reporting in Hong Kong.



### **China's Latest Guidelines for Greening the Belt and Road**

Only six months after the last guidelines, a new release gives more robust direction on greening China's overseas projects, with focus on pollution, climate and biodiversity



### **Shanghai Bourse Asks STAR Market Companies to Disclose ESG Details**

SSE sent a notice to STAR Market-listed companies recently, asking them to disclose ESG-related information, and added that separate ESG, social responsibility and sustainability reports should also be published, if needed.



### **Listed Companies in Taiwan to Disclose GHG Emissions**

The largest listed companies, as well as those in the steel and cement sectors, will have to disclose GHG emissions in their 2022 annual reports.



### **China willing to Work with U.S. on Build Back Better World Initiative**

China is willing to work with the United States on a G7-led global infrastructure plan and welcomes Washington to join its Belt and Road Initiative





### **Chinese, Indonesian Presidents Hold Phone Talks**

Indonesia fully supports the Global Development Initiative proposed by Xi, which is conducive to the realization of the UN 2030 Agenda for Sustainable Development, stressing that Indonesia is ready to maintain close communication with China to push forward the implementation of the initiative and contribute to the common development of the world.



### **CSRC Finalizes Enhancements to Shanghai-London Stock Connect**

Companies listed in the UK, Switzerland and Germany and “potentially other major markets in Europe” will be able to apply to issue CDRs in China.



### **Foreign Companies Keen to Expand Business in China Despite Pandemic**

Despite the protracted COVID-19 pandemic and the downward pressure on the macro-economy, foreign companies are optimistic about the Chinese market and plan to further expand their investment in China.

## Other News



### **China to Start Three-Year Crackdown on Money Laundering**

China will start a nationwide crackdown on money laundering from 2022 to 2024, after stepping up regulatory efforts in recent years.



### **China Slams Firms for Falsifying Carbon Data**

China's environment ministry has slammed firms for falsifying carbon data, part of the country's efforts to improve data quality as it prepares to expand its national emissions trading scheme into more industrial sectors.



### **China's Tencent Faces Possible Record Fine for Anti-Money-Laundering Violations**

Tencent is facing a potential fine, which could be at least hundreds of millions of yuan, for violating some central bank regulations on its WeChat Pay mobile network.





### **Death of ByteDance Employee Renews Overwork Controversy**

China's tech companies are under increasing public pressure over grueling, long-hours schedules, which were blamed for several deaths of young employees.



### **China Implements Punitive Damages Claims for Food, Drug Safety Violations**

According to the SPP, implementing punitive damages claims for food and drug safety violations would raise the cost of these violations. It also warns those tending to commit illegal acts.