

China Sustainability Newsletter

Issue No. 2 | March 2022 - June 2022

EVALUESERVE



Highlights

- China is strengthening its disclosure by taking into effect the new **ESG Disclosure Standard** on 1 June and considering adopting **ISSB Standards** in the future.
 - (→ [Regulation & Disclosure News](#))
- China recently published a series of policies to promote **energy efficiency and renewable energy transition** for achieving the national Dual Carbon targets.
 - (→ [Policy Tracker](#))
- Various green financing instruments such as the first **Carbon Neutrality ETF's** and **Transition Bonds** were introduced to boost the sustainable economy in China.
 - (→ [Green Finance News](#))

Part 1

Carbon Trading Trend

Part 2

Policy Tracker

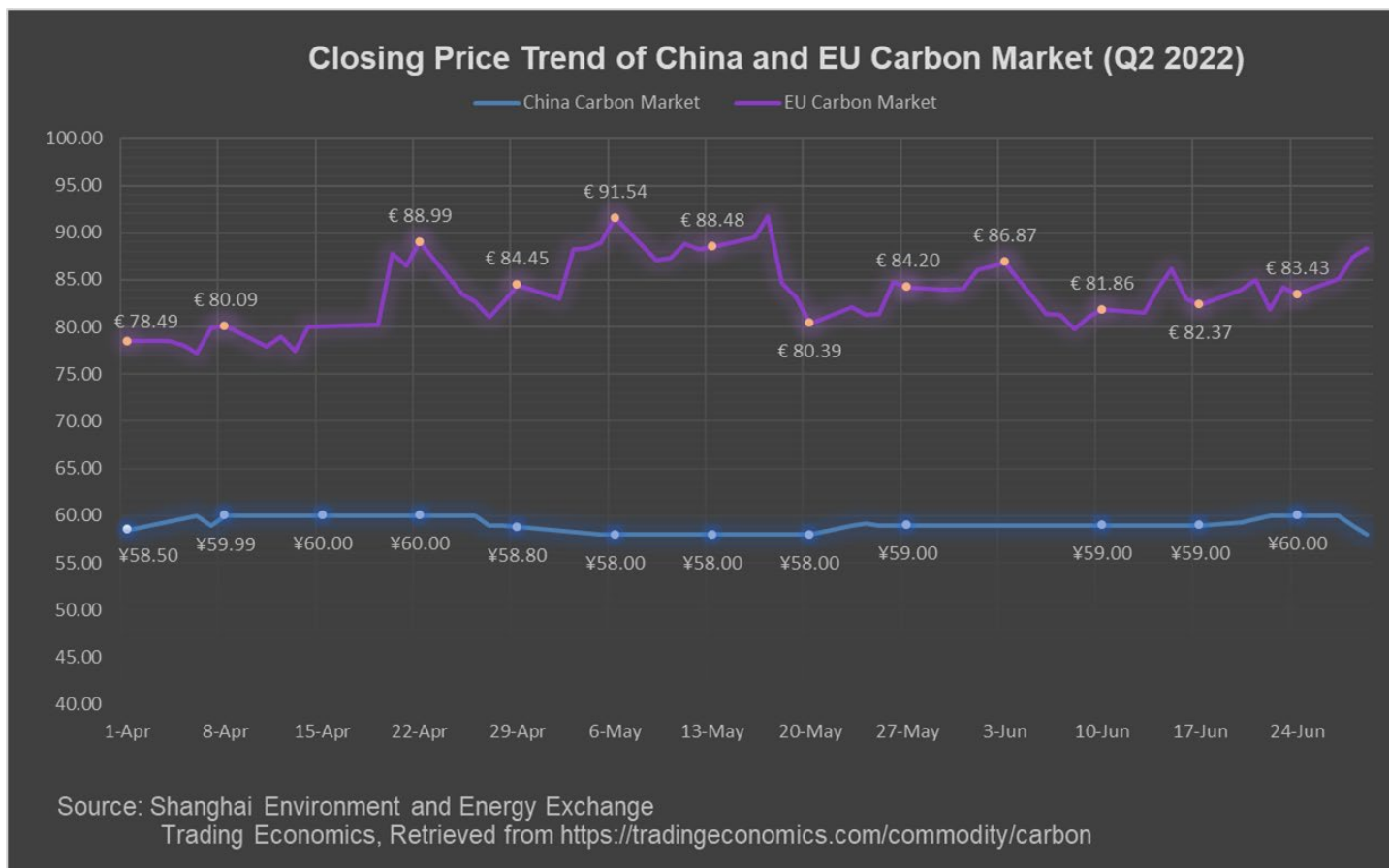
Part 3

News



Carbon Trading Trend

Compared with the EU ETS, in the recent three months, the closing price of the China Carbon Market is stable at a relatively low-price level, ranging from EUR 8.3/ton to EUR 8.59/ton. There is still a huge gap between these two markets. The closing price of the EU ETS fluctuates at a high-price level and has reached more than EUR 90/ton this May.



Note: The chart is generated from the daily closing price from April to June of 2022, with the closing price on each Friday as markers. The missing data for the China Market (4th Apr, 5th Apr, 2nd May - 4th May, and 3rd Jun) and for the EU market (15th Apr and 18th Apr) is due to the public holidays.

Market \ Date	1-Apr	8-Apr	15-Apr	22-Apr	29-Apr	6-May	13-May	20-May	27-May	3-Jun	10-Jun	17-Jun	24-Jun
China Carbon Market	€ 8.37	€ 8.58	€ 8.59	€ 8.59	€ 8.41	€ 8.30	€ 8.30	€ 8.30	€ 8.44	-	€ 8.44	€ 8.44	€ 8.59
EU Carbon Market	€ 78.49	€ 80.09	-	€ 88.99	€ 84.45	€ 91.54	€ 88.48	€ 80.39	€ 84.20	€ 86.87	€ 81.86	€ 82.37	€ 83.43

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



Policy Tracker

Policy Title: Technical Guidelines for Environmental Impact Assessment, Ecological Impact (Chinese)

Department: Ministry of Ecology and Environment

Date: 2022/04/08

Policy Title: Implementation Plan for Promoting the High-quality Development of New Energy in the New Era (Chinese)

Department: National Development and Reform Commission

Date: 2022/05/14

Policy Title: Green Finance Guidelines for Banking and Insurance Industry (Chinese)

Department: China Banking and Insurance Regulatory Commission

Date: 2022/06/01

Policy Title: "14th Five-Year" Renewable Energy Development Plan (Chinese)

Department: National Development and Reform Commission

Date: 2022/06/01

Policy Title: National Adaptation Strategy for Climate Change 2035 (Chinese)

Department: Ministry of Ecology and Environment

Date: 2022/06/13

Policy Title: Implementation Plan for Synergistic Efficiency of Pollution Reduction and Carbon Reduction (Chinese)

Department: Ministry of Ecology and Environment

Date: 2022/06/17

Policy Title: Industrial Energy Efficiency Improvement Action Plan (Chinese)

Department: Ministry of Industry and Information Technology

Date: 2022/06/23



Carbon-related News

Government Unveils Five-Year Plan for Energy Innovation

The plan includes establishing new power systems to accommodate more renewable energy resources, developing nuclear power in a safe way, promoting clean, low-carbon and efficient development and utilization of fossil-fuel energy; and creating a more digitized and smart energy sector.

China to Cut Coal Import Tariffs to Zero from May

China will cut import tariffs for all types of coal to zero from May 1, 2022, until March 31, 2023, the finance ministry said, as Beijing strives to ensure energy security amid soaring global prices and supply disruption concerns.

Nuclear Power Gets Energetic Push in China

China plans to give nuclear power a key role in replacing coal in the coming decades—joining green peers including wind, solar and hydropower—and this intention has been reinforced by the current global energy shortage, analysts said.

Ping An Enables Consumers to Track, Reduce Carbon Impact of Spend

Ping An Insurance subsidiary Ping An Bank announced today the launch of Low Carbon Home, a personal carbon account platform to help consumers track and reduce the carbon impact of their personal spending. The Low Carbon Home solution was jointly developed by the bank, China UnionPay, and the Shanghai Environment and Energy Exchange.

Solar and Wind to See Accelerated Progress

The government will increase its total installed capacity of wind and solar power to over 1.2 billion kilowatts by 2030. It will also cover as many as 50 percent of the nation's buildings with rooftop solar panels, as part of a broader clean-energy generation and storage push, according to a statement jointly released by the National Development and Reform Commission and the National Energy Administration on Monday.

China Moves to Guarantee Energy Supply by Increasing Coal Production Capacity

China plans to increase its coal capacity by 300 million tons this year and improve coal production review and approval mechanism. The meeting also noted that China should push for transformation of coal-fired power generators of more than 220 million kilowatts.

Taiwan's CPC Buys First Crude with Carbon Offset from SOCAR

Taiwan's state refiner, CPC Corp is seeking to reduce its carbon footprint through voluntary carbon offsets as Taiwan aims to become carbon neutral by 2050. The cargo of about 1.05 million barrels of Azeri Light crude oil arrived in Taiwan with cradle-to-gate greenhouse gas (GHG) emissions being offset with carbon credits certified by the Verified Carbon Standard (VCS), CPC said on its website.

Hong Kong Could Get First Offshore Wind Farm in 2027

HK Electric reveals plan to build 600-hectare wind farm, consisting of between 13 and 19 wind turbines, about 4km southwest off Lamma Island. Farm would reduce carbon dioxide emissions by 284,000 tonnes annually, equal to the yearly carbon absorption of about 6,000 trees

PetroChina Plans to Boost Renewables Output

PetroChina has aimed to bring its carbon emissions to a peak by around 2025 and reach near zero emissions by 2050. It aimed to have renewable energies make up one third of its energy portfolio by 2035 and 50% by 2050.

Taiwan to Invest in Green Energy and Smart Grids to Reach Net-Zero Emissions Goal

Taiwan President Tsai Ing-wen said that the government will focus on research and development in green energy, smart grids and energy storage equipment in its push to cut carbon emissions.

First Million-Kw Clean Energy Base in North Xinjiang Breaks Ground

China National Nuclear Corporation (CNNC) on April 19 launched a new branch in Burqin County, Northwest China's Xinjiang Uygur Autonomous Region, kicking off construction of the Burqin multi-energy complement base project.

Chinese Oil Giant Brings Forward Its Key Carbon Deadlines

China National Offshore Oil Corp. said it will increase spending on clean energy so that its carbon emissions peak by 2028 while also bringing forward its net-zero deadline to 2050.

Construction Underway on 90% of New Energy Projects in Chinese Deserts

Nearly 90 percent of new energy projects with an installed capacity of 100 million kw have been started, and all projects are progressing smoothly.

Ministry to Expand Carbon Monitoring in Coal Sector

The Ministry of Ecology and Environment will expand its pilot program for carbon monitoring in the coal-fired power generation sector as it accelerates the construction of a carbon-monitoring network. To date, 119 monitoring sites have been set up in 49 firms from 11 company groups in five industrial sectors, including coal-fired power and steel.



Green Finance News

First Carbon Neutral ETF's in China Garner Approval in Shanghai

The Shanghai Environment Energy Exchange gave its approval to eight carbon neutral ETF's on 28 June, to companies including EFunds, Guangfa Funds, Fullgoal Fund Management, China Southern Asset Management, China Merchants Fund Management, China Universal, ICBC Fund and DC Fund.

Hong Kong Launches Climate Risk Data Source Repository

The new repository contains a set of available data sources for assisting climate risk management and other green and sustainable finance related analysis and research. It was compiled based on current industry practice and it is not exhaustive.

Experts Highlight Green Investment's Role in Driving Economy

Investment in the green and low-carbon sector will become a growing driving force for the Chinese economy, and it is inaccurate to believe the nation's efforts in pollution control and carbon reduction will negatively impact its economic development, according to economists and industry experts.

China Unveils Transition Bonds for Eight Dirty Industries to Meet Carbon Reduction Targets

China plans to introduce a new type of bond financing to help eight carbon-intensive industries reduce pollution, widening their access to capital markets as part of the nation's drive to achieve long-term peak-emissions and net-zero goals.

HKMA to Formulate the Roadmap for Supporting the Fintech Areas

The HKMA will formulate over the next few months a detailed roadmap of initiatives to further promote developments in the Fintech business areas of Investech, Wealthtech, Insurtech and Greentech, as well as the technology types of Artificial Intelligence and Distributed Ledger Technology.

Hong Kong Advances Work to Develop Green Finance Capacity, Talent

Hong Kong will develop a GHG emissions estimation tool, a green classification framework, and adopt the ISSB standards when they're ready.

Five Banks to Form Alliance for Green Commercial Banks

Five of the world's leading financial institutions have become cornerstone members of the Alliance for Green Commercial Banks (the Alliance), a global initiative aimed at bringing together pioneers in green finance to catalyse the financial innovation, investment, and leading practices in emerging markets that are urgently needed to address climate and environmental risks.

Taiwan's Banks Face Mandatory Climate Stress Tests Next Year

Taiwan's banks will undergo mandatory climate-change stress tests for the first time next year to measure the impact of a range of possible environmental catastrophes on the lenders' assets.

China's Climate-Focused Funds Surpass U.S. With \$47 Billion in Assets

Chinese funds with a climate focus more than doubled their assets last year, passing the U.S. as the second-largest global market and bolstering Beijing's push to meet its net-zero targets.

China Could Form Transition Finance Framework in 2022

The to-be-formed transition finance framework will provide precise standards and a comprehensive catalog for transition activities among companies, which is essential for China's green transition.

HSBC Launches Biodiversity Strategy for Asia Private Bank Clients

Managed by Lombard Odier, the Global Biodiversity discretionary strategy is a high conviction global equity portfolio focused on mid-sized firms. It will focus on eight biodiversity themes: biomaterials, water solutions, sustainable food systems, innovative urbanisation, sharing, repair and eco-design, distribution systems, performance materials and waste & recycling.

Hong Kong to Sell up to \$2.55 Billion Retail Green Bond

Hong Kong re-launched its inaugural retail green bond in April as the coronavirus pandemic eases to raise as much as HK\$20 billion (\$2.55 billion).



Regulation & Disclosure News

Ministry to Monitor Environmental Impact of Renewable Energy Projects

China will roll out measures to minimize the impact of the development of green energy, such as wind turbines and solar panels, on the country's biodiversity during the 14th Five-Year Plan (2021-25) period, according to a recent environmental impact assessment action plan released by the Ministry of Ecology and Environment.

China Releases its First ESG Disclosure Standard with Ping An's Participation

Ping An Insurance Company of China, Ltd. announced that it has helped to develop China's first ESG disclosure standard, the "Guidance for Enterprise ESG Disclosure", published by the China Enterprise Reform and Development Society (CERDS). The Guidance, effective on June 1, 2022, was developed with the participation of Ping An and dozens of other companies in China.

New Guideline on Marine Environment Released

Procuratorates and authorities with marine environmental supervision and management powers can now file public interest lawsuits for environmental damages, according to a new document.

China Plans Adoption of ISSB Standards

The China Securities Regulatory Commission is asking A-share companies to disclose their ESG information on a voluntary basis before formally adopting the international standards.

Shanghai Approves Regulations to Promote Green Finance Development

The regulations, effective on 1 July, will support the establishment of evaluation, identification and classification standards for green finance products and projects.

CBIRC Solicits Public Opinions on the Rules on Protection of Consumer Rights and Interests by Banking and Insurance Institutions

In order to maintain a fair and just financial market environment, protect the legitimate rights and interests of consumers of banking and insurance industries, and promote the high-quality and steady development of banking and insurance industries, the CBIRC drafted the Rules, which is now open for public comments.

China Releases its First ESG Disclosure Standard with Ping An's Participation

The Guidance, effective on June 1, 2022, was developed with the participation of Ping An and dozens of other companies in China.

HKMA to Integrate Climate Risk in Banking Supervision

The HKMA will make use of the annual prudential meetings with bank management for the next two years to check on the progress made by individual institutions in addressing climate risk.

HKEX to Launch Board Diversity Repository

The new repository, "Board Diversity & Inclusion in Focus", aims to improve access to information on and transparency around board diversity, enabling investors and other stakeholders to stay informed of businesses' policy and approach to good governance and board diversity.

Taiwan Stock Exchange Launches New ESG Disclosure Platform

Listed companies are required to disclose the relevant information, or explain why they cannot, within six months of the end of each fiscal year. The initial disclosure items include GHG emissions, energy management, water resource management, waste management, human development, board of directors, and investor communications.

Taiwan Adopts Equator Principles in Credit Guidelines for Banks

The move is aimed at standardising the key principles banks follow when handling large-scale project financing cases involving environmental and social risks.

Latest Version of EU and China's Common Ground Taxonomy

The latest version of the CGT, covering 72 jointly recognised climate mitigation activities, was published on June 3rd, 2022. This latest update focuses on an analysis of overlaps in the European and Chinese standards, within the economic activities identified as most relevant to climate change mitigation in the first phase of the project.



Other News

Huawei Releases the Green Development 2030 Report

Huawei released the Green Development 2030 report at the Huawei Global Analyst Summit 2022, which systematically outlines how ICT can empower green development. It was released by Kevin Zhang, CMO of Huawei's ICT Infrastructure Business, at the Green ICT Empowers Green Development forum which was attended by analysts, experts, scholars, and journalists from around the world.

Six Ningxia Companies Fined for Not Buying Carbon Emission Allowances on Time

Six companies in the Ningxia Hui autonomous region have been fined a total of 168,000 yuan (\$25,380) for failing to purchase carbon emission allowances on time as required, according to the region's environmental authority.

Baidu Releases 2021 ESG Report, Pledging Efforts towards a Greener Future with Technology Innovation

Taking 2020 as the baseline year, Baidu plans to comprehensively build science-based pathways to achieve carbon neutrality by 2030. Baidu has continuously explored pathways to reducing carbon emissions in businesses such as autonomous driving and intelligent transportation, refining them into methodologies and capabilities open to society.

China Releases New Database on Biodiversity

China has released an updated national species database, known as the Catalogue of Life China 2022 Annual Checklist, according to the Chinese Academy of Sciences (CAS).

China Launches Antitrust Probe into Country's Largest Academic Database

China's largest online academic database, CNKI said in a statement on WeChat it would cooperate fully with the probe and it would take it as an opportunity to carry out a self-examination.

Local Authorities Launch Investigation to BYD Factory's Pollution Report

Authorities of Changsha, Central China's Hunan Province dispatched a special investigation group to local BYD factory for public reports of air pollution from the plant. The group includes functional department of government, third-party test firms and experts
