

China Sustainability Newsletter

Issue No. 6 | April 2023 - June 2023

EVALUESERVE



Highlights

- ISSB issued its inaugural standards—**IFRS S1 and S2** on 26 June 2023, ushering in a new era of sustainability-related disclosures in capital markets. Following that, Taiwan announced the establishment of the **Sustainability Standards Committee** as the first step to developing Taiwan's sustainable disclosure guidelines. Hong Kong will make **mandatory disclosure** of climate-related information in **2024**. Mainland China has also shown its desire to adopt mandatory climate disclosure in the future.
(→ [Regulation & Disclosure News](#))
- China has actively explored ways to **develop renewable energy** through measures such as signing nuclear energy cooperation agreements with France and Pakistan and building green power plants in deserts to tackle the challenges of **energy transition and carbon reduction**.
(→ [Carbon-related News](#))
- The government continues to promote the **high-quality development of the electric vehicle (EV) industry** in China by accelerating the construction of charging facilities for EVs and the policy of tax relief for the purchase of new EVs.
(→ [Carbon Trading Trend](#))
(→ [Policy Tracker](#))

Part 1

Carbon Trading Trend

Part 2

Policy Tracker

Part 3

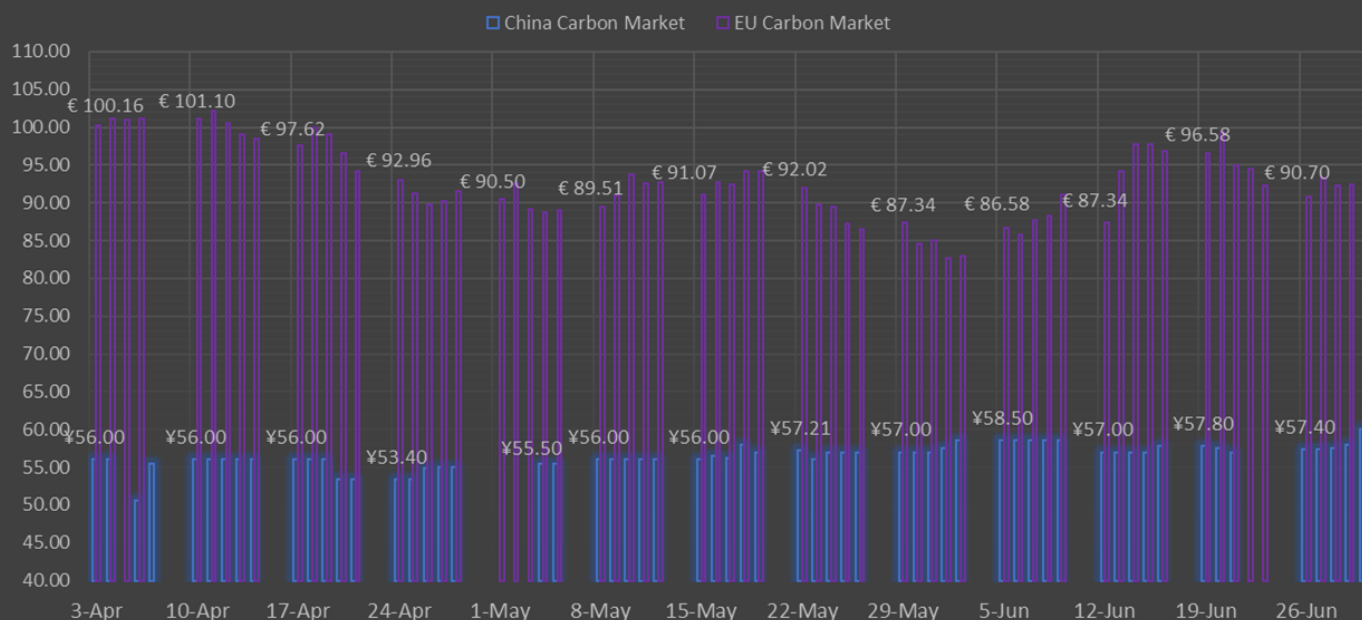
News



Carbon Trading Trend

- After breaking through the **100 euros mark** in Q1 2023, the carbon trading price for the EU market gradually eased in Q2 and fell to around **82 euros** in early June, marking **the lowest point** of the year's first half.
- The overall operation of China's carbon market is **stable and orderly**, with transaction prices rising steadily from 56 yuan to around 58 yuan.

Closing Price Trend of China and EU Carbon Market (Q2 2023)



Source: Shanghai Environment and Energy Exchange
Trading Economics, Retrieved from <https://tradingeconomics.com/commodity/carbon>

Note: The chart is generated from the daily closing price from April to June of 2023, with the closing price on each Monday as a marker. The missing data for the China Market (5th Apr, 1st May ~ 3rd May, 22nd Jun ~ 23rd Jun) and for EU Market (7th Apr) is due to the public holidays.

Market \ Date	3-Apr	10-Apr	17-Apr	24-Apr	1-May	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun
China Carbon Market	€ 7.09	€ 7.09	€ 7.09	€ 6.76	-	€ 7.09	€ 7.09	€ 7.24	€ 7.22	€ 7.41	€ 7.22	€ 7.32	€ 7.27
EU Carbon Market	€ 100.16	€ 101.10	€ 97.62	€ 92.96	€ 90.50	€ 89.51	€ 91.07	€ 92.02	€ 87.34	€ 86.58	€ 87.34	€ 96.58	€ 90.70

Note: This is a comparison table of the China Carbon Market and the EU Carbon Market after converting the closing price of the China Market into Euros.

Source: <https://www.xe.com/>



Policy Tracker

Ministry of Ecology and Environment

1. [Overall Implementation Plan for the Construction of Major Hazardous Waste Projects \(2023-2025\) \(Chinese\)](#) Date: 2023/05/16
2. [Administrative Punishment Measures for the Ecological Environment \(Chinese\)](#) Date: 2023/05/16
3. [Ten Articles of Code of Conduct for Citizens' Ecological Environment \(Chinese\)](#) Date: 2023/05/31
4. [Technical Specifications for Quality Check of Pollutant Discharge Permit \(Chinese\)](#) Date: 2023/06/08
5. [Guidelines for Feasible Technologies for Water Pollution Prevention and Control in the Electronics Industry \(Chinese\)](#) Date: 2023/06/08

Ministry of Industry and Information Technology

1. [Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles \(Chinese\)](#) Date: 2023/06/21
2. [Notice on Issuing the 2023 National Industrial Energy Conservation Supervision Task \(Chinese\)](#) Date: 2023/06/11

National Development and Reform Commission

1. [Measures for the Examination of Energy Conservation of Fixed Assets Investment Projects \(Chinese\)](#) Date: 2023/04/06
2. ["14th Five-Year" Renewable Energy Development Plan \(Chinese\)](#) Date: 2023/06/02
3. [Benchmarking and Baseline Levels of Energy Efficiency in Key Industrial Sectors \(2023\) \(Chinese\)](#) Date: 2023/06/06

National Forestry and Grassland Administration

1. [Implementation Plan for the Consolidation and Improvement of Ecosystem Carbon Sink Capacity \(Chinese\)](#) Date: 2023/06/06
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Carbon-related News

China's Aggressive Expansion of Coal Power Undermining Global Efforts to Wean Itself off Dirty Fuel

New coal power capacity under development in China rose 38 per cent to 366GW last year, while it fell 20 per cent in rest of the world, according to a report by climate NGOs. The world needs to step up the pace of retiring coal capacity 4.5 times faster than last year if the UN's aim of phasing out coal by 2040 is to be met, according to Global Energy Monitor.

France, China Sign Cooperation Deals in Nuclear and Renewable Energy

France and China signed several cooperation deals in the field of energy, notably nuclear and wind energy, during a state visit of French President Emmanuel Macron to China, the Elysee palace said in a statement.

Tesla New Battery Plant Cements China's Place in Energy Storage

Tesla Inc. will build a large new battery factory in Shanghai, further cementing China's place at the top of the global energy storage supply chain.

China's First Desert-Based Green Power Plant on Grid

A renewable energy power project, one of the many being set up in the Gobi Desert and other arid regions, became the first to be connected to the electricity grid and started generating power on April 25, said its operator China Energy Investment Corp, or China Energy.

Sinopec Strikes Oil and Gas at Extra-Deep Well in China's Tarim Basin

Sinopec Corp said on Tuesday it had struck sizeable oil and gas flows in an exploration well in the Tarim basin at a depth of 8,591 meters (5.34 miles) below the surface, another breakthrough in the state oil major's hunt for hard-to-extract hydrocarbon resources.

Mutual Recognition of Carbon Labels between Guangdong and Hong Kong Helps Enterprises in the Greater Bay Area to Cope with International Green Trade Rules

This event marks a milestone in the construction of the carbon labeling system in Guangdong Province and the mutual recognition of carbon labels between Guangdong and Hong Kong.

China Eyes Transition and Nature Taxonomies

Speaking yesterday at the Net Zero Delivery Summit in London, Jun said the PBOC was drafting a transition taxonomy, covering four sectors: coal fired power generation, steel, cement and agriculture.

SFC Announces Carbon Neutrality Commitment

The Securities and Futures Commission (SFC) today announced its commitment to become a carbon-neutral organisation. The SFC aims to achieve carbon neutrality before 2050, in line with the Government's strategy set out in Hong Kong's Climate Action Plan 2050.

China Will Speed Up Construction of Charging Facilities for EVs

China will speed up the construction of charging facilities for new energy vehicles such as electric cars, and improve policies for purchasing and using them.

China's Carbon Dioxide Emissions Set to Hit All-time High in 2023 Based on Current Projections, Topping 2021 Peak

China's carbon dioxide emissions are set to hit an all-time high in 2023 based on first-quarter trends and domestic projections, likely topping the previous peak in 2021, according to a new report.

Ningxia Has Promoted the Reform of Carbon Emission Rights to Fully Integrate into the National Carbon Market (Chinese)

The "Implementation Opinions" clearly stated that in 2023, Ningxia will fully launch the reform of carbon emission rights, the system and mechanism of carbon emission trading management will be basically established, and key emission units will participate in the national carbon emission trading and quota performance more smoothly.

China Commences First Offshore Carbon Capture and Storage Project (Chinese)

China National Offshore Oil Corporation (CNOOC) has commissioned the country's first offshore carbon capture and storage (CCS) demonstration project.

China Baowu and Rio Tinto Extend Climate Partnership to Decarbonise the Steel Value Chain

China Baowu, the world's biggest steelmaker, and Rio Tinto, the world's largest iron ore producer, have signed a Memorandum of Understanding (MoU) to explore a range of industry leading new projects in China and Australia to help decarbonise the steel value chain.

Pakistan and China Sign \$4.8 Billion Nuclear Power Plant Deal

Pakistan and China signed a \$4.8 billion deal on Tuesday to build a 1,200-megawatt nuclear power plant, Prime Minister Shehbaz Sharif said, hailing the investment by a country that Pakistan views as its most dependable ally.

China's State Grid Champions Global Cooperation for Green Energy Transition

China will continue to offer other countries solutions and share best practices on transitioning to green energy, including in areas such as boosting investment and power grid interconnections, the head of the country's largest utility said on Tuesday.



Green Finance News

Singapore and China Establish Green Finance Taskforce to Strengthen Collaboration in Green and Transition Finance

The China-Singapore Green Finance Taskforce (GFTF) will deepen bilateral cooperation in green and transition finance between Singapore and China and facilitate greater public-private sector collaboration to better meet Asia's needs as it transitions to a low carbon future.

Germany Urges China to Take Greater Responsibility on Climate, Such as Funding for Poor Countries

Mainland China, which accounts for about half of the world's total annual coal consumption, is increasingly treated as an important partner in international discussions but needs to do more in terms of its climate commitments, according to Germany's Special Envoy for International Climate Action Jennifer Morgan.

Taiwan's Performance of Perpetual Bond Issuance Was Remarkable (Chinese)

The Counter Purchase Center continues to promote sustainable development bonds. As of May 5, 20 bonds have been issued with an issue amount of 61.8 billion NTD.

Hong Kong Has Subsidised Over 220 Green and Sustainable Debt Instruments with Over US\$71.5 Billion In Issuances

Hong Kong has approved grants for green and sustainable finance debt instruments with underlying issuances worth more than US\$71.5 billion as of the end of March, as part of the government's push to accelerate the city's development as an international centre for green and sustainable finance.

Chinese EV Maker Nio Raises US\$738.5 Million from Abu Dhabi Fund

Abu Dhabi government-owned CYVN will buy 84.7 million newly-issued shares in Nio at US\$8.72 apiece, in addition to an acquisition of a stake owned by Tencent's unit. The aggregate holding of CYVN in Nio would rise to around 7 per cent following the two deals.

Guangdong-Hong Kong-Macao Greater Bay Area Financial Institutions Deepen Collaboration in Green Finance

At the meeting, participants discussed and exchanged views on potential cross-boundary initiatives to further strengthen the green and sustainable finance ecosystem, including corporate sustainability disclosure requirements aligned with global standards, interchange of emissions and environmental, social, governance (ESG) data, development of carbon markets and capacity building.

Green Technology and Finance Development Committee Established and Convenes First Meeting

At the meeting today, the Committee learnt about the Government's goals and strategies for achieving carbon neutrality and the work by relevant policy bureaux and financial regulators in driving the development of green technology and finance. Members also discussed and shared views on further promoting development in these areas.

HKMA Issues Guide for Climate Stress Test and Other Updates

The Hong Kong Monetary Authority (HKMA) issued guidelines to authorized institutions for the second round of the climate risk stress test.

HSBC China Launches RMB 30 Billion Green Credit Fund to Support Low-carbon Development (Chinese)

HSBC today announced the launch of a green credit fund with a total amount of 30 billion yuan, and through measures such as exclusive credit approval channels and preferential interest rates, it will provide financial support for the low-carbon transformation and green development of enterprises.

Huzhou Green Industry Fund Has Reached 50 billion Yuan to Support Green and Low-carbon Industries (Chinese)

The government may have invested a large amount of funds in electric vehicles, photovoltaic and other "pure green" industries. In the next few years, the government needs to invest funds in the transition process of high-carbon enterprises to low-carbon through transformation finance, which is a big demand.

China's Green Debt Pioneer Says Transition Market Is Bigger

A new kind of environmentally focused investment known as transition finance is poised for a boom in China that will dwarf its 25 trillion yuan (\$3.6 trillion) green debt market.



Regulation & Disclosure News

Exchange Publishes Consultation Paper on Enhancement of Climate Disclosure under its ESG Framework

The Exchange proposes to mandate all issuers to make climate-related disclosures in their ESG reports, and introduce new climate-related disclosures aligned with the International Sustainability Standards Board (ISSB) Climate Standard.

China to Implement Stricter Vehicle Emissions Standards from July 1

China will implement an upgraded version of emission standards for vehicles nationwide from July 1, the country's environment ministry said, pressuring automakers to clear inventories of their old models ahead of the new rules.

IFRS Foundation opens ISSB office in Beijing

The office will host the first meeting of the ISSB in China during the week commencing 13 November 2023. Coinciding with that meeting, on 17 November 2023, the IFRS Foundation will also work with local partners to co-host its first sustainability-focused conference in China.

The Sustainable Standards Committee Launched the First Step in The Development of Sustainable Disclosure Guidelines in Taiwan (Chinese)

The International Financial Reporting Standards Sustainability Standards Board (IFRS ISSB) will issue the Sustainability Standards on June 26, 2023, and the Sustainability Standards Committee established in Taiwan will help Chinese companies apply high-quality sustainable disclosure standards in line with international trends.

HK to Mandate Climate-related Disclosures from 2024

New rules aligned with ISSB and TCFD will become effective on 1 January 2024, applying to ESG reports published in 2025.

China Waits on ISSB for Mandatory ESG Disclosures

China has made no secret of its desire to eventually adopt mandatory disclosure requirements with the China Securities Regulatory Commission (CSRC) vice-chair Fang Xinghai describing it as the "next step" last year.

HKMA Publishes Discussion Paper on a Green Classification Framework for Hong Kong

On 30 May 2023, the HKMA released a discussion paper entitled "Prototype of a Green Classification Framework for Hong Kong" following its commission of Climate Bonds Initiative ("Climate Bonds") as an external consultant to develop a green taxonomy for use across Hong Kong's financial sectors.

Hong Kong ESG Rules May Lift Mainland Disclosures

Starting from January 2024, Hong Kong Exchanges and Clearing (HKEX) plans to mandate all issuers to report climate metrics in accordance with the International Sustainability Standards Board (ISSB), aiming to drive higher ESG standards across Greater China.

Policy on Purchase Tax of NEV To Optimize

China will extend and optimize the policy to reduce or waive purchase taxes on new energy vehicles amid efforts to promote high-quality development of the NEV industry and tap greater consumption potential.



Other News

Brazilian Leader's State Visit to China Yields Promises of Greater Cooperation

The leaders of two of the world's largest developing nations — China and Brazil — met in Beijing Friday to seek further cooperation on areas such as trade and climate change.

Flourishing Wildlife Shows Success of China's National Parks

From Hainan gibbons to Tibetan antelopes, the population of wildlife has increased in the country's national parks, an achievement worth celebrating on International Day for Biological Diversity, which falls on May 22.

Cathay Pacific Fires Three Staff after Passenger Alleges Discrimination

Cathay Pacific Airways Ltd (0293.HK) said it fired three flight attendants after a passenger accused them of bias against non-English speakers, prompting criticism on Chinese state media and Hong Kong's leader to vow it wouldn't happen again.

CATL And Arun Plus Partner Up For CTP Cooperation In Thailand

Contemporary Amperex Technology Co., Limited (CATL) and Arun Plus Company Limited (Arun Plus) have recently reached an agreement on CTP (cell-to-pack) cooperation in Thailand to serve local EV manufacturers, enhancing the potentiality of Thailand to become battery production hub of ASEAN.

First Data Trading Involving Personal Data in China

On April 25, 2023, the state-backed Guiyang Big Data Exchange (GYDE) announced that it has facilitated and supervised the unprecedented floor trading of personal data in China. To date, no provisions have been put in place to specifically address the compliance requirements for data sales at the national level.

AIGCC Expands Investor Work in China with Launch of New Working Group

The Asia Investor Group on Climate Change (AIGCC) has launched a new China working group to meet the growing interest from investors who invest in the China market. This brings AIGCC's total number of working groups to seven.

Philips Agrees to Pay SEC More Than \$62M to Settle China Corruption Charges

Philips will pay more than \$62 million to settle charges that it violated the Foreign Corrupt Practices Act (FCPA) when selling medical diagnostic equipment in China.

The University of Hong Kong, Fudan University, and The University of Sydney Join Forces to Strengthen Sustainability Research and Education

The collaboration initiatives under the MoU aim to pursue a shared objective of advancing research and educational programs focused on sustainability and carbon neutrality in the Asia Pacific region. The participating institutions will undertake the agreed initiatives outlined in the MoU to achieve this visionary goal.

EV-Battery Recycling Accelerates in China with Strong State Support

China recycled 115,000 tons of electric-vehicle (EV) batteries in the first five months of 2023, surpassing the 102,000 tons in the entire of 2022, as the world's largest EV market ramps up recycling efforts of spent cells.
