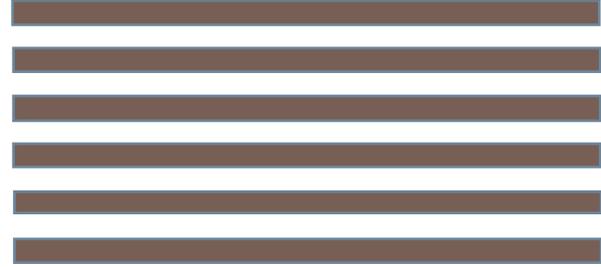


China Sustainability Newsletter

Issue No.9 | January 2024 – March 2024

EVALUESERVE



Highlights

- On February 8, 2024, in a landmark move, the three major stock markets in China successively **issued guidelines for sustainability reporting**. With this announcement, it is expected that the overall quality and comparability of ESG information disclosure by A-share listed companies will improve significantly.
(→ [Regulation & Disclosure News](#))
- International collaboration across different sectors and regions continues to promote the sustainable development of China's renewable energy.
(→ [Energy-related News](#))
- The closing price of China's CEA started the year on a high note, reaching a **record high of 90.66 yuan/ton** on the last day of Q1.
(→ [Carbon Trading Trend](#))

Part 1

Carbon Trading Trend

Part 2

Policy Tracker

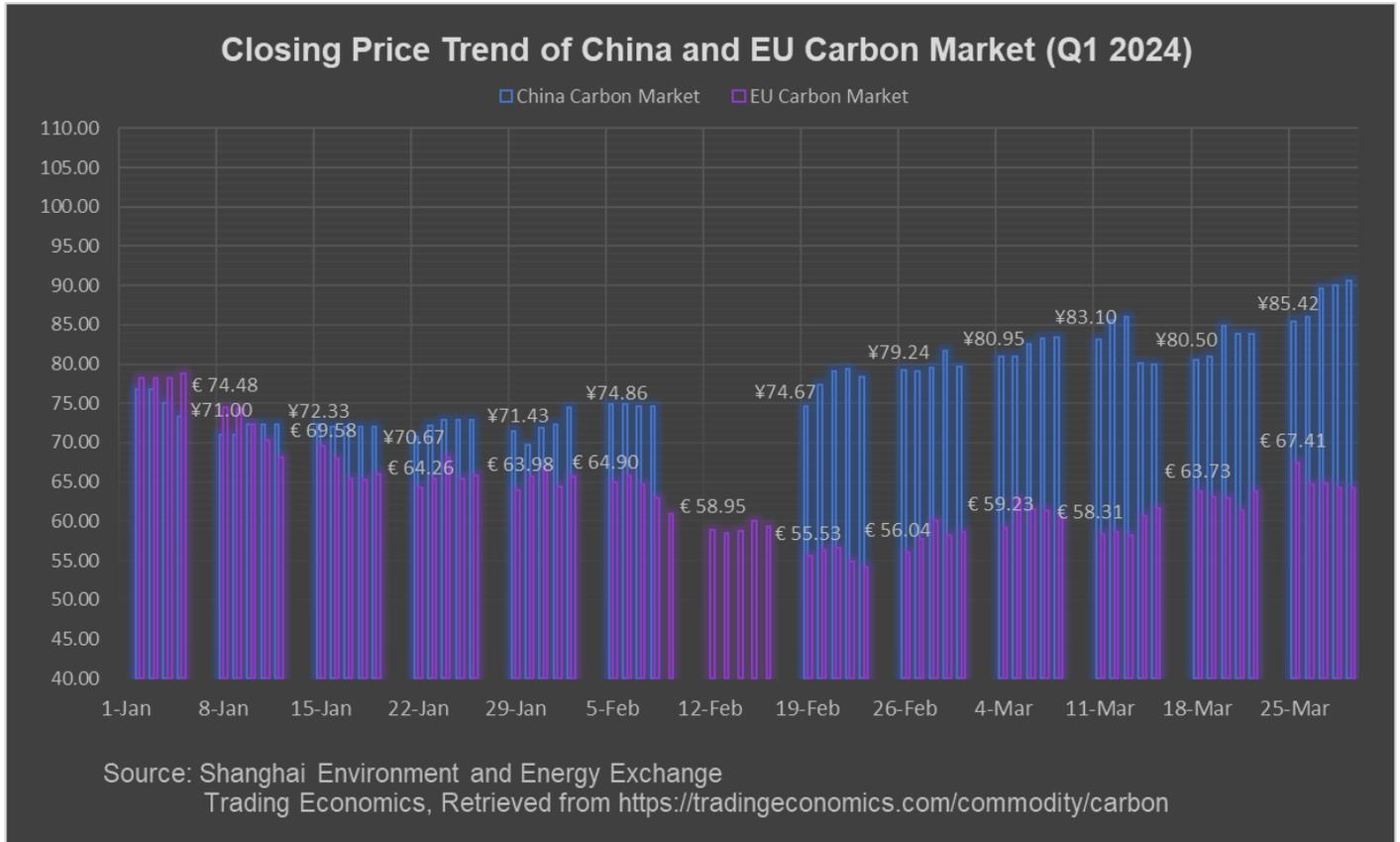
Part 3

News



Carbon Trading Trend

- During the first quarter of this year, EU ETS allowance hit a 28-month low, decreasing to **54.21 euro/ton** on Feb 23, almost half of what it was around the same time last year.
- Comparatively, after the temporary pullback during Q4 2023, the new compliance cycle saw China's CEA price go all the way up. The closing price of China's CEA started the year on a high note, reaching a record high of **90.66 yuan/ton** on the last day of Q1.



Note: The chart is generated from the daily closing price from January to March of 2024, with the closing price on each Monday as a marker. Due to public holidays, there is missing data for the China Market (1st Jan, and 9th Feb to 16th Feb) and EU Market (1st Jan).

Market \ Date	2-Jan	8-Jan	15-Jan	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	4-Mar	11-Mar	18-Mar	25-Mar
China Carbon Market	€ 9.85	€ 9.11	€ 9.28	€ 9.07	€ 9.16	€ 9.60	€ 0.00	€ 9.58	€ 10.17	€ 10.38	€ 10.66	€ 10.33	€ 10.96
EU Carbon Market	€ 78.23	€ 74.48	€ 69.58	€ 64.26	€ 63.98	€ 64.90	€ 58.95	€ 55.53	€ 56.04	€ 59.23	€ 58.31	€ 63.73	€ 67.41

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. [Opinions of The State Council on Comprehensively Promoting the Construction of a Beautiful China \(Chinese\)](#)
Date: 2024/1/11
2. [Implementation Plan for Collection and Promotion of National Key Low-Carbon Technologies \(Chinese\)](#)
Date: 2024/2/18
3. [Implementation Opinions on Accelerating the Establishment of a Modern Ecological Environment Monitoring System \(Chinese\)](#)
Date: 2024/3/13

National Development and Reform Commission

1. [Green and Low-Carbon Transformation Industry Guidance Catalog \(2024 Edition\) \(Chinese\)](#)
Date: 2024/2/29
2. [Accelerate the Promotion of Energy Conservation and Carbon Reduction Work Plans in the Building Sector \(Chinese\)](#)
Date: 2024/3/15
3. [Regulatory Measures for the Full Guaranteed Purchase of Renewable Energy Electricity \(Chinese\)](#)
Date: 2024/3/18

Ministry of Industry and Information Technology

1. [Implementation Plan for High-Quality Development of Green Building Materials Industry \(Chinese\)](#)
Date: 2024/1/10
 2. [Guidance on Accelerating the Green Development of Manufacturing Industry \(Chinese\)](#)
Date: 2024/2/5
 3. [Guidelines for the Construction of Carbon Peak and Carbon Neutrality Standard Systems in the Industrial Field \(Chinese\)](#)
Date: 2024/2/21
-

National Energy Administration

1. Provisions on the Cause of Action for Administrative Punishment Cases of the National Energy Administration (Chinese)
Date: 2024/1/5
2. 2024 Energy Industry Standard Plan Project Initiation Guide (Chinese)
Date: 2024/2/7
3. Guidelines for the Construction of Coal Mine Intelligent Standard System (Chinese)
Date: 2024/3/13
4. Guidance on Energy Work 2024 (Chinese)
Date: 2024/3/18

State Council

1. Regulations on the Administration of Carbon Emission Trading (Provisional) (Chinese)
Date: 2024/2/4
 2. Opinions on Accelerating the Establishment of Waste Recycling System (Chinese)
Date: 2024/2/9
 3. Water Conservation Regulation (Chinese)
Date: 2024/3/20
-



Energy-related News

Hong Kong Renewable Energy Firm Brings Benefits of Green Hydrogen to Malaysian University

EPRO Advance Technology's patented process helps hydrogen to be generated using their patented silicon material Si+. The technology will be used for the world's first silicon-based hydrogen generator to power electric buses on University Malaya's Kuala Lumpur campus.

Renewable Energy Grew at Record Pace In 2023, Thanks to A Push from China

Renewable energy grew faster in 2023 than at any time in the last three decades, according to the International Energy Agency. Solar power in China accounted for much of the growth.

Beijing Local Gov't Spills Out CATL's Local Plant Will Start Construction This Year

Chinese electric vehicle battery giant Contemporary Amperex Technology is expected to start construction at a new plant in Beijing this year, according to a recent spoiler by the local development and reform commission.

China Sets Tougher Energy Efficiency Goal After Falling Behind on 2025 Targets

China set more stringent energy intensity targets for 2024 after missing last year's goal, as the world's biggest energy consumer tries to keep from falling further behind on its climate targets in a five-year plan ending in 2025.

China's Installed Solar Power Capacity Rises 55.2% in 2023

China's installed solar electric power generation capacity rose by 55.2% in 2023, data released by the National Energy Agency showed on Friday. The country built in excess of 216 gigawatts (GW) of solar power this year, the data indicated, underscoring the scale and pace of China's solar build out.

Merck Signs Its First Long-Term Green Energy Purchase Deal in China

Merck KGaA has clinched a long-term green electricity purchase agreement with a Chinese energy giant as part of the German drugmaker's ongoing efforts to decarbonize its business operations globally.

DiDi and CATL form Joint Venture for Battery Swapping

On January 26, DiDi and CATL announced the establishment of a joint venture for battery swapping in Ningde City, east China's Fujian Province. Leveraging the technical advantages and operational capabilities of both parties, the joint venture will start from online car-hailing to provide efficient battery swapping services for new energy vehicles.

China Boasts Bubbling Crude Discovery – Oil That is, 107 Million Tonnes – in Henan Province, Adding Fuel to Energy-Security Drive

Drilling finds what looks to be the foundation for a new oil-and-gas resource base in a central region, and it should help the world's biggest industrial producer reduce reliance on oil imports. Analysts say the 'important discovery' could account for nearly one-third of China's total oil and gas production.

China's Renewable Energy Capacity Forecast to Overtake Coal in 2024

China's cumulative installed capacity of renewable energy power generation is expected to surpass that of coal for the first time this year, amid optimized power supply capacity and accelerated transition to green energy sources.

China 2023 Coal Power Approvals Rose, Putting Climate Targets at Risk

China approved 114 gigawatts (GW) of coal power capacity in 2023, up 10% from a year earlier, with the world's top carbon polluter now at risk of falling short on climate targets after sanctioning dozens of new plants.

China to Build Hydro and Gas, Upgrade Coal Fleet for a More Flexible Power System

China's state planner has issued a strategy for the electric power system to respond to spikes more effectively in demand, as the country adds huge amounts of renewable capacity. The National Development and Reform Commission (NDRC) said in a Tuesday notice that by 2027, the country will have 80 gigawatts of pumped hydro energy storage and will have upgraded its coal fleet so it can quickly respond to changes in power demand.

Energy Giants Sinopec and BP to Strengthen Ties in China, Explore Potential Cooperation in EV Charging

China Petroleum & Chemical Corporation, better known as Sinopec, has reached an initial agreement with BP to extend their strategic partnership and explore opportunities in China's new energy sector. The Chinese state-owned oil giant and the British multinational oil and gas company signed a memorandum of understanding at the World Economic Forum in Davos, Switzerland, on Thursday, according to separate statements from both companies.

Sinopec, Total to Build Sustainable Aviation Fuel Plant in China

Chinese state-owned Sinopec (600028.SS), opens new tab and French oil major Total Energies (TTEF.PA), opens new tab have signed an agreement to produce sustainable aviation fuel (SAF), a statement released by Sinopec.

China's Huadian, Siemens Energy Agree on Strategic Partnership

Chinese state utility Huadian Group said on Wednesday it signed a framework agreement of strategic partnership with Siemens Energy (ENR1n.DE), opens new tab to deepen their cooperation in low-carbon energy.



Carbon-related News

Newly Unveiled Carbon Pricing Formula Gets Mixed Industry Response

Industry has responded with mixed views to the carbon fee charging formula unveiled by the Ministry of Environment's Climate Change Administration (CCA) on Wednesday, with some demanding more leniency for businesses. A source from Taiwan's Chinese National Federation of Industries on Wednesday praised the new formula as being conducive to "fair competition," adding that since the fee will only be paid when the threshold is crossed, it won't be too punitive on relatively low emitters.

TCC Joins Hands with Germany's thyssenkrupp Polysius to Develop Innovative Carbon Capture Technology with Separate Oxyfuel

The project, set to complete by 2026, aims to commercialize the technology by 2030, capturing over 100,000 tons of carbon dioxide annually. The carbon dioxide will serve various industries and align with government policies for storage, carbon credits, and value-added uses.

China Proposes New Target for Better Air Quality

China has proposed new targets for improved air quality as part of its green and low-carbon development, state news agency Xinhua reported on Thursday, although the targets are still above a limit recommended by the World Health Organization (WHO).

China Merchants to Build Emission-cutting Propulsion System for UK-based BAR Tech

The Chinese firm will manufacture WindWings, a wind-assisted propulsion and route optimisation system. The system can save up to 1.5 tonnes of fuel per sail per day for a daily reduction of 4.9 tonnes in carbon-dioxide emissions.

Nation to Expand Carbon Market Soon

China will strive to expand its carbon trading market as soon as possible, as both trade volume and prices in the program are increasing. The Ministry of Ecology and Environment has been forging ahead with preparatory work to include another seven major carbon emitting industries in the market, which currently only involves the power generation sector.

US-China Advance Work on Curbing Methane Emissions

Cooperation between the U.S. and China on methane is advancing, the deputy U.S. special envoy on climate change said on Tuesday, saying there was an opportunity for Beijing to slash emissions from its massive coal sector at little or no cost.



Green Finance News

Taiwan Signs MoU with ESE

This was when the Taiwan Stock Exchange (TWSE) and the Taiwan Carbon Solution Exchange (TCX) separately signed a memorandum of understanding (MoU) with the Eswatini Stock Exchange (ESE) in Taiwan. The Kingdom of Eswatini is one of Taiwan's diplomatic allies, making the MoU signing a response to Taiwan's foreign policy efforts and a significant milestone for the co-operation between Taiwan and Eswatini capital markets.

Taiwan Counter Buying Center Launches Green Securities Information Platform (Chinese)

The Counter Buying Center will launch the "Green Securities Information Platform", which is the first platform to integrate important domestic and foreign green related marks and reveal the status of listed counter companies to obtain the mark.

Taiwan Domestic Carbon Trading Will Start in July and The Second Batch of International Carbon Rights Assessment will be Put on the Shelves in March (Chinese)

Lin Xiuming, chairman of the Taiwan Carbon Exchange, pointed out on January 10 that in line with the progress of the Ministry of Environment decree, the carbon exchange will act as a "catalyst" for Taiwan's net-zero transformation in 2050, and after the international carbon trading platform hit the road at the end of last year, domestic carbon trading can also start this year, the earliest may fall in July.

HKSAR Government's Digital Green Bonds Offering

The Government of the Hong Kong Special Administrative Region of the People's Republic of China (the HKSAR Government) today (7 February) announced the successful offering of around HK\$6 billion worth of digital green bonds (Digital Green Bonds) denominated in HK dollars (HKD), Renminbi (RMB), US dollars (USD) and euro (EUR) under the Government Green Bond Programme.

Hong Kong to Launch Subsidy Scheme for Green Fintech Start-ups to Bolster Sustainability Data Acumen, Official Says

The Hong Kong government will soon launch a subsidy scheme for start-ups with expertise in the collection, analysis and reporting of sustainability data as part of an effort to connect the city's financial acumen with a growing fintech field and support the climate transition, according to a senior official.

HKGFA Welcomes the 2024-25 Budget by the HKSARG on Promoting Green Finance and Green Technology Development

In the 2024-25 Budget Speech by Financial Secretary of the HKSAR Government, it is suggested that the development of green finance and green technology in Hong Kong will continue to play a key role in supporting Hong Kong's net-zero agenda and pathway to a sustainable future.

Green Fintech Map Launch Showcases Hong Kong's Edge in Sustainable Finance

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) on 1 March 2024 launched the Prototype Hong Kong Green Fintech Map with Cyberport and Invest Hong Kong (InvestHK) to help corporates and financial firms identify green and sustainable financial technology (Green Fintech) solutions that meet their business needs.

Cross-Agency Steering Group Announces Key Initiatives to Support Hong Kong in Capitalising Sustainable Finance Opportunities

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) met on 8 January 2024 to discuss the work plan this year and agreed on the following three key initiatives to capture financing and investment opportunities from the Asia-Pacific Region's low carbon transition.

Shanghai Stock Exchange STAR ESG index to debut on March 21

A new index will debut on March 21 to help shareholders better assess how listed companies on the Science and Technology Innovation Board (STAR) market are managing factors related to environmental, social, and governance (ESG) criteria.



Regulation & Disclosure News

China Stock Exchanges Announce Mandatory Sustainability Reporting Requirements for Companies

China's three major stock markets, the Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), and Beijing Stock Exchange (BSE), announced the publication of new sustainability reporting guidelines for listed companies, including a new requirement for hundreds of larger cap and dual-listed issuers to begin mandatory disclosure on a broad range of ESG topics in 2026.

New Greenhouse Gas Emissions Calculation and Estimation Tools to Support Sustainability Reporting

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) and the Hong Kong University of Science and Technology (HKUST) launched two greenhouse gas emissions calculation and estimation tools (GHG emissions tools) to facilitate sustainability reporting by corporates and financial institutions in Hong Kong.

China Releases Carbon Emissions Trading Regulations

Effective on May 1, 2024, the regulations aim to provide a legal framework for the operation of China's carbon emissions trading market and ensure the effectiveness of related policies. The regulations focus on the allocation of responsibilities, designating the State Council's ecological and environmental departments to oversee and manage carbon emissions trading.

Taiwan SEC Approves Mandatory Disclosure of Emissions and Climate Impacts

The Federal Securities and Exchange Commission (SEC) approved new rules requiring some publicly traded companies to report their greenhouse-gas emissions and climate-change risks. Under the strong opposition of enterprises, the new regulations were adjusted at the last minute to weaken the force of the regulation.

HKFI Launched the First-ever Insurance Industry Climate Charter in Hong Kong

Joined by 33 companies as inaugural signatories and representing approximately 80% of the market share, the Charter demonstrates an important milestone and collaborative commitment of the insurance industry to address climate change and build a more sustainable future by complying, measuring, and reporting with a set of climate principles in place.

China Revives Shelved Voluntary Carbon Credits Scheme

China has relaunched its voluntary carbon credits program, also known as the China Certified Emission Reduction (CCER) scheme, after shelving it more than six years ago due to a lack of uptake and regulatory issues.

China Pledges to Set Up Annual Greenhouse Gas Inventory

China said it plans to take an annual inventory of its greenhouse gas emissions as it tries to boost its carbon trading capability and ensure it meets its climate targets. The government aims to "compile a year-by-year national greenhouse gas inventory" as part of efforts to halt the rise in emissions before 2030 and achieve carbon neutrality by 2060, China's cabinet said in guidelines published by state news agency Xinhua late on Thursday.

Taiwan IOC Completed the "Blue Carbon Methodology" Document for Review by The Ministry of The Environment (Chinese)

Ocean Blue Carbon plays a key role in the "natural carbon sink" of Taiwan's net zero strategy to drive net zero emissions by 2050. The IOC completed the revision of the "Blue Carbon Methodology" document for Marine carbon sinks in Taiwan's native mangrove and seagrass beds, which will be submitted to the Ministry of Environment for review.

China Strengthens State Control on Carbon Emissions Trading, Cracks Down on Data Fabrication with New Regulation

Existing regulations make it difficult to regulate trading activities, ensure data quality and punish illegal acts, Ministry of Ecology and Environment says. New regulation also toughens up penalties for emissions data fabrication.



Other News

Henderson, Swire and Chinachem among 7 Hong Kong Firms Joining Global Initiative on Nature-Related Corporate Disclosures

320 entities worldwide join the Taskforce on Nature-related Financial Disclosures (TNFD) to reverse nature degradation caused by human activity and climate change ‘Milestone moment for nature finance and for corporate reporting,’ TNFD co-chair David Craig says.

HKGFA Representative Spoke at HKU Business School: Future of Hong Kong Economy Conference

HKGFA Vice President and Honorary Advisor, Mr. Ben McQuhae, joined an esteemed line-up of speakers at the conference on The Future of Hong Kong Economy 2024 organized by HKU Business School and spoke at the panel session entitled “Taking the Leap: Hong Kong to spearhead ESG Development of the Region and Beyond”.

In the First Two Months of This Year, More than 20 A-Share Companies Established ESG Committees (Chinese)

Regarding how to ensure the effectiveness of the work of the ESG Management Committee, Shi Han, senior researcher at the Center for Contemporary China and World Studies at the University of Hong Kong and founding director of the ESG Center at the China Business School of the University of Hong Kong, provided three suggestions: clarify the positioning, responsibilities and authority of the committee; establish Effective performance appraisal system; strengthen information disclosure.

UN Global Compact Launches Guidebook to Encourage Companies to Empower Women in the Workplace

To mark International Women’s Day, the UN Global Compact, the world’s largest corporate sustainability initiative, today launched a new report Women at Work: Chinese companies taking action on gender equality. The global publication, available in English and Chinese, provides insights and best practices for advancing Environmental, Social and Governance (ESG) and the Sustainable Development Goals (SDGs) with a focus on gender equality in the workplace.
