TAXONOMY: PRACTICES FROM CHINA

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1. Green Finance is China’s Strategy
2. China: Green Taxonomy
In Aug.2016, 7 ministries of China published "Guidance on the Construction of China’s Green Financial System", which is the first national policy on green finance in the world.

February 2019: Guidance Catalogue for Green Industry (NDRC, PBoC etc)
October 2017: Report of the 19th National People’s Congress
June 2017: five Green finance pilot area (Prime Minister’s public speech)
August 2016: Guidance on the construction of China’s Green Finance System (NDRC, PBoC etc)
March 2016: “China’s 13th National Five-year Plan
January 2015: new environment law
Green Market

At the end of 2018, the balance of green loans in domestic and foreign currencies reached RMB8.23 trillion, a year-on-year increase of 16%, which was 6.1 percentage points higher than the growth rate of enterprise loans and other corporate loans during the same period.

In the first half of 2019, China issued a total of RMB143.9 billion of green bonds, achieving a year-on-year growth of 62%. Clean energy ($6.2 billion), low-carbon transportation ($5.1 billion) and pollution prevention ($3.1 billion) were the top three categories of fundraising.

As of the end of 2018, the cumulatively traded carbon quota on the pilot carbon markets in seven provinces and cities reached RMB263 million tons, with an accumulative turnover of nearly RMB5.4 billion and an average trading price of RMB20.53 per ton.
DEFINITION AND TAXONOMY

1. Green Finance is China`s Strategy

2. China: Green Taxonomy
Green Credit Definition (2013) by CBRC (now CBIRC)

**Green Credit Statistical Policy**

In 2013, the CBRC published "Green Credit Statistics System", which divided green loans into 12 categories, and use 7 indicators to quantify the environmental impact of green loan.

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<th>Indicators</th>
<th>loan balance</th>
<th>standard coal</th>
<th>carbon dioxide emission reduction equivalent</th>
<th>chemical oxygen demand</th>
<th>ammonia nitrogen</th>
<th>sulfur dioxide</th>
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<td><strong>Energy saving</strong></td>
<td>Industrial energy conservation, green building, energy management, etc.</td>
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<td><strong>Environmental remediation</strong></td>
<td>Pollution prevention and control (water, air, solid waste), environmental restoration, clean coal utilization, etc.</td>
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<td><strong>Circular economy</strong></td>
<td>Water saving, re-utilization of tailings and associated mines, solid waste and renewable resources utilization, etc.</td>
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<td><strong>Clean transportation</strong></td>
<td>Railways, urban rail transit, public transportation, clean fuel, new energy vehicles, etc.</td>
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<td><strong>Clean energy</strong></td>
<td>Solar energy, wind energy, water energy, natural gas, geothermal energy, ocean energy, distributed energy, smart grid, etc.</td>
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<td><strong>Eco-protection and climate change adaptation</strong></td>
<td>Ecological protection, afforestation, ecological agriculture, animal husbandry and fishery, disaster emergency protection, etc.</td>
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<td>Guiding Catalogue for Green Industry (2019)</td>
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| **Energy saving and environmental protection industry** | Efficient and energy-saving equipment manufacturing  
Advanced environmental equipment manufacturing  
Resource recycling equipment manufacturing  
New energy vehicles and green shipbuilding  
Energy-saving transformation  
Pollution control  
Resource recycling |
| **Clean production industry** | Green upgrade of industrial park  
Non-toxic and harmless raw materials for alternative use and hazardous waste treatment  
Waste gas treatment/disposal and comprehensive resource utilization in the production process  
Water saving, wastewater treatment/disposal and comprehensive resource utilization in the production process  
Waste solid treatment/disposal and comprehensive resource utilization in the production process |
| **Clean energy industry** | New energy and clean energy equipment manufacturing  
Clean energy facility construction and operation  
Traditional energy cleaning and efficient use  
Efficient operation of energy system |
| **Ecological environment industry** | Ecological agriculture  
Ecological protection  
Ecological restoration |
| **Infrastructure green upgrade** | Building energy saving and green building  
Green transportation  
Environmental infrastructure  
Urban energy infrastructure  
Sponge city  
Landscaping |
| **Green services** | Consulting services  
Project operation management  
Project assessment, audit and verification  
Monitoring and testing  
Technical product certification and promotion |
ICBC has formulated green credit policies for key industries and updated them year by year. At present, the policies cover over 60 industries.

ICBC has established four categories and 12-level classification criteria and management measures from the perspectives of customers, projects and loans.

- Environmentally friendly category (4 level)
- Environmentally qualified category (2 level)
- Under observation category (2 level)
- Rectification category (4 level)
Hu Zhou city`s green taxonomy

Huzhou City in Zhejiang Province has included green park loans in the project catalogue according to its local conditions, and Guizhou Province has incorporated the building of green data center into the support catalogue.

| 1. Ecological protection and adaptation to climate change | 1.1 Natural ecological protection and protective development of tourism resources
1.2 Ecological agriculture, animal husbandry and fishery
1.3 Forestry development
1.4 Disaster emergency prevention and control
2. Waste treatment and pollution prevention
2.2 Environmental restoration projects
2.3 Coal cleaning and utilization |
| --- | --- |
| 2. Pollution prevention and control | 3.1 Pollution prevention products / disposal equipment production and trade
3.2 Environmental monitoring instrument production and trade
3.3 Pollution repair equipment production and trade
3.4 Water supply equipment production and trade
4. Industrial energy saving
4.2 Sustainable buildings
4.3 Energy management center
4.4 Urban and rural infrastructure construction with energy efficiency
4.5 Reduction of pollution emissions
4.6 Occupational disease prevention |
| 3. Industrial chain for eco-economy | 5.1 Railway transport
5.2 Urban rail transport
5.3 Urban and rural road transport and public passenger transport
5.4 Waterway traffic
5.5 Clean fuel
5.6 New energy vehicles
5.7 Internet applications in the transportation sector
5.8 Transportation environmental protection projects |
| 4. Energy saving and emission reduction | 6.1 Wind power generation
6.2 Solar photovoltaic power generation
6.3 Smart grid and energy internet
6.4 Distributed energy
6.5 Solar thermal utilization
6.6 Hydropower generation
6.7 Biomass energy projects
6.8 Clean energy promotion projects
6.9 Other new energy utilization |
| 5. Clean transportation | 7.1 Energy-saving household appliances production and trade
7.2 Energy-saving industrial general equipment production and trade
7.3 Energy-saving power distribution equipment production and trade
7.4 UHV transmission and smart grid related equipment production and trade
7.5 Green lighting product production and trade
7.6 New energy and renewable energy equipment and key product production and trade
7.7 Energy-saving or clean vehicle production and trade
7.8 Green building materials production and trade
7.9 Energy-saving machine production and trade |
| 6. Clean energy | 8.1 Water saving and unconventional water source utilization
8.2 Redevelopment and comprehensive utilization of tailings and associated mines
8.3 Industrial solid waste, waste gas and waste liquid recovery and resource utilization
8.4 Recycling of renewable resources
8.5 Remanufacturing of mechanical and electrical products
8.6 Recycling of biomass resources |
9.2 Environmental protection services
9.3 Water saving services
9.4 Recycling economy (recycling of resources) services
10.1 Energy-saving and low-carbon park construction
10.2 Recycling reconstruction of park |
| 8. Resource conservation and recycling | 10.3 Production and trade of special equipment for recycling economy |
| 9. Energy saving and environmental protection services |
| 10. Industrial chain for recycling economy |
At present, there are several green standards and classification methods issued by various ministries and commissions. These standards are broadly similar, with slight differences. Therefore, Chinese regulators are currently considering solving this problem and aligning Chinese standards with global ones.

There are also many regional taxonomies in China. We think it is necessary to allow different countries and cities to have their own green standard according to their own situation. When everybody being "green", the whole world being "green".
THANKS!