China’s Carbon Market and Green Finance Development

Allison Fan, Shanghai Environment and Energy Exchange
Yaqin Chen, Industrial Bank (China)
Zemin Zhang, Climate Bridge Ltd
China’s Carbon Market and Green Finance Development

1. China’s Carbon Market Development
   (Allison Fan, Shanghai Environment and Energy Exchange)

1. Case Studies for Carbon Financing Initiatives in China
   (Zemin Zhang, Climate Bridge)

3. Green Finance Development in China
   (Yaqin Chen, Industrial Bank)
The Climate Technology Centre and Network

Organisation

- Operational arm of the UNFCCC Technology Mechanism
- Consortium of organizations from all regions + Network

Mission and scope

- Mission to stimulate technology cooperation and enhance the development and deployment of technologies in developing countries
- Technologies include any equipment, technique, knowledge and skill needed for reducing greenhouse gas emissions and for adapting to climate change effects

Core services

- Technical assistance to developing countries
- Knowledge platform on climate technologies
- Capacity building and support to collaboration and partnerships
CTCN Technical Assistance

Country-driven

- Any organization from developing countries can express need
- Request endorsed and submitted by the NDE

Fast and easy access to assistance

- User-friendly access: 4-pages submission, in all UN languages
- Appraisal of request within 1-2 weeks and response design within 2-12 weeks

CTCN selects and contracts relevant experts

- Assistance provided through Consortium and Network (value up to 250,000 US$)
- Collaboration with financial organizations to trigger funding

Support to remove barriers to technology transfer (financial, technical, institutional)

- Identification of needs and prioritization of technology, depending on country context
- Technical recommendation for design and implementation of technology
- Feasibility analysis of deploying specific technologies
- Support to scale up use and identify funding for specific technologies
- Support legal and policy frameworks
Networking and Collaboration

Join our network! Easy and free of cost.

**Access commercial opportunities:** respond to competitive bidding for delivery of CTCN technical assistance services

**Create connection:** network with national decision makers and other network members to expand your partnership opportunities and learn about emerging areas of practice

**Increase visibility:** broaden your organization or company’s global reach, including within UNFCCC framework

**Exchange knowledge:** keep updated on the latest information and share via the CTCN’s online technology portal

**Examples of collaboration**
- Co-host climate related events
- Twinning arrangements with research institutions
- Engage in new technology projects
How to use the webinar platform

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1. Listen through your computer: Please select the “mic and speakers” radio button on the right hand audio pane display
2. Listen by telephone: Please select the "telephone" option in the right-hand display, and a phone number and PIN will display.

To ask a question
Select the “questions” pane on your screen and type in your questions, at any time during the presentation

If any technical difficulty
Contact the GoToWebinars Help Desk: 888.259.3826

The presentations will be made available after the webinar
China’s Carbon Market Development

Allison Fan
Director of the Research and Innovation Center
Shanghai Environment and Energy Exchange
Allison Fan  
Director of the Research and Innovation Center,  
Shanghai Environment and Energy Exchange

Allison has over 10 years of experience in the design and implementation of climate change and sustainable development policies, plans and programs, including carbon trading, green finance, low-carbon cities, smart grids, green buildings, and energy efficiency appliances.

Allison holds a Master’s degree in Environmental Management from Duke University and a Bachelor’s Degree in Chemical Engineering from Tsinghua University.
Global Warming of 1.5 °C – Time is Pressing

Source: IPCC

Source: Professor Ed Hawkins, University of Reading
Shanghai Environment and Energy Exchange (SEEE)

SEEE is the first Chinese carbon trade exchange founded in August 2008.

SEEE provides carbon trading services to over 600 member companies and consultancy services to decision makers in the public and private sectors on carbon finance, green finance, and sustainable development strategies.

SEEE is a member of CTCN since October 2016.
Trading History of SEEE

- 2009-2011: Certified Emission Reductions (CERs)
- 2011-2013: Voluntary Emission Reductions (VERs)
- 2013-2014: Shanghai Emission Allowance (SHEA)
- 2014-2016: SHEA and China Certified Emission Reduction (CCER)
- 2016-present: SHEA, CCER, and Shanghai Emission Allowance Forward (SHEAF)
Carbon Trading is a Policy Tool to Cut GHG Emissions

Twenty-five emission trading schemes (ETS) have been implemented or are scheduled for implementation world-wide.

In 2011, China announced its plan to develop seven official ETS pilot programs (Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Hubei and Shenzhen) which began to deliver from 2013.

China officially launched its national ETS in December 2017 and work is underway to prepare for its implementation.

Source: the World Bank and Ecofys

China’s Pilot Carbon Market: Mandatory + Voluntary

Mandatory Cap-and-Trade Markets

- Each pilot market has its own rules
- Local governments set emission caps and issue allowances
- All the covered enterprises are obligated to comply

Voluntary Emission Reduction Market

- China’s National Development and Reform Commission issued *The Interim Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Transactions*
- China Certified Emission Reductions (CCER) generated by certain projects and certified by national certification bodies
- CCER can be traded as offset credits on each pilot market
China’s Pilot Carbon Market: Shanghai Case Study (1)

Key Elements of China Pilot ETS

- **Coverage**
  - Covered 191 companies in 17 industries
  - Annual emission of 20,000 tCO$_2$ for industrial sectors;
  - Annual emission of 10,000 tCO$_2$ for non-industrial sectors
  - Free allocation once for 3 years
  - Used grandfathering and benchmarking methodologies,
  - Covered companies purchased carbon allowances and (≤5%) offset credits to comply

- **Phase I** (2013-2015)
  - Covers 191 companies in 17 industries
  - Allocates allowances every year
  - Uses benchmarking and historical intensity methodologies
  - Covered companies purchased carbon allowances and (≤1%) offset credits to comply

- **Phase II** (2016—)
  - Covers 310 companies in 26 industries
  - Allocates allowances every year
  - Uses benchmarking and historical intensity methodologies
  - Covered companies purchased carbon allowances and (≤1%) offset credits to comply

- **Trading**
  - March 31$^{st}$: Enterprises report carbon emissions of the previous year
  - April 30$^{th}$: Verification agencies submit verification reports of carbon emission
  - May 31$^{st}$: SHDRC reviews and approves enterprises’ carbon emissions of the previous year
  - June 30$^{th}$: Enterprises submit full allowances and finish compliance
  - December 31$^{st}$: Enterprises submit annual monitoring plan of the next year

Source: Shanghai Environment and Energy Exchange
China’s Pilot Carbon Market: Shanghai Case Study (2)

Key Elements of China Pilot ETS

- Coverage
- Allocation
- MRV

Trading
- Supporting Systems
- Regulatory System

Source: Shanghai Environment and Energy Exchange
Key Elements of China Pilot ETS

- **Coverage**
- **Allocation**
- **MRV**

- **Trading**
  - **Supporting Systems**
  - **Regulatory System**

**Diagram:**

- **Local Government**: Oversee and manage
- **Pilot Companies**: Allocation Review
  - Keep records of allowance holding
  - Monitor trading compliance
  - Verification of actual emissions
- **Third-Party Verification Institutions**: Verify actual emissions
- **Carbon Registry**: Keep records of allowance transfers

**Source:** Shanghai Environment and Energy Exchange
Key Achievements of Shanghai Pilot ETS

- Reached 100% compliance in 5 consecutive years
- Reduced carbon intensity by 6.9%
- Cut total carbon emissions by 7% compared to 2013
- Decreased total coal consumptions by 11.7%
- Major emitters reduced carbon emissions
- Trained thousands of professionals
- Raised awareness of climate change in the society
- Strengthened carbon asset management
- Diversified financing channels through carbon finance

Source: Shanghai Municipal Development and Reform Commission
Carbon Finance Innovation in Shanghai

Carbon Loans
Carbon loans are loans that enterprises can obtain when they own carbon allowances or CCERs. To achieve that goal, enterprises and financial institutions should sign tripartite agreements with SEEE. After signing contracts of a CCER loan, they should apply to SEEE for CCER loan registration. Then SEEE would freeze the CCER in the system to guarantee their pledge credits. Once the loan contract ends, both parties should unfreeze the CCER through SEEE.

Carbon Margin Trading
Carbon Margin Trading is for eligible institutions to deposit a certain amount of margin to borrow a certain amount of Shanghai carbon emission allowances from eligible enterprises or institutional investors at SEEE. By the expiration of the borrowing term, the borrower returns the allowances to the lender and pays the agreed proceeds.

Carbon Forward
Shanghai Emission Allowance Forward (SHEAF) is a hedging tool for carbon market participants to manage market risks. A SHEAF contract is between two parties to buy or sell Shanghai emission allowances at a specified price on a future date. SEEE provides the trading platform for SHEAF while Shanghai Clearing House provides central counterparty clearing services. The pricing and settlement of SHEAF is in CNY, and the trading is by inquiry.
As of September 28, 2018, the total trading volume of China’s pilot carbon markets is **398 million tons of CO2 equivalent**; the trading amount is about 5.7 billion CNY.

Source: Shanghai Environment and Energy Exchange
China’s National ETS

• Officially launched on 19 December 2017
• Phase I focuses on the power sector, covering nearly 1,700 power plants that emit more than 3 billion tons of CO2

• Trading will be based in Shanghai
• Shanghai is developing the national carbon trading system
Case Study for Carbon Financing Initiatives in China

Zemin Zhang
Director
Climate Bridge (Shanghai) Ltd
Zemin Zhang
Director, Climate Bridge (Shanghai) Ltd

Zemin Zhang is the Director of Climate Bridge Ltd. Climate Bridge is one of the biggest and most active integrated carbon credits wholesaler and project developer in China. Mr. Zhang has over 10 years of experience in carbon trading, carbon project development, carbon financing and green building initiatives and is very familiar with China’s pilot carbon market.

Mr. Zhang holds an MBA degree from Oxford University and a Bachelor’s Degree in Economics from Wuhan University.
- About Climate Bridge
- Case Study
  * Carbon Bank
  * Swap between Allowance and CCER
  * Carbon financing for biodiversity projects
  * Carbon neutral activities.
  * IREC- a new way of “carbon” financing
About Climate Bridge
CLIMATE BRIDGE’S MISSION IS TO “BRIDGE” WEST AND EAST TO DEPLOY LOW-CARBON TECHNOLOGIES

Mission began on the Great Wall of China in October 2005

Founders driven by (i) massive market opportunity; (ii) critical social importance of the transition to a low-carbon economy

China is central to global success or failure; largest market

Mission:
Bridge East and West to deploy low-carbon technologies
Reduce emissions by leveraging shifts in policy
Start as a project developer
CLIMATE BRIDGE IS TO HELP COMPANYS TO BUILD SUSTAINABLE FUTURE BY BRIDGING EAST AND WEST

Carbon Consulting & Trading

Clean Energy Investment & Technology Transfer

CER

WEST (Developed)

EAST (Developing)

VER

Investment Facilitation

Technology Transfer
Over 110 registered CDM projects

CDM pipeline ranking top 10 globally

Over 10,000,000 tones registered VER’s

The 1st Gold Standard forestry and small hydro project in China

The leading I-REC consultant and trading company in China

Around 100 registered CCER projects in China
ONE-STOP COMPREHENSIVE SERVICES TO COVERED COMPANIES IN CHINA PILOT CARBON TRADING SCHEMES

- Translation of laws and government regulations
- CB’s analysis on key conference, policies or speeches
- Latest news in the pilots schemes: MRV regulations, trading rules, allowance allocation, price signals, market trends and et al

- Project feasibility assessment according the scheme specific regulations
- Project sourcing, due diligence, validation, registration and verification
- Offset project portfolio management

- Provide training and technical assistance to build the capacity to meet the compliance obligations
- Assess carbon footprint and prepare the annual emission reports
- Analyze the financials and technical feasibilities of different abatement or offset project
- Model and analyze the business impacts of existing and potential climate change regulations, laws, and standards

- Act as an agent to trade on behalf of the client
- Arrange off-exchange forward sales for better pricing and more flexible delivery options
- Facilitate hedge strategy execution
- Help design trading strategies and manage risk
Market makers and top ten trading members in key pilot trading exchanges
Case Study

* Carbon Bank
* Swap between Allowance and CCER
* Carbon financing for biodiversity projects
* Carbon neutral activities.
* IREC- a new way of “carbon” financing
Carbon Bank

**OPERATION PROCESS**

1. Covered company lends the pre-allocated carbon allowances to Climate Bridge
2. Climate Bridge sells the carbon allowances in the carbon market at higher price
3. Climate Bridge buys in the carbon allowances at lower price
4. Climate Bridge returns the carbon allowances with “interests” to covered company for compliance

**ADVANTAGES FOR COVERED COMPANY**

- Low risk, since Climate Bridge will take the risk of market fluctuation
- Covered company can make profit from the pre-allocated allowances
- Simplify the trading decision process
Carbon Bank

<table>
<thead>
<tr>
<th>北京</th>
<th>上海</th>
<th>广东</th>
<th>天津</th>
<th>深圳</th>
<th>湖北</th>
<th>重庆</th>
</tr>
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<tr>
<th>周</th>
<th>月</th>
<th>年</th>
<th>全部</th>
</tr>
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</table>

成交价(元)：
- 2014年01月：40元
- 2014年07月：20元
- 2015年01月：500
- 2015年07月：1000
- 2016年01月：500
- 2016年07月：500
- 2017年01月：1000

成交量(千吨)：
- 2013-12-16 开始
- 2017-01-23 截至

图中标注：
- 绿线：上海成交量
- 黑线：上海成交价

Sell Out
Buy In
SWAP BETWEEN CCER AND ALLOWANCE

- **Sell out the affluent allowance for profit**
  - Affluent allowances
  - Could be sold for profit
  - Actual Emissions
  - Allocated Allowances

- **Swap allowance with CCER, sell more allowances for profit**
  - Affluent allowances
  - CCER
  - Could be sold for profit
  - Actual Emissions
  - Allocated Allowances
SWAP CASE

- Buy 100,000 tons forestry carbon credits at 18 yuan/ton

- Sell 100,000 tons carbon allowances at 26 yuan/ton

- Submit the 100,000 tons forestry carbon credits with allowances for compliance

CCER Price
18 yuan/ton

Profit
8 yuan/ton

Allowance Price
26 yuan/ton
Benefits to local resident and community

- Promote local economical development by improving ecological environment, infrastructure and desert control, as well as providing more jobs and higher income for locals.
- Deliver advanced land management concepts and skills to local residents, encourage them to learn new skills and try new approach which is more sustainable.
- Improve community development and empower grassroots organizations in this area.

Benefits to local ecological environment

- Mixed methods of sand control can stabilize the sand dunes, mitigate desertification from expanding, hence protecting community livelihood.
- Rebuild the mixed ecological system of forests and grasslands, increase biodiversity in project area.
CARBON NEUTRAL ACTIVITIES

1. **Up’s Coffee Carbon Neutral Actvities**
   - A poster titled "Up’s Coffee" with an illustration of a coffee bean and trees, indicating carbon neutral activities.

2. **2013 ACT**
   - A poster advertising the 2013 ACT event, featuring a silhouette of a person and the event details.

3. **Green Scene**
   - An image of the Green Scene logo, which is a green Earth with a sun and the text "Green Scene."
MORE AND MORE COMPANIES COMMITTED TO 100% RENEWABLE POWER-A NEW ROUTE OF GETTING FINANCING BY CUTTING CARBON EMISSIONS

The world's most influential companies, committed to 100% renewable power.
CLIMATE BRIDGE IS THE LEADING I-REC CONSULTANT AND TRADING BROKER IN CHINA

MEMO

To: Stakeholders
From: The I-REC Standard secretariat
Date: September 2018
Subject: Participant contact list

Climate Bridge Ltd.
www.climate-bridge.com (English)
www.climatebridge.com (Chinese, recommended)

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Green Finance Development in China

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yaninc@163.com

Yaqin is responsible for market research, product creation, design and promotion, business progress and management in the area of green finance of the Bank for over 10 years. She has extensive working experience in green finance and environmental equity transactions, and in-depth understanding of innovative green finance business of commercial banks.

She is a member of the PPP expert pool of the Ministry of Finance and a member of the expert pool of the Asian Development Bank. She holds a master’s degree from Tsinghua University.
Roles of a Green Financial System

01 Enhancing green investment return

02 Reducing return on polluting investment

03 Increasing investor/consumer preference for green assets/products
China launched the world’s first “green finance policy package”

- August 2014: Launch of Green Finance Taskforce by PBoC
- September 2015: “Establishing a Green Financial System” became an official mandate from Central Party Committee and State Council.
- July 2017: Five provincial green finance pilot programs launched by the State Council.
- 2017- : the number of corporate members of China’s Green Finance Committee reached 220. They manage 75% of China’s financial assets
“Guidelines for Establishing the Green Financial System” (Aug 2016) presents a policy roadmap

- PBoC relending, interest subsidies/guarantees for green Lending;
- National and regional green development funds;
- Developing the green bond market;
- Developing green equity indices & products;
- Introducing mandatory pollution liability insurance;
- Introducing mandatory disclosure requirement for listed companies;
- Developing the carbon finance market;
- Promoting international collaboration on green finance
Green Finance Products

- Green debt/banking
- Green bond
- Green insurance
- Green infrastructure investment fund/Green industry fund
- Green index
- Green rating system
- Green channel in IPO
- Emission trading system
Industrial Bank: A National-wide Financial Service Group

Fast-developing National-wide Commercial Bank

- Founded in Aug 1988 and headquartered in Fuzhou, Fujian Province
- Among the first batch of Joint-stock commercial banks in China
- Enlisted on Shanghai Stock Exchange (SH: 601166)
- 137 branches, 2064 sub-branches in major cities across China and Hong Kong SAR, over 58,000 employees\(^1\)
- By Dec 31\(^{st}\) 2017, Industrial Bank has a registered capital of RMB 20.77 billion, total assets reached RMB 6.41 trillion, operating income hits RMB 139.96 billion, the net profits attributable to the parent company across the year amounted to RMB 57.20 billion\(^1\).

Bank-based modern financial service group\(^1\)

Domestically Focus with Growing Global Influence

Domestic network across China and global

- As of 31 Dec 2017:
- Corresponding banking relationship with over 1,500 institutions, connects across the global\(^1\).
- Over 46,000 access points connected with collaborative banks via our self-developed Bank-to-Bank platform\(^1\).
- Hong Kong Branch as a gateway to overseas, a platform of business innovation and a center of talent cultivation.

Global Ranking and Awards

<table>
<thead>
<tr>
<th>Year</th>
<th>Forbes Global 2,000</th>
<th>The Banker Top 1,000 World Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Ranked 62(^{nd})</td>
<td>Ranked 26(^{th})</td>
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</table>

Other awards include:

- 2018 Global 500
  - Ranked 237\(^{th}\)
- 2018 China’s 500
  - Ranked 62\(^{nd}\)
- Brand Finance Global 500 2018
  - Global Banks
    - Ranked 20\(^{th}\)
  - Chinese Brands
    - Ranked 19\(^{th}\)

Growing Economic and Environmental Benefit

The Development of IB’s Green Finance

- IB’s sustainable business begins in 2006\(^2\).
- In 2008, IB becomes the first bank in China which adopts the Equator Principle\(^2\).
- Rapid growth in Green Finance business brings considerable economic and environmental benefits.

Balance of Green Financing Portfolio and Amount of Clients

2) Industrial Bank
Growing Economic and Environmental Benefit

Significant Energy-Saving, Pollution Control and Emission Reduction Effect

- Green projects supported by IB’s funding can achieve the following environmental benefits each year:\n
- Coal Usage Reduction: 29.51 million tons
- CO2 Emission Reduction: 83.91 million tons
- COD Emission Reduction: 3.89 million tons
- NH3-n Emission Reduction: 145.1 thousand tons
- SO2 Emission Reduction: 827.4 thousand tons
- NOx Emission Reduction: 66.1 thousand tons
- Solid Waste Recycling: 45.06 million tons
- Water Saving: 408.9 million tons

- In terms of CO2 emission reduction, an equivalent to
  - Shutting down 192 100MW thermal power plant\(^2\)
  - Taking 100 thousand fossil-fuel taxi off the road for 40 years\(^2\)

Source:
1. Industrial Bank Co., Ltd (SH:601166) 2017 Annual Sustainability Reports; Internal reports of Green Finance Department of Industrial Bank’s based on feasibility study reports of projects
2. Based on coal usage of 342g/kwh, CO2 emission of 437 thousand tons per thermal power plant per year; CO2 emission of 190g/km, 300km per day per fossil-fuel taxi
## IB’s Green Finance Agenda and Organizational Structure

### Organizational Structure of Green Finance in IB

<table>
<thead>
<tr>
<th>Senior Management</th>
<th>Green Finance Department at Headquarter</th>
<th>Green Finance Department at Local Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Finance</td>
<td>Product</td>
<td>Operation Management</td>
</tr>
<tr>
<td>Specialized</td>
<td>Marketing</td>
<td>Marketing</td>
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<td>Committee</td>
<td>Research</td>
<td>Green Finance</td>
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<td>CSR Working</td>
<td>Project Evaluation</td>
<td>Product Manager</td>
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<td>Group</td>
<td>Operation Management</td>
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<td>Green Finance</td>
<td>Communication and PR</td>
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<td>Group</td>
<td>Integration Working Group</td>
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### Agenda for IB Green Finance Business

- Green Finance Performance as a major KPI for local branches
- Exclusive allocation of risk assets to green loans
- Green Bond issuance provides exclusive funding source
- Additional financial support for client development, business development and product development in Green Finance
- Differentiated project approval process and operation

Source: 1) Industrial Bank
Participation in Green Finance Public Policy Advising and International Cooperation

Policy-Making Contributor

• Deputy Secretary-general member of the Green Finance Committee (GFC), PBoC’s green finance policy implementing agency.
• Contributed to the Green Finance Policy-making and Innovations with PBoC, CBRC, etc.

International Cooperation Advocator

• Met with UNUSG and UNEP Chief Executive Officer, as well as visiting groups around the world,
• Joined in the revision of international standards such as Equator Principles, and international events

Source: 1) Industrial Bank
First Green Finance Bond Issuer In China

### Terms¹

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<table>
<thead>
<tr>
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<tr>
<td><strong>Issuer</strong></td>
<td>Industrial Bank Co., Ltd</td>
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<td><strong>Exchange</strong></td>
<td>China Interbank Market</td>
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<tr>
<td><strong>Bond Type</strong></td>
<td>Commercial Bank Bond (Senior Unsecured)</td>
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<td><strong>Amount (RMB billion)</strong></td>
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<td><strong>Price at Issuance</strong></td>
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<td><strong>Coupon rate (%)</strong></td>
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<td><strong>Bond Rating</strong></td>
<td>AAA AAA AAA</td>
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</tbody>
</table>

### Issuance Summary

- **First Green Finance Bond Issuer In China²**
- Fund raised will be used to fund projects in environmental protection, energy saving, clean energy, recourse conserving and recycling, clean transportation, ecological protection and climate change respond and other industries that are included in the *Green Bond Categories* issued by the PBoC. The goal of the issuance is to optimize issuer’s financial condition, promote the development and enhance service level of its green finance business¹.
- **Prior to the issuance, IB hired an independent third-party agency and performed a full evaluation toward IB’s green bond management framework**

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¹ Source: 1) Industrial Bank Co., Ltd Green Finance Bond Prospectus 2016-1, 2016-2, 2016-3
2) Based on public information
First Green Finance Bond Issuer In China

Management after the issuance

• IB commits to make disclosure on Use of Proceeds and realized environmental effects on a quarterly basis (Reports from 2016 to 2018Q2 have been released[^1][^2]). Deloitte has been hired to issue independent limited assurance reports on IB’s Green Bond Annual Reports (2016 and 2017 Reports have been released[^3]).

• By 2017, a total of RMB 65.67 billion was utilized (including funds released and rolled over after projects matured) to fund over 1400 qualified project since the issuances.

Significant environmental effects

• Projects supported by the funding from the green bonds has achieved the following environmental effects[^2]:

  - Coal Usage Reduction: 519.9 thousand tons
  - CO2 Emission Reduction: 1.31 million tons
  - COD Emission Reduction: 49 thousand tons
  - NH3-n Emission Reduction: 5 thousand tons
  - SO2 Emission Reduction: 500 tons
  - NOx Emission Reduction: 200 tons

Source:  
1) Industrial Bank Co., Ltd Green Finance Bond Prospectus 2016-1, 2016-2, 2016-3  
2) Annual and Quarterly Report of Industrial Bank Green Finance Bond Use of Proceeds Reports, 2016-2018Q2  
First Issuer of Green CLOs In China

<table>
<thead>
<tr>
<th>Terms¹,²</th>
<th>Issuance Summary</th>
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<tbody>
<tr>
<td><strong>Bond Name</strong></td>
<td>Xingyuan Green Asset-backed Security 2014-2</td>
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<tr>
<td><strong>Originator</strong></td>
<td>Industrial Bank Co., Ltd</td>
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<td><strong>Exchange</strong></td>
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<td>Collateralized Loan Obligations (CLOs)</td>
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<td><strong>Price at Issuance</strong></td>
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<td><strong>Bond Rating</strong></td>
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- First Green CLOs Issuer In China³
- Both underlying pooled assets and project funded by the CLOs satisfy green loan and green bond standards issued by PBoC and CBRC. The goal of the issuance is to optimize issuer’s financial condition, promote the development and enhance service level of its Green finance business¹².
### Integrated Green Finance Products and Services

- Integrated Green Finance Products and Services
- Green Finance Service covers corporate finance, retail finance, investment banking and financial markets, funds, trusts, leasing and securities
- Carbon and emission right exchange and other green finance innovations

<table>
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<tr>
<th><strong>Corporate Finance</strong></th>
<th><strong>Retail Finance</strong></th>
<th><strong>Investment banking and financial markets</strong></th>
<th><strong>Funds</strong></th>
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Thank you
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