



Developing Green Finance and Increasing Investment Diversity

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Contents



Introduction to Green Finance in China



Regulatory Framework and Standards



Multi-Tiered Capital Market Supports



Sustainability Disclosure Progress



Conclusions and Outlooks



Background and Objectives



Climate Change Challenge

Climate change and environmental protection are global challenges. China set the target to reach carbon peak by 2030 and carbon neutrality by 2060. Significant progress has been made in the past four years.



Role of Capital Markets

The CSRC has played an important role in promoting green finance through capital markets to achieve effective resource allocation, risk management, and price discovery for green transition.



Importance of Green Finance

Green finance is crucial for sustainable development, guiding funds to environmental and low-carbon projects and promoting high-quality economic growth.



Policy Documents and Strategies

01

Guiding Opinions on Green Finance System

In 2016, the central government issued the "Guiding Opinions on the Development of Green Finance System," providing the top-level design for green finance development in China.

02

Further Enhancing Financial Sector's Role

In April 2024, seven government institutions jointly issued the "Guiding Opinions on Further Enhancing the Role of Financial Sector to Support Green and Low Carbon Development," detailing tasks for the financial sector.

03

Implementation of Top-Level Strategies

The CSRC has implemented central government strategies to ensure capital markets effectively support green finance and resource allocation to green industries.



Green Standards Development



Green Bond Standards

In April 2021, the "Catalogue of Projects Supported by Green Bonds (2021)" was released to unify criteria for green bond investment projects. In July 2022, the "China Green Bond Principles" were issued to align with international standards.



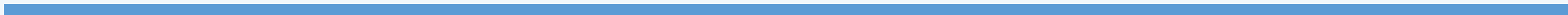
Importance of Standards

Well- developed green finance standards are fundamental to guiding funds to genuine green projects, enhancing market transparency and credibility.



Aligning with International Standards

China's green bond standards are continuously improved to match international standards, increasing international recognition and attracting global investors.





Disclosure Requirements and Guidelines

State Council's Emphasis

In April 2024, the State Council issued the "Opinions on Strengthening Regulation and Risk Prevention to Promote High- Quality Development of Capital Markets," emphasizing the need for enhanced sustainability disclosure by listed companies.

Stock Exchanges' Guidelines

In April 2024, the three stock exchanges in Shanghai, Shenzhen, and Beijing issued the "Guidelines on Sustainability Disclosure by Listed Companies," which took effect in May 2024. The guidelines set clear requirements for the disclosure of Scope 1, 2 emissions, and measurement criteria, and encourage the disclosure of Scope 3 emissions.

Implementation of Guidelines

The implementation of these guidelines has improved the quality of sustainability disclosures by listed companies, increased market transparency, and supported the development of green finance.





Disclosure Practices



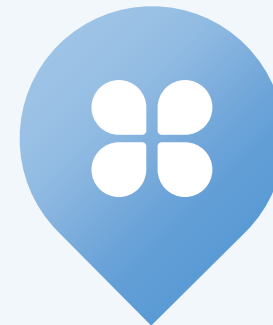
Increasing Disclosures

By October 2024, 2200 listed companies in China had disclosed their 2023 ESG or Social Responsibility Reports, an increase of over 20% compared to the same period last year. Over 1000 companies disclosed greenhouse gas emissions information, with an average annual increase of 50% in the past three years.



Enhancing Disclosure Quality

The quality of sustainability disclosures by listed companies is continuously improving, with more detailed and accurate information, providing better support for investor decision-making.



Promoting Market Transparency

Sustainability disclosure helps reduce information asymmetry, enhance investor confidence, and promote healthy market development, supporting green finance in driving high-quality economic growth.



Diverse Investment Products



01

Green Stocks and Bonds

By October 2024, there were around 450 listed companies from green industries on the three stock exchanges in Shanghai, Shenzhen, and Beijing, and 260 on the New Third Board. The total issuance of green corporate bonds reached 972.8 billion RMB.

02

Green Funds and Indexes

Fund managers are encouraged to develop green- themed public funds. By October 2024, there were 345 green public funds with a total AUM of 297.4 billion RMB. There were also 985 green private equity and venture capital funds with an AUM of around 600 billion RMB.

03

Investment Product Innovation

Financial institutions continuously innovate green financial products, such as green index products, to offer diverse investment choices and meet different investor needs.

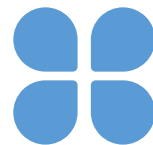


Achievements and Future Work



Clear Rules and Standards

China has made significant achievements in green finance, establishing a comprehensive policy framework and standards to support market development.



Diversified Instruments and Products

The green financial market offers a wide range of instruments and products, with a multi- tiered capital market providing various financing and investment options for green projects.



Ongoing Improvement and Development

The CSRC will continue to improve policies and market mechanisms to support the healthy and sustainable development of green finance.



Capital Allocation and Market Development

Facilitating Capital Allocation

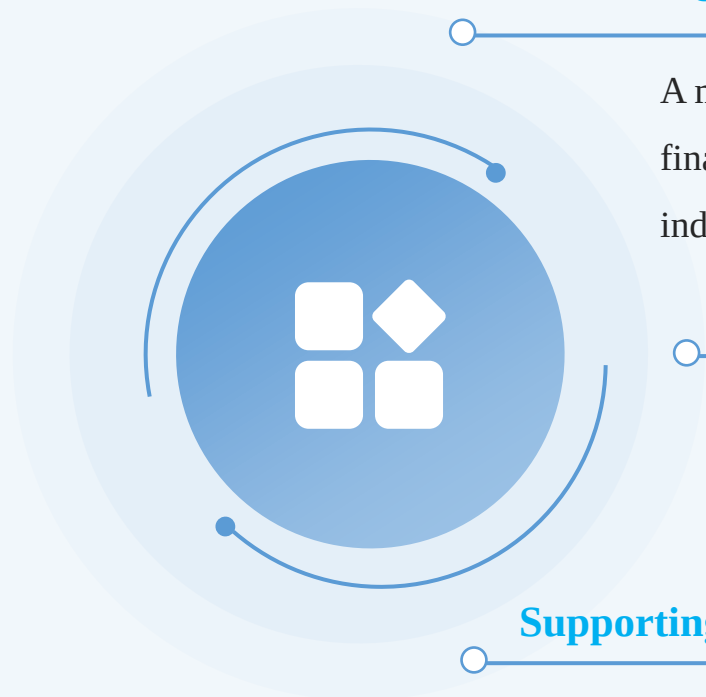
A multi- tiered capital market guides funds to the green economy through diverse financial products, enhancing capital allocation efficiency and promoting green industry development.

Driving Markets Development and Growth

The green financial market is growing rapidly, attracting more investors and providing sufficient funding for green projects to support sustainable development.

Supporting the Green Economy

The multi- tiered capital market plays a vital role in supporting the green economy by providing various financing channels and investment options for green projects.





Conclusions

Factors Contributing to Progress

The success of green finance in China is attributed to comprehensive policy frameworks, regulatory support, and active participation of market players.

Reasons for Green Bond Market Growth

The rapid growth of China's green bond market is due to well-developed standards, regulatory support, lower financing costs, and the creation of a green finance culture.

Future Development and Challenges

Future development of green finance will face challenges such as refining standards and improving market mechanisms. Strengthening international cooperation is essential for global green finance development.



Thanks for your attention!
