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Guidelines on Environmental Information Disclosure for Financial Institutions

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Contents

Preface

This document has been drafted in accordance with GB/ T1.1-2020 *Guidelines for Standardization Work Part 1: Rules for the Structure and Drafting of Standardization Documents*.

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Guidelines on Environmental Information Disclosure for Financial Institutions

1. Scope

This document provides the principles that financial institutions should follow, the forms of disclosure, the content elements and their fundamental requirements in the process of environmental information disclosure.

This document applies to banking, asset management, insurance, trust, futures, securities and other financial institutions lawfully established within the territory of the People's Republic of China.

2. Normative reference file

The following documents constitute essential provisions of this document through normative references herein, in which, for dated ones only the version corresponding to the date of the referenced file is applicable to this file; For undated referenced files, the latest version (including all changes) applies to this document.

GB/T 23694-2013 Terms for risk management

3. Terms and definitions

The following terms and definitions in GB/T23694-2013 apply to this document.

3.1.

environmental information of financial institutions

Information related to the operation activities, investment and financing activities of financial institutions and their environmental impacts, which are recorded and preserved in certain forms.

3.2.

risk management

Coordination activities directing and controlling the organization in terms of risk.

[Source：GB/T23694-2013，3.1]

3.3.

risk quantification

The process that on the basis of identifying the source and character of risks, quantitative analysis methods are used to calculate the various possible results of the interaction of risks and risk factors to the operation and investment and financing activities of the organization, and to support business decisions.

3.4.

scenario analysis

The process of analyzing and evaluating potential outcomes of future events hypothetically, usually used to analyze the possible operational consequences of extreme events.

3.5.

stress testing

Financial institution risk management and regulatory analysis tool used to analyze the impact of hypothetical, extreme but likely adverse scenarios on a financial institution as a whole or on its portfolio of assets, and thus to assess the negative impact on the asset quality, profitability, capital level and liquidity of a financial institution.

3.6.

carbon footprint

The aggregate of greenhouse gas emissions caused by financial institutions in their business activities and individuals in their consumption, etc.

Note: It is usually expressed in terms of carbon dioxide equivalent.

3.7.

green investment

Actions that adopt systematic green investment strategy to invest in enterprises or projects that can produce environmental benefits and reduce environmental costs and risks to promote environmental performance of enterprises, develop green industry and reduce environmental risks.

3.8.

green financing

Financing activities to support the development of green industries and a low-carbon, circular economy, climate change adaptation and mitigation.

Note: For simplicity, terms 3.7 and 3.8 generally appear together in the text, referred to as "green investment and financing".

4. Disclosure principles

4.1. Authenticity

Financial institutions should disclose environmental information to the public as objectively, accurately and completely as possible. Note the source of the data and information cited.

4.2. Timeliness

Financial institutions may, at the end of the reporting period, timely issue annual environmental information reports in a manner permitted by regulatory authorities. When the agency or its affiliates have an environmental event that has a major impact on the public interest, the agency shall disclose relevant information in a timely manner.

4.3. Consistency

The measurement caliber and method of financial institutions' environmental information disclosure should be consistent in different periods.

4.4. Continuity

The methods and contents of environmental information disclosure of financial institutions should be continuous.

5. Forms and frequency of the disclosure

5.1. Disclosure forms

Financial institutions can choose different forms of disclosure according to their actual conditions, which are as follows:

a）Compile and issue specialized environmental information reports;

b）Disclose in the social responsibility report;

c）Disclosed in the annual report.

Financial institutions are encouraged to compile and issue specialized environmental information reports。

5.2. Disclosure frequency

Financial institutions are encouraged to disclose their environmental information at least once a year. Financial institutions should disclose relevant information according to the needs of green financial products.

6. Disclosure contents

6.1. Overview of the year

Financial institutions shall report on their environmental objectives, visions, strategic plans, policies, actions and key outcomes during the year, such as their own operating activities generated by carbon emission controlling targets and achievements, resource consumption, pollution and prevention, climate change mitigation and adaptation, etc.

6.2. Environment-related governance structures of the financial institution

Environment-related governance structure of financial institutions, including the following levels:

a) Information about green finance committees set up at the board level, their environment-related strategic goals on the institution, analysis and judgment of environment-related risks and opportunities, and management, supervision and discussion of environment-related issues.

b) Information about the management positions or internal organizations related to green finance set up at the executive level, and the main responsibilities and reporting routes of the management positions or internal organizations.

c) Information and performance of the implementation of green finance related work within the scope of departmental responsibilities at the professional level。

6.3. Environment-related policies and systems of the financial institution

Environment-related policies and systems followed by the financial institution, including but not limited to:

a) Environment-related internal management systems developed by the financial institution, especially new policies and measures implemented during the reporting year.

b) Implementation of environmental policies, regulations and standards of relevant countries and regions by the financial institution.

c) The compliance with and adoption of relevant international climate and environment conventions, frameworks and initiatives of the financial institution.

6.4. Environment-related products and services innovation of the financial institution

Environment-related products and services innovation carried out by the financial institution, including but not limited to:

a) Information on innovative green finance products and services developed by the financial institution; Taking credit products as an example, the disclosure content may include but is not limited to product name, scope of delivery, innovation points (source of repayment, issuing object, interest rate, term, purpose, etc.), operation mode, operation situation, etc.

b) Environmental and social benefits of the financial institution's green product innovation.

6.5. Environmental risk management process of the financial institution

Environmental risk management processes of the financial institution, including but not limited to:

a） Processes of identifying and evaluating environment-related risks;

b） Processes of managing and controlling environment-related risks.

6.6. Impacts of environmental factors on the financial institution

6.6.1. Environmental risks and opportunities of the financial institution

The actual and potential impact of environment-related risks and opportunities on the business and strategies of the financial institution, including but not limited to:

a) Environment-related risks and opportunities in the short, medium and long term identified by the financial institution.

b) Impacts of environment-related risks and opportunities on the business and strategy of the financial institution.

c) Measures taken by the financial institution to deal with environmental impacts and their effects.

6.6.2. Quantitative analysis of environmental risks of the financial institution

Financial institutions should quantify the impact of environmental factors on the financial institution itself or its investment targets through scenario analysis or stress test methods, including but not limited to:

a） The actual situation or future plans for conducting scenario analysis or stress tests;

b） The methodology, model and tools used to conduct scenario analysis or stress tests;

c） Conclusions drawn by conducting scenario analysis or stress tests;

d） Actual application of the results of scenario analysis or stress tests;

e） Positive effects of the above application.

6.7. Environmental impacts of the investment and financing activities of the financial institution

6.7.1. Environmental impacts of the investment and financing of commercial banks

Environmental impacts of the investment and financing of commercial banks include but are not limited to:

a) General statements of the overall investment and financing situation and its impacts on the environment.

b) Changes in the investment and financing structure of the industry compared with previous years and its impacts on the environment.

c) Customers' investment and financing situations and their impacts on the environment.

d) Green investment assets managed on behalf of clients and their changes.

e) Implementation effect of green investment and financing policies.

f) Green investment and financing cases.

g) Green supply chain and its impact on the environment.

6.7.2. Environmental impacts of asset management institutions' investments

Environmental impacts of asset management institutions' investments include but are not limited to：

a） Generally state the overall investment situation, and report environmental impacts of the investment of asset management institutions based on the environmental information disclosure situation of enterprises which asset management products directly invest in, and the proportion of green investment scale in the total investment scale of asset management products;

b）Changes in investment structure of the industry compared to previous years and their impacts on the environment;

c）Release or operation of green-themed asset management products;

d）Implementation effect of green investment strategy;

e）Urge the invested enterprises to improve their environmental performance and environmental information disclosure level.

6.7.3. Environmental impacts of investment and financing of trust companies

Environmental impacts caused by the investment and financing of trust companies include but are not limited to:

a) Generally state the overall investment and financing situation and its impacts on the environment;

b) Changes in the investment and financing structure of the industry compared with previous years and their impacts on the environment;

c) The investment and financing situation of green financial tools used in carrying out green trust business and its impacts on the environment; Green financial tools include but are not limited to: green trust loan, green equity investment, green bond investment, green asset securitization, green industry fund, green public welfare (charity) trust, etc;

d) The investment and financing situation of the green industry and its segments served by the green trust business and its impact on the environment;

e) The effect of implementing green trust policy.

6.7.4. Environmental impacts of underwriting activities of insurance companies

Environmental impacts of underwriting activities of insurance companies include but are not limited to:

a）Integrate environmental factors into risk management and continue to study and monitor climate change and other related risks;

b) Generally state the basic information of the main green insurance products and services;

c) Green investment strategy and implementation effect;

d) The operation situation of insurance funds invested in green investment products and related insurance funds;

e) Underwriting situation in environmental pollution liability insurance;

f) Green insurance underwriting situation except environmental pollution liability insurance;

g) Encourage the disclosure of relevant information to assist enterprises insured by environmental pollution liability insurance to improve their environmental risk management level;

h) Changes in green insurance products and services compared with previous years, and encourage the disclosure of their impacts on the environment.

6.7.5. Calculation and expression of impacts of environmental risks on investment and financing of the financial institution

6.7.5.1. Calculation

Environmental impacts of the investment and financing and the risk quantification calculation of the financial institution can be disclosed according to the type of institutions：

a) Quantitative calculation of environmental impacts of commercial banks' investment and financing;

Commercial banks can adopt the calculation method with credibility or entrust a third party with corresponding qualifications to calculate their own environmental impacts on the investment and financing.

Typical energy-saving projects and typical pollutants emission reduction projects shall report according to the project approval document, project feasibility research report or energy conservation and emission reduction types and corresponding data in the environmental evaluation report. If the relevant documents above did not give corresponding energy conservation and emission reductions data, they should depend on the formulas prescribed by the CBIRC (China Banking and Insurance Regulatory Commission) to calculate .

b) Quantitative calculation of environmental impacts of asset management institutions' investments;

The method and system asset management institutions adopted to conduct environmental impact assessment on the targets to be invested, which may include information such as the source (self-built or provided by a third party), core dimensions and others of the method or system.

c) Quantitative calculation of environmental impacts of investment and financing of trust companies;

Trust companies may adopt calculation methods with credibility or entrust a third party with corresponding qualifications to calculate their own environmental impacts on the investment and financing.

Typical energy-saving projects and typical pollutants emission reduction projects shall report according to the project approval document, project feasibility research report or energy conservation and emission reduction types and corresponding data in the environmental evaluation report. If the relevant documents above did not give corresponding energy conservation and emission reductions data, they should depend on the formulas prescribed by the CBIRC (China Banking and Insurance Regulatory Commission) to calculate .

d) Quantitative measurement of the environmental impact of insurance companies' underwriting activities.

The method and system insurance companies adopted to conduct environmental impact assessment on enterprises insured by environmental pollution liability insurance, which may include information such as the source (self-built or provided by a third party), core dimensions and others of the method or system.

6.7.5.2. Expression

The quantitative indicators of environmental impacts of the above financial institutions' investment and financing activities can be comprehensively referred to the indicators related to the current policies of The State Council, the People's Bank of China, the China Banking and Insurance Regulatory Commission, the Ministry of Ecology and Environment, the National Development and Reform Commission, and the Asset Management Association of China.

6.8. Environmental impacts of operation activities of the financial institution

6.8.1. Direct greenhouse gas emissions and natural resource consumption from the operation activities of the financial institution

Direct greenhouse gas emissions and natural resource consumption from the operation activities of the financial institution include but are not limited to:

a) Energy consumed by its own transportation vehicles;

b) Energy consumed by its own heating (refrigeration) equipment;

c) Water consumed by business and office activities.

6.8.2. Indirect greenhouse gas emissions and indirect natural resource consumption from products or services procured by the financial institution

Indirect greenhouse gas emissions and indirect natural resource consumption from products or services procured by the financial institution include, but are not limited to:

a) Electricity consumed by business and office activities;

b) Paper consumed by business and office activities;

c) Fuel consumed by heating (refrigeration) services purchased.

6.8.3. Environmental benefits of environmental protection measures taken by the financial institution

Environmental benefits of environmental protection measures taken by the financial institution include, but are not limited to:

a）Resources and energy consumption saved or replaced by carrying out online business, paperless office, building energy-saving renovation, and encouraging employees to choose public transportation;

b) Information about training activities or public welfare activities held to promote environmental awareness among staff and the society, including the number of activities, the number of participants and the social impact, etc.

6.8.4. Quantitative calculation of environmental impacts of operation activities

Quantitative calculation of environmental impacts of operation activities includes but is not limited to：

a）Selectively disclose the carbon footprint of the organization's operation activities and the average carbon footprint of full-time employees, including water consumption, electricity consumption, paper consumption, fuel consumption of official vehicles and other relevant indicators;

b) The financial institution should explain the statistical scope and calculation methods adopted.

6.9. Data sorting, verification and protection

The process of data sorting, verification and protection by the financial institution includes but is not limited to：

a）Organize sorting and verification work on the quality of environment-related statistical data of the organization on a regular basis, establish data management systems and procedures, further improve the quality of relevant basic data, and ensure the timeliness and accuracy of data and information disclosed.

b）Adopt corresponding technical means to ensure data security and the rights and interests of data subjects.

c) Establish emergency plans and take corresponding measures in time when faced with possible data security incidents or accidents.

6.10. Innovation and research results of green finance

Innovation and research results of green finance of the financial institution include but are not limited to：

a）Innovative practice cases of green finance;

b) The results and future prospects of domestic and foreign research on green finance, environmental risk analysis, etc.

6.11. Other environment-related information

Any other information in addition to the above that the financial institution considers appropriate to disclose, such as the LEI (Legal Entity Identifier) of the financial institution.

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