

Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development

【Basic Information】

Host:

Qin Yi

Moderator, Shanghai Media Group

Address:

Zhang Weiwu

Senior Executive Vice President, Industrial and Commercial Bank of China Limited (ICBC)

Keynote speeches:

Xuan Changneng

Deputy Governor, People's Bank of China

Wu Qing

Member of the Standing Committee of the CPC Shanghai Committee, Executive Vice Mayor of Shanghai

Paul Chan Mo-po

Financial Secretary of the Government of the Hong Kong Special Administrative Region

Leslie Maasdorp

Vice President & Chief Financial Officer, New Development Bank

Busi Mabuza

Chairperson of the SA Chapter of the BRICS Business Council, Chairperson of the Industrial Development Corporation (IDC) of South Africa

Panel discussion:

Lei Wai Nong

Secretary for Economy and Finance of the Macao Special Administrative Region

Sean Kidney

Co-founder and CEO, Climate Bonds Initiative

Gang (George) Xu

EVP of Airbus, CEO of Airbus China

Sim Tshabalala

CEO, Standard Bank Group

Zhu Yonghong

Member of the Standing Committee of CPC China Baowu, Chief Accountant

Shargiil Bashir

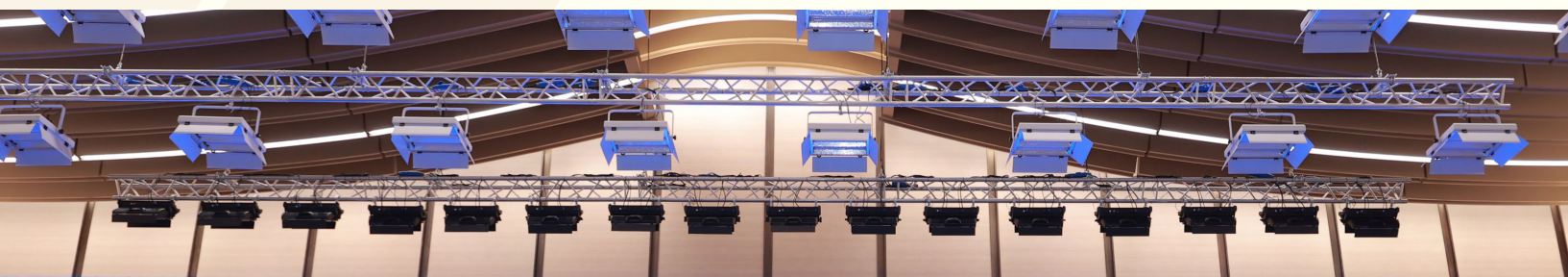
Chief Sustainability Officer, First Abu Dhabi Bank

Lai Xiaoming

Chairman, Shanghai Environment and Energy Exchange

【Brief Introduction】

The Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development was held at the National Exhibition and Convention Center (Shanghai) on the afternoon of November 5th, 2022 as part of the 5th Hongqiao International Economic Forum. It was hosted by the Ministry of Commerce and the People's Bank of China, and organized by China International Import Expo Bureau, Industrial and Commercial Bank of China, and National Exhibition and Convention Center (Shanghai). Experts and representatives in various circles from 22 countries and regions gathered at the parallel session and had in-depth exchange of views on the latest topics about international finance, including international standards for transition finance, its development path, and risk prevention and control. Senior government officials and heads of international organizations and financial institutions were invited to give keynote speeches, while established scholars and guests from renowned enterprises and financial institutions were invited to join the panel discussion on specific topics. During the parallel session, the Industrial and Commercial Bank of China (ICBC) presented a slew of its achievements, including two BRBR Carbon-Neutral bonds, the "ICBC Green Bank Plus" brand, and a research report on information disclosure of transition finance. CCTV, China News Service, The Paper, China Banking and Insurance News, and other media covered the event.



中国国际进口博览会
CHINA INTERNATIONAL
IMPORT EXPO



第五届虹桥国际经济论坛
THE FIFTH HONGQIAO INTERNATIONAL ECONOMIC FORUM

推进转型金融促进绿色低碳发展分论坛
PARALLEL SESSION ON TRANSITION FINANCE FACILITATES GREEN AND LOW-CARBON DEVELOPMENT

主办单位：中华人民共和国商务部 中国人民银行
Hosted by : Ministry of Commerce of the People's Republic of China People's Bank of China

承办单位：中国国际进口博览局 中国工商银行 国家会展中心（上海）
Organized by : China International Import Expo Bureau Industrial and Commercial Bank of China National Exhibition and Convention Center (Shanghai)

2022年11月5日
November 5th, 2022

中国·上海
Shanghai, China



【Address】



Zhang Weiwu, Senior Executive Vice President, Industrial and Commercial Bank of China Limited (ICBC), attended and addressed the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development in Shanghai.

Zhang Weiwu, Senior Executive Vice President, Industrial and Commercial Bank of China Limited (ICBC), made three points. Firstly, we should be fully aware of the significance of transition finance to China's "dual carbon" goals. Secondly, we should advocate standard formulation in transition finance under the principles of openness and sharing. Thirdly, we should enhance capacity building to properly handle potential risks of transition finance.

【Keynote Speeches】



Xuan Changneng, Deputy Governor, People's Bank of China, gave a keynote speech at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Xuan Changneng, Deputy Governor, People's Bank of China, noted the further improvement of China's green finance policy system. He said that in the past two years, the People's Bank of China (PBoC) has revised the Green Bond Endorsed Project Catalog, issued the China Green Bond Principles, and jointly formulated the Common Ground Taxonomy with the EU, which have greatly facilitated the endorsing of China's green development with domestic and overseas capital. It has also conducted climate risk stress test and guided financial institutions to identify and manage climate-related financial risks. In the meantime, the Chinese green finance market has become more appealing and influential in the world. As the co-chair of G20 Sustainable Finance Working Group, the PBoC, taking into account the needs of various parties, took the lead in establishing the G20 transition finance framework in 2022 and specified its five pillars. Its suggestions on how to implement the pillars were approved by G20 Finance Ministers and Central Bank Governors Meeting held in October 2022.



Wu Qing, Member of the Standing Committee of the CPC Shanghai Committee, Executive Vice Mayor of Shanghai, gave a keynote speech at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development in Shanghai.

Wu Qing, Member of the Standing Committee of the CPC Shanghai Committee, Executive Vice Mayor of Shanghai, underscored that Shanghai has actively supported green development with finance by tapping its unique advantages in the well-developed financial market, high concentration of financial institutions, and vibrant financial innovations. The city has taken three major steps. The first is strengthening top-level design. Shanghai has established a systematic framework of policies and regulations centered on two documents and one legislation-the Shanghai International Financial Center Development Plan in the 14th Five-year Plan Period, Implementation Opinions of Shanghai for Accelerating the Development of An International Green Finance Hub to Serve the Carbon Peaking and Carbon Neutrality Goals, and the Regulations of Shanghai Pudong New Area on Developing Green Finance. The second is fostering benchmark and demonstration projects. The National Green Development Fund has landed in Shanghai, Pudong New Area is listed as one of the first pilot places for climate investment and financing, and Shanghai is applying to build the experimental zone for green finance reform and innovation. The third is creating new products and services. Shanghai has launched a series of green finance instruments, including the first batch of sustainable development bonds, the first carbon-neutrality-themed investment index, and the first green corporate bond to endorse low-carbon transformation.



Paul Chan Mo-po, Financial Secretary of the Government of the Hong Kong Special Administrative Region, gave a keynote speech at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Paul Chan Mo-po, Financial Secretary of the Government of the Hong Kong Special Administrative Region, underlined Hong Kong's ongoing efforts to create a world-class green finance center, and welcomed provincial and municipal governments from the mainland to make good use of the flourishing green financing platform offered by the SAR. The city is also actively formulating green finance standards. The International Platform on Sustainable Finance released the Common Ground Taxonomy last November to clarify activities that could help mitigating climate change substantively and reduce the risks of "greenwashing". Based on the Common Ground Taxonomy, Hong Kong is working towards establishing a green taxonomy for the local market, which will be aligned with the taxonomy jointly issued by the mainland and EU to conform with international practices.



Leslie Maasdorp, Vice President & Chief Financial Officer, New Development Bank, gave a keynote speech at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Leslie Maasdorp, Vice President & Chief Financial Officer, New Development Bank, shared his experience in exploring transition finance. He said that the New Development Bank and other multilateral institutions have played an important role and they hope to mobilize, unlock and unleash more capital from the private sector. While multilateral banks have a limited balance sheet and much fewer assets than commercial banks, they can attract more private capital with their high credibility.



Busi Mabuza, Chairperson of the SA Chapter of the BRICS Business Council, Chairperson of the Industrial Development Corporation (IDC) of South Africa, gave a keynote speech at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Busi Mabuza, Chairperson of the SA Chapter of the BRICS Business Council, Chairperson of the Industrial Development Corporation (IDC) of South Africa, said parties should take the initiative to seek and seize opportunities brought by transition finance. In addition to providing financing support for the development of low-carbon economy with traditional financial instruments, the BRICS Business Council is also committed to promoting technological progress. We need more investment in occupational skill advancement in the field of environment and social sciences, and should also finance the addressing of various social problems such as community impact assessment and re-employment training.

【Panel Discussion】



Lei Wai Nong, Secretary for Economy and Finance of the Macao Special Administrative Region, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Lei Wai Nong, Secretary for Economy and Finance of the Macao Special Administrative Region, said during the panel discussion that Macao will enhance its international influence regarding green finance. Macao-based financial institutions have issued many green finance products in the international market, including USD-denominated green bonds. The SAR will stick to the path of green, low-carbon and high-quality development in promoting the construction of Guangdong-Macao In-Depth Cooperation Zone in Hengqin, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Belt and Road. Other than finance, the Macao conference and exhibition sector will shift to green development too. The Macao International Environmental Co-operation Forum & Exhibition (MIECF) 2022 hosted by the government of Macao SAR and co-hosted by provincial and district governments in the Pan-Pearl River Delta in December 2022 will be the first carbon-neutral exhibition in Macao that features "net zero carbon emissions".



Sean Kidney, Co-founder and CEO, Climate Bonds Initiative, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Sean Kidney, Co-founder and CEO, Climate Bonds Initiative, made three suggestions. First, relevant policies should be issued to support the flow of capital and meet investors' demand for investing in green and blue bonds. Second, the right choices must be made. Choosing to use fossil fuels throughout the life cycle of an investment would mean the impossibility of reducing carbon emissions to the right level in that specific field. But opting for green hydrogen and recycling energy could enable green transition and development. Third, Common Ground Taxonomy for sustainable finance should be promoted. Last year China and the EU jointly issued the Common Ground Taxonomy for sustainable finance, in which Climate Bonds Initiative proudly played a part from the European side. Other countries will use this common taxonomy as a baseline for developing their own in Asia and Latin America. He said Climate Bonds Initiative will evolve its own taxonomy to be a universal adaptor to improve the alignment and interoperability of the taxonomies developed to the specific circumstances of each country.



Gang (George) Xu, EVP Airbus, CEO Airbus China, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development in Shanghai.

Gang (George) Xu, EVP Airbus, CEO Airbus China, found it imperative to seek alternative energy sources. The aviation industry is under immense pressure of emission reduction, and finance plays a significant role in this. Financial transition is a powerful enabling and empowering force for the transformation of the real economy. He said Airbus always support the goals set in the Paris Agreement and support the transition toward the common goal of realizing zero emission in the global aviation industry by 2050. There are mainly two ways to do that. One, all countries set new energy and emission rules and targets based on their resource endowments. Two, we all observe the principle of common but differentiated responsibilities. Sustainable aviation fuel is an important biofuel that China has. Making good use of it will not only help Chinese aviation industry cut carbon emissions, but will also boost emission reductions in the global market and make China a country rich in bio-aviation fuel. China is well positioned to make sustainable aviation fuel more competitive by issuing favorable industrial policies, mobilizing support from financial institutions, and encouraging technological R&D.



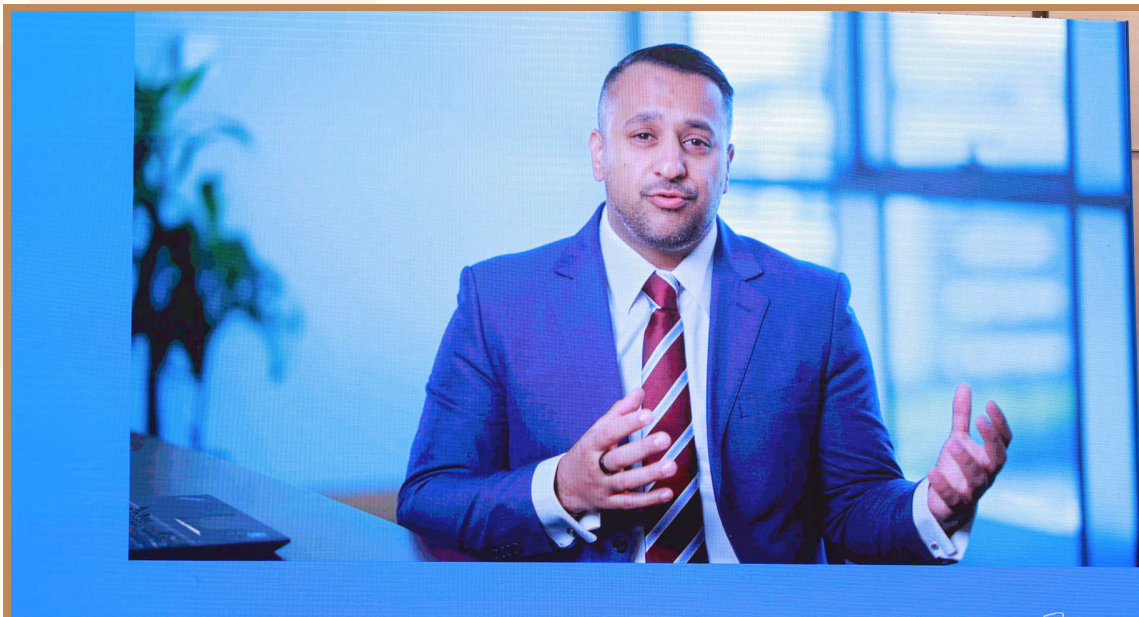
Sim Tshabalala, CEO, Standard Bank Group,
participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green
and Low-Carbon Development via video link.

Sim Tshabalala, CEO, Standard Bank Group, talked about his group's view on promoting green and low-carbon development, including scaling back on financial support for carbon emissions, stepping up support for renewable energies, re-forestation, climate-smart agriculture, decarbonization and transitional technologies, and supporting the development of trustworthy carbon offset and transaction plans. Standard Bank Group has set primary goals and commitments regarding agriculture, natural gas, petroleum and steam coal, and will continue to set climate goals and commitments for other sectors such as insurance, residential and commercial properties, and transportation in the next two or three years. The group has taken some innovative steps to facilitate green and low-carbon development. Firstly, it develops solutions for companies and business clients in South Africa. Secondly, it has adopted "mixed finance" more broadly and tried to get it flowing. Thirdly, it supports the development of a carbon offset and transaction market. Unlike other areas of the African continent, South Africa has enormous potential in carbon emission reduction by shutting down outdated and low-efficiency coal-fired power stations.



Zhu Yonghong, Member of the Standing Committee of CPC China Baowu, Chief Accountant, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development in Shanghai.

Zhu Yonghong, Member of the Standing Committee of CPC China Baowu, Chief Accountant, expounded on four major challenges facing the iron and steel industry-making breakthroughs in green smelting technology, adopting new energy sources, realizing green and low-carbon development at a low cost, and enabling a comprehensive upgrading through digitalization. He pointed out that transition financial services are different from traditional financial services in terms of cost, structure, service conditions, and other aspects, which requires adjustment and adaptation of the old management model.



Shargiil Bashir, Chief Sustainability Officer, First Abu Dhabi Bank, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development via video link.

Shargiil Bashir, Chief Sustainability Officer, First Abu Dhabi Bank, highlighted his bank's commitment to providing clients with new products. They offer green mortgage loans and green car loans to encourage a green transition among consumers, and have introduced corporate products of time deposits and current deposits to promote sustainable development and green undertakings. First Abu Dhabi Bank has been working to embed the ESG concept in its products and support the clients' green transition. According to him, green bonds need to become more transparent and commit to the investors the specific purposes of the projects financed by them. The numerous taxonomical standards for green finance in the international market now have to be coordinated and unified. There should also be better online channels of information transmission to showcase the purposes and influence of green bond financing. How the information is classified should be unified in order to deliver valid information to investors and help them understand what differences their investments are making.



Lai Xiaoming, Chairman of Shanghai Environment and Energy Exchange, participated in the panel discussion at the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development in Shanghai.

Lai Xiaoming, Chairman of Shanghai Environment and Energy Exchange, raised several points. To begin with, more attention should be paid to the inventory of transition investment, a reasonable return on which is the fundamental motivation driving the investment. The second point is that carbon price must be determined based on market supply and demand. The underlying factors affecting the supply and demand of carbon emission quota are the policies and systems dictating quota distribution. How much the enterprises actually emit and how the government distributes quota among them have a direct bearing on quota supply, while enterprises' emissions and annual performance of carbon contract and payment to the government decide the quota demand. Moreover, opening the carbon transaction market to enterprises not subject to emission control and recognizing the disparity among different industries also affect carbon price. Thirdly, efforts must be made to promote the emergence of a unified global carbon market. International rules are needed to guide the distribution of emission quota among different countries and calculate the volume of emissions. To move from the carbon quota market to carbon emission reduction market, from domestic carbon markets to a unified global one, from a single carbon price system to a consolidated one, and on many other fronts, there is still a long way to go and a lot to do.



Qin Yi, moderator, Shanghai Media Group,
hosted the Parallel Session on Transition Finance Facilitates Green and Low-Carbon Development.