

Action Plan for Carbon Peaking and Carbon Neutrality of the Shanghai Stock Exchange during the 14th Five-year Plan Period

In order to fully implement a series of major decisions and deployments of the CPC Central Committee and the State Council on the work of carbon peaking and carbon neutrality, implement the relevant guidance requirements of the China Securities Regulatory Commission, give full play to the resource allocation function of the capital market, support the innovative, coordinated and green development of the securities industry, establish a sound long-term mechanism to serve the development of green, low-carbon and circular economy, and promote high-quality development, according to the *Opinions of the CPC Central Committee and the State Council on the Complete and Accurate Implementation of the New Development Concept and Effective Work on Carbon peaking and Carbon Neutrality*, *Notice of the State Council on the Issuance of the Action Plan for Carbon Peaking by 2030*, *Guidance of the Ministry of Industry and Information Technology*, *the People's Bank of China*, *the China Banking and Insurance Regulatory Commission* and *the China Securities Regulatory Commission on Strengthening Collaboration between Industry and Finance to Promote the Green Development of Industry* and other documents, the Shanghai Stock Exchange (SSE) has

formulated an action plan to help achieve the goal of carbon peaking and carbon neutrality during the 14th Five-year Plan period.

I. Guiding thought and principles

(1) Guiding thought

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the SSE will thoroughly implement Xi Jinping Thought on Ecological Civilization, comprehensively implement the spirit of the 19th CPC National Congress and the 2nd, 3rd, 4th, 5th and 6th Plenary Sessions of the 19th CPC Central Committee, implement the work arrangements of the CPC Committee of the CSRC, adhere to the general keynote of seeking progress in a stable manner, base on the new development stage, implement the new development philosophy, build a new development pattern, deeply understand the great significance of the goal of carbon peaking and carbon neutrality, take the initiative, be proactive, and effectively unify thoughts and actions around the national strategy of green and low-carbon development, give full play to the role of the capital market in helping to achieve carbon peaking and carbon neutrality, and make due contributions to the realization of the "30 • 60 Goal".

(2) Basic principles

1. Adhere to the goal and orderly progress. In accordance with the unified deployment of the CSRC and combined with the actual situation

of the SSE, we will closely focus on helping to achieve the goal of carbon peaking and carbon neutrality, coordinate and plan the development of green finance, implement and practice the concept of green and low-carbon development in all business work, orderly promote the construction of green finance system and product innovation, and promote the capital market to help achieve the "30-60 goal The goal of "30-60" will be achieved.

2. Adhere to being innovation-driven and priority of effectiveness. Combining the actual situation of the industry and drawing on international experience, we will promote the innovation of green finance products, guide the effective flow of capital to green industries and scientific and technological innovation fields, strengthen the supervision and evaluation of use of capital, ensure environmental benefits, and pursue the effectiveness of green development.

3. Adhere to market orientation and harmonious development. Give full play to the market organization function of the SSE, promote the formation of synergy among various market entities such as the government, enterprises, investment institutions and intermediaries, effectively play the role of the main body of market innovation, and inject powerful momentum into green and low-carbon development. Steadily promote the two-way opening up of the green finance market, participate in international cooperation in green finance, enhance the influence of the

SSE in the field of green finance, and achieve a win-win situation for all parties.

II. Target of Action

During the 14th Five-year Plan period, under the guidance of the CSRC, the SSE will closely focus on the major national needs of green and low-carbon strategy, give full play to the capital market's function of optimizing resource allocation, promote market players to fulfill their social responsibility, guide the capital market to help green and low-carbon development, and jointly take the ecology-first, green and low-carbon path of high-quality development. We will promote the improvement of green finance standards in the capital market, steadily innovate and develop relevant green finance products, gradually cultivate and grow the green investor community, broaden direct financing channels for green industries, strengthen two-way opening up and international cooperation in the field of green finance in the capital market, jointly promote green and sustainable development, and strive to build the SSE into an internationally influential stock exchange in the field of green finance.

By the end of the action period, the SSE market will have made significant progress in green and low-carbon development, with financing for green industry significantly enhanced, and steady growth of the scale of green bonds and green ABS. The awareness of environmental

responsibility of listed companies will be improved, and a standardized system of ESG information disclosure will be formed. Greater variety will be introduced for green indices, and the amount under custody and trading volume of green fund products will grow significantly. The domestic and international influence in the field of green finance will continue to increase. Investors' practice of green investment philosophy will be further enhanced. The SSE's own carbon emission and carbon efficiency measurement framework and method will be essentially formed, and the unit energy consumption and carbon emission will decrease.

III Action

(1) Optimizing equity financing services to promote low-carbon development of enterprises

The SSE will improve green equity financing services. The exchange will optimize the structure of equity financing, connect green financial reform pilot zones, green industrial clusters and key green enterprises, and support green and low-carbon industries and qualified climate-friendly enterprises for listing and financing. Following the national strategic arrangements, the SSE will provide support for key industries and core technologies in dual carbon regarding listing on the STAR market. The SSE will strictly implement relevant industrial policies, and appropriately restrict the financing of enterprises with high

energy consumption and high emissions.

The SSE will strengthen the environmental information disclosure of listed companies. In cooperation with the CSRC, the SSE will formulate and improve the environmental information disclosure system of listed companies. The SSE will further standardize the disclosure content and requirements of listed companies in supporting environmental improvement, coping with climate change, and resource conservation and efficient use, and establish a targeted framework to improve effectiveness and comparability of environmental disclosures. The SSE will encourage listed companies to voluntarily disclose their carbon emission reduction measures, effects and fulfillment of social responsibilities in regular reports. The SSE will strengthen the front-line supervision on environmental information disclosure of listed companies, and enhance self-discipline supervision on those that fail to disclose environmental information as required by the rules. Based on the information disclosure situation, the SSE will publicize those listed companies that put into reality the concept of dual carbon.

The SSE will guide listed companies and companies to be listed to pay attention to green development. The SSE will strengthen ESG-related training for listed companies, carry out thematic training on

dual carbon, and enhance promotion on dual-carbon industry development and supporting policy. The SSE will guide listed companies to actively adapt to green and low-carbon development requirements, and incorporate ESG into investor relationship management as an important part of communicating with investors. The SSE will make full use of international resources and carry out a series of ESG empowerment activities for listed companies. The SSE will improve online platforms, and strengthen disclosure services for green-related information in line with the requirements of information disclosure regulations. The SSE will use information service platforms such as "Star Enterprises Set Sail (*Xingqihang*)" and "SSE e-Services" to help listed companies and companies to be listed better understand their own ESG status and provide ESG-related information services.

(2) Accelerating the development of green bonds and assisting enterprises in low-carbon financing

The SSE will expand the scale of green bond issuance. The SSE will promote local governments to issue special bonds for green projects. The SSE will organize publicity or training programs to encourage and support eligible companies to issue green bonds on the SSE market. The SSE will enhance the product innovation of sustainable development bonds, and promote the green bond pledge repurchase. The SSE will promote the development of asset securitization products for renewable

energy projects, and promote the securitization of accounts receivable for green energy conservation and emission reduction projects. The SSE will support pilot projects of public REITs in key areas that are in line with national policy and have good social benefits, and promote the green development of public REITs. The SSE will strictly implement relevant industrial policies, and guide companies with high energy consuming and high emission to issue bonds for energy conservation and emission reduction.

The SSE will improve institutions related to green bond. The SSE will improve the rules system, revise and release green bond-related rules in due time, improve green bond-related standards with reference to international mainstream standards, and prevent "green-washing" behavior. The SSE will strengthen market supervision on green bonds and green asset-backed securities, urge issuers to use raised funds according to regulations or agreed purposes, and disclose the progress of green projects and environmental benefits. The SSE will urge intermediaries to perform their duties and regulate the quality requirements of third-party certification agencies for green bond evaluation.

The SSE will improve the investment attractiveness of green bond products. The SSE will encourage government to support green bond

products in the form of discount subsidies, tax relief and others. The SSE plans to launch a centralized display board for green bonds and ABS in the trading system to enhance market influence.

(3) Expanding green investment products and empowering green investment

The SSE will expand ESG investment philosophy. China Securities Index will continuously improve the ESG evaluation system, continue to expand the coverage of ESG evaluation, provide ESG data services to the world, and enhance its international influence and authority.

The SSE will increase varieties of green indexes. The SSE will actively develop indexes on green themes, carbon peaking and carbon neutrality and ESG, improve the ESG index system, and create a representative green index. The SSE will promote insurance, pension and other institutional funds to use ESG indexes as performance benchmarks and investment targets.

The SSE will accelerate the development of green investment products. The SSE will develop index tracking and index-linked products, and create benchmark ESG ETF products. The SSE will support the listing of green index products on its market. The SSE will explore the development of derivative products based on carbon emission rights

and emission rights, and provide market-oriented tools for investors to manage investment risks.

(4) Deepening International Cooperation on Green Finance and Promote Market Opening-Up

The SSE will steadily promote the two-way opening up of the green financial market. We will also actively carry out international promotions of SSE's green finance development achievements, attract overseas listings of fund products that track the SSE/CSI green indices, and encourage foreign investors to increase the allocation of the Chinese market in ESG investment. The exchange will continue to improve the "Green Bond Channel" mechanism for green bonds and expand the international influence of green bonds. We will establish the English green financial information platform of the exchange.

The SSE will deepen international cooperation on green finance. We will participate in the work of international organizations and initiatives such as the World Federation of Exchanges and the United Nations Sustainable Stock Exchange Initiative, and share local green finance and sustainable development practices and achievements. The exchange will actively engage in the formulation of international standards for green finance, and provide international experience for the SSE to improve the

ESG information disclosure of listed companies. Efforts will also be made on strengthening communication and cooperation with overseas exchanges in green financial products, information and other aspects through various means.

(5) Strengthening the publicity and research of green finance and guide the cultivation of professional investors

The SSE will strengthen the research on green finance. The exchange will research and explore the ideas and measures of the capital market to support carbon peak and carbon neutrality, promote the improvement of green products and supporting systems, support the high-quality green development of listed companies, urge securities companies to play an industry demonstration role, and promote market players to practice the concept of green investment. We will establish advanced models and regularly compile cases with innovative significance or leading role in the field of green finance. The exchange will benchmark against international mainstream standards, and continuously improve the content of environmental information disclosure in our social responsibility report.

The SSE will improve the cultivation and guidance of green investment. Efforts will be made on the introduction and promotion of the national green finance policy and SSE's green financial products and

services, and tell the story of the green finance of the exchange. We will vigorously popularize green finance knowledge and guide investors to practice the concept of green investment, guide and encourage all kinds of investors to carry out green investment and cultivate green investors. We will also guide institutional investors to actively participate in the governance of listed companies and improve the performance of ESG practices of listed companies.

The SSE will promote the promotion of green finance. We will actively participate in green and low-carbon public welfare actions and create an enabling environment for green and low-carbon development. The exchange will use the official website and various news media to publicize green finance practices and practical measures of low-carbon offices. We will set up a column in a prominent position on the official website to display green product information and green investment concepts to enhance public awareness of green and low-carbon development.

(6) Promoting energy conservation and emission reduction within the institute, and promote the construction of green and low-carbon exchanges

The SSE will formulate a carbon emission measurement system for

energy consumption. We will research and formulate statistical measurement methods and indicators for energy consumption and carbon emissions of exchanges, optimize the low-carbon environmental protection data collection process, and improve the refinement level of energy consumption supervision and management of exchanges.

The SSE will optimize energy-saving and emission-reducing facilities.

We will use of new technologies, new materials in an all-round and multi-channel way to achieve energy conservation and emission reduction, reduce operating costs. The exchange will coordinate the implementation of data center transformation and expansion, explore the application of advanced energy-saving and emission-reduction technologies, and fully meet the future industry's demand for green and low-carbon data centers.

The SSE will shape low-carbon office habits for employees. We will educate all employees on the concept of low-carbon environmental protection, advocate energy conservation and use, and create a good atmosphere of green and low-carbon. The exchange will regularly hold activities to collect green and low-carbon "golden ideas" and implement sensible suggestions, and increase the publicity of low-carbon environmental protection concepts and typical cases.