



Shanghai, October 22, 2018

First France-China Joint Conference on Green Finance Held in Shanghai

Finance for Tomorrow, Paris EUROPLACE's initiative dedicated to green and sustainable finance, and the Green Finance Committee of China Society for Finance and Banking held the first France-China Green Finance Joint Conference on October 19 in Shanghai, China.

With the support from the People's Bank of China and Banque de France, this conference initiated the bilateral cooperation on green finance between France and China. Both countries are strongly committed to promoting the establishment of a green financial system, with a view to contributing to the implementation of Paris Agreement and the UN Sustainable Development Goals.

Participants from China and France included representatives from both central banks, financial institutions, green companies and academic institutions. European Commission representatives also took part in the discussions. This conference explored topics of mutual interest, including:

- developing green taxonomy;
- promoting environmental/climate information disclosure by financial institutions;
- exploring feasibility to develop green supporting policy measures;
- and greening investments in the Belt and Road.

Ma Jun, Chairman of China Green Finance Committee, said in the opening remarks that "China and France have already been involved in many international collaborative platforms on green finance, such as the G20 and the Network for Greening the Financial System (NGFS), and it's the high time that both countries sit down and work on some topics for bilateral collaboration."

Philippe Zaouati, Chair of Finance for Tomorrow, CEO of Mirova, and Member of the EU HLEG on Sustainable Finance, said "These four topics – taxonomy, disclosure, regulation and greening investments in the Belt and Road – are all very important to strengthen the collaboration on green finance between China and France which can be an accelerator of the EU-China cooperation."

While recognizing the fast development of green financial market in both countries and other parts of the world, more efforts are needed to further scale up green finance e.g. via development and harmonization of green finance taxonomies. "China developed its taxonomy of green bonds in 2015 and is now working on a new revision", said Ma Jun, "the new draft has raised the standards of green projects in some sectors and included new areas such as green buildings and green agriculture in the main categories for green bonds." The European Commission has also been working to develop a common green finance taxonomy, which may be released in 2019.

In China where taxonomies on green finance already exist, there are discussions on the possibility of reducing the risk weight for green loans to encourage green lending. However, even without a national taxonomy, country authorities could encourage financial institutions to assess the default rates of green and brown assets, and explore internal measures to support green assets and panelize brown assets.

Participants believe that another effect way to encourage financial institutions to develop green finance is to



enhance environment/climate information disclosure. Both countries have put forward requirements on environmental/climate information disclosure by listed companies, including financial institutions, and could collaborate on further improving information disclosure by financial institutions. Ms. Yin Hong, Deputy Director of Urban Finance Research Institute of the ICBC, introduced the three-year action plan of some Chinese banks in the TCFD pilot program jointly hosted by China and the UK. France will soon release its first stocktake of the financial disclosure which have been required by the French Energy Transition Law (Article 173).

As the largest green financial markets in the world, China and France are keen to promote green investment in the Belt and Road region, especially infrastructure investments that are carbon locking. But many B&R countries lack of the capacity or resources to do so. **Ma Jun** said, "China and France could work together to encourage financial institutions and corporates to sign up to the Green Investment Principles for the Belt & Road," to which **Philippe Zaouati** agreed and said, "apart from the regulatory topics, exploring new ways to incorporate sustainable finance into infrastructure investment is a key issue for climate action agenda."

Both parties agreed to further enhance collaboration on green finance in the following areas:

- Enhancing knowledge sharing on environment/climate scenario analysis and stress testing;
- Encouraging banks from both countries to study the differences in defaults rates of green and brown assets using banks' internal data, which would be useful for further policy initiatives;
- Boosting collaboration on sustainable infrastructure investment for the Belt & Road, e.g. via encouraging financial institutions to adopt the *Green Investment Principles for the Belt and Road*;
- Strengthening cooperation on green finance transactions via, e.g. encouraging Chinese institutions to issue green bonds in Europe and French companies to issue Green Panda Bonds in China; and
- Sharing knowledge on the issuance of green bonds by governments.

About Finance for Tomorrow

Gathering more than 60 members and international observers, Finance for Tomorrow is the initiative launched in June 2017 within Paris EUROPLACE to make green and sustainable finance a key driving force in the development of the Paris Financial Center, in order to position it as the international hub on these issues. The development of green & sustainable finance should contribute to redirecting capital flows towards a low-carbon and inclusive economy, in accordance with the Paris Agreement and the UN's Sustainable Development Goals (SDGs).

Its flagship event, Climate Finance Day, has become the annual Rendez-Vous to mobilise the international financial sector in Paris, the city where decisive steps have been taken for the fight against climate change. Since the first edition in 2015 ahead of COP21, the CFD is one of the major events where financial actors take new commitments, take stock of the key achievements, and showcase the most innovative solutions provided both by public and private market players. Various side events are organized every year around the Climate Finance Day and it will become from 2018 the "Finance for Tomorrow Week".

Finance for Tomorrow is chaired by Philippe Zaouati, CEO of Mirova.

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About China Green Finance Committee

The Green Finance Committee of China Society for Finance and Banking, established in April 2015, is a non-legal-person, non-for-profit professional committee, under direct supervision of the People's Bank of China, and is dedicated to academic research and coordination of member institutions. Its mandate covers green finance research, promoting innovative green investment and financing products and services, increasing awareness of green investment among institutional investors, strengthening capacity building, and helping to implement green finance policies.

As of October 2018, China Green Finance Committee has 40 executive member institutions, 159 general member and 22 special member institutions. The financial asset under management of member institutions amounts to RMB 178 trillion, accounting for roughly 73% of the total asset of China's financial industry.

The present Chairman of the Green Finance Committee is Dr. MA Jun, who is also Co-Chair of the G20 Green/Sustainable Finance Study Group and Member of the PBOC Monetary Policy Committee.

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