

Comparing China’s Green Bond Endorsed Project Catalogue and the Green Industry Guiding Catalogue with the EU Sustainable Finance Taxonomy (Part 1)

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I. Introduction to the EU Sustainable Finance Taxonomy

Background

The European Commission has committed to reaching net-zero GHG emissions by 2050 (climate neutrality). The European Council agreed to achieve the following three key climate and energy targets by 2030:

- At least 40% cut in greenhouse gas emissions (based on 1990 levels)
- At least 32% share for renewable energy
- At least 32.5% improvement in energy efficiency

Globally, a large amount of investment is required to achieve sustainable development goals (SDG), the Paris Agreement and other environmental objectives. Public funding is not sufficient; tens of trillions of dollars from the private sector will be needed to respond to climate change.

In the coming decades, the EU is required to make an estimated additional investment of EUR170 billion to EUR290 billion every year to achieve its main climate and energy objectives. Therefore, it is crucial to reform the existing financial system to motivate and reorient private capital.

The European Commission has announced a strategy to reform its financial system and published the *Action Plan: Financing Sustainable Growth* in March 2018, based on the advice of the High-level Expert Group (HLEG) on Sustainable Finance. The plan elaborated on the ten key actions to be taken by the European Commission as well as the timeline.

The Action Plan features the establishment of a new EU classification system for sustainable activities - the EU Sustainable Finance Taxonomy, which requires institutional investors and asset managers to take into account environmental sustainability as a trustee, and encourages corporates to improve non-financial and climate-related information disclosure.

The Action Plan combines various legislative and non-legislative measures, marking an important step in EU’s endeavours to incorporate sustainability considerations in the financial system. The Taxonomy is deemed to be one of the biggest strides towards low carbon economy and is expected to reduce the increasingly widening gap between climate actions and investment in the real economy since the conclusion of the Paris Agreement.

The Establishment

- In December 2016, the EU established the HLEG. In January 2018, the landmark final report, *Financing a Sustainable European Economy* was published. The proposals formed the basis of the EU’s *Action Plan: Financing Sustainable Growth* and accelerated the establishment of the EU Technical Expert Group (TEG).

- In March 2018, the European Commission passed the *Action Plan: Financing Sustainable Growth*, which proposed a comprehensive EU-level strategy. It aims to mobilise private capital towards sustainable investment, enhance transparency and manage risks of climate change and environmental degradation. Based on the 10 actions in the Action Plan, the European Commission proposed three legislative initiatives in May 2018: the EU Sustainable Finance Taxonomy, sustainability-related disclosure¹ and climate benchmarks and ESG disclosures².
- In May 2018, the European Commission established the technical expert group (TEG) consisting of 35 members and observers from civil society, academia, business and the finance sector. It was supported by nearly 200 selected experts, with a mission to develop a list of economic activities with requirements on environmental performance for achieving the EU’s SDG. During the two and a half years from December 2016, two large-scale public consultation meetings were held to solicit opinions and call for feedback from a wide range of stakeholders.
- In June 2019, the TEG issued three reports, the EU Sustainable Finance Taxonomy, the EU Green Bond Standards and the Voluntary Low-carbon Benchmarks. The reports constitute an important part of the EU’s *Action Plan: Financing Sustainable Growth*, as a basis for the new regulatory framework for the European financial sector and represent a significant step for EU’s response to climate change and pursuit of the SDGs.

Table 1. Overview of 10 Actions in the EU’s Action Plan: Financing Sustainable Growth

1	Establishing an EU classification system for sustainability activities
2	Creating standards and labels for green financial products
3	Fostering investment in sustainable projects
4	Incorporating sustainability when providing financial advice
5	Developing sustainability benchmarks
6	Better integrating sustainability in ratings and market research
7	Clarifying institutional investors' and asset managers' duties
8	Incorporating sustainability in prudential requirements
9	Strengthening sustainability disclosure and accounting rule-making
10	Fostering sustainable corporate governance and attenuating short-termism in capital markets

Key Features and Contents

The EU Sustainable Finance Taxonomy (the Taxonomy) aims to provide policy-makers, industries and investors with practical tools for identifying environmentally sustainable economic activities and investment opportunities. The significance of the Taxonomy lies in the fact that it demonstrated the criteria that must be met by the economic activities in the European region to achieve the SDGs.

The Taxonomy provides a list of economic activities that are aligned with the six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, waste prevention and recycling, pollution prevention and control, and protection of healthy ecosystems.

The technical screening criteria for 67 economic activities in the Taxonomy are set based on two principles, Substantial Contribution and Do No Significant Harm (DNSH). To be eligible, an economic activity must make substantial contribution to at least one or more of the six environmental objectives, and does no significant harm to the other five, and meets the requirements of the minimum Social Safeguards.

Table 2. Principles Adopted by TEG in Developing the EU Sustainable Finance Taxonomy

- Help identify the short- and long-term contributions of an economic activity to environmental objectives
- Specify the minimum requirements that need to be met to avoid significant harm to other objectives
- Develop methods, regulations, and sound market classification approaches based on EU labelling and certification schemes
- Rely on conclusive scientific evidence, thorough research and market experience to develop standards
- Consider the lifecycle of an economic activity
- Adopt the Technology Neutral Methodology
- Introduce Social Safeguards to project screening
- Transit from climate finance, green finance to sustainable finance at the objectives level

Substantial Contribution

Based on the performance criteria for determining the substantial contribution to six environmental objectives, the Taxonomy lists a series of economic activities. The list covers various sectors relating to climate change mitigation and adaptation, including manufacturing, agriculture, transport, buildings, power, water, waste, and ICT, etc. The report also provides methodologies for assessing the contributions of economic activities to climate change adaptation, detailed guidance and cases for investors and other users to use the Taxonomy as a reference.

Do No Significant Harm (DNSH)

The Taxonomy assessed almost all these activities to determine whether they are significantly harmful to other environmental objectives. About 70% of the DNSH standards can be met by complying with corresponding EU environmental regulations. Though DNSH generally applies to economic activities, a specific DNSH assessment can be conducted at company or project level. This requires more efforts from a company or a project when collecting and disclosing environmental information.

Push Forward “Brown-to-Green” Transition

In addition to green and low carbon projects, the Taxonomy also supports economic activities with the potential to facilitate the “brown-to-green” transition. That is, it covers some economic sectors and activities that are currently not green or low carbon, but are believed to be low carbon in future, or will make substantial contribution to climate change with policy incentives.

However, these activities must improve their performance significantly to reach a level above the industry average. This is to avoid the carbon lock-in effect of carbon intensive assets or process. The screening criteria for such activities will be revised on a regular basis and be gradually more stringent over time. The Taxonomy also includes some measures to support the transition, such as energy efficiency and process improvement.

Recent Progress and the Next Step

The deadline for the TEG to complete their tasks has been extended to the end of this year. During this period, TEG will optimise and further improve the technical screening criteria in the EU Sustainable Finance Taxonomy. The TEG will also consult the public, and prepare further guidelines for the implementation and use of the Taxonomy, supporting the European Commission to draft relevant legislation.

Though the Taxonomy only applies to European and foreign market participants with sustainable financial activities in Europe, it may also be used outside the EU. Currently, governments, international organisations, research institutes and industry associations are proactively participating in the coordination and research for the Taxonomy. The aim is to ensure the comparability and long-term convergence among the EU Taxonomy and other existing green categories (such as green project catalogues in China and ASEAN). The European Commission will also amend the Taxonomy in the future; hopefully more economic activities will be covered.

The EU Sustainable Finance Taxonomy facilitate other policy-makers and regulators to accelerate the establishment of sustainable finance regulatory regime. Malaysia, India, Morocco and Japan have included the list of eligible assets in their green bond guidelines. The ASEAN Green Bond Standards sets up green project categories and explicitly excludes fossil fuels. The Ministry of the Environment of Japan also provides a list of eligible projects in its Green Bond Guidelines. As early as 2015, the People’s Bank of China (PBC) released the Green Bond Endorsed Project Catalogue, a list of projects eligible for green bond issuance.

Other countries have also started to follow the EU TEG model. The UK has established the Green Finance Taskforce. Canada has set up the Expert Panel on Sustainable Finance. Australia has established the Australia Sustainable Finance Initiative.

Notes:

1. The European Parliament and the European Council reached an agreement in March 2019 to enhance disclosures by financial products issuers and distributors to end investors. Financial market players must disclose to their customers the impact of sustainability on financial income and that of investment decisions on sustainability.
2. To give clear guidance to investors who intend to adopt the climate sensitive investment strategy, the TEG issued an interim report on Climate Benchmarks and Environmental, Social and Governance (ESG) Disclosures in June 2019. This report integrates the proposals made by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) and will provide guidance to around 6,000 European listed companies, banks and insurance companies.

II. Comparison among NDRC Green Industry Guiding Catalogue, PBC Green Bond Endorsed Project Catalogue and EU Sustainable Finance Taxonomy

Table 3 Summary of Green Industry Guiding Catalogue, Green Bond Endorsed Project Catalogue and the Sustainable Finance Taxonomy

	EU Sustainable Finance Taxonomy	NDRC Green Industry Guiding Catalogue	PBC Green Bond Endorsed Project Catalogue
Guiding Principles	<ul style="list-style-type: none"> Climate and environment policies and the Paris Agreement 6 environmental objectives and the principles of “Substantial Contribution” and “Do No Significant Harm” 	<ul style="list-style-type: none"> Pollution prevention and control Promoting green industry development 	<ul style="list-style-type: none"> Ensure the robustness of the green bond market 6 environmental objectives without specifying the relationship in between
Users	Financial market participants, mainly investors	Policymakers	Green bond issuers
Classification	<ul style="list-style-type: none"> NACE code 	<ul style="list-style-type: none"> No specific industry classification system 	<ul style="list-style-type: none"> Industrial Classification and Codes for National Economic Activities
Screening Criteria	<ul style="list-style-type: none"> Principles to define economic activities with substantial contribution to environmental objectives, in particular climate change Specific and quantitative carbon emission thresholds Excludes fossil fuel activities without carbon capture 	<ul style="list-style-type: none"> No principle to define eligibility of the industries No carbon emission threshold Does not exclude fossil fuels 	<ul style="list-style-type: none"> No principle to define projects aligned with environmental objectives No carbon emission threshold Does not exclude fossil fuels

Guiding Principles

In terms of the **objectives and basis**, the EU Sustainable Finance Taxonomy (the Taxonomy) is formulated based on the climate change and environmental policies in EU. The aim is to meet the goals set out by the Paris Agreement, especially the target of net-zero emissions by 2050 and the sustainable development goals. It specifies which economic activities are environmentally sustainable in order to reorient capital flows towards these activities.

The NDRC Green Industry Guiding Catalogue (the Industry Catalogue) is established based on China’s ecological civilisation plan. It aims to define the green industries, guide the policymakers and direct the investments in order to promote the development of green industries. Compared with the Taxonomy which highlights climate change, the Industry Catalogue has a focus on pollution prevention and control without describing its background details and policy basis.

The PBC Green Bond Endorsed Project Catalogue (the Project Catalogue) is set up for the green bond market with specific purposes, i.e., defining green bonds, reducing the financing for non-green projects in the guise of green bonds, improving reputation of green bonds and regulating the development of the green bond market to provide capital to corporates, assets and projects with genuine environmental benefits.

Regarding **environmental objectives**, economic activities under the Taxonomy are identified based on six environmental objectives: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; waste prevention and recycling; pollution prevention and control; and protection of healthy ecosystems. To be recognised by the Taxonomy, an economic activity must meet principles of “Substantial Contribution” and DNSH, and the minimum social safeguards and technical screening criteria.

In the Industry Catalogue, no environmental objective is specified other than “pollution prevention and control”. The Project Catalogue does not explicitly define any environmental

objective, but it is established in response to challenges of climate change, environmental pollution, resource constraints and ecological degradation in China. The first-level classification in the Project Catalogue indicates environmental objectives: energy saving, pollution prevention and control, resource conservation and recycling, clean transportation, clean energy, ecological protection and climate change adaptation. However, the Project Catalogue does not highlight climate change as does the Taxonomy.

Compared with the Taxonomy, the Project Catalogue does not illustrate the relationship among environmental objectives. This may give rise to a dispute concerning whether a project can be recognised as green if the project involves several conflicting environmental objectives.

For example, a sewage treatment project may have environmental benefits in terms of pollution prevention and control, and resource conservation and recycling. However, if its energy consumption is too high or no climate change risk is considered during its construction, the project will not bring benefits to or even have adverse effect on the environment in terms of energy saving or climate change adaptation. In previous practices, such project is deemed green; considering the overall environmental benefits, it is not necessarily so.

Other guiding principles of the Taxonomy include: supporting ease of use, building a dynamic and flexible tool, being inclusive of economic sectors, supporting transition from “brown”³ to “green”, and covering economic activities within an entire economic system.

The basic principles adopted by the Project Catalogue include taking China’s realities into consideration, supporting projects with marked environmental benefits, being simple and clear, keeping continuous adjustment and maintaining compatibility with international practices.

In general, the Taxonomy and the Project Catalogue both describe their guiding principles in details, including the purposes, basis and environmental objectives while the Industry Catalogue describes less.

Users

The Taxonomy aims to create investment need for long-term and sustainable opportunities and encourage corporates to disclose whether their business complies with the Taxonomy, i.e., being environmentally sustainable. The proposed Taxonomy regulation envisages two main mandatory users of the Taxonomy:

- The Member States or the EU when adopting measures or setting requirements on market actors concerning financial products or corporate bonds that are marketed as environmentally sustainable
- Financial market participants who offer financial products as environmentally sustainable investments or as investments having similar characteristics.

A financial market participant refers to: an insurance undertaking which makes available an insurance-based investment product (IBIP)⁴; an alternative investment fund manager (AIFM); an investment firm which provides portfolio management; an institution for occupational retirement provision (IORP) or a provider of a pension product; a manager of a qualifying venture capital fund⁵; a manager of a qualifying social entrepreneurship fund⁶; a UCITS⁷ management company. Banks are not included, but they can use the Taxonomy on a voluntary basis.

Financial products are portfolio management, UCITS funds, alternative investment funds⁸, insurance-based Investment Products (IBIP)⁹, pension products and pension schemes¹⁰.

Specifically, institutional investors and asset managers making investment products as environmentally sustainable would need to explain whether, and how, they have applied the Taxonomy criteria. Investors could state that they are seeking to invest in eligible activities under the Taxonomy or disclose their preferred approach to determine whether an investment is environmentally sustainable.

Different from the Taxonomy, the Industry Catalogue aims to clarify the scope of the green industry in the entire economy, guiding decision makers. In light of the Industry Catalogue and the priorities in the sector/region, relevant authorities can establish policies regarding investment, pricing, financial and tax to facilitate green industry development. In collaboration with other policymakers, the NDRC will further develop detailed catalogues to guide associations, corporates and social organisations on how to use the Industry Catalogue, and to improve its practicability.

The Project Catalogue is targeting green bond issuers. Along with policies/regulations such as the *Announcement [2015] No.39 of the People's Bank of China*, the *Guiding Opinions of China Securities Regulatory Commission on Supporting the Development of Green Bonds*, the Project Catalogue provides guidance on green bond issuance: issuers could use the Project Catalogue to identify a green bond project to ensure its environmental benefits.

Classification

The Taxonomy aims to cover all economic activities to the extent possible. It uses NACE as a framework to identify which economic activities are environmentally sustainable. Recognising the limitation of NACE (e.g. it does not adequately address location and context specific considerations for climate change adaptation, nor captures individual behavioural choices), the Taxonomy includes more activities than the NACE does, and will further expand the scope in future.

With climate change mitigation and adaptation as priority, to specify economic activities with high carbon or potential to reduce carbon emissions in other sectors, the Taxonomy identifies seven categories of economic activities: agriculture, forestry and fishing; manufacturing; electricity, gas, steam and air conditioning supply; water, sewerage, waste and remediation; transportation and storage; information and communication; and construction and real estate activities. Total carbon emissions of these activities account for 93.2% of all economic activities included in the NACE system.

The Industry Catalogue and the Project Catalogue mention little about the basis for classification. Similar to the Taxonomy, the Industry Catalogue aims to cover all sectors in the economic system, but it does not adopt any system as a framework for sector classification. The Project Catalogue uses the Industrial Classification and Codes for National Economic Activities as a basis for classification.

Screening Criteria

The Taxonomy has set out principles to define economic activities which help achieve the two environmental objectives, i.e., climate change mitigation and adaptation.

Economic activities with substantial contribution to **climate change mitigation** under the Taxonomy:

- Activities that are already low carbon, including activities with carbon sequestration or very low and zero emissions (e.g. zero emission transport, near to zero carbon electricity generation and afforestation)
- Activities that contribute to a transition to a net-zero emissions economy in 2050 but are not currently close to a net-zero carbon emissions level (e.g. electricity generation with emissions below 100gCO₂e/kWh or cars with emissions below 50gCO₂e/km)
- Activities that enable low carbon performance or enable substantial emissions reductions (e.g. manufacturing of wind turbines or installation of highly efficient boilers)

Based on this, the Taxonomy further identifies 67 sub-activities under the said seven categories and sets out relevant technical screening criteria.

Economic activities with substantial contribution to **climate change adaptation** under the Taxonomy:

- Activities that reduce material physical climate risks to the extent possible and on a best effort basis
- Activities that do not adversely affect other climate change adaptation efforts
- Activities that generate results relating to climate change adaptation and the results can be defined and measured by proper metrics

Based on this, the Taxonomy identifies nine sub-activities under the said seven categories and sets out technical screening criteria. In the next stage, the Taxonomy will focus on further specifying climate change adaptation activities.

All economic activities with substantial contribution to climate change mitigation/adaptation will be assessed to ensure they do no significant harm to other environmental objectives. In the long run, the Taxonomy will establish principles to define economic activities with substantial contribution to other environmental objectives than climate change.

The Industry Catalogue and the Project Catalogue do not define industries or projects that meet environmental objectives with a systemic approach (such as defining whether

an industry or a project falls within the scope of “pollution prevention and control”, and what is the objective for pollution prevention and control). Instead, they directly put forward a list of eligible industries and projects. From the information currently available, we are unable to determine the principles and requirements for the inclusion of industries or projects in the Industry Catalogue or the Project Catalogue.

The Taxonomy has established two levels of classification while the Industry Catalogue and the Project Catalogue set three. At the lowest level of classification (i.e., economic activities/industries/projects), the three documents share similar granularity. Similar to the Taxonomy which sets specific metrics on economic activities, the Industry Catalogue and the Project Catalogue put in place national policies/standards as criteria for most of the industries/projects.

Regarding screening criteria, the Industry Catalogue and the Project Catalogue differ most from the Taxonomy in carbon emission thresholds. Based on the environmental objective of

climate change mitigation, the Taxonomy has set detailed requirements/metrics on carbon emissions for sixty-seven activities (see Table 4 below). It also has qualitative requirements about other environmental objectives, while the Industry Catalogue and the Project Catalogue have no specific screening criteria or metrics on emissions or climate change mitigation. The Project Catalogue, instead, sets detailed metrics about energy efficiency and pollution control.

The Taxonomy supports brown-to-green transition of industries and economic activities. However, it does not include those detrimental to the climate change mitigation objective, such as coal-fired power projects (see Table 4 for details). Improving energy efficiency and reduce emissions of these activities may, indeed, bring short-term benefits; the TEG, nevertheless, considers that these activities are incompatible with the long-term objective of the Taxonomy.

Table 4 Screening Principles under the Taxonomy for Climate Change Mitigation

Sector	Screening Principles under the Taxonomy for Climate Change Mitigation
Agriculture	<ul style="list-style-type: none"> Reduced emissions from ongoing land and animal management Increased removals of carbon from the atmosphere and storage in above- and below-ground biomass through ongoing land and animal management, up to the limit of saturation levels The agricultural activity is not being carried out on land that was previously deemed to be “of high carbon stock”
Forestry	<ul style="list-style-type: none"> Compliance with Sustainable Forest Management (SFM) requirements; the establishment of a GHG balance baseline for above-ground carbon pools, based on growth-yield curves
Manufacturing	<ul style="list-style-type: none"> Activities that contribute to a transition to a net-zero emissions economy in 2050: no metric Activities that enable low carbon performance or enable substantial emissions reductions: carbon emission performance that reduces carbon emissions to best practice standards
Electricity, gas, steam and air conditioning supply	<ul style="list-style-type: none"> The threshold for life cycle of emissions (LCEs) is 100gCO₂e/kWh, which will be reduced every 5 years till net-zero CO₂e by 2050 New energies such as solar, wind and existing hydropower in the EU currently meet the threshold, thus are exempt from LCEs analysis Coal-fired power: projects without carbon capture will not meet the required threshold. Coal-fired power with carbon capture and sequestration may qualify in the short-term, but new coal plants generally have lifetime of 40 years or longer and they need to demonstrate that it will be able to reach net-zero emissions in 2050 Natural gas-fired power: projects without carbon capture will not meet the required threshold. Gas-fired power with carbon capture and sequestration may qualify. However, this will be subject to the requirement that fugitive emissions across the gas supply chain need to be measured Electricity generation from other gaseous fuels (such as hydrogen or renewable gases): would be eligible subject to meeting the emissions threshold
Water, sewerage, waste and remediation	<ul style="list-style-type: none"> Water collection, treatment and supply: quantitative energy efficiency (such as water supply of an average energy consumption lower than 0.5kWh/m³) or reduce energy consumption by 20% or more Other activities, such as the energetic utilisation of bio-gas gained through the anaerobic digestion of sewage sludge and bio-waste, or the recovery from waste: qualitative emission reduction metrics should be met
Transportation	<ul style="list-style-type: none"> Efficient, low- or zero emissions fleets; emission metrics need to be followed in terms of per vehicle km, per passenger km or per tonne km Fuel substitution to net-zero carbon fuels: net-zero carbon fuels such as advanced bio- and synthetic fuels should be used for a dedicated purpose without being mixed with other fuels
ICT	<ul style="list-style-type: none"> Data centres: follow the Best Practice Guidelines for the EU Code of Conduct on Data Centre Energy Efficiency¹¹ Data-driven solutions for GHG reductions: no metric need to be followed
Construction and real estate activities	<p>As a principle, the energy- and resource-efficiency should reach the top 15% at the local level. However, due to lack of data, existing EU policy instruments are temporarily adopted as proxies for thresholds and metrics</p> <p>Exclusion of buildings related to fossil fuels activities</p> <ul style="list-style-type: none"> Construction of new buildings: new building should meet national requirements for NZEB and have a level of energy performance equivalent to the EPC rating of B or above Renovation of existing buildings: in compliance with the EU Energy Performance of Buildings Directive (EPBD) or make relative improvements of 30% or more against baselines Individual renovation measures, installation of renewables on-site and relevant professional activities should meet requirements Acquisition of buildings: buildings acquired should meet requirements (set out in the construction of new buildings and renovation of existing buildings parts)

As screening principles, criteria and metrics differ among the Industry Catalogue, the Project Catalogue and the Taxonomy, the economic activities/industries/projects recognised are different (see Table 5 below for the summary). Under the Taxonomy, economic activities need to be assessed against all six environmental objectives, except that no environmental objective other than climate change mitigation has been set for ICT activities.

Further research will be conducted to compare detailed screening criteria and metrics.

Notes:

- 3. Highly polluting and emission intensive industries.
- 4. Authorised by Article 8 of Directive 2009/138/EC.

Notes (continued):

- 5. Registered under Article 14 of the European Venture Funds regulation (EuVECA, EU 345/2013).
- 6. Registered under Article 15 of the European Social Entrepreneurship Funds regulation (EuSEF, EU 346/2013).
- 7. Undertakings for Collective Investment in Transferable Securities.
- 8. Defined in Article 4(1)(a) of Directive 2011/61/EU.
- 9. IBIP refers to an insurance-based investment product as defined in Article 4 (2) of Regulation (EU) 1285/2014 of the European Parliament and of the Council, or insurance products offered to professional investors, being of maturity or surrender value which is in whole or in part, directly or indirectly linked to market fluctuation.
- 10. Defined in Article 6(2) of Directive (EU) 2016/2341
- 11. <https://e3p.jrc.ec.europa.eu/publications/2019-best-practice-guidelines-eu-code-conduct-data-centre-energy-efficiency>

Table 5 Comparing the Industry Catalogue, the Project Catalogue and the Taxonomy in Terms of Scope and Environmental Objectives

Sector	Scope		Environmental Objectives	
	Industry Catalogue vs Taxonomy	Project Catalogue vs Taxonomy	Taxonomy	Project Catalogue
Agriculture and forestry	The Industry Catalogue has a broader scope and is more detailed	The Taxonomy has a broader scope and is more detailed	All six environmental objectives	Resource conservation and recycling, ecological protection and climate change adaption
Manufacturing	The Industry Catalogue has a broader scope	The Project Catalogue has a broader scope and is more detailed. The Project Catalogue includes “clean coal” while the Taxonomy excludes fossil fuels	All six environmental objectives	Energy saving, pollution prevention and control, resource conservation and recycling, clean transportation
Electricity, gas, steam and air conditioning supply	The Taxonomy excludes co-fired power without carbon capture, natural gas-fired power without carbon capture, and nuclear energy; while the Industry Catalogue includes these industries	The Taxonomy excludes co-fired power without carbon capture, natural gas-fired power without carbon capture, and nuclear energy; while the Project Catalogue includes these projects	All six environmental objectives	Pollution prevention and control, resource conservation and recycling, clean energy
Water, sewerage, waste and remediation	Mostly the same	Mostly the same	All six environmental objectives	Pollution prevention and control, resource conservation and recycling, ecological protection and climate change adaption
Transportation	Mostly the same but the Industry Catalogue excludes passenger rail transport	Mostly the same	All six environmental objectives	Clean transportation
ICT	The Industry Catalogue is specifically about energy and transportation while the Taxonomy is more general	The Project Catalogue is specifically about energy and transportation while the Taxonomy is more general	Climate change mitigation	Energy saving, clean transportation, clean energy, ecological protection and climate change adaption
Construction and real estate activities	Mostly the same but the Taxonomy excludes buildings related to fossil fuels	Mostly the same but the Taxonomy excludes buildings related to fossil fuels	All six environmental objectives	Energy saving, resource conservation and recycling

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