Climate Change and Sustainability Services
Our values

Integrity, respect and teaming; Energy, enthusiasm, and the courage to lead; Build relationships based on doing the right thing.

EY, professional services organization in global business integration

EY is a global leader in assurance, tax, transaction and advisory services.

To cater to the needs of our clients’ businesses in a globalized environment, EY has structured its operations from more than 150 countries and regions into three areas: Americas, EMEIA (Europe, The Middle East, India and Africa), and Asia-Pacific. This makes EY one of the market leaders as an integrated business professional service provider in the world.

Our team of experts, equipped with in-depth knowledge and professional experience in a wide range of industries, will assist clients in responding to the complexities of the ever-changing business environment. Our clients can benefit from our global perspectives and methodologies, while gaining access to services from our professionals with local knowledge and understanding.

About EY in China

China is one of the largest and fastest-growing economies in the world. With our global knowledge and local resources in various business operations and settings, EY aims to be your most reliable advisor on merger and acquisition deals, in enhancing your appeal to investors, managing corporate risks and strengthening control measures.

EY is one of the largest professional services organizations in Greater China, with presence in the region for 50 years. During this time, we have reached many milestones, including the opening of our first Hong Kong office in 1968 as Arthur Young and being one of the first international organizations to establish operations in mainland China in 1981.

We can support you through our network of 28 offices. With head office in Beijing, we have sub-offices in Hong Kong, Shanghai, Guangzhou, Macau, Shenzhen, Chengdu, Hangzhou, Nanjing, Shenyang, Suzhou, Tianjin, Wuhan, Xi’an, Changsha, Dalian, Qingdao, Xiamen, Zhengzhou, Haikou, Chongqing, Taipei, Taoyuan, Hsinchu, Taichung, Tainan, Kaohsiung and Ulaanbaatar.

With 18,000 people in Greater China, we are committed to bringing together the right people, at the right time, in the right place to provide you with the seamless, high quality service that you deserve.

Sustainable finance helps ecological civilization

Sustainability refers to a series of environmental and social issues, which relate to the ability and rights of current and future generations to meet developmental needs. Climate change, pollution, over-population, aging and resource scarcity are some of the most urgent sustainability issues that are on the radar of governments and organizations around the world.

Businesses of any industry and size face increasingly stringent regulatory and compliance requirements. Sustainability risks have brought along pressure to the business community on operational, managerial and strategic levels. These include growing pressure on productivity, operational expenses, volatility in global supply chain and safeguarding of corporate reputation etc. The result of inefficient sustainability risks management may ultimately be reflected on the financial bottom line.

Stakeholders are becoming increasingly keen and vocal in expressing their concerns and expectations on how businesses manage and respond to sustainability issues. By addressing stakeholders’ expectations, companies may be able to develop new perspectives and identify new business opportunities. Companies are now striving to achieve a win-win situation between their businesses and stakeholders to identify competitive advantages for the company.

In response to these growing challenges, businesses and investors alike are beginning to adopt a more proactive approach in managing environmental, social and governance (ESG) issues. For example, on the global business arena, companies are adopting ESG issues in short-term goals and long-term strategic plans. In order to respond to sustainability challenges and opportunities, Chinese companies are beginning to manage ESG issues and disclose sustainability performance accordingly.

With the increasing compliance requirements by regulators and forward-thinking demands from capital markets, Chinese companies no longer only pursue transparency on financial performance alone but also focus on managing ESG risks, and disclose sustainability performance accordingly. As public discourse in climate change intensifies, new business opportunities such as carbon trading and green technology began to emerge and extend to the Chinese business community. As a result, some Chinese companies are perceived to be proactively involved in the management and disclosure of their ESG performances.
EY Climate Change and Sustainability Services - your trusted source for assurance and advice

Our global, multidisciplinary team combines our experience in assurance, tax, transactions and advisory services with climate change and sustainability knowledge and experience in your industry. You’ll receive tailored service supported by global methodologies to address issues relating to your specific needs. Wherever you are, EY Climate Change and Sustainability Services (EY CCaSS) can put together the right team of professionals equipped with the specific skills and knowledge base that you need, to support you in reaching your sustainability goals.

- EY CCaSS has over 1,000 consultants globally and EY CCaSS in Greater China is currently the largest team of sustainability consultants within EY network.

- Consultants of EY CCaSS in Greater China form an experienced team in the sustainability fields and are all trained through EY global assurance methodologies. Our team members’ credentials include extensive green bond/sustainability bond issuance assurance, green loans/sustainable development related loans assurance services, green investment strategy advisory services, ESG advisory services, ESG performance assessment analysis and green FinTech products to banking, fund, asset management, insurance, and financial leasing industries, and listed finance companies in and abroad.

- EY has globally adopted the Sustainability Assurance Methodology, which is developed based on the internationally recognized standards AA1000 and ISAE3000.

- As the only member of the International Capital Market Association, the only certification body accredited by the Climate Bond Initiative in Greater China, and the first member of the China Financial Institution’s Green Finance Committee in accounting organizations, EY has the most extensive professional qualifications and successful experience in the field of green finance.

- As a licensed service provider of sustainability standards developed by global sustainability think tank, Accountability, EY in Mainland China is the only accounting network that offers AA1000 and ISAE3000 ESG report assurance services.

- EY provided suggestions for the construction of national ecological civilization, participated in the policy formulation of green financial demonstration provinces and cities, the green bond standards and the accounting of environmental benefits of green credit.
We provide our valued clients with tailored sustainability services

1. Green bond assurance

Green bond
Green bond has become an important tool for capital market to deal with environmental issues and tap green business opportunities. CCaSS is committed to providing services such as pre-issuance assurance and post-issuance assurance to help issuers including financial institutions, companies, and local governments issue green bonds.

EY is the first member of the Green Finance Professional Committee of the China Financial Institution in the four largest accounting networks and is the only one of the four in mainland China to obtain the ICMA membership. EY is accredited by the Climate Bonds Initiative (CBI) as a third-party accredited qualification (currently there are 23 agencies that have obtained this qualification globally), and is the only organization in China with dual certification status (ISAE3000 and AA1000).

EY was rated as “Best Green Finance Assurance Body” by Asia Money for three consecutive years in 2017, 2018 and 2019. EY CCaSS successfully provided green bond issuance assurance services for many financial institutions, accounting for more than 60% of the green bond market.

Green asset-backed securities
EY CCaSS helps clients identify green assets that can be used for asset securitization, provide issuers with pre-issuance and post-issuance assurance for green asset-backed securities to ensure securities managers and investors learn the environmental risks and benefits of green assets.

2. Social bond/Sustainability bond assurance

Social bond is an instrument that uses all or part of the raised funds to finance or refinance new or existing social projects. Social bond-invested projects include, but are not limited to: undertaking infrastructure (such as clean drinking water, sewage, sanitation, and transportation), providing basic life services (such as health, education and vocational training, health care, financing, and financial services), providing affordable housing, creating employment opportunities, including through SME financing and microfinance, safeguarding food safety, promoting social and economic progress, and empowering or enriching individuals or groups.

Sustainability bond uses all or part of the raised funds to finance or refinance newly established or existing green and social project portfolios. The proposed projects for sustainability bonds should be the combination of green projects and social projects. CCaSS helped the first Sustainability Bond issued by Chinese issuer in the world and China’s first sustainable development asset-backed securities to be successfully issued.

3. Green Loan/Sustainability Linked Loan Assurance Service

Green loan has rapidly entered the international financial market in the past two years, and the number and variety of products have increased significantly. The green loan should include the following four core elements: 1. Use of Proceeds; 2. Project Evaluation and Selection; 3. Management of Proceeds; 4. Reporting. Qualified green project catalogue includes but not limited to renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, clean transportation, sustainable water and wastewater management, climate change adaptation, eco-efficient and/or circular economy adapted products, production techniques and processes and green buildings that meet regional, national or internationally recognized standards or certifications.

Sustainability linked loan should include the following four core requirements: 1. Relationship to Borrower’s Overall Corporate Social Responsibility (CSR) Strategy 2. Target Setting; 3. Reporting; 4. Review. Qualified sustainable project catalogue includes but not limited to energy efficiency improvements, GHG reductions, renewable energy, water conservation, affordable housing, circular economy, sustainable farming and food, biodiversity and global ESG assessment. The Sustainability Linked Loan Principles deem external review as an important part of the loan. For loans related to sustainability performance objectives that are not publicly available or accompanied by an audit/guarantee statement, it is strongly recommended that the borrower should be sustainable. Development performance goals seek an external review of their performance.

The Ernst & Young Climate Change and Sustainability Services Department provides distinguished green loan/sustainability linked loan assurance services to large financial institutions/enterprises.

4. Environmental, Social and Governance Report Assurance Service

The Hong Kong Stock Exchange issued the “Environmental, Social and Governance Reporting Guide”, requiring H-share listed companies to publish Environmental, Social and Governance Reports (ESG Reports) each year. The Ernst & Young Climate Change and Sustainability Services department provides ESG reporting advisory services and assurance services to H-share listed companies. ESG report consulting services include ESG report drafting and ESG indicator system. Our ESG Assurance Service is designed to help H-share listed companies improve the accuracy of ESG reporting by providing information verification and certification reports for ESG reports of these companies.
Ernst & Young’s Climate Change and Sustainability Services Department also provides CSR reports preparation, sustainability report preparation, CSR indicator system advisory and assurance services for A-share listed companies. Ernst & Young consultants have participated in the consultant panel for ESG policy of Chinese capital market regulation and gain value insight for the ESG development trend in China.

5. ESG Consulting and Financial Institution Disclosure

ESG Governance and ESG Planning
EY CCaSS assists listed companies in building an ESG governance structure, diagnosing, combing and systemizing the company’s ESG indicators, developing and improving the mechanisms and methods by which the board participates in ESG work, and clarifying the ESG’s decision-making and executive levels. Department and staff settings, job responsibilities and processes, etc., to achieve a long-term continuous operation of ESG work in company management.

We also assist listed companies to formulate ESG plans, develop implementation plans from top to bottom from four levels: strategy, governance, risk management and indicators, and fully integrate domestic and international ESG trends, industry characteristics, company development stages and other factors to achieve listing. The company’s ESG work is well-founded, with goals to guide, ways to land, and indicators to trace.

ESG Management System
The ESG Management System is designed to help companies, including listed companies, improve their ESG management capabilities and capital market performance. ESG management system integrates ESG concept into enterprise management process through IT means, and has four functions of ESG index library management, ESG data management, report management, and analysis theme management, which can intelligently manage enterprise in environment, society and governance. Quantitative data and qualitative information in three major categories solve six major challenges in the traditional ESG reporting process, including narrow statistical caliber, unclear definition of indicators, lack of statistical methods, high error rate of manual statistics, difficulty in dynamic management from time to time, and unreasonable environmental goal setting. ESG information is updated and dynamically managed through a unified database to support the decision-making of senior management of listed companies, promote the improvement of the company’s management level, achieve continuous improvement of ESG performance, and help listed companies to better communicate with the capital market, thus obtain higher ESG ratings and the attention and favor of responsible investors.

Environmental, social and governance risk assessment
The ESG risk assessment includes both the company itself and the supply chain. CCaSS ESG risk assessment service helps companies identify potential ESG risks, manage and eliminate ESG risks. Based on the ESG risk assessment, we assist the company to establish an ESG risk management plan and provide advice and technical support during the implementation process.

Natural Capital Management Consulting Service
CCaSS has extensive industry experience and expertise in natural capital such as water, energy and waste, providing companies with customized advice and compliance strategies to adapt to changing international standards.

Strategic social investment and impact assessment
CCaSS and companies work closely together to develop social investment projects that meet the company’s own business strategy while meeting social needs. Using EY’s unique methodology, qualitative and quantitative analysis develop a tool that helps companies identify their needs and effectively assess and manage their social impact.

Stakeholder interaction
The success of an enterprise is inseparable from the communication and understanding of stakeholders and the proper handling of its expectations and demands. CCaSS helps clients define stakeholders, identify their aspirations and expectations, and assist in the development of strategies and implementation strategies for interacting with stakeholders.

Capacity building
CCaSS offers a range of capacity building services and training covering basic presentations, sustainability and broader environmental, social and governance applications. Featured services include board level participation, in-house training, on-site consulting and more.

Financial institution information disclosure
CCaSS assists financial institutions in the disclosure of information such as green bonds, green credit, and inclusive finance, helping financial institutions assess and disclose the environmental and social benefits of investment, including environmental performance indicators. For example, carbon dioxide emission reduction, equivalent standard coal, sulfur dioxide emission reduction, nitrogen oxide emission reduction, social benefit indicators such as direct employment and indirect employment.
Sustainable development cooperation platform
Companies are facing different challenges when improving their own sustainability performance at different stages of sustainable development. With expertise and strength across regions, industries, and ESG issues, CCaSS integrates core players across all industries to help customers find comprehensive solutions. Through a strong network of relationships, companies can identify common risks and solutions and share their insights and best practices. We will help companies tailor their work plans, manage their daily work plans, and hope to eventually establish a cooperation platform that is conducive to sustainable development.

6. ESG performance analysis
With the development of ESG investment, institutional investors are paying more attention to non-financial information disclosure of listed companies. More and more investors realize that ESG analysis is important indicator information for company valuation, risk management and even regulatory compliance evaluation.

EY has extensive experience in the ESG field. Based on international rating agencies and fully integrated with the actual situation of listed companies in China, we have developed the ESG performance analysis model to collect company’s ESG information through the establishment of a scientific analytical methodology. The ESG data database is formed to quantify the ESG information, and the scientific scoring system is used to convert the analysis results into performance scores, which provides investors and other users with the possibility of in-depth analysis of ESG data.

EY ESG performance analysis model covers 19 major industries and more than 4,000 listed companies, including a three-level indicator system. After screening characteristics of indicators in different industries and the importance and impact of different indicators in the industry, the indicator system is divided into general indicators and industry-specific indicators, and each ESG evaluation index will be given different weights according to different industries. Combined with the negative company ESG information, the ESG performance of the listed company is fully evaluated. EY will help investors build ESG analysis models, conduct quantitative portfolio analysis of ESG investments, equity research, screening or risk warnings, assess the environmental and social impacts of investment projects, and promote ESG investment practices.

7. Green Financial Management Consulting
EY CCaSS helps clients identify green projects, calculate environmental benefits generated by green projects, track and evaluate environmental benefits and operations, and provide advice to ensure that securities managers and investors are aware of the environmental risks of green projects and income.

EY CCaSS helps companies to learn from international experience, establish a sound internal management system for financial institutions based on international standards such as the Equator Principles, and conduct environmental risk monitoring and environmental benefit accounting throughout the loan process.

8. Green Finance Management System
EY has extensive experience in online management system. It has provided core system full-process credit planning consulting, core system consulting, implementation of collateral management optimization projects, retail credit risk management projects, and core business system construction projects for many financial institutions. To grasp the current strategic development opportunity period of green financial reform and innovation pilot zone construction, better promote the development of green finance of banks and cope with the urgency of green bank transformation, EY launched a green finance online management system to assist customers in automatically judging green projects, and automatically calculate environmental benefits, improve the efficiency and accuracy of green project screening and accounting. The main functions of the green finance online management system are as follows:

Identify green items. EY developed the green credit standard mapping model, embedded in the green finance management system, and realized the mapping relationship between the 1,381 industry sub-categories in the national economic industry classification and the green credit statistics system of the People’s Bank of China and the Banking Regulatory Commission, and real-time automatic connection with the bank credit system. Handling credit information and labeling green loans, using information crawler technology to capture information on environmental safety violations and elimination of backward production capacity.

Automatically measure environmental benefits. The system automatically matches the green classification for the green projects. Based on the environmental benefit measurement tools pre-set in all the sub-sectors corresponding to the green credit statistics standards, the system automatically measures the environmental benefits generated by the green project. Meanwhile, it traces through the collection of project supporting materials and manual supplementation to achieve the purpose of supplementing judgments.

Automatically submit Green credit. According to the requirements of the regulatory agencies such as the People’s Bank of China and the Banking Regulatory Commission, green credit data that meet the requirements are exported from the green credit database according to the format of the standard reports, and the statistical data of the system green credit data that meets the requirements in different time periods are reported.
In addition to the above functions, our green finance online management system also reserves peer-to-peer data comparison for financial institution users. Furthermore, the system reserves supervision functions and the asset trading platform for regulatory agency users.

EY Green Finance Management System was completed in December 2018, and the computer software copyright issued by the National Copyright Administration was officially in place in January 2019. The system wins “Financial Innovation Award” by Asia Money in 2019. The system has been implemented in some commercial banks in the Green Finance Reform and Innovation Pilot Zone, and has been highly recognized by regulators for its accuracy and intelligence.

9. Other green finance products and services

Green fund
EY CCaSS collaborates closely with local governments and domestic and foreign financial investment institutions to establish green regional funds and green industry funds, and develop social investment projects in line with their own strategies. Taking the concerns of investors regarding social, environmental and financial investment objectives into consideration and taking EY’s global methodologies and international and domestic regulations and standards as references, EY conducts pre-investment screening and/or due diligence, and post-investment project field exploration and follow-up evaluation with an aim to ensure the project invested has a good environmental and social impact.

Green insurance
EY CCaSS collaborated with insurance companies and policyholders to conduct environmental risk assessments and environmental due diligence on different types of green insurance products. In addition to the evaluation and accounting of environmental benefits, EY goes to the project site to quantify the environmental loss and assists in the determination of the damage after environmental accident occurs.

Carbon finance
Our professional team is equipped with abundant experiences in carbon finance. Through capacity building, database management, and industry analysis, businesses tend to be more proactive in dealing with carbon emission reduction. A win-win situation, achieving environmental benefits and financial gains at the same time, is very often expected of businesses. Typical services include non-financial information disclosure, risk assessment and low carbon strategy planning, investment appraisal of low carbon projects, advisory and auditing of low carbon labeling.

10. Strategic Collaborations

To better support mitigation and adaptation of climate change, and to further assist sustainable development of our clients, EY CCaSS pays high attention to establishing and maintaining strategic collaborations with all kinds of stakeholders.

We aim to strengthen our collaborations with stakeholders through:

- Providing technical assistance
- Jointly developing projects and services
- Assisting in designing strategic plans for common clients
- Jointly executing and managing specific projects
- Promoting public awareness, etc.

Our main cooperating organizations include:

- Governmental agencies
- Industrial Associations
- Multinational Organizations
- Bilateral organizations (embassies and fund organizations)
- Universities and research institutes
- Non-profit organizations, etc.

How can we support your business through our network with stakeholders:

- Accurately explain the most updated international and domestic policies and regulations which influence your industrial sectors
- Help to establish a green finance/sustainable financial system and apply green financial technology to create an integrated sustainable development strategy and implementation plan for the company’s economic benefits and environmental and social impact.
- Assist to design strategic management plan, prepare relevant reports and/or assurance to meet supervision requirement
- Analyze potential risks of your investment and marketing in other countries, and assist to design risk evaluation and control system etc.
Our Insights

At EY, we offer insights, experiences and practical services. We have compiled a series of surveys and thought leadership reports for your information. Access our thought leadership anywhere with EY Insights, our new mobile app.

**EY Global FinTech Adoption Index 2019 BBC**
We believe that financial technology companies can combine and innovate business models and technologies to empower, enhance and subvert financial services.

**Listed banks in China: 2018 review and outlook**
This report is EY’s 12th annual analysis report of listed banks in China. It aims to forecast the future development of China’s banking industry based on the observations of business development, business model, and regulatory environment of China’s listed banks.

**How do you build value when clients want more than wealth?**
Seize the opportunity: customer transformation brings new growth; value creation: providing high-value solutions; technological innovation: digital investment consultants; another way: re-adjust pricing model.

**Greater Bay Area – Navigating the road toward an international innovation and technology hub**
According to the survey conducted by ACCA and EY, government policies, funds and talent are three key factors in the process of building an international science and technology innovation center in GBA.

**China further opens up financial sector (VII)**
EY has long been concerned about the process of opening China’s financial market to the outside world. We will analyze the impact of the 12 new measures proposed by the Banking Regulatory Commission in this opinion report.

**2019 Global bank regulatory outlook**
More and more banking regulators around the world are shifting their focus from post-crisis reform to responding to new risks and priorities.
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About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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