



LOW CARBON CONSUMPTION PROJECT NEWSLETTER

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ENERGY FOUNDATION
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LCCP Team
Energy Foundation China

Energy Foundation China is a professional grantmaking charitable organization registered in California, U.S. Our vision is to achieve prosperity and a safe climate through sustainable energy. Our mission is to achieve greenhouse gas emissions neutrality, world-class air quality, energy access, and green growth through transforming energy and optimizing economic structure. We deliver the mission by serving as a grantor, facilitator, and strategic advisor.

01 MACRO-POLICIES

Summing up policies recently released by relevant ministries and commissions on green and low carbon consumption and relevant topics

On September 2, the **State Taxation Administration** released the **Guidelines on Preferential Tax and Fee Policies Supporting Green Development**, summarizing 56 preferential tax and fee policies supporting green development China has implemented from four perspectives, namely supporting environmental protection, promoting energy conservation and environmental protection, encouraging the comprehensive utilization of resources, and pushing forward the development of the low carbon industry.

On September 15, the **General Office of the Ministry of Industry and Information Technology (MIIT)**, the **General Office of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council**, the **General Office of the State Administration for Market Regulation (SAMR)**, and the **General Office of the China National Intellectual Property Administration (CNIPA)** released the **Implementation Plan for the “Cultivation of Excellent Varieties, Quality Improvement, Brand Creation”** of Raw Materials Industry to develop green and low carbon products. Centering on petrochemical, chemical, iron & steel, non-ferrous metals, building materials and other industries, China will carry out energy conservation, carbon reduction, green transition, upgrading and transformation, gradually reduce the unit energy consumption and carbon emissions of raw material products, expand the supply of low carbon and zero carbon products, enhance the implementation of green product evaluation standards, establish the carbon emission database for the entire lifecycle of key products, and make efforts to include the carbon footprint indicator of raw material products into the evaluation system. China will release the catalog of technologies and products to be encouraged, promoted and applied in green and low carbon direction, speed up the research & development and utilization of recycling, low carbon and environmental-friendly products and other green products, expedite the establishment of a unified green product standardization, certification and labeling system, and guide leading enterprises with primary ecological force to put in place the green product supply chain system, thus creating and mobilizing green consumption.

On September 16, **MIIT** held the press conference with the theme of “**promoting green, low carbon and cyclic industrial development**”. Libin HUANG, Director of the Department of Energy Conservation and Comprehensive Utilization, the MIIT, noted at the conference that the MIIT will formulate and release the guiding opinions on comprehensively pursuing green manufacturing, deploy the promotion of green manufacturing during the “14th Five-year Plan” period, and deeply advance green manufacturing from six aspects, including establishing and improving the green manufacturing and service system, building the policy system for green and low carbon upgrading and transformation, improving the green and low carbon standard system, improving the cultivation mechanism of green manufacturing benchmark, establishing the guidance mechanism for empowering green manufacturing with digital technologies, and deepening the international communication and cooperation mechanism for green manufacturing. -

- Beyond that, the MIIT will improve the green and low carbon standard system, and enhance the planning and development of the green and low carbon standard system in the field of industry and information technology.

On September 2, the **State Council** released the **Opinions on Supporting Shandong Province in Deepening Its Transition from Old to New Growth Drivers and Promoting Green, Low Carbon, and High-quality Development**, proposing the goal that “by 2027, Shandong will make major breakthroughs in deepening its transition from old to new growth drivers and building a green, low carbon, and high-quality development pioneering zone”, and indicating that Shandong will “speed up efforts to take shape a green and low carbon lifestyle”, “deeply carry out the green and low carbon campaign for all, expand the supply of energy-saving and environmental-friendly automobiles, energy-saving home appliances, efficient lighting and other green products, make efforts to establish personal carbon account and other green consumption incentive mechanisms, comprehensively practice urban household waste classification, and implement the action plan for food conservation, conduct the green life creation campaign, expand the coverage of government green procurement, and guide enterprises to deeply implement the green procurement guideline.”

LCCP's INTERPRETATION

Based on the Implementation Plan for Promoting Green Consumption released in January, national macro-policies have gradually penetrated into each and every industry and field, such as product packaging, raw materials, establishment of the standard and labeling system and other work mentioned above. Going forward, low carbon restrictions oriented towards industries will become ever standardized, and work will go deeper and deeper, but it is difficult to use macro-policies to restrict or standardize the green and low carbon consumption and lifestyle. It is imperative to conduct studies related to top-level design, so as to combine the low carbon work of industries with the consumption behavior in an organic way and form a positive interactive cycle.

02 CITY-ACTIONS

Summing up sub-national level and city level's recent green and low carbon consumption practices and actions

GREEN CONSUMPTION

In July, **Shanghai Municipal People's Government** released the **Implementation Plan of Shanghai for Carbon Peaking**, proposing the goal that “by 2025, the energy consumption per unit GDP will be down by 14% from that in 2020, and the proportion of non-fossil energy in total energy consumption will reach 20%”, and indicating that Shanghai will organize and implement “ten major actions for carbon peaking” by focusing on major measures, major areas, major industries and major entities. Specifically, the “campaign that circular economy facilitates carbon reduction” governed by source reduction, cyclic utilization and recycling indicates the goal that the cyclic utilization rate of major wastes will reach about 92%; the “all-people green and low carbon campaign” mainly mentions that the city will popularize the green and low carbon lifestyle, establish green and low carbon demonstrations, guide and stimulate the public to actively participate in green consumption, low carbon mobility, recyclables classification and other green and low carbon activities. Shanghai will also encourage the development of second-hand transaction market, spur up the reuse of electronic products, home appliances, books and other second-hand commodities, generalize green and low carbon products, support full-fledged shopping malls, supermarkets and exclusive shops of tourist goods to set up dedicated zones to sell green products, push forward the certification of renewable products and materials, establish and improve the system for widespread use, and elevate the share of green products in government procurement.

In August, the **Action Plan of Fujian Province for Promoting the Development of Green Economy (2022-2025)** was issued, which makes clear specific quantitative objectives of the province by 2025 in terms of the development of green economy, scale of green credit, and clean and efficient energy utilization, and puts forward 18 specific measures by centering on four major tasks, namely low carbon industrial development, ecological industrial chain, high-quality -

- development of the energy industry and green concept enhancement. In term of the “all-people campaign of strengthening green concept and pursuing green and low carbon development”, it is particularly mentioned that the province will carry out green and low carbon transportation action, green building promotion action, green upgrading and transformation action for environmental infrastructure, and promote the consumption of green products. Specifically, green consumption involves intensifying efforts to improve the quality of green and low carbon products and build brands, continuously implementing the system for the procurement of green products by governments and state-owned enterprises, making efforts to promote green consumption by establishing the carbon inclusion mechanism, reward points and other means, and vigorously developing the trade of green and low carbon products with high quality, high technology and high added value.

In September, the **Yangtze River Delta Green Certification Alliance**—jointly initiated by the market regulatory authorities of Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province, and organized by allying with relevant institutions in the industry—was officially launched, and formulated the **Implementation Plan for Integrated Development of Green Certification in the Yangtze River Delta**. The document identifies Qingpu and Jiading of Shanghai, Suzhou and Wuxi of Jiangsu, Huzhou and Jiaxing of Zhejiang, Xuancheng and Huangshan of Anhui as major areas where exploratory pilots related to green and low carbon certification will be conducted initially. “Green Certification Pilot Area in the Yangtze River Delta” will be jointly built, and efforts will be made to unify evaluation requirements and certification implementation rules, release the list of green certification standards and certification catalog in a unified way, initially conduct the study and formulation of green service standards by centering on such features as energy and resource friendliness, environment friendliness, and consumption friendliness, and proactively carry out green and low carbon service certification and grading evaluation.

CONSUMPTION CARBON ACCOUNTING



Figure: Interface of Beijing Personal Account Book

On August 10, **Beijing Green Life Carbon Inclusion Platform “Green Life Season” Applet & Beijing Personal Carbon Account Book** were officially released at the “2022 Beijing Green Life Season”, an event guided by the Beijing Municipal Commission of Development and Reform, hosted by the Beijing Energy Conservation and Environmental Protection Center and undertaken by Green Inclusive and other entities. The Applet has eight modules, including green and enjoyable life, green carbon credits, green and unimpeded mobility, etc. The green behaviors of the public—such as riding bicycles, driving new energy vehicles, not using disposable tableware, and buying green home appliances—will be quantified via digital means to record and form the personal carbon account book. The public will gain green credits, and exchange for diversified awards, such as metro card, riding card, parking coupon and other green consumption coupons. Going forward, individuals will access public welfare and commercial incentives and policy incentives with the carbon account book, which may become the foundation of personal green credit. For now, the platform has brought in Suning, JD Logistics, Meituan, Huawei, China Construction Bank, Metro and other enterprises to provide products and services.

On August 12, **Shanghai Municipal People's Government, People's Government of Jiangsu Province and People's Government of Zhejiang Province** released the **Policy Measures for Further Supporting High-quality Growth of the Demonstration Zone for Integrated Ecological and Green Development in the Yangtze River Delta**, marking the official announcement of 17 (the second batch of) supportive policies. These policies mainly cover ten areas, including technology and innovation empowerment, vitalization of stock assets, joint establishment of carbon inclusion pilot programs, utilization of national land space, judicial coordination of law enforcement, etc. Among others, the document indicates “promoting the prior trial of jointly establishing the carbon inclusion mechanism of the Yangtze River Delta in the demonstration zone”, i.e., to conduct pilot and demonstration programs by choosing certain projects and fields with sound statistical basis and strong data availability, promote the joint establishment of carbon inclusion rules, mutual recognition of standards, information sharing and mutual recognition of projects, and jointly set up the carbon inclusion trading platform in the Yangtze River Delta based on the existing infrastructure of the Shanghai Environment and Energy Exchange. This work will be initiated by local environment regulators, with which the Shanghai Environment and Energy Exchange will coordinate.

LCCP's INTERPRETATION

“1+N” planning policies have been issued successively at national level. The governance programs of specific industries, and the implementation plans at regional and city levels will become the priorities of the next step. Discussions on green consumption have been conducted across the board, covering the production, packaging, certification, sales and cyclic utilization of commodities in the entire lifecycle. Currently, recognition on this topic differs greatly in various regions, with different emphasis of work contents. It is expected that the explorations made by the Yangtze River Delta in infrastructure construction and its achievements can exert more far-reaching impacts against the backdrop of a “Unified National Market”. Carbon Account Book, the platform of Beijing, has pioneered in government-enterprise partnership, charging of new energy vehicles, quantification of the purchasing behavior of green home appliances, and other areas, but the platform is confronted with the challenge of long-term operation.

03 INDUSTRY VOICES

Collect the latest practices of industrial sectors, enterprises and INGOs

CONSUMPTION CARBON ACCOUNTING

On August 29, **Alibaba Group** released the “**88 Carbon Account**” system, covering 1 billion consumers. Composed of “1+N” master and sub-accounts, the 88 Carbon Account collects the carbon reductions generated on Eleme, Cainiao, Goofish, Tmall and other platforms. Low carbon consumption behaviors can deposit carbon credits in the sub-accounts of the APPs, and the credits will be gathered to the master account. Alibaba will also adopt multiple incentives, allowing the users to donate corresponding carbon credits at the 88 Carbon Account, or to exchange for no-threshold cash red envelope. Carbon credits can be exchanged not only for low carbon commodity discount -



Figure: Low carbon behaviors of 88 Carbon Account

- offered by low carbon-friendly merchants, but also for exclusive services at the shops of the sub-accounts. Beyond that, the 88 Carbon Account also develops an honor system, i.e., based on the image of “Tan Bao”, users can accumulate carbon credits and unlock anthropomorphic digital medal. The 88 Carbon Account has also joined forces with the China Emissions Exchange and the China Beijing Green Exchange in launching the joint initiative of “Fulfilling Low Carbon Life Concept Together”, and conducting the campaign of “88 Carbon Reduction Week—Ranking List of Carbon Reduction Aces”. It is reported by some media that on the introduction page of low carbon commodities of the 88 Carbon Account, many products are still short of carbon footprint calculation or other certification related to carbon neutrality products.



Figure: Interface of 88 Carbon Account

In August, the **Business Management Department of the People's Bank of China Wuhan Branch** held the launching ceremony of **personal carbon account-green credit card** pilot work of Wuhan. Hankou Bank has become the first bank releasing personal carbon account in Wuhan. All citizens of Wuhan can voluntarily apply for and open their personal carbon accounts, and convert their daily carbon reduction behaviors to “carbon currency”, thus forming positive incentives for individuals’ green consumption and carbon reduction behaviors. The carbon account breaks through the closed ecology, and collects customers’ green mobility data through Wuhan Tong Co., Ltd. with the authorization of the customers.

GREEN VALUE CHAIN

Ten enterprises—Tencent, Microsoft China, Alibaba, Baidu, JD, Kuaishou, Ant Group, Meituan, Vanke and Willfar Information Technology—jointly announced to establish **the Carbon Neutrality Committee and Open Technology Alliance**. For the first time, member enterprises of the Committee make public patented technologies related to energy conservation and carbon reduction under the core concept of openness and sharing, and open the same to member entities.

Scope 3+ Emission Reduction: Corporate Climate Action Methodology beyond Value Chain was officially released. Jointly developed by Alibaba, Carbon Trust and China Environmental United Certification Center, it puts forward the scope 3+ emission reduction accounting method beyond scopes 1, 2 and 3. Scopes 1, 2 and 3 are often seen as the “value chain” emission of enterprises, corresponding to the emission from their own assets, indirect emission from energy purchase, and emission of upstream and downstream sectors mobilized, respectively. “Scope 3+” refers to the emission from the wider “ecological system” beyond scopes 1, 2 and 3 of enterprises.

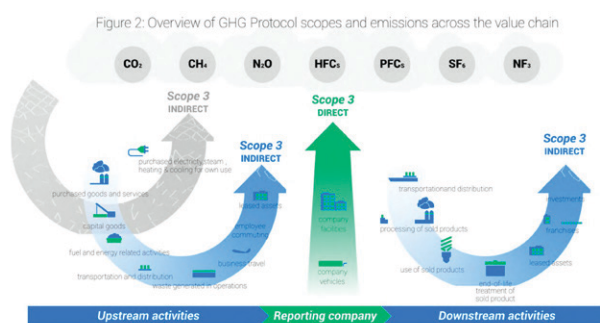


Figure 3: Illustration of ‘Scope 3+’

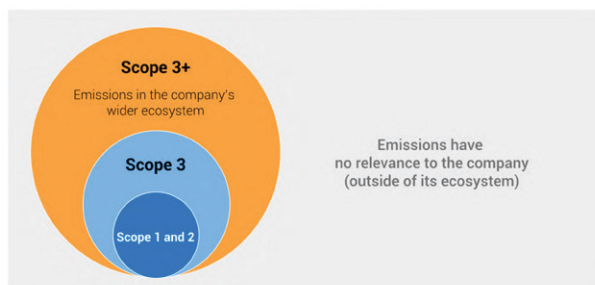


Figure: Interpret of the concept of Scope 3+

L'Oréal China, the China Environmental Protection Foundation and China Sustainability Tribune officially and jointly issued **the Action Guide for Household Chemicals Industry to Promote Sustainable Consumption**, which represents the first guidance document for the sustainable consumption field in China's household chemicals industry. Oriented towards the two objectives of “increasing the supply of sustainable products” (production and operation side) and “promoting consumers’ transition to sustainability” (marketing and communication side), this document provides action guidance for enterprises to advance sustainable consumption by centering on the different stages of product journey and consumer journey.

GREEN CONSUMERS

PricewaterhouseCoopers (PwC) released the 2022 Global Consumer Insights Survey China report—Charting new paths to sustainable growth in the next retail evolution, which reveals that 50% of the respondents are willing to pay a higher average price to buy products with traceable and transparent origin, 47% are willing to buy customized or tailor-made products, and 45% are willing to buy products made from recoverable, sustainable or environmental-friendly materials. PwC said that at the current stage when commodities are extremely excessive and consumption choice becomes ever complex, brand owners can reshape their brand image and elevate the added value of the brands by virtue of energy conservation, emission reduction and plastics reduction, among a host of activities. Meanwhile, the sustainable revolution of the supply chain is re-defining the status and image of retail consumption brands in consumers’ mind.

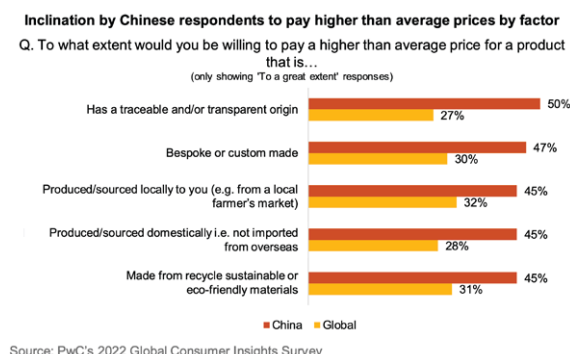


Figure: Data analysis from PwC report

VOGUE Business released the white paper of Decoding China's Gen Z sustainable fashion consumer, indicating that 54% of Gen Z consumers believe that they have relatively clear and correct recognition about the “sustainability” concept, and 42% express support for the “sustainable consumption” concept, but say they will not specially purchase “sustainable products”. 54% of the respondents note that sustainable brands should ensure product durability, and support the secondary circulation and utilization of products. 90% of Gen Z have a better impression about brands labeled with “sustainability”. 39% of them indicate that they are willing to pay no more than 10% of premium on the basis of the original price, and 28% show that they are willing to pay 10%-25% of premium.

LCCP's INTERPRETATION

The consensus on the industrial chain and value chain of green and low carbon consumption is taking shape. Enterprises in various industries have started to make arrangements for their carbon neutrality strategies and develop consumer goods under the concept of sustainability. In view of sustainability, a topic which is complex and challenging, enterprises have begun to establish alliance and provide mutual support in terms of technology, marketing scene, brand image, etc. These success stories deserve accumulation and wider communication, thus empowering the profound transformation in the value chain of enterprises.

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