China’s Green Banking Regulation: From Taxonomy to Reporting

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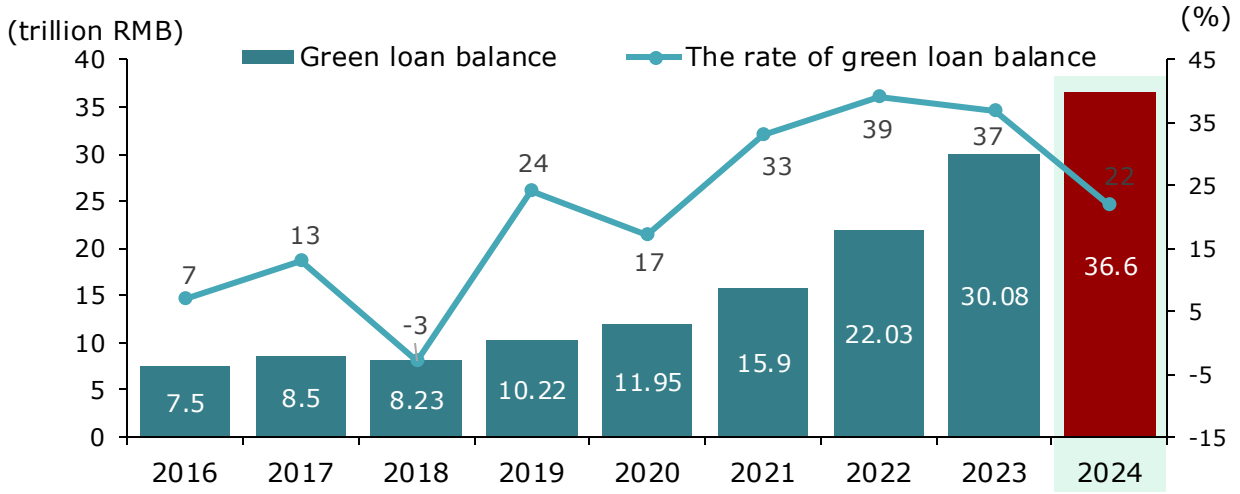
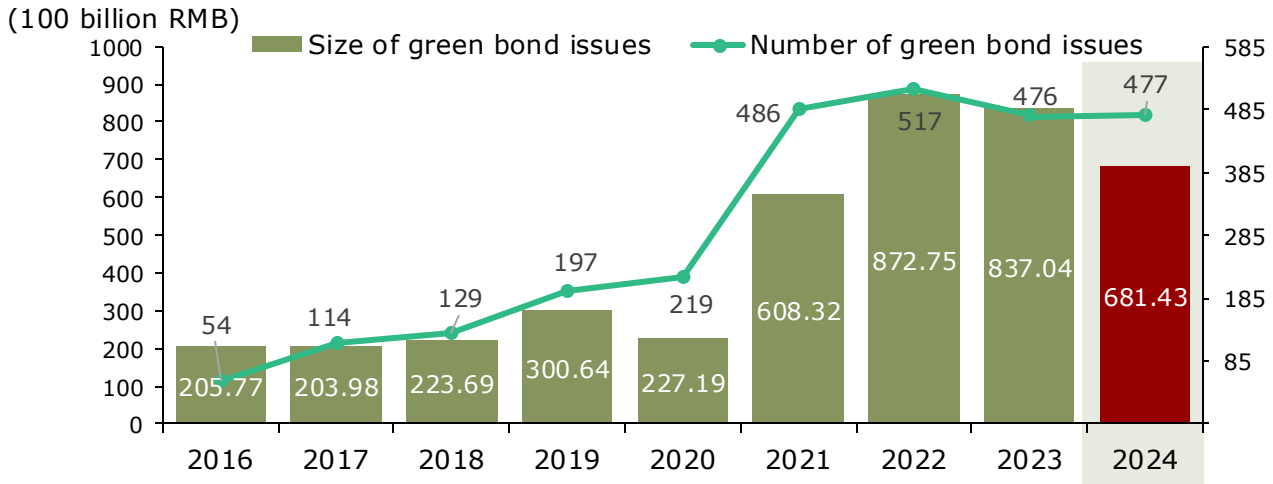
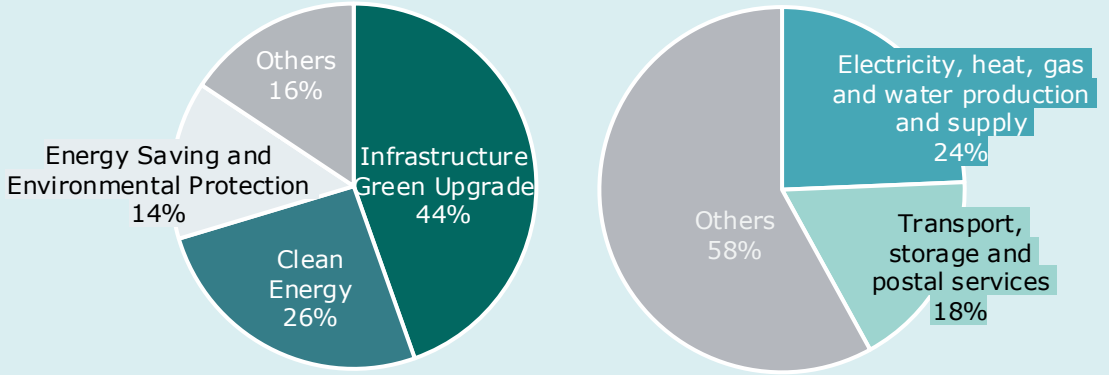
Overview of China's Fast-Growing Green Finance Market

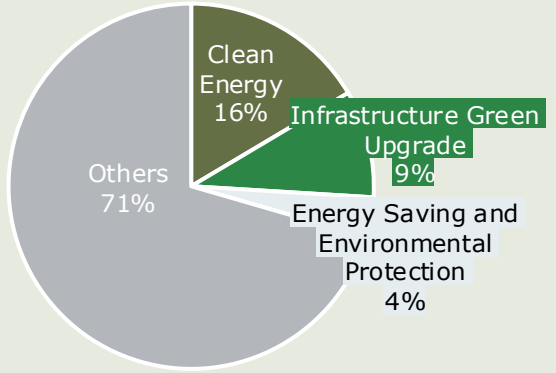




Distribution of Green Loan Balances by Purpose and Sector, 2023

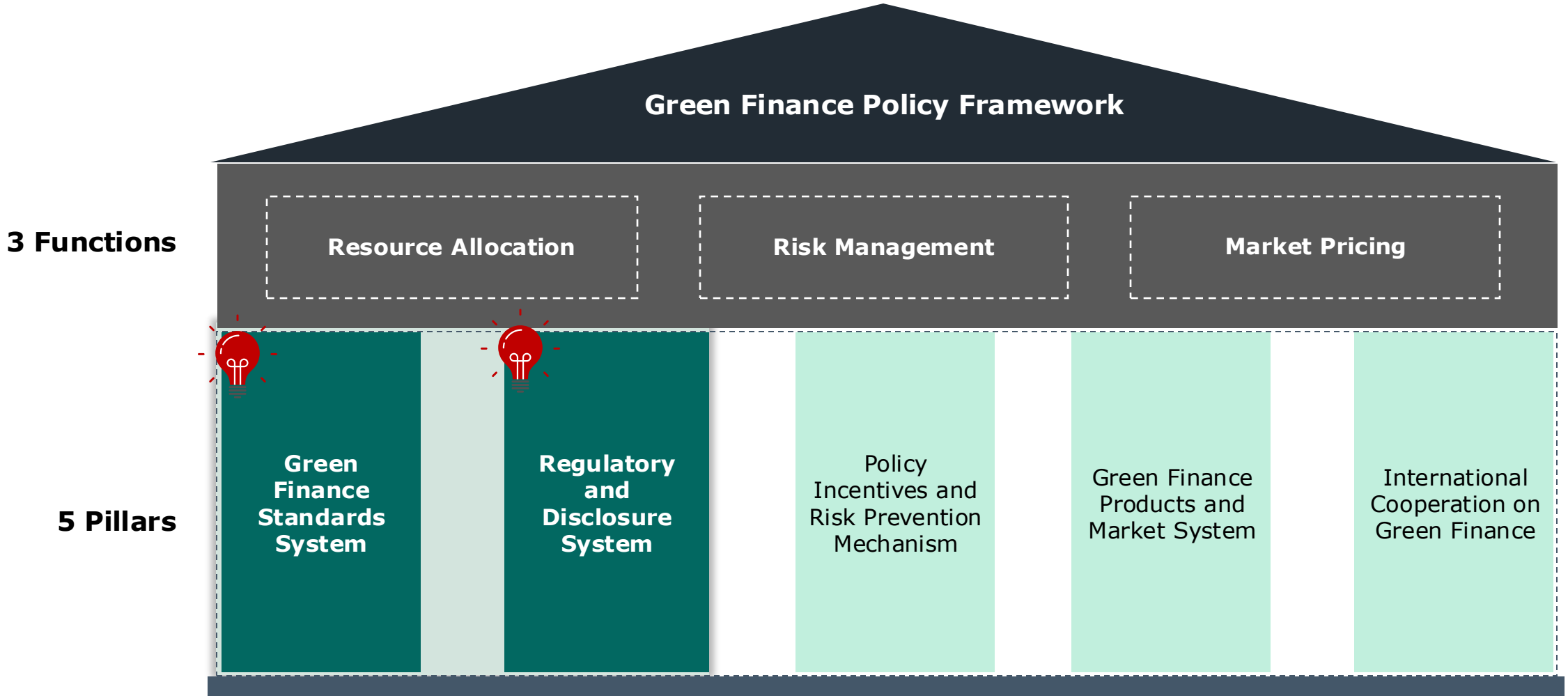


Distribution of Green Bond Investment, 2023



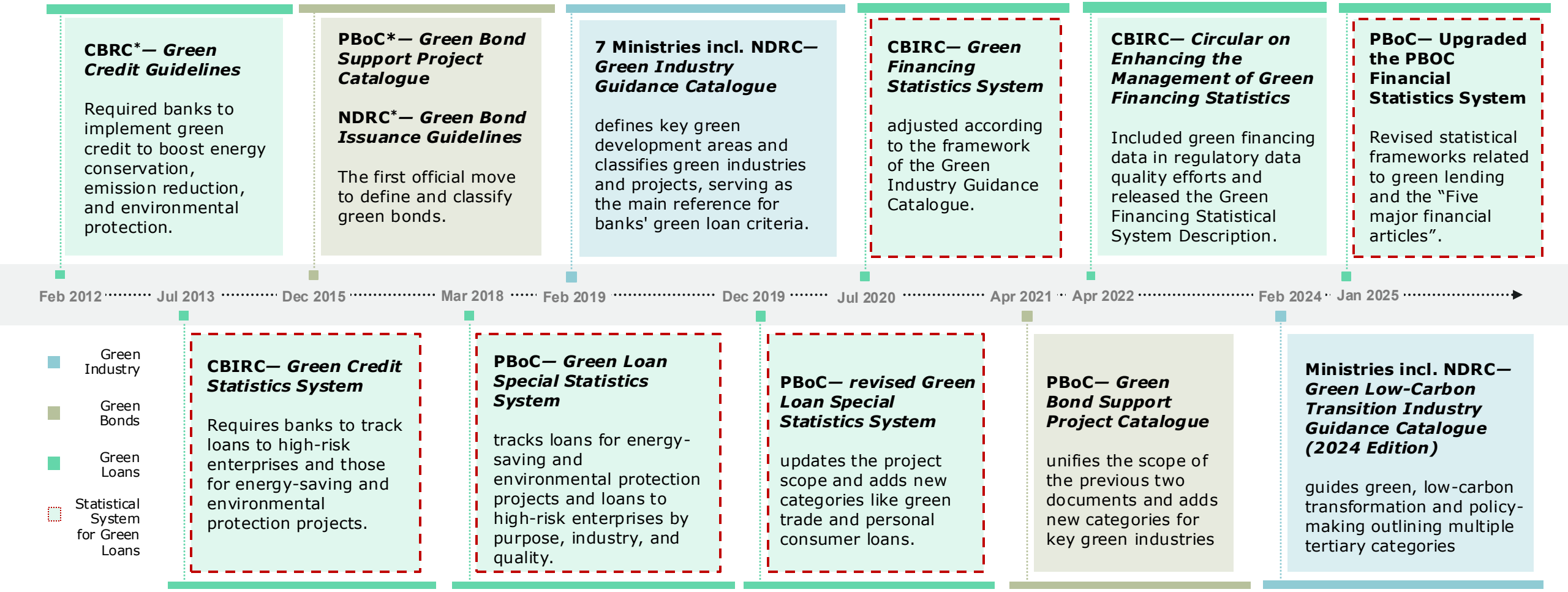
Source: 中国绿色金融研究报告(2024), PBC(2025)

Key Pillars of China's Green Finance Policy Framework



Source: CASI Analysis

Timeline : Taxonomy and Reporting as Key Enablers



CBRC*— *Green Credit Guidelines*

Required banks to implement green credit to boost energy conservation, emission reduction, and environmental protection.

PBoC*— *Green Bond Support Project Catalogue*

NDRC*— *Green Bond Issuance Guidelines*

The first official move to define and classify green bonds.

7 Ministries incl. NDRC— *Green Industry Guidance Catalogue*

defines key green development areas and classifies green industries and projects, serving as the main reference for banks' green loan criteria.

CBIRC— *Green Financing Statistics System*

adjusted according to the framework of the Green Industry Guidance Catalogue.

CBIRC— *Circular on Enhancing the Management of Green Financing Statistics*

Included green financing data in regulatory data quality efforts and released the Green Financing Statistical System Description.

PBoC— Upgraded the PBOC Financial Statistics System

Revised statistical frameworks related to green lending and the "Five major financial articles".

CBIRC— *Green Credit Statistics System*

Requires banks to track loans to high-risk enterprises and those for energy-saving and environmental protection projects.

PBoC— *Green Loan Special Statistics System*

tracks loans for energy-saving and environmental protection projects and loans to high-risk enterprises by purpose, industry, and quality.

PBoC— *revised Green Loan Special Statistics System*

updates the project scope and adds new categories like green trade and personal consumer loans.

PBoC— *Green Bond Support Project Catalogue*

unifies the scope of the previous two documents and adds new categories for key green industries

Ministries incl. NDRC— *Green Low-Carbon Transition Industry Guidance Catalogue (2024 Edition)*

guides green, low-carbon transformation and policy-making outlining multiple tertiary categories

- **CBRC:** China Banking Regulatory Commission, which was restructured as China Banking and Insurance Regulatory Commission (CBIRC) in 2018 and further to the National Financial Regulatory Authority in 2023;
- **PBoC:** The People's Bank of China; **NDRC:** National Development and Reform Commission

Source: *Official website*

Taxonomy-Driven Green Lending Mechanism

In China, green lending follows a top-down process:
PBoC/NDRC/NFRA issues a green taxonomy that guides banks in identifying eligible green projects or assets. Banks review, approve, and issue loans accordingly, under regulatory supervision, and may report activities to authorities.

1	2	3	4
PBoC issues Taxonomy	**Banks identify projects & Loan approval**	**Regulatory supervision**	**Reporting to authorities**
PBoC issues the Green Industry Catalogue, setting standards for green industries and defining eligible projects/assets.	Banks identify green projects/assets based on the taxonomy, implementing a full-process approval for loan issuance aligned with these criteria.	Regulatory supervision establishes corresponding reporting standards to ensure compliance and risk control consistent with the taxonomy.	Banks report relevant green loan information to authorities as required, enhancing transparency and risk disclosure.

Source: CASI Analysis

China’s Green Finance Taxonomy Update: Embracing “Decarbonization” Beyond “Green”

Green Industry Guideline Catalogue (2019 Edition)

Three-tier classification
(7 primary, 31 secondary, and 246 tertiary categories) outlining key areas such as energy saving, carbon reduction, environmental protection, resource recycling, etc.

Green and Low-Carbon Transition Industry Guideline Catalogue (2024 Edition)

An update of the 2019 ver., refining secondary industry categories and expanding coverage of tertiary sectors.

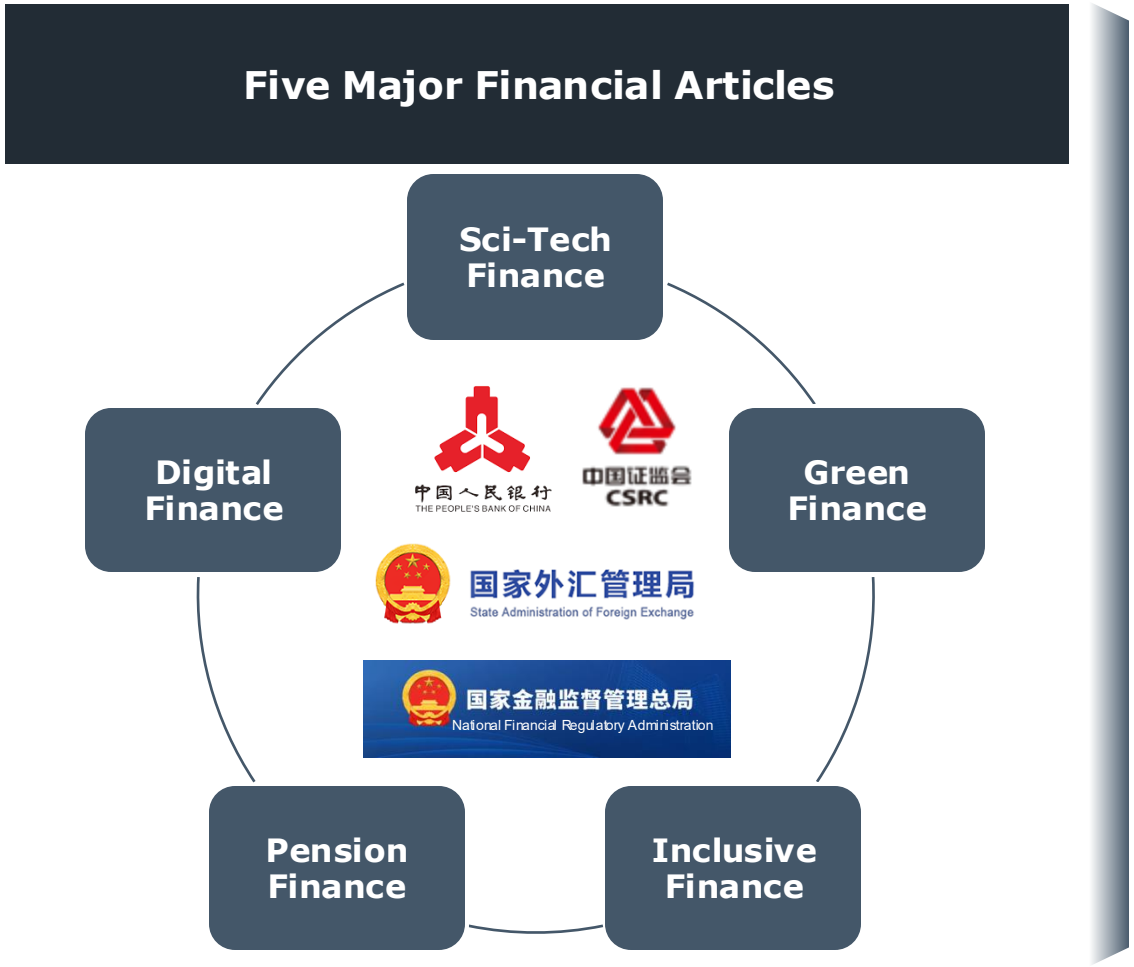
Key Difference

1	**Renaming**	The updated directory name reflects a shift from “green” to emphasizing decarbonization and transition, integrating carbon neutrality goals with financial mechanisms.
2	**Clarification**	Industry restructuring supports clearer boundaries aligned with decarbonization and low-carbon transitions.
3	**Expansion**	Expanding coverage to include key emerging industries, highlights emerging industries central to China’s low-carbon transition ambitions.
4	**Regulation**	Clearer definitions and regulations drive efficient, high-quality decarbonization efforts beyond simple green measures.

From February 2025, banks shall align their reporting with the new taxonomy

Source: CASI Analysis

Data Standardization As a National Consensus



> **A more systematic and comprehensive statistical framework has been developed to cover the "Five Major Financial Articles", standardizing the scopes, indicators, definitions, data collection, sharing, disclosure, and inter-agency responsibilities**

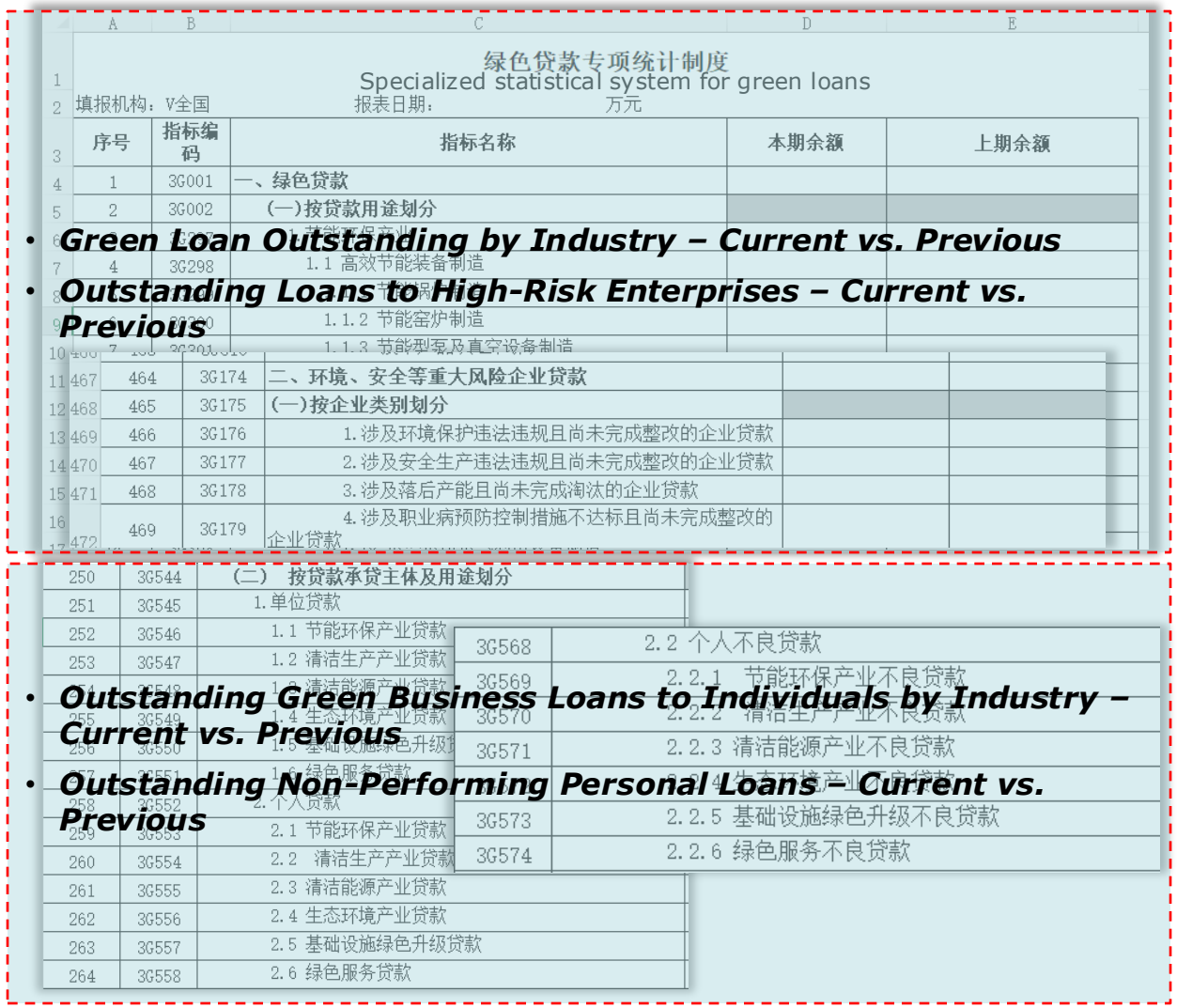
*The statistics cover a wide range of financial instruments, including loans, bonds, equity, asset management claims, funds, insurance, and derivatives, with **over 200 core indicators**.

Source: https://www.gov.cn/zhengce/202504/content_7019615.htm

PBoC:"Form A3327" Special statistics on green loans

Key Features

- **Focus on Both Current and Previous Period Loan Balances**
- **Primary Classification Covers Green Loans and Loans to Enterprises with Significant Environmental and Safety Risks**
- **Alignment with NDRC's Green Industry Catalogue**
- **Inclusion of Individual Business Loans in the Reporting Scope**



绿色贷款专项统计制度
Specialized statistical system for green loans

填报机构：V全国　　报表日期：　　万元

序号	指标编码	指标名称	本期余额	上期余额
1	3G001	一、绿色贷款		
2	3G002	（一）按贷款用途划分		
4	3G298	1.1 高效节能装备制造		
		1.1.2 节能窑炉制造		
		1.1.3 节能型泵及真空设备制造		
464	3G174	二、环境、安全等重大风险企业贷款		
465	3G175	（一）按企业类别划分		
466	3G176	1.涉及环境保护违法违规且尚未完成整改的企业贷款		
467	3G177	2.涉及安全生产违法违规且尚未完成整改的企业贷款		
468	3G178	3.涉及落后产能且尚未完成淘汰的企业贷款		
469	3G179	4.涉及职业病预防控制措施不达标且尚未完成整改的企业贷款		
3G544		（二） 按贷款承贷主体及用途划分		
3G545		1.单位贷款		
3G546		1.1 节能环保产业贷款		
3G547		1.2 清洁生产产业贷款		
3G548		1.3 清洁能源产业贷款		
3G549		1.4 生态环境产业贷款		
3G550		1.5 基础设施绿色升级贷款		
3G551		1.6 绿色服务贷款		
3G552		2.个人贷款		
3G553		2.1 节能环保产业贷款		
3G554		2.2 清洁生产产业贷款		
3G555		2.3 清洁能源产业贷款		
3G556		2.4 生态环境产业贷款		
3G557		2.5 基础设施绿色升级贷款		
3G558		2.6 绿色服务贷款		
3G568		2.2 个人不良贷款		
3G569		2.2.1 节能环保产业不良贷款		
3G570		2.2.2 清洁生产产业不良贷款		
3G571		2.2.3 清洁能源产业不良贷款		
3G573		2.2.5 基础设施绿色升级不良贷款		
3G574		2.2.6 绿色服务不良贷款		

- ***Green Loan Outstanding by Industry – Current vs. Previous***
- ***Outstanding Loans to High-Risk Enterprises – Current vs. Previous***
- ***Outstanding Green Business Loans to Individuals by Industry – Current vs. Previous***
- ***Outstanding Non-Performing Personal Loans – Current vs. Previous***

Source: CASI Analysis

PBoC: Revisions to the "Form A3327"

At the beginning of *2025*, the PBoC revised Form A3327 for the special statistical reporting of green loans.

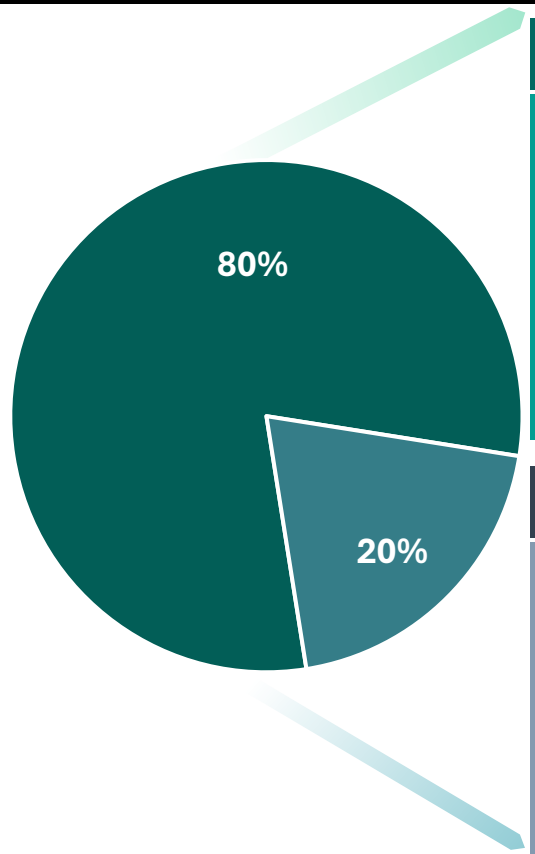
1	2	3
Updated green loan indicators and definitions to align with the *2024 Green and Low-Carbon Transition Product Catalogue*	**New indicators introduced for overseas green loan exposures**, reflecting cross-border project financing	**Supplementary reporting enhanced with data on:** • **Number of Loan Accounts** • **Environmental rights–backed loans** • **CO_2-equivalent emissions reductions from green loans**

Source: CASI Analysis

PBoC's green finance evaluation system incentivizes banks to improve reporting

- In 2021, the PBOC **released the Green Finance Evaluation Plan** for Banking Institutions.
- The evaluation applies to **24 major banks**, including **policy banks, large state-owned commercial banks, joint-stock banks, and some city commercial banks.**
- The evaluation results are **integrated into the PBOC's institutional ratings and other policy and prudential tools, reinforcing green finance incentives.**

Evaluation Indicators



Quantitative Indicators

1. Proportion of Total Green Finance Business
2. Share of Total Green Finance Business
3. Year-on-Year Growth Rate of Total Green Finance Business
4. Proportion of Total Risk Exposure in Green Finance Business

Qualitative Indicators

1. Determined by the People's Bank of China based on the daily management and risk control of banking financial institutions and according to the qualitative indicator system.

Source: CASI Analysis

Banks in China are elevating ESG disclosure from regulatory duty to strategic imperative

	Governance	Strategy	Risk Management	Metrics and Targets
中国工商银行 INDUSTRIAL AND COMMERCIAL BANK OF CHINA				
中国建设银行 China Construction Bank				
中国银行 BANK OF CHINA				
中国农业银行 AGRICULTURAL BANK OF CHINA				
交通银行 BANK OF COMMUNICATIONS				
中国邮政储蓄银行 POSTAL SAVINGS BANK OF CHINA				

Key Findings

- Most financial institutions in China are adopting the TCFD framework, beginning with its four foundational pillars. Banks, in particular, have demonstrated strong performance in governance structures and related disclosures.
- However, disclosure remains limited in areas such as metrics and targets, reflecting a need for further capacity building and data development.

Source: CASI Analysis

Building ESG Disclosure on the Four Pillars of the TCFD

Example

4 Pillars of TCFD	Key Insights
Governance	• **Bank of Communications** has established a **'bottom-up' ESG management system** with clearly defined responsibilities across governance bodies. • The Board of Directors sets the ESG strategy, while the **Social Responsibility (ESG) and Consumer Advocacy Committee** oversees its implementation and monitors progress toward ESG goals.
Strategy	• **China Construction Bank**'s ESG agenda focuses on **three strategic pillars**: Green Finance Management, Comprehensive Risk Management, and Carbon Footprint Management, each with **clear goals and targeted actions**. • **Six key tasks** support the implementation of these strategies toward sustainable banking leadership.
Risk Management	• **Industrial and Commercial Bank of China** has embedded climate risk into its overall risk management framework by establishing a dedicated system. • Through a robust **climate risk database** and a self-developed **carbon footprint management system**, ICBC supports data-driven climate risk analysis and tracks emissions across its domestic operations.
Metrics & Targets	• **Bank of China Hong Kong** manages **financed emissions** using the PCAF standard, applying advanced modeling across seven asset classes and setting net-zero pathways for key sectors. • The bank targets **carbon neutrality in operations** by 2030 through a **"Reduce–Replace–Offset" approach**, supported by green buildings, energy upgrades, and sustainable branch design.

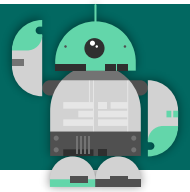
Source: CASI Analysis

Gaps and Challenges in Sustainability Disclosure Practices

Governacne	Strategy	Risk Management	Metrics and Targets
Surface-level structures • Most organizations have established sustainability committees. • However, many lack regular meetings or strategic focus. **Lack of strategic integration** • Meeting topics rarely linked to core outcomes like revenue or performance evaluation. • Governance remains experimental and disconnected from overall business strategy. • Efforts have not permeated core decision-making.	**Inconsistent follow-through** • Even when sustainability strategies exist, their effectiveness is rarely reviewed. • Regular evaluations and risk-return analyses are often missing. **Weak performance assessment** • There is little evidence of strategic impact measurement. • Few companies demonstrate robust strategic execution or refinement.	**Reactive and fragmented** • Risk management is often case-specific and event-driven, which lacks industry-wide or systemic thinking. **No integration with operations and lack of capacity** • Integration with pricing, planning, and operations is minimal. • Risk capabilities remain underdeveloped and siloed. **Limited involvement** • Frontline employees' engagement is low. • Responsibility lies with small, isolated teams with limited influence.	**Narrow scopes** • Most targets focus on Scope 1 and 2 emissions. • Scope 3 - emissions across the value chain—is often ignored. **Lack of transparency** • Public disclosures are rare, reducing accountability. **Limited impact** • Weak coverage of emissions undermines the credibility of sustainability strategies. • Metrics are not used to drive meaningful performance improvement.

Source:

Digital Solution for Reliable Green Loan Reporting



From Taxonomy to Reporting: Driving End-to-End Integration to Strengthen Data Quality

1 Integrate Green Taxonomy/regulator requirements into Credit Systems

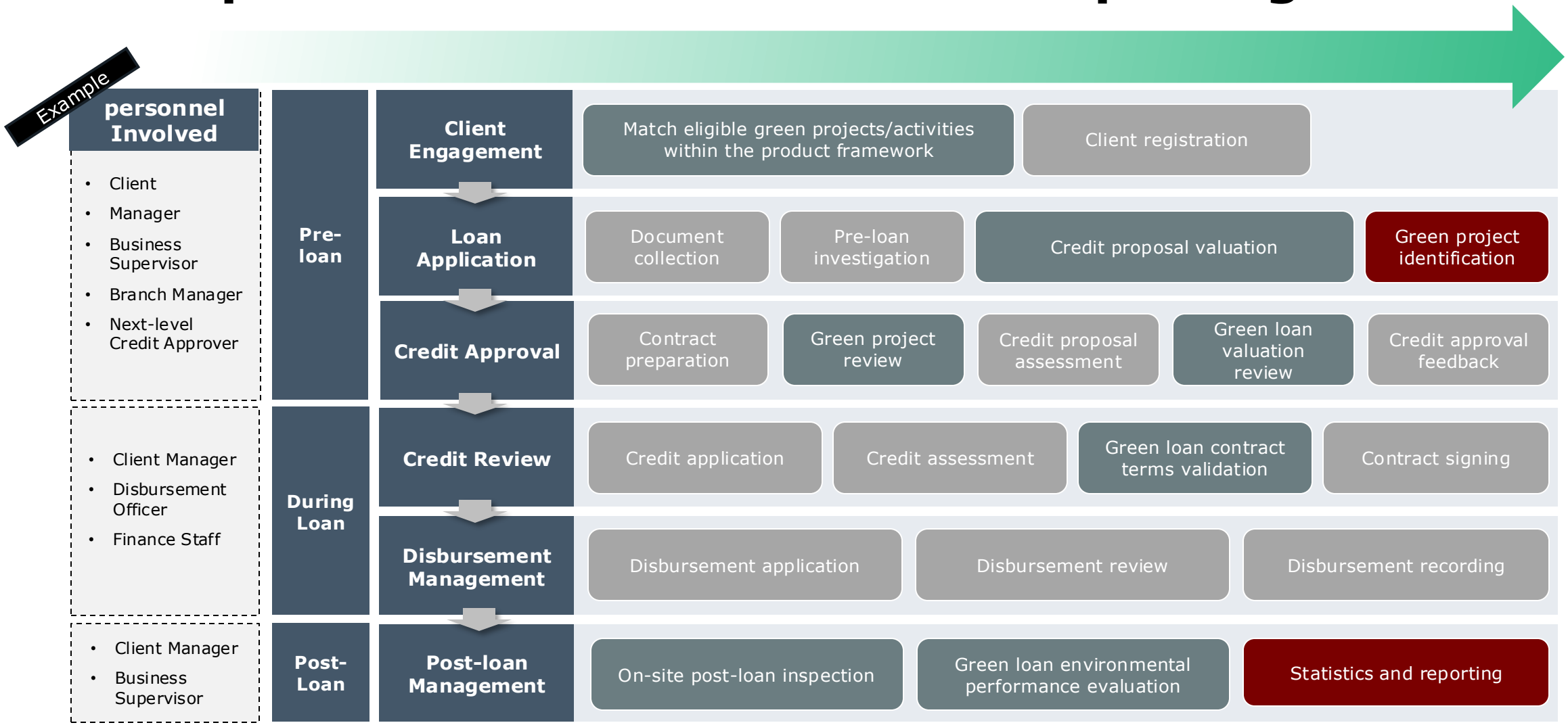
2 Capture and Manage Key Indicators Digitally

3 ***Automate Regulatory Data Generation***

4 Ensure End-to-End Data Quality and Compliance

Source: CASI Analysis

Example: End-to-End Green Loan Reporting Flow



Source: CASI Analysis

Thank You!