

**Listed Company Environmental Disclosure:  
Has the "Three-step" Target been Achieved?  
Summary**

Environmental disclosure of listed companies is an important component to a green financial system. In July 2017, the People's Bank of China issued the *"Implementation of Green Financial System Guidance"*, which clearly stated that China will gradually set up a mandatory system for listed companies to disclose environmental information. The plan indicates "three steps":

- Step One: by the end of 2017, the content and format of listed companies' periodic disclosure is to be revised, voluntary disclosure;
- Step Two: by March 2018, Key Polluting Entities are required to disclose their environmental information on a "comply or explain" basis;
- Step Three: by December 2020, all listed companies are required to disclose their environmental information.

In an attempt to review the implementation of the policies above, the Institute of Public and Environmental Affairs (IPE) and Lvse Jiangnan Public Environment Concerned Center (hereinafter referred to as "Lvse Jiangnan") compiled a total of 1,123 A-share listed companies who are either Key Polluting Entities themselves or whose subsidiaries are Key Polluting Entities, based on Blue Map database. A close analysis of their 2019 annual reports show that:

1. 481 disclosed environmental information, a significant progress compared to that of three years ago, when only a few companies systematically disclosed pollutant emissions, pollution prevention and control measures, environmental impact assessment and other information. Among them, 393 companies have mostly followed the requirements listed in the regulations, with a comprehensive disclosure of environmental information on a "comply or explain" basis. These companies play a leading role in the implementation of the "three-step" target;
2. The disclosure of environmental information varies significantly across the industries, the worst of which is the manufacturing industry (27.2%). In particular, the average disclosure of the equipment manufacturing, chemical raw materials and chemical products manufacturing, special equipment manufacturing, textiles and automobile manufacturing industries hit a low level of 25%.  
In comparison, the electricity, heat, gas and water production and supply industries came as the top (62.9%), next come the real estate, construction, and wholesale and retail industries (at or above 50%), all of them higher than the average level (35%);
3. Among the 113 listed companies with serious environmental violations in 2019, only 16 companies make environmental disclosure (14%), significantly lower than the average;

When IPE and PECC wrote to the 81 listed companies who failed to disclose their environmental information, urging them to comply to the “three steps”, only 19 react by making their disclosure via supplementary announcements to their annual reply or other forms of public disclosure by December 2020.

4. The progress of A-share companies’ environmental information disclosure is attributed to multi-stakeholder engagement. In particular, the improvement of regulations and implementation, actively commitments from the listed companies and their communications the public; and the positive interaction between stock exchanges and environmental groups.

In light of these findings, we recommend policy-makers to:

- further improve the regulations and enforcement of environmental information disclosure, providing a solid institutional framework for mandatory environmental disclosure;
- make full use of the latest Internet technologies in a reasonable manner;
- expand the coverage of mandatory disclosure requirements by integrating carbon data, so as to contribute to achieving the "30/60" target announced by the Chinese government.

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