

Green Securities Research Report (1)

Environmental Observation of Listed Companies
Don't Let Disclosure Flaws Cause Investment Risks



PECC
26 March 2020

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Environmental Observation of Listed Companies: Don't Let Disclosure
Flaws Cause Investment Risks

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Abstract

With the strengthening of national environmental supervision, the illegal cost of enterprises is gradually increasing, which means that the environmental risk of enterprises is transforming into financial risk. As a listed company raising funds from the public, the disclosure of environmental information has increasingly become the need to protect the rights and interests of investors.

With the promulgation of policies and regulations such as the measures for the disclosure of environmental information by enterprises and institutions and the standards for the content and format of information disclosure by companies publicly issuing securities No. 2: the content and format of annual reports, China's enterprise environmental disclosure is gradually on the right track, and listed companies have become the focus of enterprise environmental disclosure. According to relevant regulations, if there are key pollutant discharge units in sub controlled enterprises and sub controlled enterprises, the listed company shall disclose pollutant discharge information and other environmental information.

According to statistics, in 2017, 855 (60.3%) companies in Shanghai Stock Exchange disclosed environmental information in their annual reports, but some listed companies still chose to conceal or partially conceal environmental information. If the concealed environmental information was exposed by the media and the public, the capital had the most sensitive sense of smell, the stock market had a relevant negative reaction, and the company's share price fell, followed by the punishment of the regulatory authorities. In 2018, Luoping zinc power and Shanghai Feng cement, Shanxi Sanwei, and other listed companies were punished or filed criminal cases for

concealing major environmental pollution and were punished by the CSRC according to law.

By the end of 2018, a total of 3583 companies in China had been listed on the shares, with a total market value of 48.59 trillion yuan in Shanghai and Shenzhen (CSRC, 2018). According to the statistical bulletin of 2018, the cumulative financing of domestic trading places in the whole year was 6436.5 billion yuan, an increase of 1357.2 billion yuan over the previous year.

To evaluate the level of environmental disclosure of Listed Companies in China and explore the current situation in China, PECC made statistics on the environmental data of A-share listed companies in 2018. Based on the blue map enterprises database, we found that 1699 affiliated enterprises of 898 listed companies had environmental violations, involving 3485 records of environmental violations; 744 listed companies and their affiliated enterprises had online data exceeding the standard. There were environmental violations of the listed companies, 40% have serious environmental credit risks, and the types of violations involved include air, water, solid waste, hazardous waste, procedural violations, etc., of which the violations caused by air pollution account for 39.53%. In addition, the online monitoring data of key pollutant discharge units of listed companies show that 61 listed companies exceed the standard more than 100 times a year, and the maximum number of air and water pollution emissions of a single enterprise is 1307 times.

Article 44 of Section 5 of the standards for the contents and forms of information disclosure by companies offering securities to the public No. 2: contents and forms of annual reports, revised in 2017, clearly stipulates the environmental disclosure of "listed companies related to key pollutant discharge units", It is required to disclose relevant environmental information such as pollutant discharge information (main pollutants, discharge mode, and quantity of discharge outlets), with a total of 14 points. Among listed companies based on compulsory disclosure responsibility, we

Preliminary screening of 21 provinces 47 listed companies in the city and autonomous region (the problem points of environmental disclosure in the annual report are more than 2) are the key research objects of this time. As of December 2, 2019, only 13 of the 47 listed companies have given us replies on the lack of environmental disclosure, of which only 3 have actively contacted us and 10 rely on the regulatory authorities (9 Shenzhen stock exchanges and 1 Shanghai Stock Exchange) promote. There are various reasons for

the insufficient environmental disclosure of listed companies: (1) there are different opinions on whether the regulatory records need to be disclosed; (2) the subsidiary is a key pollutant discharge unit and does not pay attention; (3) the environmental protection department has not approved the pollutant discharge license; (4) if the disclosure item is filled in as "None", it means disclosure, etc.

The environmental disclosure of listed companies is the most fundamental way for investors to obtain the company's environmental information. environmental disclosure helps to urge enterprises to perform their environmental protection responsibilities, promote the development of green securities, and promote the greening of the market.

1. International background

There have long been institutional principles related to green securities in the world. For example, in 2000, the United Nations Trade and Development Organization issued the combination of enterprise environmental performance and financial performance indicators – a standardized method of ecological efficiency indicators, which stipulates that enterprises should disclose environmental performance in their annual reports. In the sustainable development reporting standard (G5) published by the global report initiator (GRI), it is pointed out that the environmental sector needs to disclose: emission, waste gas, sewage and waste, environmental compliance, supply chain environmental assessment, materials, energy, water resources, and other projects.

Looking at various countries, the formulation of laws and regulations related to green securities in developed countries started early and is becoming more and more perfect. In 1964, the United States stipulated in the national environmental policy act that all federal governments should measure environmental value when formulating laws and regulations, Urge the securities and Exchange Commission (SEC) to include environmental information in the scope of the disclosure. In 1993, the SEC issued financial notice 92 (sab92) to force listed companies to fully and timely disclose existing or potential environmental responsibilities. In 2009, the SEC required listed companies to submit annual reports (Form 10-K) containing data on multiple environmental matters. In 2010, the SEC issued The guide to climate change disclosure requires companies to disclose climate change-related information that has a significant impact, further enriching the environmental information that companies need to disclose.

Europe is also one of the earliest green securities-related makers. In the report towards sustainable development issued by the EU in 1992, it is mentioned that listed companies need to disclose environmental accounting information. In 1994, Germany issued the environmental information law, which stipulates the contents and procedures for enterprises to disclose environmental information. The German Gewerbeordnung stipulates that enterprises are required to report environmental information to the government. The British company law points out that environmental information (environment, energy, and carbon emission) should be disclosed.

Globally, major exchanges are increasingly changing from "encouraging voluntary disclosure" to "non-compliance is interpretation" semi mandatory disclosure or even completely mandatory disclosure. New York Stock Exchange, NASDAQ Stock Exchange, and other exchanges force listed companies to disclose environmental information; The Johannesburg Stock Exchange requires the company to refer to the requirements issued by GRI when writing the sustainable development report; The sustainability reporting guidelines for listed companies of the Singapore Stock Exchange, the principles of good corporate governance for listed companies of the London Stock Exchange and the Thai stock exchange, the introduction to environmental and social disclosure of the Duolun stock exchange of Canada, and the ESG practice guidelines of the German Stock Exchange focus on environmental disclosure.

According to the report on the sustainable development status and Enlightenment of global stock exchanges published by the Capital Market Research Institute of Shanghai Stock Exchange, according to the Canadian magazine enterprise Jazz focusing on global clean capital research According to the latest research report released by corporate knights in 2016, only a few listed companies in the 2014 annual reports released by 4469 large listed companies around the world disclosed environmental information: only 47% of the companies disclosed carbon emission data, less than half of them; the disclosure ratios of energy consumption and wastewater discharge were lower, 41% and 28% respectively. According to the report on the sustainable development status and Enlightenment of global stock exchanges published by the Capital Market Research Institute of Shanghai Stock Exchange, according to the Canadian magazine enterprise Jazz focusing on global clean capital

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2. Domestic background

In recent years, China has continuously paid more attention to the environmental disclosure of listed companies. The reason may be that on the one hand, it is in line with international standards, which is conducive for Chinese listed companies to go to the world market and improve the international competitiveness and influence of Chinese listed companies, and on the other hand, it is that listed companies avoid the environmental information disclosed, which is easy to form environmental risks of listed companies and lead to financial risks, Thus increasing the risk of the stock market.

Domestic attention to environmental disclosure of listed companies is mainly reflected in the formulation of overall planning, the repair of relevant laws and regulations, and the joint efforts of multiple departments. According to the guidance on building a green financial system (YF [2016] No. 228), the CSRC has formulated the implementation plan for environmental disclosure of listed companies, which is divided into three steps. The first step is to revise the content and format standards of periodic reports of listed companies by the end of 2017 and make voluntary disclosure; the second step is to force key pollutant discharge units to disclose environmental information in March 2018 and explain without disclosure; the third step is December 2020 All listed companies were required to mandatory environmental disclosure before June.

According to the implementation plan, the CSRC revised the periodic reporting standards of listed companies for two consecutive years from 2016 to 2017, supplemented and improved the environmental disclosure rules of listed companies. The rules clearly emphasize that listed companies or their important subsidiaries belonging to key pollutant discharge units published by the environmental protection department disclose relevant environmental information, and listed companies other than key pollutant discharge units implement the policy of "compliance or interpretation", which is similar to the ESG report requirement of "interpretation

without disclosure" of Hong Kong listed companies.

In addition to requiring listed companies to disclose themselves, the CSRC has reached cooperation with the Ministry of environmental protection on their environmental supervision records. In June 2017, the two ministries and commissions jointly signed the cooperation agreement on jointly carrying out environmental disclosure of listed companies. The signing of the agreement determines the regular notification mechanism for environmental disclosure of Listed Companies in regular reports, the regular notification mechanism for environmental disclosure of interim reports, information sharing, and punishment for dishonesty. It shows that China attaches importance to the environmental disclosure of listed companies.

However, while continuously strengthening the environmental disclosure of listed companies, the awareness of environmental disclosure of listed companies and their subsidiaries that belong to rearrangement still needs to be improved, and the disclosure content is not complete. Therefore, in the face of listed companies that evade environmental disclosure, there are also several laws and regulations in China to jointly punish them.

2.1 The facts of environmental violations of listed companies are diverse

By searching the environmental database of IPE, it is found that in 2018, 1699 affiliated enterprises of 898 listed companies in A-shares had environmental violations, involving 3485 records of environmental violations, and 744 (24.3%) listed companies and their affiliated enterprises have online data exceeding the standard. The online monitoring data of key pollutant discharge units of listed companies show that 61 listed companies exceed the standard more than 100 times a year, and the maximum number of air and water pollution emissions of a single enterprise is 1307 times.

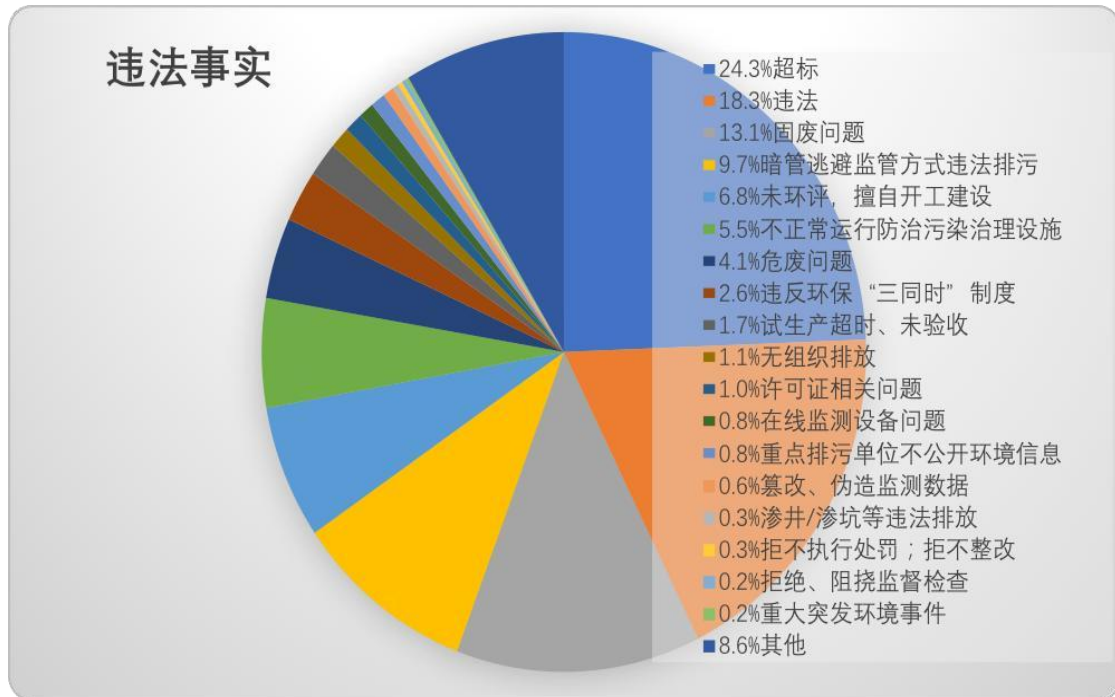


Figure 2-1 Statistics of environmental violations of Listed Companies in 2018

2.2 Enterprise environmental disclosure is one of the risk factors of the stock market

In 2017, the SanWei group was jointly punished by the Ministry of ecological environment and the CSRC for environmental violations, *St SanWei (now renamed Shanxi road and bridge 000755) shares fell continuously, with a cumulative decline of 19%; in 2018, the CSRC filed an investigation on the illegal information disclosure of Jiangsu Huifeng company, and then Huifeng Co., Ltd (002496) after the market opened on Monday, it fell by 3.10% and 2.56% respectively for two consecutive days. In 2018, due to illegal IPO information disclosure, Xiaomi group was sent a letter to HKEx by IPE, Lvse Jiangnan, and other environmental protection organizations. Due to the impact of environmental disclosure, its listing was delayed. After urgently completing the environmental disclosure of the supply chain, it submitted a prospectus again to apply for listing, even if this first day still suffered a break, falling below the issue price of HK \$17. Recently, Emma electric vehicle is also seeking

listing, which is not the first time it submitted an IPO. In 2018, Emma technology submitted an IPO but failed to bid farewell to the listing under the 58 questions of the CSRC. Among them, there are many prominent environmental problems. Emma technology and its subsidiaries have been punished for environmental violations, totaling 1.5 billion yuan. It can be seen that environmental pollution events directly affect the stock market, and environmental disclosure directly affects the profits of listed companies.

2.3 Environmental disclosure requirements in national regulations and policies

In addition to the environmental disclosure requirements in relevant domestic policies mentioned above, there are 9 environmental requirements for listed companies in China, mainly in two limited types of reports: IPO and periodic report. In addition to the limited reports, there is 6 environmental disclosure in the non-limited reports, as shown in table 2-1.

Table 2-1 Number and classification of environmental requirements and policies of domestic listed companies

Limited type	Classification	Number
Yes	IPO	7
	periodic report	2
No	information disclosure	6
	total	15

There are 25 environmental disclosure rules of Listed Companies in the above 15 laws and regulations, which are combined with similar laws and regulations, and can be roughly divided into specific sections such as punishment record, social

responsibility, and rearrangement disclosure. The relevant contents are shown in table 2-2.

Table 2-2 Content analysis of environmental section in policies of listed companies

	Implementation time	content	source	Numbers
Environmental protection fund	2006-05-08	Possible environmental protection problems, measures, and capital investment of the investment project.	证监发行字 [2006]2 号	3
Production processing	2006-05-08	In case of high risk and heavy pollution, it shall disclose the safety production and pollution control, the punishment received for safety production and environmental protection, the relevant cost expenditure and future expenditure in recent three years, and explain whether it meets the national requirements on safety production and environmental protection.	证监发行字 [2006]2 号	2
Environmental policy	2016-01-01	Problems in environmental protection of investment projects.	证监会第 32 号公告	3
Rearrangement disclosure	2017-12-26	The company or its important subsidiaries belonging to the key pollutant discharge units announced by the environmental protection department shall disclose the following main environmental information by the provisions of laws, regulations, and departmental rules: If the company discloses environmental information in the form of the interim report during the reporting period, it shall explain the follow-up progress or changes.	证监发行字 [2017]18 号	5
social responsibility	2017-12-26	The company is encouraged to actively disclose the work of actively fulfilling social responsibilities in combination with the characteristics of the industry, including but not limited to:... Environmental protection and sustainable development	证监会公告 [2017]17 号	1

Punishment record	2018-07-01	Due to illegal business activities, the bank,... Environmental protection... And other relevant competent departments have given administrative punishment Penalty.	证监会第 139 号令	11
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By comparing the number of policies in different sectors, it can be seen that the state has the largest number of punishment records and rearrangement information in the environmental disclosure of listed companies, and the most stringent requirements. Secondly, it pays more attention to the funds and projects invested by Listed Companies in environmental protection. It can be seen that the state attaches great importance to the environmental protection of listed companies The performance of practicing green development in social responsibility and corporate governance (ESG).

2.4 Incomplete disclosure of Environmental information of key pollutant discharge listed companies and their subsidiaries

Listed companies and their subsidiaries belonging to key pollutant discharge companies shall not only disclose environmental information by the requirements of the above regulations but also by the requirements of the environmental mandatory disclosure policy issued by the Ministry of environmental protection. In 2014, the Ministry of environmental protection promulgated the measures for the administration of environmental disclosure of enterprises and institutions, which explicitly stipulated the rearrangement of enterprise definition standards and mandatory information disclosure. Later, in 2017, the Ministry of environmental protection issued the provisions on the administration of the list of key pollutant discharge units, which once again emphasized the definition and information disclosure provisions on water

distribution, gas, and noise of key pollutant discharge units. At present, although most of the rearrangement enterprises publish the monitoring data on the automatic monitoring platform of enterprises in various provinces and cities, the disclosure of some enterprises is incomplete, and some of them are listed companies or their subsidiaries.

According to multiple regulatory requirements, We found that the enterprises listed as "the pollutant discharge exceed the national or local discharge standards, or the total pollutant discharge exceeds the total emission control indicators approved by the local people's government" are seriously polluted (refer to listed enterprises and their subsidiaries including rearranged enterprises), which shall publicize to the public, including pollution discharge information, governance information, construction information, impact information, etc. after the actual sampling and investigation, it is found that the environmental information has not been fully disclosed.

Avoiding environmental disclosure by listed companies will not only affect the financing stability of listed companies and increase the risk of the stock market, but also violate relevant laws and regulations. To be sure, according to the statistics of domestic exchanges, a total of 1120 listed companies in the two cities disclosed environmental protection information in their annual reports in 2018. However, incomplete disclosure and avoiding the disclosure of important environmental violations have become common problems in this sample. In 2018, Shanxi Sanwei, Huifeng Co., Ltd., Shangfeng cement, and Luoping zinc power were suspected of violating laws and regulations in environmental disclosure, and the CSRC has filed a case for investigation. In this regard, according to several laws and regulations, China has taken warning, fine, delisting, and other punitive measures for the rearrangement of mandatory environmental disclosure and the illegal disclosure of listed companies and their subsidiaries.

It can be seen that the supply-side structural reform is being carried out in the securities and financial market, and the requirements for ESG and other information disclosure of listed companies will only be more strict and comprehensive in the future. We hope that listed companies listed as rearranged can disclose environmental

information according to law, and encourage non rearranged listed companies to disclose relevant environment-friendly information, reflecting the level of corporate governance While fulfilling the social responsibility of environmental protection, protecting the legitimate rights and interests of the majority of shareholders.

3. Institutional promotion, from quantitative change to qualitative change

3.1 Promotion and feedback

Article 44 of Section 5 of the standards for the contents and forms of information disclosure by companies offering securities to the public No. 2: contents and forms of annual reports, revised in 2017, clearly stipulates "listed companies related to key pollutant discharge units" "The company or its subsidiaries belonging to the key pollutant discharge units announced by the environmental protection department shall disclose the pollutant discharge information, the construction and operation of pollution prevention and control facilities, the environmental impact assessment of construction projects and other administrative licenses for environmental protection, the emergency plan for environmental emergencies, the environmental self-monitoring plan and other information that shall be made public by the provisions of laws, regulations and departmental rules Major environmental information such as environmental information... Companies other than key pollutant discharge units may disclose other environmental information concerning the above requirements. If they do not disclose it, they shall fully explain the reasons. "

Relying on this, Lvse Jiangnan formulated the rearrangement enterprise environmental disclosure form by relevant laws and regulations. By carefully consulting the 2018 annual reports of some listed companies or important subsidiaries of key pollutant discharge units in various provinces, it was found that many enterprises in multiple provinces have the problem of lack of environmental disclosure.

According to the existing annual report information disclosure results, 47 listed enterprises with insufficient environmental disclosure were preliminarily selected as the key research objects from 100 key pollutant discharge units in 21 provinces, cities, and autonomous regions. Therefore, PECC disclosed the information of these 47 enterprises according to the application and received some external chemical feedback. It can be seen from table 3-2 that the duration from project implementation to feedback is 7 months, including 4 months in the preparation stage and 3 months in the progress stage.

3.2 Detailed discussion on Enterprise environmental disclosure

3.2.1 Environmental credit approval of 47 listed companies

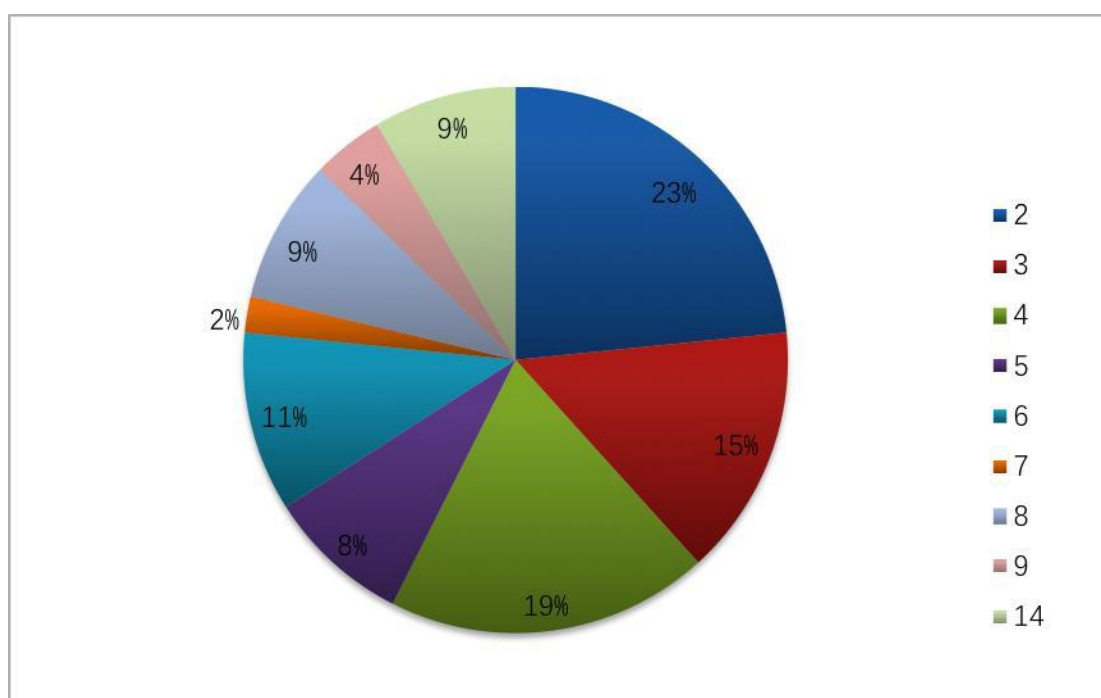


Figure 3-1 Overview of the number of credit approval problems of listed companies

Among the 47 listed companies in total, 38 are listed on the Shanghai Stock Exchange and 9 on the Shenzhen Stock Exchange, There are 22 (46.81%) of the listed companies that had bad records in environmental supervision, but none of them made active disclosure. According to Article 44 above, the environmental information that

listed companies belonging to key pollutant discharge units should disclose can be divided into five categories: pollutant discharge information, construction and operation of pollution prevention and control facilities, environmental impact assessment of construction projects, and other administrative licensing of environmental protection, and emergency plans for environmental incidents, self-monitoring plans for the environment, and other environmental information that should be made public. Table 3-4 shows that the complete disclosure rate of pollutant discharge information is only 4.26%; Other environmental information that should be disclosed refers to the regulatory records of listed companies, accounting for 46.81%; For the construction and operation of pollution prevention and control facilities, environmental impact assessment of construction projects and other administrative licenses for environmental protection, emergency plans for environmental emergencies and environmental self-monitoring plans, the disclosure rate of listed companies is higher, all of which are more than 87.23%. Figure 3-1 shows that the number of information disclosure problems of 27 (57%) listed companies is between 2 and 3, and 4 (9%) listed companies do not disclose environmental information.

3.2.2 Feedback from 47 listed companies

47 listed companies, Only 13 (27.66%) listed companies gave feedback to PECC, 3 (Qingdao Port International Co., Ltd., Hunan Huasheng Co., Ltd., and China XD Electric Co., Ltd.) listed companies gave feedback after sending a letter to Lvse Jiangnan, and 2 (one Shenzhen Stock Exchange and one Shanghai Stock Exchange) called to give feedback after Lvse Jiangnan sent a letter to the CSRC and the exchange. Eight were replied to by the Shenzhen stock exchange via email. The remaining 34 listed companies belong to the Shanghai Stock Exchange. Unfortunately, PECC failed to receive specific replies from these 34 companies as of the release of the report. PECC has received calls from Shanghai Stock Exchange

twice, one on October 2019 At 15:40 on the 21st, the Shanghai Stock Exchange informed PECC that it was necessary to supplement some reporting materials; The other is December 2019 At 13:16 on November 11, the staff of Shanghai Stock Exchange replied to PECC: the regulatory authorities have known about this case and will conduct a follow-up investigation. If the listed company does have environmental disclosure problems, it will be announced on the website of the regulatory authorities in the future. The specific processing time is unknown. PECC indicated that as a supervisor, it wanted to obtain a specific written description. The Shanghai Stock Exchange indicated that it did not understand and could not provide it. PECC could only access the processing results online by itself.

It is worth mentioning that the letter from PECC to Guizhou Shengjitang Pharmaceutical Industry Co., Ltd. was not sent because it was not received, indicating that the address, telephone, and other contact information in the annual report of the enterprise are in vain and the awareness of communicating with investors is weak.

3.2.2.1 Four listed companies actively communicate

Taking Qingdao Port International Co., Ltd. as an example, the reply was the most timely. The reply was received within 2 days after the letter was sent, which indicated that the company would pay attention to environmental disclosure in the future, indicating that the company was a key pollutant discharge unit only in 2018. Fangda carbon new material technology Co., Ltd., Hunan Huasheng Co., Ltd., and China Xidian Electric Co., Ltd. indicated that they would disclose environmental information in the future and could pay attention to their subsequent annual reports.

3.2.2.2 Ten listed companies communicated passively and did not disclose for a variety of reasons

- (1) If the disclosure is "None", it is the disclosure;

emergency environmental response plan, and environmental self-monitoring plan is not filled in the 2018 annual report, which is equivalent to being disclosed. 2019.12.02 in the reply given by Shenzhen Stock Exchange to PECC, the listed company said that "for the lack of information disclosure of environmental impact assessment of construction projects and other administrative licenses for environmental protection, sudden environmental emergency plan and environmental self-monitoring plan questioned by your center, the company has disclosed in the 2018 annual report that none of the above matters has been disclosed."

Shijiazhuang Liangcun Thermal Power Co., Ltd., as a state-controlled key pollutant discharge unit announced by the environmental protection department, shall disclose in its annual report the environmental impact assessment of its construction projects and other administrative licenses for environmental protection, emergency environmental response plans, and environmental self-monitoring plans by Articles 9 and 10 of the measures for the disclosure of environmental information of enterprises and institutions, Then the key pollutant discharge units themselves do not have whether these documents comply with the regulations. Article 3 of Chapter I of the Environmental Impact Assessment Law of the people's Republic of China stipulates that "environmental impact assessment shall be conducted by this Law for projects that have an impact on the environment within the territory of the people's Republic of China and other sea areas under the jurisdiction of the people's Republic of China." Article 6 of Decree No. 34 of the Ministry of emergency management measures for environmental emergencies stipulates that "enterprises and institutions shall formulate, file and drill emergency plans for environmental emergencies by the requirements of relevant laws, regulations, standards, and specifications." Article 4 of the measures for self-monitoring and information disclosure of national key monitoring enterprises stipulates that "enterprises shall formulate self-monitoring plans by national or local pollutant emission (control) standards, environmental impact assessment reports (forms) and their replies, and the requirements of environmental monitoring technical specifications." At the same time, PECC inquired on the self-monitoring information disclosure platform of national key monitoring enterprises in Hebei Province that the

enterprise has prepared an environmental self-monitoring plan (Figure 3-2).

(2) The subsidiary is listed as a key pollutant discharge unit and is not concerned;

Fuan Pharmaceutical (Group) Co., Ltd. replied that Tianheng pharmaceutical, an unlicensed subsidiary, was included in the list of key pollutant discharge units in Zhejiang Province, so it did not disclose the environmental protection information of the subsidiary in time.

Yunnan Aluminum Co., Ltd. said that it failed to obtain the list of key pollutants updated by Yunnan provincial environmental protection department in time, resulting in its failure to disclose the relevant information of its subsidiary Yunnan Yunnan Aluminum Zexin Co., Ltd. in its annual report.

(3) Are regulatory records required to be disclosed?

According to the description under "2. Performance of social responsibility (4) environmental protection and sustainable development" in Annex 1 corporate social responsibility disclosure requirements of mainboard information disclosure business Memorandum No. 1 - matters related to periodic report disclosure of Shenzhen Stock Exchange "Listed companies or important subsidiaries with other major social security problems shall disclose the problems, impact, and rectification of the company. If they are subject to administrative punishment during the reporting period, they shall disclose the punishment items, punishment measures, impact, and rectification. Companies without major environmental protection or other major social security problems shall make clear disclosure "The company has no major environmental protection or other major social security problems."

So what are "major environmental protection and major social security issues"? This definition may not be accurately determined according to the existing laws and regulations.

(4) The total amount of pollutant discharge was not disclosed, mostly because the environmental protection department did not issue a new pollutant discharge permit

AVIC Aircraft Co., Ltd. and Tianshui Huatian Technology Co., Ltd. explained that the company did not disclose the "approved total pollutant discharge" because the company had yet to obtain the pollutant discharge license due to the relevant information such as the total pollutant discharge to be approved by the environmental protection department. Because the approval of China's pollutant discharge permit takes a certain time, it may be reasonable to have no data disclosure. We suggest that listed companies can "explain if they do not comply" and explain the reasons for non-disclosure in the annual report.

(5) The indicators of "total emission", "emission concentration" and "approved total emission" are not disclosed or listed in the data range.

Hunan Erkang Pharmaceutical Co., Ltd., Changjiang Runfa Pharmaceutical Co., Ltd. and Guangxi Liugong Machinery Co., Ltd. did not mention the disclosure in this regard in their replies and did not disclose the specific value. PECC has no way to know the specific reason.

3.3 Initiatives and Prospects

According to the "three-step" implementation plan for environmental disclosure of listed companies of the CSRC, by 2020

All listed companies are required to disclose environmental information before December. This shows that future disclosure includes not only rearranged enterprises, but also all listed companies. Therefore, it is very important to improve the awareness of enterprise environmental disclosure.

In order to achieve this goal, PECC calls for:

(1) The annual rearrangement list can make the information public in time

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- (2) Enterprises need to actively strengthen the management of information disclosure**
 - (3) Enterprises need to change their concept of environmental disclosure**
 - (4) Market regulators should strengthen control**
 - (5) Looking forward to direct dialogue with listed companies**

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