



**BUREAU
VERITAS**

2023

HOW TO FACILITATE ESG INVESTMENT / CIRCULARITY AND WASTE REDUCTIONS IN CHINA

SUMMARY

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ESG
DEVELOPMENTS
TRENDS

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VALUE OF ESG
INVESTMENT
TO
ENTERPRISES

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PRACTICE
CIRCULARITY
AND WASTE
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STUDY



01

ESG DEVELOPMENT TRENDS

ESG: SUSTAINABILITY FOR CONTINUOUS DEVELOPMENT

ENVIRONMENT, SOCIAL, GOVERNANCE

- **ESG** refers to the three pillars of “environment, society, and governance”. It is a set of indicators to evaluate the sustainability of an enterprise. Helping investors assess the future financial returns and risks of an enterprise.
- **ESG** principles emphasize that instead of only evaluating financial performance, enterprises should also incorporate environmental, social, and governance factors into investment decisions or business operations
- **Environment** covers issues such as climate change, pollution, and waste; **Social** examines how enterprises handle relationships with stakeholders; **Governance** involves issues such as corporate leadership, board composition, and effectiveness

Environment
Social
Governance

THREE PILLARS FOR ESG EVALUATION

PERFORMANCE EVALUATION TOOL



E Environment

- Energy management
- Water management
- Waste management
- Hazardous substance management
- GHG gas management
- Environment and biodiversity
- Climate change risk management



S Social

- Human rights management
- Labor relations
- Talent development
- Health and safety
- Diversity and inclusiveness
- Products and services
- Information security
- Social engagement



G Governance

- Corporate governance
- Risk management
- Business Continuity management
- Sustainability strategy
- Legal compliance
- Integrity management
- Diversity and inclusiveness



ESG ISSUES AND CHALLENGES

ENTERPRISES WILL FACE VARIOUS ESG RISKS IF THEY CONTINUE TO DO NOTHING



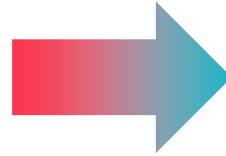


02

**VALUE OF ESG INVESTMENT TO
ENTERPRISES**

WHAT IS ESG INVESTMENT?

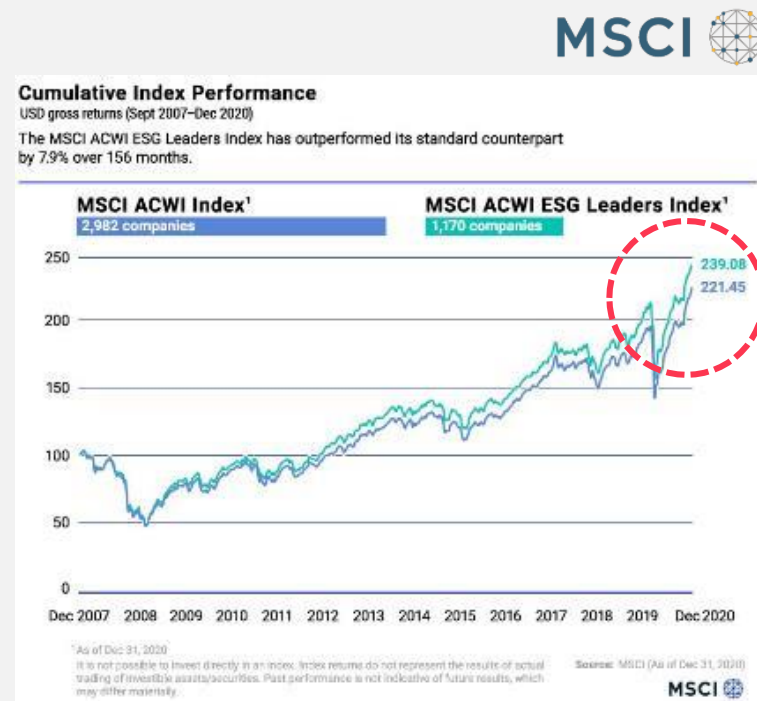
- Operate in an environmentally and socially responsible manner
- Adhere to high standards of corporate governance



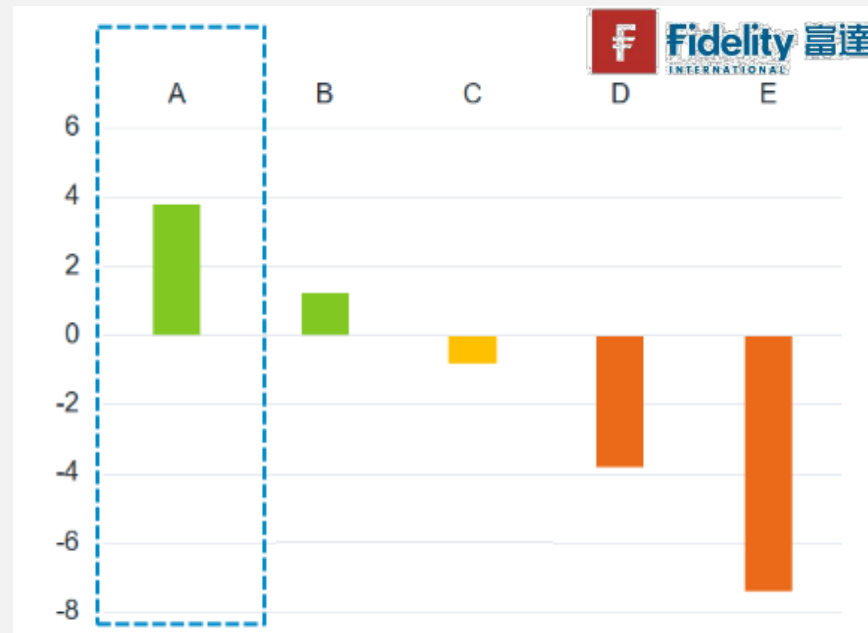
- ESG investment is not a fad but a irresistible trend

HOW ESG AFFECTS MARKET EVALUATION OF ENTERPRISES

THE LINK BETWEEN ESG PERFORMANCE AND STOCK PRICE



Stocks rated by ESG during the covid-19 pandemic vs S & P 500 return (%)



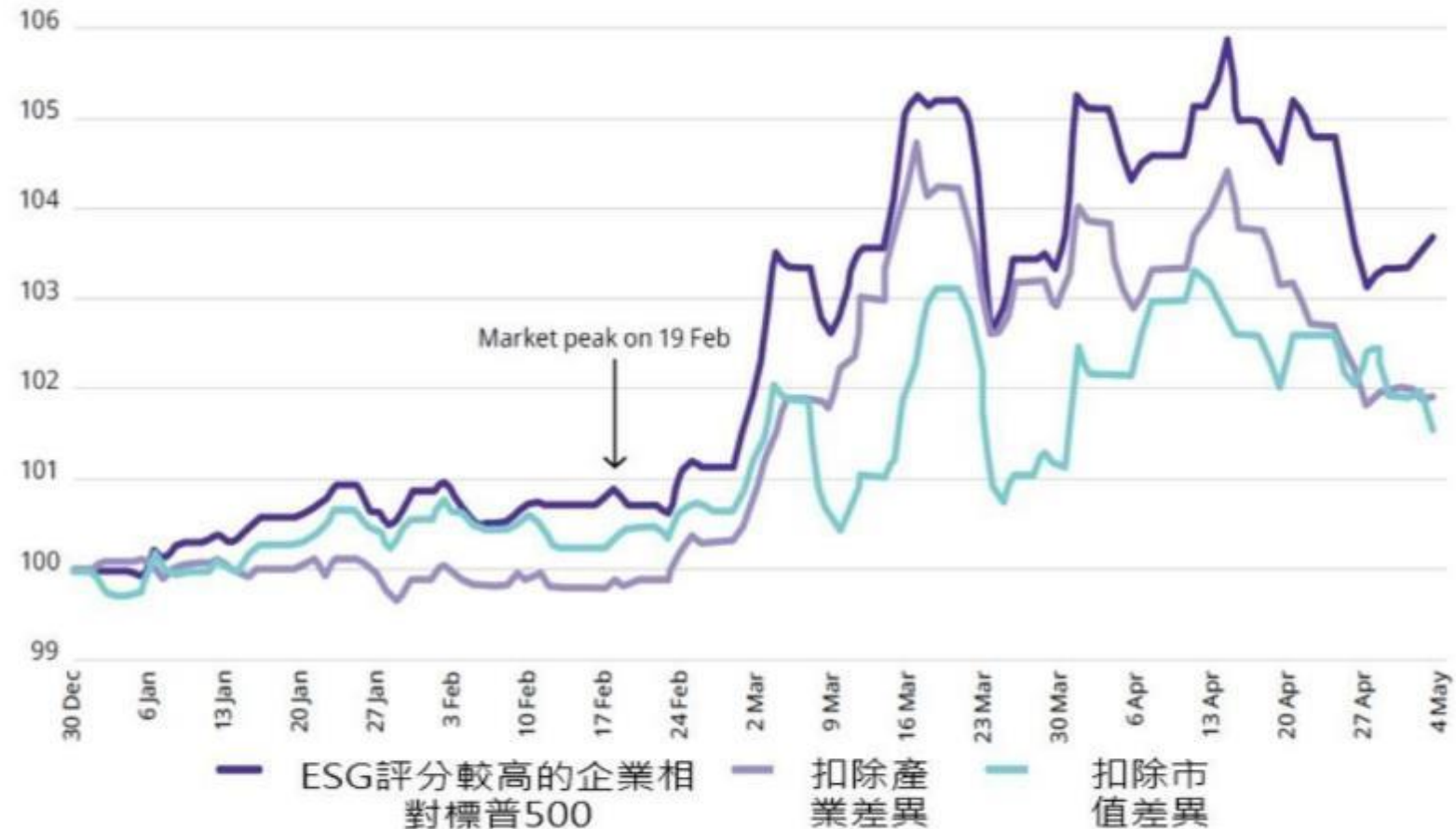
According to MSCI and fidelity research:

In the past, whether in various scenarios, for enterprises that perform well in ESG, the market will give a better outlook for their stock prices.

HOW ESG AFFECTS MARKET EVALUATION OF ENTERPRISES

ESG評分前20%的企業今年股價表現優於大盤

Top 20% of ESG ranked stocks have outperformed broader US market



資料來源: Sustainalytics, FactSet, BofA US Equity and Quant Strategy, 5 May 2020. 448820

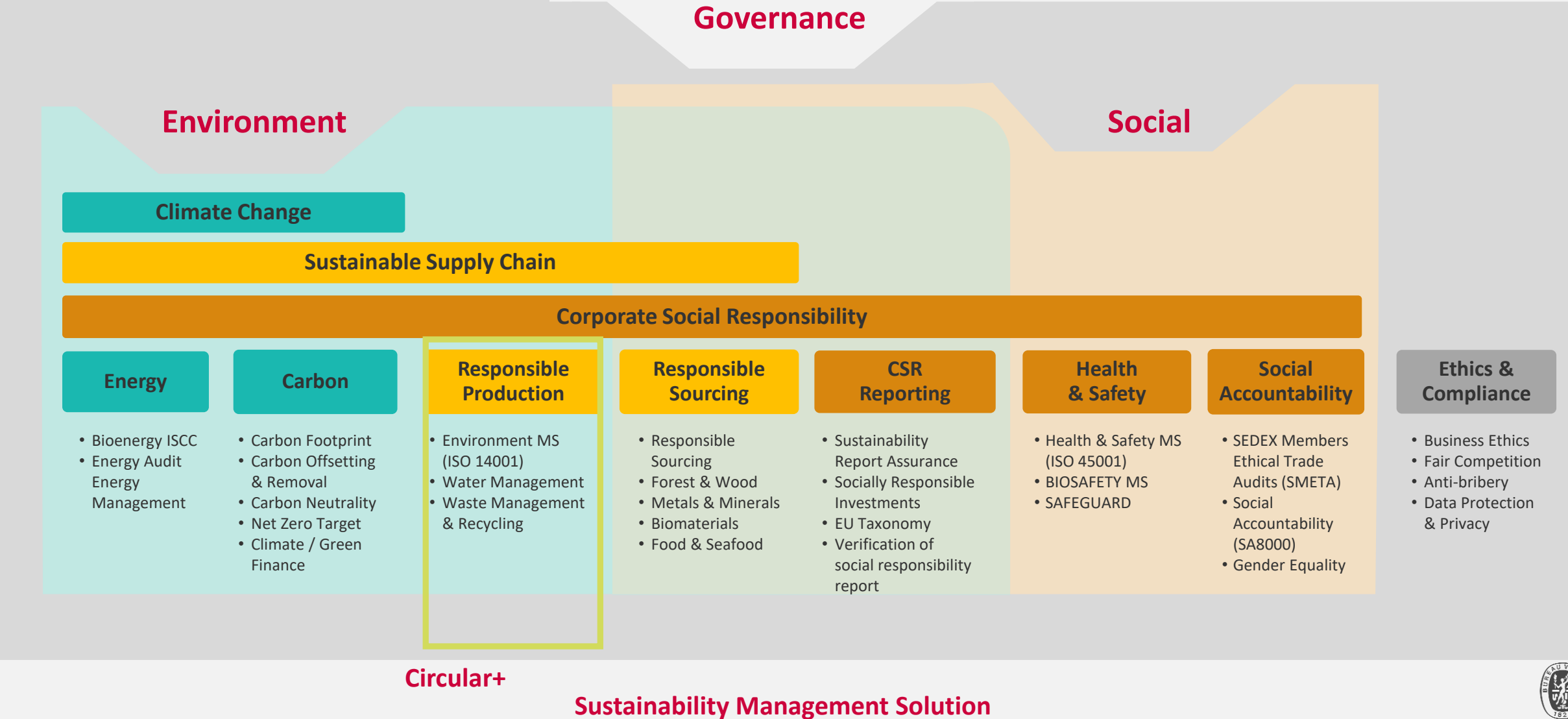


03

HOW TO PRACTICE CIRCULARITY AND
WASTE REDUCTIONS WITH ISCC

BUREAU VERITAS CERTIFICATION

Corporate Responsibility & Sustainability SERVICES



01 ISCC Background

ISCC(国际可持续发展和碳认证)——是欧盟首先认可的符合RED (2009/28/EC)和FQD (2015/1513)两项能源指令的认证计划。它致力于实施和认证可持续、可追溯和无森林砍伐的供应链系统，为循环经济和生物经济提供一站式解决方案。



**Governmental
Regulations**



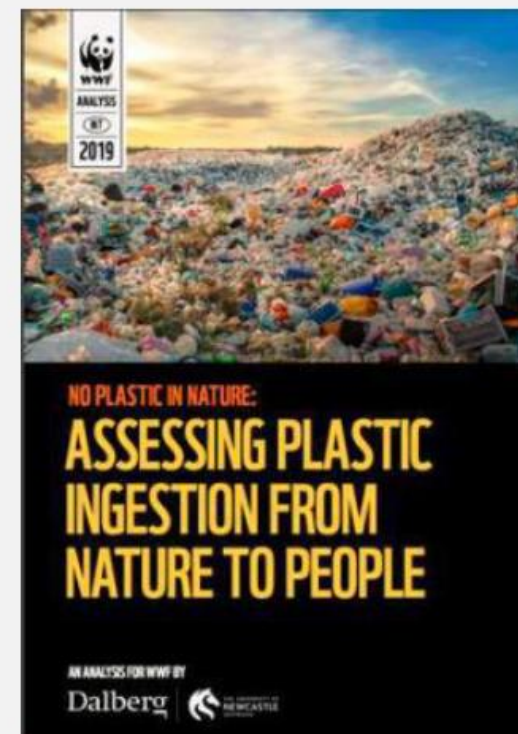
Consumer Demand



Environmental pollution



**EU Green Deal & The
Circular Economy
Action Plan**



**NGOs promoting
Sustainable Development**

GLOBAL BRAND OWNERS ARE COMMITTED TO BOI- AND CIRCULAR ECONOMY



SELECTION

ISCC certification stands for:

- Sustainability
- Segregation or mass balance
- Clear attribution rules
- Traceability
- Feedstock identity
- Conversion factors/ volumes
- Logos and claims
- Add-ons like SAI Gold

SUSTAINABLE GROWTH WITH ISCC

ISCC PRINCIPLE



ISCC PRINCIPLE 1&2: Protection of land with high biodiversity value or high carbon stock. Protection of soil, water and air



ISCC PRINCIPLE 3: Safe working conditions



ISCC PRINCIPLE 4&5: Human rights, labour rights and land rights. Compliance with applicable laws and relevant international treaties



ISCC Principle 6: Good management practices and commitment to continuous improvement



United nations conference
on climate change
COP21/CMP11

On GHG Emissions

- A long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels.
- To aim to limit the increase to 1.5°C, since this would significantly reduce risks and the impacts of climate change
- GHG requirements are already implemented in ISCC. Detailed methodology for international supply chains in place

02 WHAT' S ISCC AND ITS IMPACT

**System users
in 100+
countries**

45,000+ Certificates
**8,900+
system users**

**52 Certification
Bodies 900+
ISSC trained auditors**

**Training Programme
(100 Trainings so far
for auditors and
System users)**

**Innovative tools and
procedures to
facilitate audits**



International Sustainability
& Carbon Certification

**Use remote sensing
to verify
land use change**

**6 Voluntary add-ons
to address specific
customer
requirements**

**Stakeholder dialogue:
267 ISSC Association
members**

**Discussion platform
with 4 Regional and
4 Technical
Committees**

**Integrity Programme
3 auditors**

ISCC Certification can be applied in all markets.



All kinds of feedstocks can be certified under ISCC.

Bio



Corn



Canola



Sugarcane



Cotton

Bio-circular



Tall Oil



UCO



Forestry residues



Straw

Circular (technical)



Mixed Plastic Waste



Waste textiles



End-of-life tires



CO2 (post-industrial)

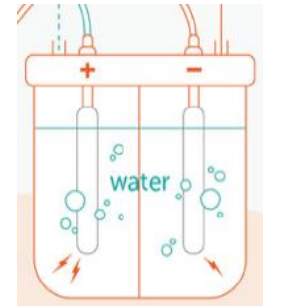
Renewable-energy-derived



Solar, Wind energy



Geothermal energy



Electrolysis



H₂

ISCC Certification Types

ISCC EU



ISCC EU:

- ◆ Applicable for biofuels inside the EC
- ◆ First Certificate issued in 2010
- ◆ GHG requirement: Mandatory for all elements of the supply chain

ISCC PLUS



ISCC PLUS:

- ◆ Applicable for energy and biofuels outside EU, Industry, Food and Feed markets
- ◆ First Certificate issued in 2012
- ◆ GHG requirement: Voluntary coverage (add-on “GHG Emissions”)

ISCC CORSIA



ISCC CORSIA:

- ◆ Applicable for Sustainable Aviation Fuels under ICAO CORSIA
- ◆ First Certificate issued in 2019
- ◆ To demonstrate compliance with the sustainability and GHG criteria for CORSIA eligible fuels

03 Basic Requirements

ISCC EU System Documents also apply for ISCC PLUS.



The PLUS Document describes the **specific different requirements** between ISCC PLUS and ISCC EU

Relevant Elements of Supply Chain

Bio & Bio-Circular 农林产品/残渣供应链 – 认证从第一收集点开始



Farms/ Plantation/Forests



First Gathering Points



Processing Unit

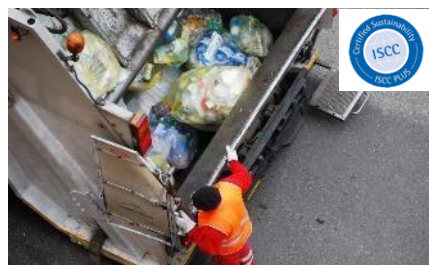


Trader/Storage

Circular & Bio-Circular 废弃物/残渣供应链 – 认证从收集点开始



Points of Origin



Collecting Points



Processing Unit



Trader/Storage

- 有效的ISCC认证是供应链中处理可持续材料的先决条件！
- 唯一的例外是第一收集点和收集点，他们可以在证书有效期开始的前三个月开始接收可持续物料。
- 运输商不需要认证。

Relevant Elements of Supply Chain

可以进行集团认证 Group Certification 的几种情况：

For ISCC EU, PLUS, CORSIA:

1. Farms/ Plantation/Forests 农场/种植园/森林
2. Points of Origin 原始点
3. Storage facilities 仓储设施

For ISCC PLUS:

1. Country Dealers/ Limited Risk Distributors (LRD) 经销商/ 有限风险分销商
2. Final Product Refinement (FPR) 最终产品改良

Remark: 如果加工单元 (PU) 将印刷、组装、贴标、灌装等工序外包给FPR, 则FPR可以纳入加工单元下面的group certification.



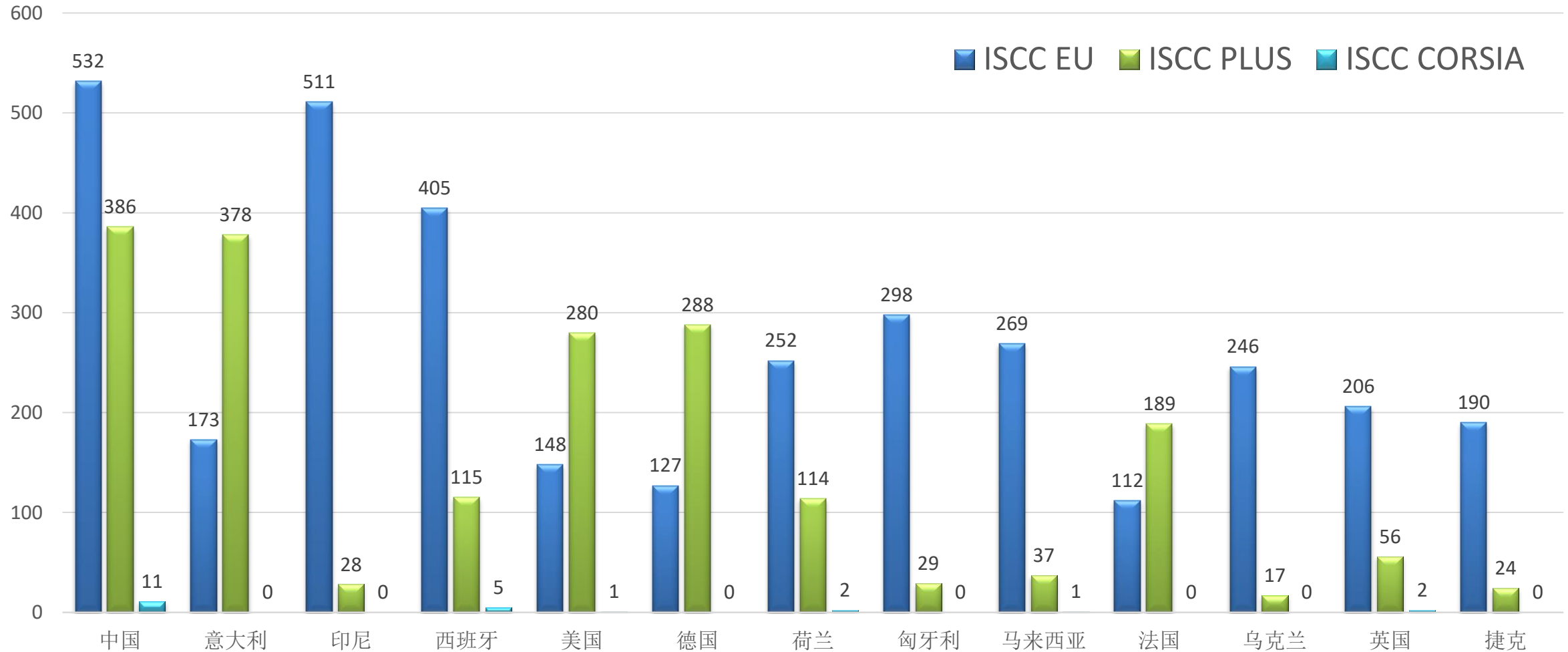
04 Certification Process

- 01 CONTRACT WITH BV** 与BV当地办公室联系，签订认证合同（系统用户完成注册的先决条件）
- 02 ISCC REGISTRATION** 在ISCC官网提交注册表，取得ISCC注册号（ISCC-Reg-XXXXX）
- 03 AUDIT PREPARATION** 企业进行审核前准备
- 04 CERTIFICATION AUDIT** BV进行现场审核
- 05 RECEIVE CERTIFICATION** 取得证书，在ISCC官网进行公布

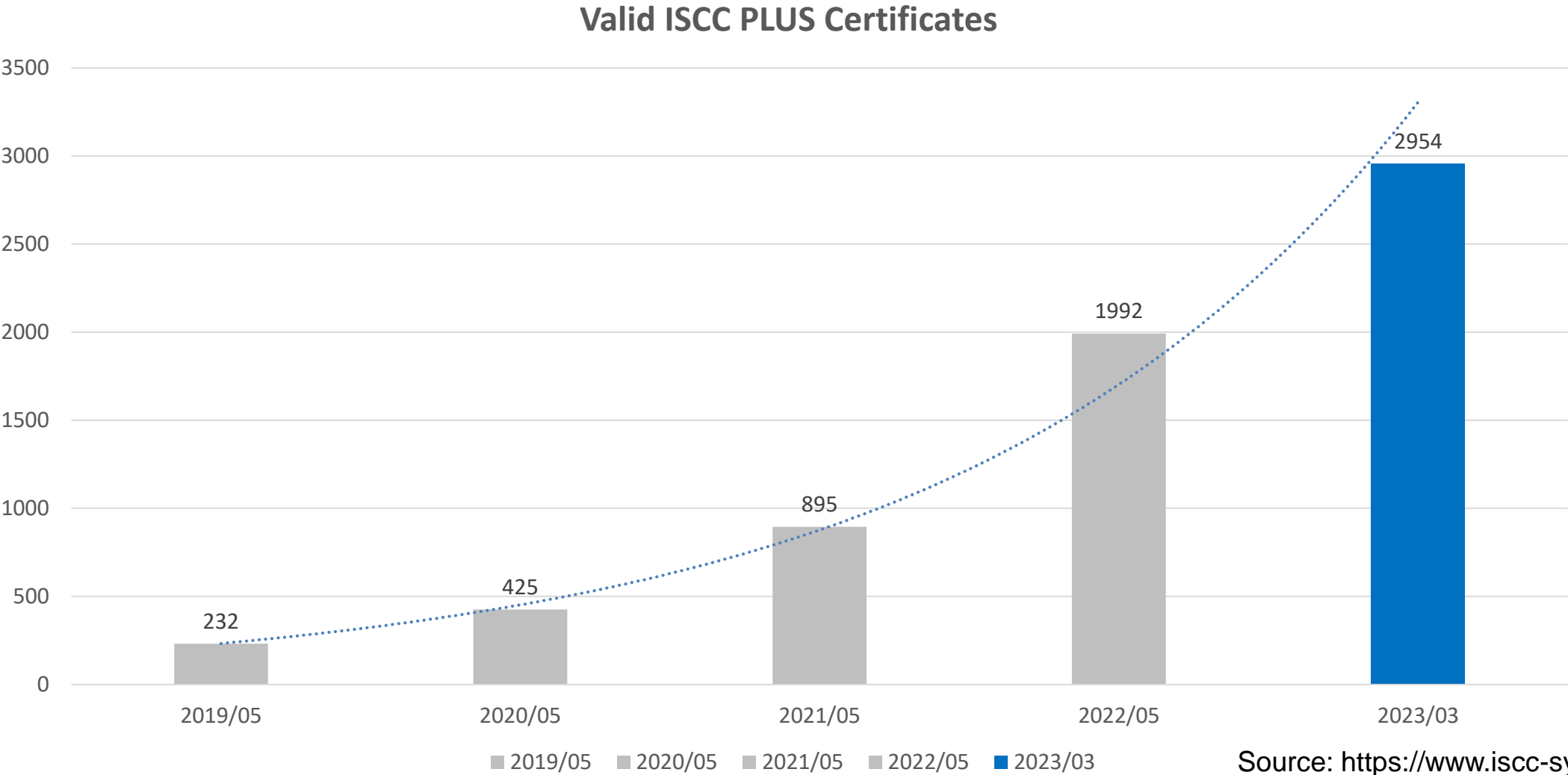


Please note: ISCC system users are obliged to check on the ISCC website whether their suppliers of sustainable material are in the possession of a valid ISCC certificate. 请注意：企业有义务在ISCC网站上检查他们的可持续材料的供应商是否拥有有效的证书。

ISCC Certificates continues to grow, China is a very important market



Numbers of valid ISCC PLUS Certificates continues to grow



Source: <https://www.iscc-system.org/>
Data as of 2023/03/31





04

CASE STUDY

CATL-COMPANIES' PAIN POINTS TO MANAGE THEIR ESG COMMITMENTS



**TIME
CONSUMING**



COMPLEXITY



DATA QUALITY



KNOW-HOW

BRING TRUST TO YOUR SUSTAINABILITY COMMITMENTS WITH BV CLARITY



Clarity is Bureau Veritas new suite of solutions that helps you **manage your ESG roadmap** and monitor the completion of your **sustainability strategy** (respect of your commitments, assessment of your improvement...).

On-the-ground data is collected from your assets, your subsidiaries and/or your suppliers through self-assessment questionnaires (SAQs) reviewed by BV or on-site audits conducted. It is then scored by module reflecting the ESG concerns of your industry and displayed on a Dashboard that helps you **take actions** in a timely and efficient way.

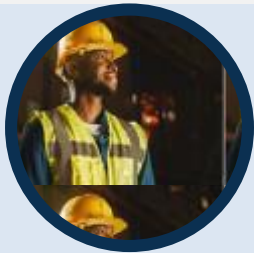
With Clarity, you can communicate on your sustainability roadmap with **consistent and reliable information** provided by an **independent third party**. Your Sustainability strategy becomes a **credible value creation lever**.

WHAT TYPES OF ASSESSMENTS DO WE DO FOR CATL?



SOCIAL

- Policies & Objectives, Monitoring & Control
- Child & Forced Labour
- Freedom of Association & Collective Bargaining
- Working Hours
- Wage & Benefits
- Employee Wellbeing
- Gender Equality
- Inclusion & Diversity
- Community Outreach



HEALTH & SAFETY

- Policies & Objectives, Monitoring & Control
- General Health & Safety
- Occupational Safety
- Fire & Emergency Safety
- Chemical Safety
- Equipment Safety



ENV. & BIODIVERSITY

- Policies & Objectives, Monitoring & Control
- Materials & Waste Management
- Water Management
- Air Emissions
- Biodiversity



CLIMATE CHANGE

- Policies & Objectives, Monitoring & Control
- Energy Management
- GHG
- Product Carbon Footprint



BUSINESS ETHICS

- Policies & Objectives, Monitoring & Control
- Integrity
- Anti-bribery
- Conflict Mineral
- Data Protection



RESPONSIBLE SOURCING

- Policies & Objectives, Monitoring & Control
- Sustainable Procurement: Social & Ethics
- Sustainable Procurement: Environment



05

BV ESG SHARING

ESG REFERENCES

ESG report verification



ESG report verification



ESG REFERENCES

ESG report verification



ESG report verification



HONDA
DAIKIN
SONY
TOTO

SPECIFICALLY IN E SECTOR (CARBON AND ENERGY)

CDP and ISO 14064



Huawei

Green Plant



NIO

Carbon Neutrality



Fuyao

Carbon Footprint



ABB

ESG evaluation



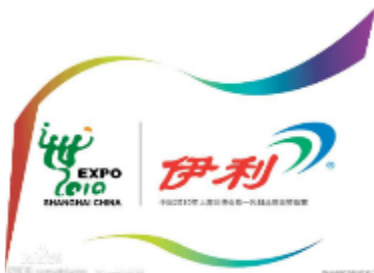
ABBOT

ISO 14064



Siemens

Carbon Neutrality



Yili

Carbon footprint



Guangzhou Metro

ISO 14064



Alibaba

ISO 14064,ESG



VNET

EPD Carbon Neutrality CDP, Carbon Neutrality



Zhongtian



HONOR

SPECIFICALLY IN E SECTOR (CARBON AND ENERGY)

Carbon Neutrality



Envision

ISO 14064



Baidu

ISO 14064



Hillhouse

ISO 14064



PWC

ISO 14064



China Guangdong Investment Group - Nan Nan Aluminum

ISO 14064



Parker

ISO 14064



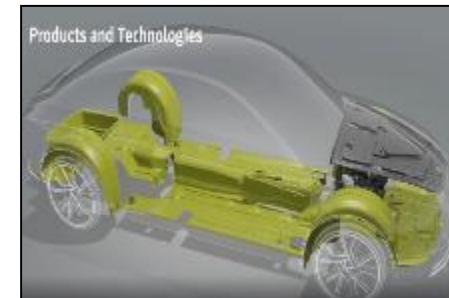
Murata

Carbon Footprint



Yutong

ISO 50001



Autoneum

Leed Green Building service



Sime Darby



**BUREAU
VERITAS**

**GOOD FOR YOUR
BUSINESS**

**GOOD FOR THE
PLANET**



Move Forward with Confidence

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专业!

专心!

创新!