

# CHINA'S CORPORATE ENVIRONMENTAL CREDIT SYSTEM

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In 2014, the central government of China announced a plan to create by 2020 a corporate environmental credit system (ECS), an incentive mechanism to deter companies' environmental violations and promote a culture of environmental law compliance.<sup>1</sup> The rewards and penalties under the ECS supplement regular civil, administrative, and criminal liabilities for environmental violations that exist under Chinese law. The ECS was to be implemented at the provincial level, and by the end of 2020, all 31 provinces, provincial-level municipalities, and provincial-level autonomous regions (collectively "provinces") of mainland China, with the exception of Beijing, had either published their own corporate environmental credit regulations or adopted in practice or via regulation a standard version developed by the Ministry of Ecology and Environment (MEE).

Under these systems, the provinces have started to evaluate the environmental performance of businesses and reward or penalize them on the basis of the "credit" evaluations. This has led to the provinces rewarding many high-performing companies with preferential treatment, such as expedited permitting approval processes, decreased inspection frequencies, reduced utility rates, and lower loan interest rates. At the same time, many serious or persistent environmental violators have been subject to penalties, such as increased inspection frequencies, suspension of eligibility for certain government subsidies, increased utility rates, and denial of access to certain new loans.<sup>2</sup>

While many observers have noticed the ECS' positive impact on promoting compliance, the full potential of this new regulatory tool remains arguably unrealized, due to significant inconsistencies among the provincial credit evaluation systems, the absence of best practices (such as attractive incentives) in many provinces, and other inadequacies in implementation. The ECS could affect how important players in the Chinese business landscape, such as government agencies and financial institutions, treat

companies with operations or supply chain exposure in China, and those corporations should pay attention to this rapidly developing incentive and penalty system. Further, given that the ECS evaluation process is in an early stage of its development and is evolving rapidly, companies should consider partnering with reputable international and local environmental lawyers to actively engage with the regulators by sharing best practices and ensuring that the ECS is effective, transparent, and fair.

This Comment will discuss (1) how evaluation under the ECS (the evaluation) generally works at the provincial level, and (2) the significant inconsistencies among the provinces regarding important aspects of the ECS, including the scope, methods, results, and incentives. The discussion will focus on the rules applied by the 25 provinces for which full official texts of the frameworks are available. Of these 25 provinces, 23 have developed their own rules and two (Guangdong and Shanghai) have adopted the Methods on Corporate Environmental Credit Evaluation (Trial Version) (MEE standard rules), which the Ministry of Environmental Protection (the predecessor of the MEE), the National Development and Reform Commission (NDRC), the People's Bank of China (PBOC), and the China Banking Regulatory Commission (CBRC) issued in 2013.<sup>3</sup> The table in Appendix 1 shows the provincial rules that this Comment will discuss.

## I. The Evaluation Process

### A. Scope of Evaluation

In all 25 provinces that we focus on here, environmental regulators subject certain companies to a mandatory evaluation, and approximately one-half of these provinces allow companies outside the ECS' mandatory scope to voluntarily participate. The companies that face mandatory evaluation tend to discharge large amounts of water, air, soil, and other pollutants; engage in high-pollution industries; or are responsible for serious incidents of environmental

1. Notice of State Council on Issuing the Plan for Developing Social Credit Systems (2014-2020) (Guo Fa [2014] No.21).

2. In certain provinces, provincial environmental agencies working in conjunction with banking regulators (China Securities Regulatory Commission and its local branches) restrict environmental violators' access to credit, including that from commercial banks.

3. Methods on Corporate Environmental Credit Evaluation (Trial Version) (Huan Fa [2013] No.150).

pollution. For example, 12 of the 22 provinces apply mandatory evaluation to key pollution discharge entities that environmental regulators identify on the basis of MEE's Management Rules on Catalogues of Key Pollution Discharge Entities (Trial Version).

## B. *Methods, Results, and Consequences of Evaluation*

### 1. Overview of the Evaluation Process

Most provincial environmental departments conduct an annual evaluation of participating companies, while a small number of provinces conduct evaluations of companies' activities spanning a longer period. A regulator will check a company's records (which may include penalty records, self-monitoring reports, and publicly submitted information that the government verifies) against a provincially standardized scoring or evaluation system, and will then add or deduct from a "base" score based on the company's performance. The regulators will then assign that company to a group typically marked by a color code on the basis of the resulting score. A higher score may help a company to benefit from more incentives, and a lower score may subject a company to more penalties.

Many provinces give companies opportunities to appeal or apply for review of their initial evaluation results; city-level environmental departments usually provide such reviews in the first instance. For example, in Jiangsu province, if a company disputes a city-level department of ecology and environment (DEE) evaluation result, it may file an application for review to the city DEE within five business days of receiving the result.<sup>4</sup> The city DEE will then have 15 business days to review. The company may then challenge the result of the review by appealing to the provincial DEE.

### 2. The Example of Jiangsu Province

We will use the Jiangsu rules to illustrate how a company's compliance activities may affect the incentives offered under the ECS. Under Jiangsu province's evaluation standards, every participating company has a "base" score of nine points. The regulators calculate the final score by adding or deducting points on the basis of a company's environmental activities and applicable scoring in its evaluation. Regulators then place participating companies into one of five color-coded groups depending on the final scores. The color codes, score ranges, and incentives for the groups appear in Table 1.

**Table 1. ECS Group Color Codes, Score Ranges, and Incentives in Jiangsu Province**

Group color code	Score range	Incentives
Green	12	Lowered inspection frequencies, expedited approval processes, preference in allocating government subsidies, and exemption from certain shutdowns and production restrictions
Blue	6-11	None
Yellow	3-5	Increased inspection frequencies, ineligible to receive certain honors granted by environmental regulators
Red	1-2	Increased inspection frequencies, ineligible to receive certain honors granted by environmental regulators, ineligible to receive certain government subsidies, increased electricity and wastewater treatment rates, ineligible to receive new loans from commercial banks
Black	0	

Examples of events that may impact the score include (1) an administrative fine of any amount (which will cause a three-point deduction); (2) an order of production suspension and/or violations of correction measures (which will deduct 10 points); (3) a management-signed commitment letter on compliance (which will add one point); and (4) an environmental department's designation as an exemplar entity on environmental compliance (which will add two points). As a rule, more serious violations tend to have a longer-lasting impact on a company's corporate environmental credit score. For example, a warning, fine, or order to suspend production will affect a company's credit score for six months, while more serious violations, such as an environmental crime conviction, will affect a company's credit score for 12 months.

### 3. Activities That Put a Company Into the Lowest Group

In many provinces, a single event could automatically put a company into the lowest category (differently named depending on province, including "black group," "inadequate group," and "seriously discredited") and subject it to the most serious penalties available, regardless of how many points it has gained from other activities. These events often include

- (1) conviction for an environmental crime;
- (2) company officers' being put in administrative jail due to discharging pollutants with an attempt to evade regulation<sup>5</sup>;

4. Methods of Jiangsu Province on Environmental Protection Credit Evaluation for Enterprises and Social Organizations art. 11.

5. According to China's Environmental Protection Law, executives and other personnel who are directly responsible for certain corporate environmental violations that are not serious enough to constitute environmental crimes may be subject to five to 10 days in jail. After a local environmental department at or above the county level makes a final decision to jail these person-

- (3) a competent local government's order to close or suspend operations;
- (4) failure to timely or properly correct violations as required by central or provincial environmental inspection delegations;
- (5) responsibility for an "especially serious" sudden environmental incident or a "serious" sudden environmental incident<sup>6</sup>;
- (6) facing environmental departments' administrative penalties three times in a year in the same category; and
- (7) refusal to comply with an administrative penalty decision or an administrative decision on issues including suspension of construction, restriction of production, pollution emission, or suspension of production to make corrections.<sup>7</sup>

### C. Adjustment of Evaluation Results

After the regulators finalize the evaluation result, most provincial systems allow companies to apply to improve their evaluation results once they have rectified the identified violations, subject to certain restrictions. For example, in Hebei province, regulators could move a company in the lowest group (i.e., blacklisted) to a higher group if it does not commit a violation within six months of remedying the violations that resulted in its placement in the lowest group. However, the company is not eligible to rectify its score within a year if one of the following violations occurred: (1) conviction of an environmental crime; (2) a compe-

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nel, it shall request police authorities to detain the relevant personnel at jail facilities.

6. Under the National Emergency Response Plan for Sudden Environmental Incidents (Guo Ban Han [2014] No.19), an "especially serious" sudden environmental incident meets one of the following conditions: (1) more than 30 people dead or more than 100 people poisoned or gravely wounded due to environmental pollution; (2) more than 50,000 people evacuated due to environmental pollution; (3) direct economic loss of more than Renminbi (RMB) 100 million due to environmental pollution; (4) loss of regional ecological service due to environmental pollution or extinction of a key national protected species; (5) suspension of an area's drinking water source at the districted city level or above due to environmental protection; (6) theft, loss, or loss of control of a type I or type II radioactive source and widespread radioactive pollution as a result; more than three people dead due to losing control of radioisotopes or radiation devices; widespread radioactive pollution caused by leaking of radioactive materials; or (7) a domestic sudden environmental incident that causes major transnational influence.

A "serious" sudden environmental incident meets one of the following conditions: (1) 10 to 30 people dead or 50 to 100 people poisoned or gravely wounded due to environmental pollution; (2) evacuation of 10,000 to 50,000 people due to environmental pollution; (3) direct economic loss of RMB 20 million to RMB 100 million due to environmental pollution; (4) partial loss of regional ecological service due to environmental pollution or massive death of a key national protected species; (5) suspension of an area's drinking water source at the county level due to environmental protection; (6) theft, loss, or loss of control of a type I or type II radioactive source; death of one to three people and partial disability of or infliction of radiation-induced sudden illness on more than 10 people due to losing control of radioisotopes or radiation devices; large-scale radioactive pollution resulting from leaking of radioactive materials; or (7) a domestic sudden environmental incident that causes major interprovincial influence.

7. Management Rules of Hebei Province on Corporate Ecological and Environmental Credits (Trial Version) (Ji Huan Gui Fan [2019] No.4).

tent local government's order to close or suspend operations; (3) responsibility for an especially serious sudden environmental incident or a serious sudden environmental incident; or (4) refusal to comply with an administrative penalty decision or an administrative decision on suspension of construction, restriction of production, pollution emission, or suspension of production to make corrections. In addition, in provinces that conduct evaluations cyclically,<sup>8</sup> certain serious violations could cause regulators to move a company from a higher group into a lower group before the next round of evaluations start.

## II. Major Differences Among the Provincial Systems

Although the provincial ECS share many common features, significant differences exist. While provinces have designed many of these differences to adapt each provincial system to the individual region's unique situations and needs, such discrepancies may also cause confusion and make it more challenging for companies with interprovincial businesses to comply with all of the applicable provincial systems. We will illustrate the major differences below by comparing the evaluations' application scopes, methods, results, and incentives of each provincial system.

### A. Application Scope

Among the 25 provincial systems, the requirements differ as to the scope of companies that the provinces subject to a mandatory ECS rating. These rules can be categorized into four groups. Appendix 2 summarizes the evaluation scope and methods in the provinces.

In the first group, 11 provinces (Hebei, Qinghai, Liaoning, Jiangsu, Zhejiang, Jiangxi, Henan, Hubei, Heilongjiang, Guizhou, and Guangxi) generally require a mandatory evaluation for "key emissions entities," a group of companies that the MEE or local DEEs annually catalogue.

In the second group, eight provinces (including those that apply the MEE standard rules) focus their mandatory evaluation requirements on companies that discharge a large amount of pollutants, pose high environmental risks, and can potentially cause major environmental impacts. This category includes six provinces (Inner Mongolia, Anhui, Fujian, Sichuan, Hunan, and Chongqing) that have developed their own rules and two provinces (Guangdong and Shanghai) that have adopted the MEE standard rules.

In particular, the MEE standard version rules list 10 categories of companies that are subject to a mandatory evaluation:

- (1) companies that are included in the MEE's national catalogue of entities under special attention;

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8. Most provinces conduct evaluations cyclically, whereas others (such as Hebei) engage in a dynamic process that does not revolve around specific cycles. Within the provinces that conduct evaluations cyclically, some cycles reset all companies' scores at the beginning of each cycle, whereas some base the initial evaluation for new cycles on prior scores before adjusting them.

- (2) companies that are in the catalogues of entities under special attention that local governments at or above the city level publish;
- (3) companies in 16 industries with heavy pollution, which include coal-fired power generation, iron and steel manufacturing, cement manufacturing, aluminum manufacturing, and other heavy pollution industries that the state may identify;
- (4) companies in significantly over-capacitated industries;
- (5) companies that engage in development and construction activities (e.g., energy extraction or development and transportation infrastructure construction) that may significantly affect the environment;
- (6) companies whose pollutant emissions violate national or local standards or exceed local governments' emissions caps;
- (7) companies that use toxic or hazardous materials for production or emit toxic or hazardous materials during production;
- (8) companies that are responsible for major sudden environmental incidents in a prior year;
- (9) companies that faced regulatory penalties of more than Renminbi (RMB) 50,000 in fines, license suspension or revocation, orders of protection suspension and correction of violations, or appeared on lists of companies under regulators' special attention; and
- (10) companies that the MEE or a provincial-level DEE determines to be under mandatory evaluation.

In the third group, the provinces of Shaanxi, Ningxia, and Gansu do not provide specific criteria for the scope of mandatory evaluations.

In the fourth group, Jilin, Shandong, and Hainan require all entities within the provinces to undergo mandatory evaluation.

The table in Appendix 2 summarizes a mandatory evaluation's scope under each province's ECS.

### B. Evaluation Methods

The 25 provinces apply different evaluation methods and standards, which generally fall into five categories, with one outlying province (see Table 2 on the next page).

### C. Evaluation Results

The 25 provinces that we study in this Comment divide evaluated companies into different categories. The table in Appendix 3 shows the 25 provinces alongside the categories to which regulators assign companies based on their evaluation results. Of the 25 provinces, 20 assign color codes to the categories. Green signifies the category with the highest scores, and a blue or yellow category usually

follows in rankings. The red or black category tends to signify the lowest scores.

## III. Consequences: Incentives and Penalties

### A. Awards for Companies With High ECS Scores

The incentives for companies with strong environmental, social, and governance performance differ widely among provinces. While some provinces do not reward high performers or provide only limited incentives, other regions provide more substantial incentives. Typical incentives across provinces include:

- (1) expedited approval processes for certain environmental permits;
- (2) preference in receiving government subsidies on environmental protection matters;
- (3) preference in receiving government grants on research and development projects related to environmental protection;
- (4) flexibility in setting pollution discharge caps for certain new projects;
- (5) environmental regulators' recommendations to other agencies on providing preferential treatment in government procurement;
- (6) environmental regulators' preference in granting honors;
- (7) environmental regulators' recommendations to banks on providing preferential treatment in financing;
- (8) environmental regulators' recommendations to insurance companies on lowering environmental pollution liability insurance premium rates; and
- (9) environmental regulators' recommendations to other organizations, including state-owned asset management agencies and industrial associations, on granting honors to high-performing firms and their key management personnel.<sup>9</sup>

These incentives first emerged in the MEE standard rules, which came into effect in March 2014 and that multiple provinces (including Shanghai, Guangdong, Inner Mongolia, and Gansu) have fully or partially adopted.

Some notable incentives outside the MEE standard rules include (1) an exemption from inclusion on the list of businesses that must completely or partially shut down

9. See Implementation Plan of Inner Mongolia Autonomous Region on Corporate Environmental Credits Evaluation (Trial Version) (Nei Huan Fa [2015] No.68); Methods on Corporate Environmental Credit Evaluation (Trial Version); Methods of Shaanxi Province on Corporate Environmental Credit Evaluation (Trial Version); Working Plan of Gansu Province on Standardization of Environmental Protection by Industrial Enterprises and Environmental Credit Evaluation (Trial Version).



**Table 2. Evaluation Methods Applied in Provinces**

Evaluation methods	Provinces
Each company receives a set number of base points. Regulators then add or deduct points according to provincial standards. The higher the final points, the more likely a company is to enjoy incentives (and less likely to receive penalties).	Seven provinces (Qinghai, Shaanxi, Gansu, Fujian, Jiangxi, Henan, and Chongqing) provide 100 base points. Four provinces (Hubei, Guangxi, Liaoning, and Jiangsu) provide 80, 12, 10, and 9 base points, respectively.
Companies do not receive base points. Regulators add points if companies meet certain compliance criteria. The higher the points, the better the evaluation result.	Seven provinces (Anhui, Inner Mongolia, Zhejiang, Sichuan, Guangdong, Guizhou, and Shanghai).
Base points do not exist. Each violation will add a certain number of points. The higher the final point score, the more likely a company is to face penalties.	Four provinces (Jilin, Heilongjiang, Ningxia, and Shandong).
Regulators assign a company to a category if it meets qualitative and quantitative criteria. No calculation of points occurs.	Two provinces (Hunan and Hainan).
The companies that regulators included in the 2020 provincial list of key emissions companies were subjected to mandatory initial evaluation. Regulators completed their initial points assignment by June 2020. Companies that regulators add to the provincial list of key emission companies for subsequent years receive base points within two months of joining the list. The initial evaluation assigned base points to a company based on its overall environmental compliance practices. The higher the points, the better the company's compliance. Regulators then change the base points by adding or deducting points when companies face penalties or make compliance progress.	One province (Hebei).

in response to high-pollution meteorological conditions triggering severe air pollution episodes<sup>10</sup>; (2) provincial governments' assistance with operational difficulties<sup>11</sup>; (3) preference for receiving approvals relating to initial public offerings and financing<sup>12</sup>; and (4) inclusion on the positive list of companies subject to flexibility in inspections and leniency in penalties.<sup>13</sup>

#### **B. Penalties for Companies With Low ECS Scores**

Typically, environmental regulators assign companies with the lowest scores to the red group or the black group (i.e., they are "blacklisted"). The typical penalties these most serious violators face include:

- (1) requirements to file quarterly reports to environmental regulators on their progress toward addressing the compliance inadequacies regulators identified in the evaluation processes and to publish their plan or commitment to improve environmental activities;
- (2) strict scrutiny to their application for environmental permits, including hazardous waste operation licenses and import licenses for recyclable solid wastes;

- (3) more frequent enforcement inspections;
- (4) suspension of government subsidies on environmental protection;
- (5) environmental regulators' recommendations to other agencies on excluding the company from the catalogue of vendors for government procurement;
- (6) environmental regulators' suspension of granting honors;
- (7) environmental regulators' recommendations to banks to more strictly scrutinize the company's applications for loans, suspend issuance of new loans before the company's ECS score improves, or decrease the quantum of loans until terminating credit lines;
- (8) environmental regulators' recommendations to increase environmental pollution liability insurance premium rates; and
- (9) environmental regulators' recommendations to organizations, including state-owned asset management agencies and industrial associations, to withhold honors to the company or its key management personnel.<sup>14</sup>

10. Management Rules of Hebei Province on Corporate Ecological and Environmental Credits (Trial Version) (Ji Huan Gui Fan [2019] No.4).

11. *Id.*

12. Methods of Shaanxi Province on Corporate Environmental Credit Evaluation (Trial Version).

13. Management Methods of Qinghai Province on Corporate Environmental Credit Evaluation (Trial Version).

Government ministries, including the NDRC, PBOC, Ministry of Finance, CBRC, China Securities Regula-

14. Methods on Corporate Environmental Credit Evaluation (Trial Version).

tory Commission, and State Administration of Taxation, broadly support the finance-related measures referenced in (7), which include restricting a company's access to bank loans.<sup>15</sup> Some provinces have implemented such measures. In February 2020, a commercial bank denied a textile company's application for loans because the DEE of Wenzhou in Zhejiang province assigned the company to the yellow group for violating Environmental Investigation Agency (EIA) rules in 2018 and failing to timely improve its ECS rating.<sup>16</sup> At around the same time, another commercial bank in Zhejiang province denied a company's application for loans based on its poor ECS rating, and conditioned future loan issuance on the local DEE's approval to repair the rating.<sup>17</sup>

Some provinces provide a wide variety of penalties, while others impose a more restricted number. In Qinghai province, the companies with the lowest ECS score face penalties that the regulators limit to increased inspection frequencies, ineligibility to receive honors from environmental regulators, heightened scrutiny from banks, and increased environmental pollution liability premium rates. To deter environmental violators, the Inner Mongolia provincial environmental regulator not only adopted all of the nine penalties under the MEE standard rules, but also subjected blacklisted companies to additional penalties under the province's comprehensive social credit system.

These additional penalties are:

- (1) heightened scrutiny for permit applications, including those on land use, those made to the EIA, and work safety;
- (2) suspension of all government subsidies;
- (3) restrictions of eligibility for participating in government procurement and government-organized bidding processes, such as those on public procurement of pharmaceuticals and exploration rights for mineral resources;
- (4) heightened scrutiny for the issuance or renewal of various licenses;
- (5) restrictions on applications for import/export tariff exemptions or refunds;
- (6) customs officials' heightened scrutiny in inspecting the company's import/export goods;
- (7) state-owned asset management agencies' special attention;
- (8) heightened scrutiny in regular inspections;

- (9) restrictions on the company's public issuance of stocks or bonds;
- (10) prohibitions on investing in financial institutions and setting up financial organizations;
- (11) banks' imposition of higher interest rates or rejection for loans;
- (12) insurance companies' imposition of more stringent conditions or even rejection of insurance coverage;
- (13) barring of the company's legal representative and senior executives from serving as directors, supervisors, and senior management at other companies, as well as from serving in other enterprises' or social organizations' leadership positions;
- (14) revocation of certain government-granted honors and barring the company from receiving government honors; and
- (15) posting the company's violations on credit rating agencies' websites for three years and news media reports of the violations.<sup>18</sup>

#### IV. Conclusion

In conclusion, while the approach of allowing provinces to experiment with different system implementation methods has encouraged innovation, the inconsistencies among the provinces across almost all ECS aspects run the risk of causing confusion and making it challenging for companies to effectively understand the systems, mitigate potential regulatory risks, and take advantage of available incentives.

Companies should consider monitoring their compliance activities in the context of applicable corporate environmental credit regulations. Many provinces require companies to file notifications with regulators of any practices that could improve their rating, and companies should take every opportunity to maximize the benefit they can achieve from the ECS by providing timely disclosure of all relevant information that demonstrates their compliance and qualification for incentives. Because environmental regulators' penalties may have consequences outside the environmental field (by affecting the environmental credit rating and triggering a possible response from banks, tax authorities, and other agencies), companies should closely monitor and respond effectively to any possible enforcement actions. If regulators lower its rating, a company should actively engage with regulators to ascertain how to repair its rating as quickly as possible.

15. Cooperation Memorandum on Joint Penalties and Deterrence Against Discredited Companies and Relevant Personnel in the Field of Environmental Protection (July 20, 2016) (Fa Gai Cai Jin [2016] No.1580).

16. See Press Release, Zhejiang Province DEE, Cases of Breach of Trust: Poor Environmental Credit, Loans Affected (July 15, 2020), [http://sthjt.zj.gov.cn/art/2020/7/15/art\\_1201422\\_50753505.html](http://sthjt.zj.gov.cn/art/2020/7/15/art_1201422_50753505.html).

17. *Id.*

18. Implementation Plan of Inner Mongolia Autonomous Region on Corporate Environmental Credits Evaluation (Trial Version) (Nei Huan Fa [2015] No.68).

**APPENDIX 1**

<b>Province</b>	<b>Environmental credit system rules (promulgated as of December 2020)</b>	<b>Promulgation year</b>
Hebei	Management Rules of Hebei Province on Corporate Ecological and Environmental Credits (Trial Version) (Ji Huan Gui Fan [2019] No.4)	2019
Inner Mongolia	Implementation Plan of Inner Mongolia Autonomous Region on Corporate Environmental Credits Evaluation (Trial Version) (Nei Huan Fa [2015] No.68)	2015
Qing Hai	Management Methods of Qinghai Province on Corporate Environmental Credit Evaluation (Trial Version)	2020
Shaanxi	Methods of Shaanxi Province on Corporate Environmental Credit Evaluation (Trial Version)	2015
Gansu	Working Plan of Gansu Province on Standardization of Environmental Protection by Industrial Enterprises and Environmental Credit Evaluation (Trial Version)	2014
Jilin	Methods of Jilin Province on Corporate Environmental Credit Evaluation (Trial Version)	2018
Liaoning	Methods of Liaoning Province on Corporate Environmental Credit Evaluation	2020
Shandong	Methods of Shandong Province on Corporate Environmental Credit Evaluation (Lu Huan Fa [2020] No.52)	2020
Jiangsu	Methods of Jiangsu Province on Environmental Protection Credit Evaluation for Enterprises and Social Organizations	2019
Zhejiang	Management Methods of Zhejiang Province on Corporate Environmental Credit Evaluation (Trial Version)	2020
Anhui	Implementation Plan of Anhui Province on Corporate Environmental Credit Evaluation	2017
Fujian	Implementation Plan of Fujian Province on Dynamic Evaluation of Corporate Environmental Credit (Trial Version)	2018
Jiangxi	Provisional Methods of Jiangxi Province on Corporate Environmental Credit Evaluation and Credit Management	2017
Henan	Management of Henan Province on Environmental Credit Evaluation for Enterprises and Social Organizations	2018
Hunan	Methods of Hunan Province on Corporate and Institutional Environmental Credit Evaluation; Methods of Hunan Province on Environmental Credit Evaluation of Development Zones (Trial Version)	2020
Hubei	Management Methods of Hubei Province on Corporate Environmental Credit Evaluation	2019
Sichuan	Evaluation Indicators and Management Methods of Sichuan Province for Corporate Environmental Credit Evaluation (Trial Version); Indicators and Scoring Methods of Sichuan Province for Corporate Environmental Credit Evaluation (2019 Version)	2014/2019
Chongqing	Methods of Chongqing Municipality on Corporate Environmental Credit Evaluation (Yu Huan [2017] No.174)	2017

Guangxi	Methods of Guangxi Zhuang Autonomous Region on Corporate Ecological and Environmental Credit Evaluation (Trial Version)	2019
Hainan	Methods of the Ecological and Environmental Department of Hainan Province on Environmental Protection Credit Evaluation (Trial Version)	2019
Shanghai	Methods on Corporate Environmental Credit Evaluation (Trial Version) (MEE rules)	2013
Guangdong	Methods on Corporate Environmental Credit Evaluation (Trial Version) (MEE rules)	2013
Heilongjiang	Provisional Methods of Heilongjiang Province on Corporate Credit Evaluation	2017
Guizhou	Enterprise Environmental Credit Evaluation Index System and Evaluation Methods of Guizhou Province; Guizhou Province Environmental Protection Untrustworthy Blacklist Management Measures	2019
Ningxia	Methods of Ningxia Hui Autonomous Region on Corporate Environmental Credit Evaluation	2019

## APPENDIX 2

Province/MEE	Scope of mandatory evaluation
Hebei	Key emissions entities within the province
Qinghai	Key emissions entities within the province and other companies selected by city-level departments of environmental protection (DEPs)
Liaoning	Key emissions entities, entities responsible for a sudden environmental incident that occurred in the prior year, entities with major environmental or safety risks, and certain other categories of entity
Jiangsu	Key emission entities that DEPs and other specified entities identify
Zhejiang	Key emissions entities and five further categories of entities
Jiangxi	Key emissions entities
Henan	Key emissions entities and another four categories of entities
Hubei	Enterprises and social organizations subject to environmental regulation
Guangxi	Key emissions entities designated by the autonomous region
Inner Mongolia	Ten categories of companies that discharge a large amount of pollutants, carry high environmental risks, or could potentially cause major environmental impacts
Anhui	Companies that discharge large amounts of pollutants, carry high environmental risks, or could potentially cause major environmental impacts
Fujian	Companies that discharge large amounts of pollutants, carry high environmental risks, could potentially cause major environmental impacts, and have significant noncompliance activities
Sichuan	Ten categories of companies that discharge a large amount of pollutants, carry high environmental risks, or could potentially cause major environmental impacts
Shanghai (MEE rule)	Ten categories of companies that discharge a large amount of pollutants, carry high environmental risks, and could potentially cause major environmental impacts
Guangdong (MEE rule)	Ten categories of companies that discharge a large amount of pollutants, carry high environmental risks, and could potentially cause major environmental impacts



Chongqing	Fifteen categories of companies that discharge a large amount of pollutants, carry high environmental risks, and could potentially cause major environmental impacts
Shaanxi	Companies that are included in the scope of mandatory evaluation
Gansu	Companies that are identified by the provincial DEP
Jilin	Companies located in the province
Shandong	Companies located in the province
Hunan	Enterprises and institutions that receive key and simplified management of pollution permits and another three categories of enterprises and institutions
Hainan	Companies that exhibit an environmental impact and are located in the province
Heilongjiang	Key emissions entities within the province
Guizhou	Key emissions entities within the province and another two categories of entities
Ningxia	Companies located in the province (no clearly identified specific criteria)

### APPENDIX 3

Province	Categories based on evaluation results
Shandong	Four categories: green, blue, yellow, black
Inner Mongolia	Four categories: green, blue, yellow, red
Qinghai	Four categories: green, blue, yellow, red
Shaanxi	Four categories: green, blue, yellow, red
Gansu	Four categories: green, blue, yellow, red
Jilin	Four categories: green, blue, yellow, red
Liaoning	Four categories: green, blue, yellow, red
Fujian	Four categories: green, blue, yellow, red
Hunan	Five categories: green, blue, yellow, red, black
Shanghai (MEE rule)	Four categories: green, blue, yellow, red
Guangdong (MEE rule)	Four categories: green, blue, yellow, red
Henan	Four categories: green, blue, yellow, black
Hubei	Four categories: green, blue, yellow, black
Chongqing	Four categories: green, blue, yellow, black
Heilongjiang	Four categories: green, blue, yellow, red

Ningxia	Four categories: green, blue, yellow, red
Guizhou	Four categories: green, blue, yellow, red
Anhui	Four categories
Sichuan	Four categories
Guangxi	Four categories
Hainan	Four categories
Hebei	Five categories
Jiangsu	Five categories: green, blue, yellow, red, black
Zhejiang	Five categories: green, blue, yellow, red, black
Jiangxi	Five categories: green, blue, yellow, red, black