

## Shanghai Stock Exchange opens new index to boost low-carbon industry

Index will promote companies with low carbon footprints in order to grow the nation's green economy

By [James Phillips](#)

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China has launched its first carbon efficient financial index, it was announced yesterday, in a bid to direct capital towards its burgeoning low-carbon industry.

The SSE 180 Carbon Efficient Index, launched by The Shanghai Stock Exchange (SSE) and China Securities Index, will identify low-carbon companies with financial performance that matches or exceeds their peers.

The index is expected to support investors to reduce their environmental risk exposure while improving profits and growing the green and low-carbon economy.

Simulations by the financial market suggest the new index's carbon intensity is almost 85 per cent less than that of the benchmark SSE 180 Index, while returns from the carbon efficient index have been 18 percentage points higher since July 2013.

The index was created with help from environmental consultancy Trucost, which assessed the carbon intensity of all companies in the benchmark index by analysing the environmental performance of more than 50,000 stock exchange listed companies and their supply chains.

Liu Zhong, vice general manager of China Securities Index, said the new index would help to accelerate the country's green economy.

"In today's China where green growth is the new norm, green indexes such as the SSE 180 carbon efficient index will provide the market with a great tool for green financial innovation, guiding more capital and more resources towards low carbon and green companies and industries, which will in turn accelerate the green growth economy," he said.

In related news, Chinese industry leaders, government officials and academics are expecting the nation to launch its carbon price at 39 yuan (\$6.12) in 2017, the year the new emissions trading scheme (ETS) is anticipated to be introduced.

The survey conducted by non-profit group [China Carbon Forum](#) asked 304 respondents how they believed the carbon dioxide permits would be rolled out.

All groups said that they expected the government to increase the cost of the permits over time, with the price estimated to increase to 59 yuan (\$9.28) in 2020 and 70 yuan (\$10.98) in 2025, while 82 per cent said that they thought the new scheme would impact on investment decisions.

The predicted cost would mean that the market price would be below current EU price of €8 (\$8.92) but above the Regional Greenhouse Gas Initiative (RGGI) levels of \$6.