

Listed companies required to issue annual environmental report

The Chinese Ministry of Environmental Protection released a circular on July 13 requiring listed companies to establish an environmental review system.

The ministry announced that it would publicize the list of enterprises that have passed ministerial and provincial-level environmental protection reviews on a quarterly basis and it will annually disclose the results of environmental protection inspections.

In May 2009, the ministry found after inspecting listed companies that passed environmental protection reviews in 2007 and 2008 that 11 of the 58 listed companies had not rectified serious environmental issues in the given period as required. On July 6, the ministry exposed the illegal environmental practices of nine additional paper-making enterprises located in the country's four regions.

According to the newly-released circular, the disclosure of environmental protection information will become the routine work of listed companies and each provincial-level environmental protection department should urge listed companies under their administration to carefully follow related ministry environmental information disclosure regulations and release environmental information and annual environmental reports in a timely, comprehensive and correct manner.

The circular requires that environmental protection departments at all levels focus their environmental reviews on whether the reviewed companies have reduced total emissions of major pollutants on schedule, eliminated backwards production capacity and legally completed environmental impact assessment procedures.

Also departments must determine whether or not companies have passed environmental protection assessments, legally completed clean production examinations, controlled heavy metal pollution and met emissions standards.

According to the provisions of the ministry and the China Securities Regulatory Commission, if manufacturing companies in heavy pollution industries apply for initial public offerings (IPO), they should provide environmental-protection review and approval documents from environmental-protection organs in their application documents.

The enterprises that fail to provide environmental protection review and approval documents will not be entitled to apply for IPOs and those that pass environmental protection reviews should also accept environmental protection reviews after the IPOs.

"Although the Ministry of Environmental Protection has provided basic content for environmental information disclosure, the issues such as how to disclose the information, what channels will be used for information disclosure and the time range for the disclosure all need to be further specified," said Jia Yong, secretary of the Board of Directors at listed company Santai Elec, "The Ministry of Environmental Protection is expected to consult with exchanges to specify requirements for the annual environmental report before issuing implementation methods."

*By People's Daily Online*

(Editor: 黄蓓蓓)