

MEMORANDUM OF UNDERSTANDING
TO
ENHANCE COOPERATION ON LOW CARBON DEVELOPMENT
BETWEEN
THE CITY OF SHENZHEN OF THE PEOPLE'S REPUBLIC OF CHINA
AND
THE STATE OF CALIFORNIA OF THE UNITED STATES OF AMERICA

September 15, 2015

LOS ANGELES • CALIFORNIA • THE UNITED STATES OF AMERICA

**Memorandum of Understanding to Enhance Cooperation on Low Carbon Development
Between Shenzhen Municipal People's Government of the People's Republic of China and
the Government of the State of California of the United States of America**

Based on the Memorandum of Understanding to Enhance Cooperation on Climate Change, Energy and Environment between the Government of the People's Republic of China and the Government of the United States of America signed in July 2009, and Memorandum of Understanding to Enhance Cooperation on Emissions Trading Systems Between Shenzhen Municipal People's Government of the People's Republic of China and the Government of the State of California of the United States of America signed in June 2013, and in order to enhance cooperation in the area of low carbon development, Shenzhen Municipal People's Government of the People's Republic of China and the Government of the State of California of the United States of America (hereinafter referred to as "the Participants") have reached the following understanding:

1. Purpose

The purpose of this Memorandum of Understanding (MOU) is to support efforts of the Participants to address the global issue of climate change and to help each Participant achieve its low carbon development goals. This MOU establishes a fundamental framework for the Participants to carry out pragmatic exchange and cooperation based on the principles of equality and mutual benefits and does not provide Participants or third parties with any legal rights, nor does it incur legal obligations by the Participants or any third parties.

2. Areas of Cooperation

The Participants focus cooperation on low carbon development efforts, with specific areas of cooperation including but not limited to the following:

- 1) Shenzhen will fully support the State of California under the Subnational Global Climate Leadership Memorandum of Understanding to cooperation within the area of low carbon development, and the State of California will support Shenzhen in the formation and implementation of its own greenhouse gas emission targets, appropriate to Shenzhen's situation;
- 2) The Participants will undertake mutual efforts to implement climate change policies, particularly those that promote energy savings and the reduction of the emissions of toxic pollutants;

- 3) The Participants will promote exchange and cooperation on low carbon and smart cities, in particular in the areas of planning and reducing greenhouse gas emissions;
- 4) The Participants will continue their cooperation and engagement on emissions trading systems, including sharing information and lessons learned on how to effectuate regional and national carbon market links;
- 5) The Participants will promote new energy vehicles on a larger scale, including through cooperation on Zero Emission Vehicles (ZEVs) Programs, as well as Shenzhen's integration of mobile sources into their Emissions Trading System;
- 6) The Participants will support cooperation on reducing air pollutants and carbon emissions from ports among the Port of Shenzhen, California Ports and the California Air Resources Board;
- 7) The Participants will support low carbon economic growth that creates jobs and improves competitiveness of local industries;
- 8) The Participants will encourage communication and cooperation on low carbon technology;
- 9) The Participants may cooperate on other items of interest as they are identified.

3. Forms of Cooperation

The Participants can use the following forms of cooperation:

- 1) Mutual exchange of relevant information, experience and lessons learned, including through sharing relevant documents and other resources;
- 2) Mutual sharing of investment opportunities in low carbon development;
- 3) Exchange and visits between the Participants' relevant personnel, including in person exchanges as well as those using conference calls and webinar technology;
- 4) Mutual exchange of scientific research, and/or joint research and development activities;
- 5) Co-organizing of relevant seminars, workshops, exhibitions and trainings;
- 6) Enhancing business relationships and collaboration between Shenzhen-based and California-based entrepreneurs through (but not limited to) California's innovation hub (iHub) network, trade delegations, and public private partnerships;
- 7) Facilitation of cooperation between major California cities and Shenzhen as appropriate;
- 8) Other forms of collaboration as agreed upon by the Participants.

4. Cooperation Mechanism

- 1) The Participants agree that the Working Group on Enhancing Cooperation on ETS established in the 2013 MOU between the Parties shall be renamed the Working Group on Enhancing Cooperation on Subnational Climate Leadership and Low Carbon Development, and shall be renewed in order to strengthen communication and cooperation and to negotiate the specifics of cooperation under this MOU on a regular basis;

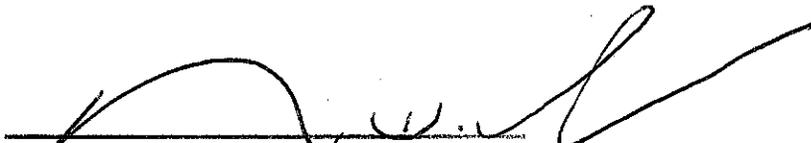
- 2) The Working Group from Shenzhen will continue to be composed of the Development and Reform Commission of Shenzhen Municipality and other entities as defined by the Development and Reform Commission of Shenzhen Municipality. The Working Group from California will continue to be composed of the California Environmental Protection Agency and other entities identified by the California Environmental Protection Agency;
- 3) The People's Government of Shenzhen Municipality and the Government of the State of California respectively designate the Development and Reform Commission of Shenzhen Municipality and California Environmental Protection Agency as the Executive Agencies responsible for coordinating the implementation of relevant cooperation activities between Shenzhen and California;
- 4) During the period of validity of this MOU, the Executive Agencies shall report on the progress of cooperation to Shenzhen Municipal People's Government and the State of California once a year and improve the cooperation plans based on both governments' suggestions;
- 5) As appropriate, the Participants will utilize third party organizations that are agreed upon by both parties to assist with the implementation of this MOU, including but not limited to the Shenzhen Low-Carbon Development Foundation, and the Environmental Defense Fund. These third party organizations, under the direction of the Participants, will help to coordinate information exchange, activities, travel delegations and collaboration between the Participants. These organizations will also explore funding sources to enable travel and other forms of collaboration between the Participants;
- 6) All activities carried out based on the MOU must be in accordance with the Participants' respective laws, rules and regulations and shall be subject to the availability of funds, personnel and other resources available to each Participant;
- 7) Consultation and exchange of information and documents shall preserve the security and integrity of the systems, processes, and information (including trade secrets) of each Participant and be without prejudice to Participants' legal requirements or obligations, which may prevent the exchange of certain confidential information and documents under this MOU.

5. Supplementary provisions:

- 1) The Participants have decided that any disagreement arising from the implementation of this MOU shall be settled over amicable discussion;
- 2) This MOU is valid for two years upon the date of signature. The MOU may be extended and modified with the mutual consent of the Participants;
- 3) This MOU may be terminated by either party with a written statement to the other. After the termination of the MOU, the Participants must take necessary measures to conclude the ongoing activities of the MOU in a swift and appropriate manner;
- 4) Nothing in this MOU precludes Shenzhen Municipal People's Government or the State of California from entering into any other agreement with an entity inside or outside of the United States of America or the People's Republic of China;

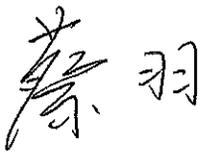
- 5) This MOU is signed in Los Angeles, California on September 15, 2015. This MOU shall be provided in two copies in both English and Chinese. Each party holds one copy and the two copies are equally authentic.

Authorized Representative from the Government of the State of California



September 15, 2015

Authorized Representative from Shenzhen Municipal People's Government



September 15, 2015