

China Sustainable Investment Review

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Messages

Sustainable investment can help us, the financial institutions, identify potential risks in the investment process, explore better investment opportunities, value and analyze the invested enterprises more accurately, and ultimately bring us stable investment performance. In addition, it encourages enterprises to consider social and environmental issues related to their business operations, and impels enterprises to empower social development, create a better life for the people, and contribute to steady social-economic growth.

——— SHENG Ruisheng, Board Secretary, Brand Director, Ping An Group

Today, Chinese society is attaching more and more attention to environmental protection, social responsibility and corporate governance. Accordingly, ESG-based investment is gradually becoming a mainstream investment approach. The enterprises which take responsible actions, enhance information disclosure, strive to make contribution to the society, will be benefited by reinforcing the cohesion of stakeholders such as the community, shareholders and customers, improving the enterprises' ability to resist risks, highlighting their social responsibility image, and building a favorable brand reputation and social recognition. Moreover, with the advent of the new era of global connectivity and "great asset management" in China's financial markets, the principles and strategies of long-term, sustainable, responsible ESG-based investment will surely be widely recognized and welcomed by institutional investors.

——— DENG Qingxu, Senior Vice President, Sina

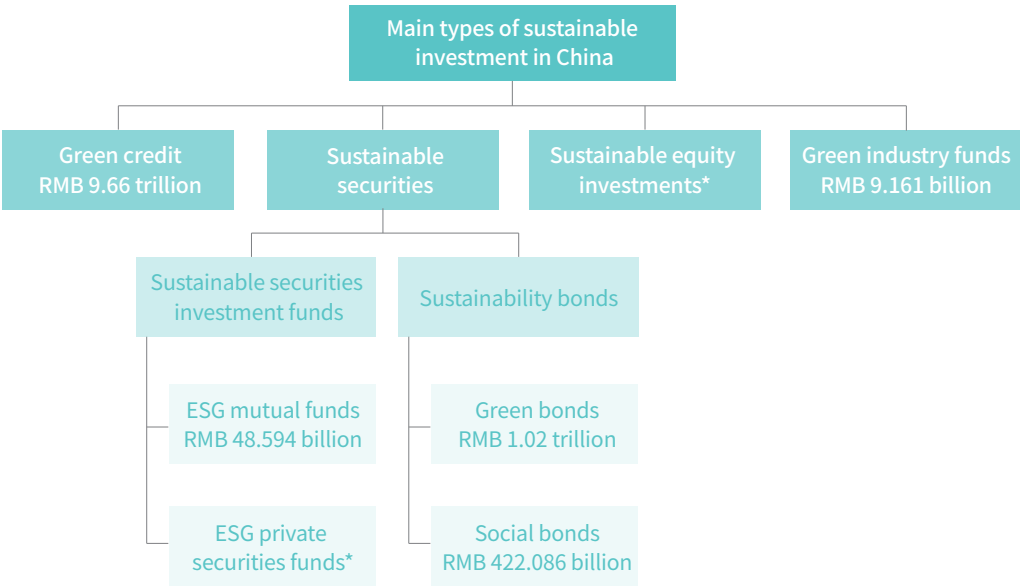
As a value, ESG provides a basic benchmark for behavior improvement in response to environmental, social, and corporate governance issues arising in development. It is rooted in various economic, social, and cultural environment, and reflects not only the common aspirations of the modern human community, but also the unique aspirations of each individual economy. And as a language, ESG evokes resonance amid economic, social, and cultural differences, providing a bridge for mutual understanding between capital and labor, business and society, and society and nature. ESG calls for dialogue, communication, and more importantly, painstaking efforts. We look forward to the emergence of more effort contributors to promote more sound ESG practices in the Chinese market.

——— ZHANG Xuanchuan, Deputy Director of the Department of Research and Risk Monitoring,
Asset Management Association of China

Executive Summary

The recent years have witnessed the efforts of more and more countries in exploring and practicing sustainable investment. It has become a consensus among regulators and various parties of the market to integrate environmental, social and corporate governance (ESG) factors into investment process. In China, sustainable investment was mainly adopted by the bank credit business at the outset. Since the seven Chinese ministries and commissions including the People’s Bank of China jointly released the Guidelines for Establishing the Green Financial System in 2016, sustainable investment in China’s capital market has developed by leaps and bounds, which is accompanied by the constant emergence of new sustainable investment products and the wider and wider recognition of the concepts of ESG and sustainable investment.

China Sustainable Investment Review 2019 (this “Report”) straightened out the status quo and size of sustainable investment in China based on public information. According to public statistics available as of November 2019, in China, the balance of green credit was RMB 9.66 trillion; the size of pan-ESG mutual funds was RMB 48.594 billion; the total amount of green bonds issued was RMB 1.02 trillion; the total amount of social bonds issued was RMB 422.086 billion; and the actual capital contribution of green industry funds was RMB 9.161 billion.



*There are currently no available public statistics on the size of ESG private securities funds and sustainable equity investments.

Note: The statistical dimensions for different types of data are not exactly the same. For details, please refer to Appendix 1.

This Report, focusing on the sustainable investment practice of securities investment funds, summarized the international development trend of sustainable investment, reviewed the progress of China’s sustainable investment policies in recent years, sorted out existing pan-ESG stock indices and pan-ESG mutual funds, and analyzed and discussed the attitude of individual investors and institutional investors towards sustainable investment.

Main findings

- Sustainable investment in China's securities market is experiencing rapid development, and related policies have been introduced one after another. The Green Investment Guidelines (for Trial Implementation) specified the goals, principles and basic methods of green investment. The regulatory requirements for ESG information disclosure become increasingly stringent; it is expected that, by 2020, it will be a mandatory requirement for all listed companies to disclose environmental information.
- The number of pan-ESG stock indices has steadily grown. As of October 2019, there were 44 pan-ESG indices tracking A shares. Indices adopting selection strategy tend to outperform reference indices in both yield and stability;
- As of the end of November 2019, eight mutual fund managers in China signed the United Nations-supported Principles for Responsible Investment, or PRI; the number of pan-ESG mutual funds added up to 95, with their size accounting for about 2% of that of all equity funds and hybrid funds in the market, indicating greater room for improvement compared with developed markets;
- The sustainable investment by Chinese investors is primarily driven by factors such as investment risks and returns, while the choice of young individual investors also embodies the vital role of values;
- Currently, the core challenges faced by investors in sustainable investment include insufficient awareness of sustainable investment, lack of ESG evaluation criteria and tools, and unavailability of reliable ESG data.

As China's capital market continues to open up to the world, more and more sustainable investment capitals will flow into the country. In the meantime, more financial institutions in China are incorporating ESG factors into their businesses and traditional assets. In view of these facts, **this Report suggests institutional investors:**

- Enhance understanding of sustainable investment, and rationally judge whether or not, and how, if yes, to integrate various ESG or sustainable development factors into their investment analysis and decision-making process in accordance with the market situation, industry development, and their own values, missions and stage of development;
- Explore differentiated approaches of sustainable investment. Compared with financial data, ESG data are more complex and diverse, and there is no unified valuation model that can be followed. Therefore, each institution should develop its own methodology, so as to highlight its own features under generally accepted frameworks;
- Explicitly request for provision of ESG data. In the context of increasingly stringent regulatory requirements, institutional investors can take the initiative to explicitly request the provision of ESG data, and by fully leveraging their role of market players to further boost the disclosure rate and comparability of ESG data.

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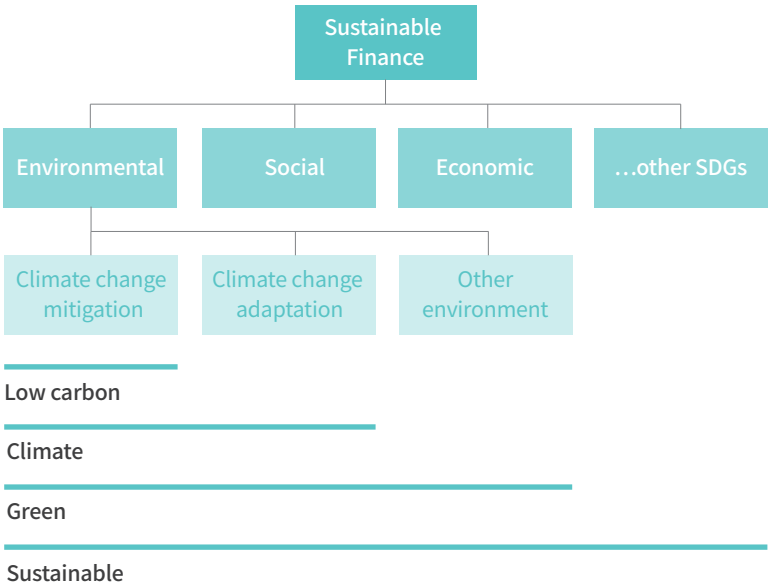
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About This Report

Definition of sustainable investment

Sustainable investment is an investment approach that, based on traditional investment, further incorporates considerations on the environmental, social and governance (ESG) factors of the investment target. For the purposes of this Report, the term “sustainable investment” covers concepts such as low-carbon finance, climate finance, and green finance, and is equivalent to “sustainable finance” defined by the UN Environment Inquiry (Fig. 1).

Fig. 1 Elements related to sustainable investment/sustainable finance



Source: UN Environment & World Bank Group, 2017. Roadmap for A Sustainable Financial System

Green finance¹ : Green finance refers to financial services provided for economic activities that are supportive of environment improvement, climate change mitigation and more efficient resource utilization. These economic activities include the financing, operation and risk management for projects in areas such as environmental protection, energy savings, clean energy, green transportation, and green buildings.

Sustainable finance² : Sustainable finance can be broadly understood as financing as well as related institutional and market arrangements that contribute to the achievement of strong, sustainable, balanced and inclusive growth, through supporting directly and indirectly the framework of the Sustainable Development Goals (SDGs).

¹ Seven Chinese ministries and commissions including the People’s Bank of China, 2016. Guidelines for Establishing the Green Financial System.

² G20 Green Finance Study Group, 2018. G20 Sustainable Finance Synthesis Report: Executive summary

Sustainable investment strategies

According to Global Sustainable Investment Alliance (GSIA)³, common sustainable investment strategies encompass negative/exclusionary screening, positive/best-in-class screening, norms-based screening, ESG integration, sustainability themed investing, impact/community investing, and corporate engagement and shareholder action. This Report is consistent with GSIA in terms of the classification of sustainable investment strategies. The strategies covered in this Report are mainly positive/best-in-class screening, negative/exclusionary screening, sustainability themed investing, and corporate engagement and shareholder action.

- Positive/best-in-class screening: investment in sectors, companies or projects selected from a defined universe for positive ESG performance relative to industry peers;
- Negative/exclusionary screening: the exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria;
- Sustainability themed investing: investment in themes or assets that address specific sustainability issues such as climate change, food, water, renewable energy, clean technology and agriculture;
- Corporate engagement and shareholder action: the use of shareholder power to influence corporate behavior, including through direct corporate engagement, filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

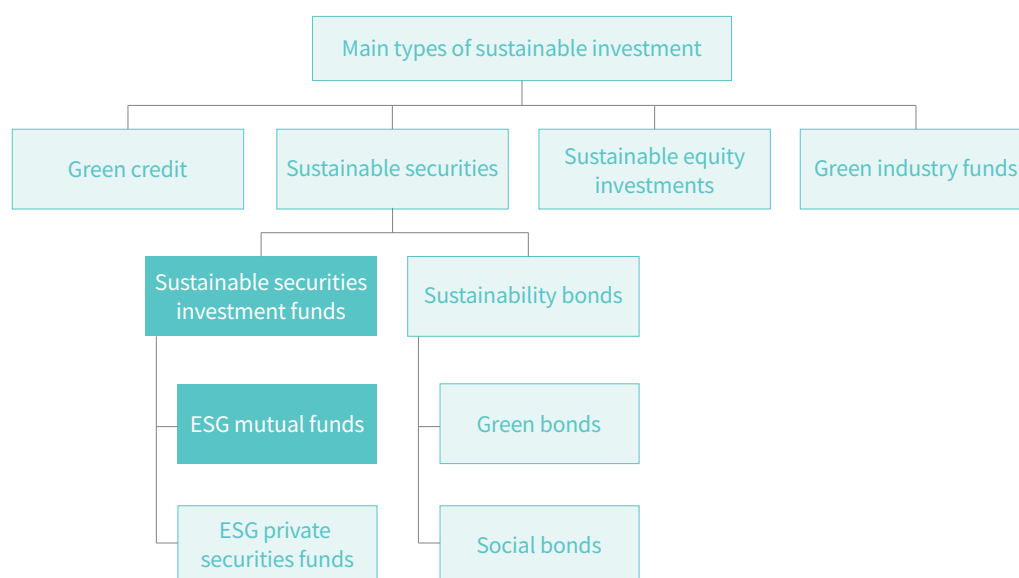
Scope of this Report

In the Chinese market, sustainable investment, which was primarily adopted by the bank credit business at the outset, has gradually penetrated into the practice of the securities industry, equity investment, and industrial funds in the recent years. Meanwhile, sustainable investment products such as ESG stock indices, green bonds, and green funds have sprung up in succession (Fig. 2) (Related definitions and size statistics can be found in Appendix 1).

This Report focuses on sustainable securities investment funds, without placing restrictions on the sustainable investment strategies adopted by investors. And when collecting statistics on pan-ESG stock indices and pan-ESG mutual funds, this Report, without placing restrictions on the number of ESG factors considered by investors, covers all products that take into account one or more than one of the three factors of E, S, and G.

³ GSIA, 2019. 2018 Global Sustainable Investment Review.

Fig. 2 Main Types of Sustainable Investment



Data sources

The main data⁴ sources of this Report are as follows:

- Sustainable investment policies: Relevant data are mainly sourced from the “China Green Financial Policy Database” of SynTao Green Finance.
- Sustainable investment market practice: Available statistics of pan-ESG stock indices and pan-ESG mutual funds are collected and organized by China SIF based on public information.
- Sustainable investment attitude survey: Relevant data consist of results from two questionnaire surveys.
 - The results of a questionnaire survey on the attitude of institutional investors, are sourced from the Special Research Report on ESG Investment 2018 issued by the Asset Management Association of China (AMAC); this survey gathered 82 valid responses, mainly from mutual fund companies and brokers that provide asset management services; and
 - The results of a questionnaire survey on the attitude of individual investors, are sourced from the “2019 Survey of Public Attitudes toward Sustainable Investment” jointly initiated by China SIF and Sina Finance in November 2019; this survey was conducted anonymously among individual investors, and gathered 2,637 valid responses.

⁴ Unless otherwise specified, the data for China in this Report does not include the data for the Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan Province.

1. Overview of Global Sustainable Investment

The recent years have witnessed the efforts of more and more countries in exploring and practicing sustainable investment. In the context of sustainable development, incorporating ESG factors into investment considerations has become a consensus among regulators and various parties of the market.

The global regulatory attention to sustainable investment has increased notably

In 2016, “green finance” was officially included on the agenda of G20 Summit as a major topic. In the same year, the G20 Green Finance Study Group was established (renamed as the Sustainable Finance Study Group in 2018) to enlarge the scope of core topics and include more sustainable development factors. Gaining the consensus of world leaders, green/sustainable finance has been written into the G20 outcome document for three consecutive years.

In 2017, the central banks and regulators of eight countries including France, China, and the Netherlands, etc. jointly established the Network for Greening the Financial System (NGFS), with a view to exchange experience and conduct research on green finance, encourage financial institutions to disclose environmental information and analyze environmental risks, unify the definition of green concepts and introduce green financial incentives. As of October 2019, the central banks or financial regulators of 48 countries/regions from five continents have joined the NGFS, seeking to promote sustainable economic transformation powered by mainstream capital.

Sustainable investment policies are successively introduced by various countries

In Europe, the development of sustainable investment is mainly driven by the market. However, in recent years, as the region with a relatively matured development of responsible investment, Europe has also begun to pay more attention to regulatory policies on sustainable finance. Since 2014, the European Commission has required companies with more than 500 employees to regularly disclose information on environmental and social issues⁵. This requirement also applies to financial institutions such as banks, insurance companies, and asset management companies. In June 2019, the European Commission’s Technical Expert Group (TEG) unveiled the EU Taxonomy for Sustainable Activities⁶ to define environmentally sustainable economic activities for policy makers and financial institutions and help them identify green investment opportunities.

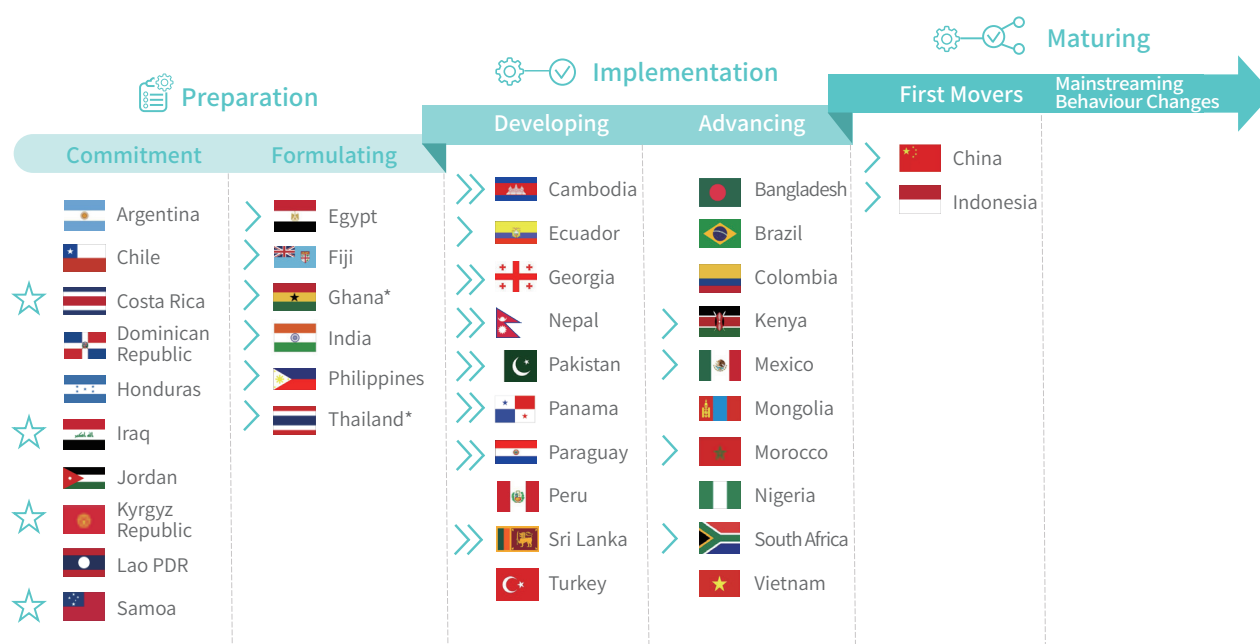
Meantime, developing countries are also attaching greater importance to sustainable investment. The Sustainable Banking Network (SBN) established with the support from the International Finance Corporation (IFC) has now spanned Asia, Africa, Latin America and Oceania, with the number of members growing from 10 in 2012 to 38 of today. Of the member countries, 22 countries have formulated policies on sustainable finance via their financial regulatory departments, compared to 15 countries in 2017 and only 2 in 2012 (Fig.3)⁷.

⁵ European Commission, 2014. Directive 2014/95/EU. https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en, accessed on November 4, 2019

⁶ European Commission, 2019. EU taxonomy for sustainable activities. https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en, accessed on November 4, 2019

⁷ IFC, 2019. Global Progress Report of the Sustainable Banking Network: Innovations in Policy and Industry Actions in Emerging Markets.

Fig. 3 Twenty-two Member Countries of SBN Have Developed Sustainable Financial Policies

**Progress since the 2018 Report**

- ☆ 4 new SBN member countries made progress in the initial Commitment Stage
- 14 countries made progress within the same stage
- > 13 countries moved up one stage
- >> 7 countries moved up two stages

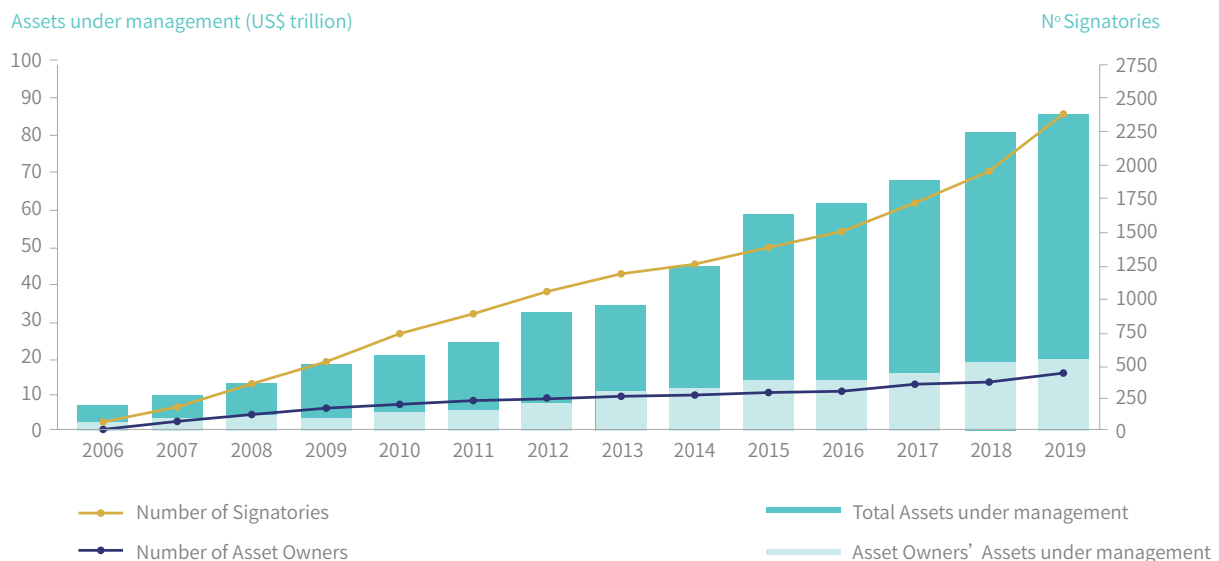
* Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this Report.

Source: IFC, 2019. Global Progress Report of the Sustainable Banking Network.

Number of global sustainable investment institutions grows, accompanied by steady increase in the size of sustainable investment

The Principles for Responsible Investment (PRI), the world's most influential network of responsible investors, was launched in 2006 with the support of the United Nations. The six principles of PRI were developed by investors, and becoming a signatory of PRI means commitment to incorporate ESG issues into its investment decisions. In the last five years, the number of PRI signatories has soared, hitting more than 2000. The amount of assets under the management (AUM) of these signatories has reached USD 80 trillion (Fig. 4)⁸

Fig. 4 Number & AUM of PRI Signatories



Source: Website of PRI, 2019.

According to the GSIA (Table 1)⁹, as of the beginning of 2018, the sustainable investment in five major markets¹⁰ around the world aggregated to USD 30.7 trillion. Compared with 2016, the capital markets of developed countries saw a double-digit average annual growth rate in the size of sustainable investment assets: the growth rate for the United States was 38%; and for Australia/New Zealand, 46%; that for Japan hit a stunning 307%; and that for Europe still reached 11% despite of a large base number. In terms of the amount of sustainable investing, sustainable assets in Europe amounted to EUR 12.3 trillion, accounting for 48.8% of the total managed assets, and that in the United States was also close to USD 12 trillion, accounting for 25.7% of the total managed assets (Fig. 5).

⁸ PRI, <https://www.unpri.org/pri/about-the-pri>, accessed on November 4, 2019

⁹ GSIA, 2019. 2018 Global Sustainable Investment Review.

¹⁰ The markets are Europe, the United States, Japan, Canada, and Australia/New Zealand.

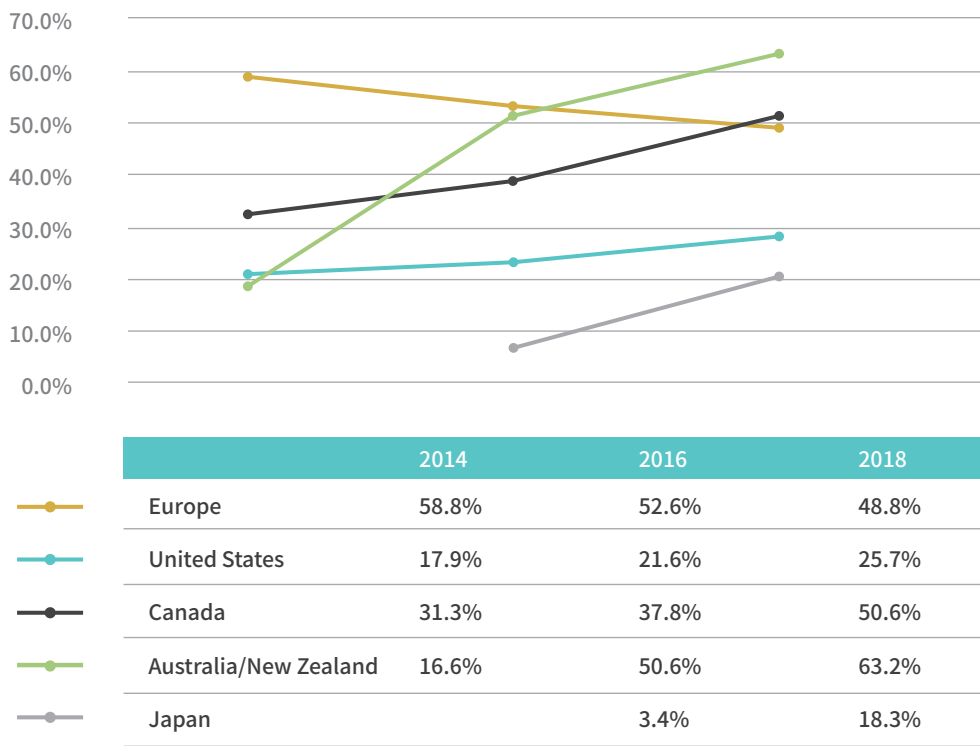
Table 1 Growth of Sustainable Investing Assets by Region in Local Currency 2014-2018

	2014	2016	2018	Growth Per Period		Compound Annual Growth Rate (CAGR) 2014-2018
				Growth 2014-2016	Growth 2016-2018	
Europe	€ 9,885	€ 11,045	€ 12,306	12%	11%	6%
United States	\$ 6,572	\$ 8,723	\$ 11,995	33%	38%	16%
Canada (in CAD)	\$ 1,011	\$ 1,505	\$ 2,132	49%	42%	21%
Australia/New Zealand (in AUD)	\$ 203	\$ 707	\$ 1,033	248%	46%	50%
Japan	¥ 840	¥57,056	¥ 231,952	6692%	307%	308%

Note: Asset values are expressed in billions. All 2018 assets in this report are as of 12/31/17, except for Japan, whose assets are as of 3/31/18

Source: GSIA, 2019. 2018 Global Sustainable Investment Review.

Fig. 5 Proportion of Sustainable Investing Relative to Total Managed Assets 2014-2018



Note: In 2014, data for Japan was combined with the rest of Asia, so this information is not available.

Source: GSIA, 2019. 2018 Global Sustainable Investment Review.

Mainstream index companies launch sustainable investment indices

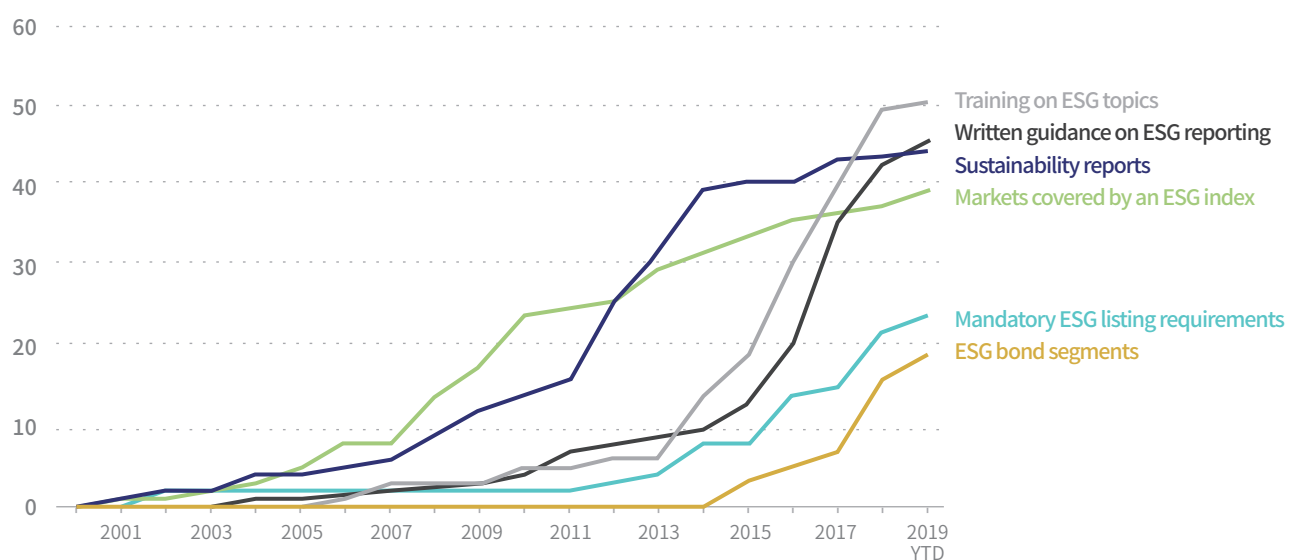
The world's mainstream index companies have all launched ESG series indices, such as Dow Jones Sustainability Indices (DJSI), FTSE4Good Index Series (FTSE4Good), and MSCI ESG Indices. DJSI, a sustainable development index with a history of 20 years, has been regarded by many as a benchmark for sustainable investment, and selection into DJSI is deemed as an honor by many listed companies. Globally, over USD 125 billion of assets are benchmarked to MSCI ESG Indices¹¹. Due to widespread adoption of its index products by institutional investors and ETFs, the MSCI index constituents are also endeavoring to raise their ESG ratings by continuously improving ESG information disclosure and management practices.

Exchanges accelerate the development of sustainable investment

As the venues for listing of companies and trading of various securities, exchanges play a crucial role in the development of sustainable investment. Since the establishment of the UN Sustainable Stock Exchange Initiative (UN SSEi) a decade ago, 90 stock exchanges around the world have joined the initiative, overseeing about 50,000 companies with a market cap of USD 86 trillion. In the past decade, there has been a robust growth in the sustainability activities at stock exchanges worldwide (Fig. 6). Currently, 40 of the member exchanges of UN SSEi have launched ESG-related index products. According to UN SSEi, more than 20 stock exchanges around the world have mandatory ESG reporting requirements for listed companies, and nearly 50 stock exchanges have formulated written guidance for listed companies on ESG reporting¹².

Fig. 6 Stock Exchange Sustainability Activities Experience Strong Growth

(Number of exchanges)



Source: UN SSEi, 2019. 10 Years of Impact and Progress: Sustainable Stock Exchange 2009-2019.

¹¹ MSCI, <https://www.msci.com/bloomberg-barclays-msci-esg-fixed-income-indexes>, accessed on November 4, 2019

¹² UN SSEi, 2019. 10 Years of Impact and Progress: Sustainable Stock Exchange 2009-2019.

Climate change risks arouse widespread concern in the financial industry

In February 2015, the G20 Financial Stability Board set up the Task Force on Climate-related Financial Disclosures (TCFD). TCFD aims to, by formulating a unified climate change-related information disclosure framework, help financial institutions such as investors, lenders, and insurers reasonably assess climate change-related risks and opportunities and make wiser financial decisions. As of June 2019, 374 financial institutions, 270 non-financial companies and 114 other organizations around the world have committed to support TCFD recommendations; more than 340 investors with nearly USD 34 trillion of AUM have committed to engage the world's largest corporate greenhouse gas emitters to strengthen their climate-related disclosures by implementing the TCFD recommendations as part of Climate Action 100+¹³.

¹³ TCFD, 2019. Status Report: Task Force on Climate-related Financial Disclosures: Status Report.

2. Sustainable Investment Policies in China

Policies on sustainable investment in the securities market are launched

Since 2016, China has introduced a string of policies directly related to sustainable investment in the securities market (Appendix 2). In 2016, seven Chinese ministries and commissions, namely the People's Bank of China, the Ministry of Finance, the National Development and Reform Commission, the former Ministry of Environmental Protection, the former China Banking Regulatory Commission, China Securities Regulatory Commission, and the former China Insurance Regulatory Commission, jointly issued the Guidelines for Establishing the Green Financial System. This policy document makes clear the vital role of the securities market in advancing green investment and requires unifying the definition of green bonds, giving active support to the listing and refinancing of eligible green companies, and backing up the development of green bond indices, green stock indices and related products.

Subsequently in 2018, AMAC promulgated China's first comprehensive and systematic self-regulation standard for the asset management sector on green investment, the Green Investment Guidelines (for Trial Implementation) (the "Guidelines"). The Guidelines aim to encourage fund managers to focus on environmental sustainability, beef up fund managers' awareness of environmental risks, define the scope and approaches of green investment, propel green investment of the fund industry, improve the environmental performance of investment activities, and foster green and sustainable economic growth. By clarifying the concepts, goals, principles and basic methods of green investment, the Guidelines intend to guide fund managers that are engaged in green investment activities to operate the funds in a market-oriented, standardized, and professional manner, encourage long-term value investment, and establish the code of conduct for green investment.

Various provincial and municipal governments and agencies have also issued relevant policies and guidelines in support of green investment. For instance, in 2019, Jiangxi province released the Regulations on the Promotion of Ecological Civilization Construction in Jiangxi Province (Draft), calling for speeding the development of green investment and pushing forward the listing of eligible green enterprises. Data from the China Green Financial Policy Database of SynTao Green Finance¹⁴ show that, as of October 2019, nearly 500 local green financial policies have been introduced by various regions.

According to the Guiding Opinions of the National Development and Reform Commission and the Ministry of Science and Technology on Establishing a Market-oriented Green Technology Innovation System, a policy launched in 2019, China will strengthen financial support for green technology innovation, and plans to lay down the standards and guidance of green investment for mutual and private securities funds in 2020.

The Guiding Catalogue for the Green Industry (2019), a supporting policy for sustainable investment, specifies the definition and classification of green industries and green projects. China's seven ministries and commissions including the National Development and Reform Commission require that relevant departments shall, basing on this Guiding Catalogue, map out policies and measures on investment, pricing, finance, and taxation in light of the development priorities of their respective jurisdictions and regions, in a bid to offer better benchmark and support for green investment.

¹⁴ China Green Financial Policy Database of SynTao Green Finance, <http://database.syntaogf.com/think/public/index.php/admin/tools/query>, accessed in November 2019.

Regulatory requirements for ESG information disclosure are increasingly stringent

The disclosure of ESG information is the cornerstone of sustainable investment. Since the 11th five-year plan period, China's environmental regulatory authorities have successively issued a number of policy documents to regulate the environmental information disclosure of listed and other companies, such as the Measures for the Disclosure of Environmental Information (for Trial Implementation) issued in 2007 and the Guiding Opinions on Strengthening the Supervision and Management of the Environmental Protection by Listed Companies issued in 2008.

The Guidelines for Establishing the Green Financial System released in 2016 puts forward to gradually establish and improve the mandatory environmental information disclosure system for listed companies and bond issuers. In addition, this policy document includes a plan of China to strengthen the mandatory environmental information disclosure of listed companies. Although being behind schedule, the plan is still being pushed forward now:

- The first phase (since 2017): implement mandatory disclosure of environmental information for listed companies that are included into the list of key pollutant discharging entities by the former Ministry of Environmental Protection;
- The second phase (since 2018): implement semi-mandatory “comply or explain” disclosure of environmental information for listed companies. A listed company which fails to disclose relevant information must give an explanation therefor;
- The third phase (since 2020): implement mandatory disclosure of environmental information for all listed companies.

To this end, the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE), both of which are members of UN SSEI, have issued guiding documents for the fulfillment of social responsibility and information disclosure by listed companies. To regulate and guide listed companies' disclosure of social responsibility information, including environmental protection information, SZSE issued the Guidelines for Social Responsibility of Listed Companies in 2006, while SSE followed up with the introduction of the SSE Guideline on Environmental Information Disclosure by Listed Companies in 2008. Later in 2015, SZSE published a slew of guidelines for the standardized operation of listed companies, requiring the disclosure of major environmental pollution information by companies listed on the main board, SME board, and ChiNext board; in 2019, SSE introduced 10 supporting rules and guidelines, including the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, imposing mandatory requirements for companies listed on the Sci-Tech Innovation Board to disclose ESG information.

The China Securities Regulatory Commission (CSRC) has also put forward specific requirements for information disclosure and governance of listed companies. In 2016, the CSRC revised the standards for the contents and formats of listed companies' annual and semi-annual reports and imposed compulsive requirements on key pollutant discharging entities identified by the environmental supervision authorities, according to which requirements, all such identified listed companies and their subsidiaries must disclose relevant environmental information. In 2017, the CSRC announced the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports (2017 Revision) (the “Standards”). Pursuant to the Standards, a listed company that discloses its environmental information in the form of an interim report in this reporting period must supplement information on the subsequent progress or changes; companies other than key pollutant discharging entities may disclose their environmental information by referring

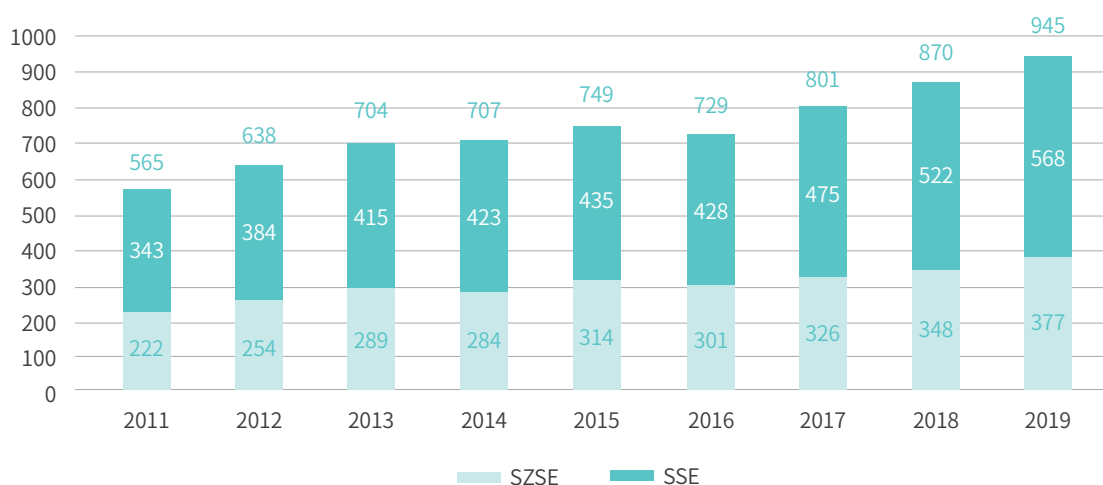
to the above requirements; companies have to give a full explanation if not doing so; companies are encouraged to voluntarily disclose relevant information that is conducive to protecting the ecology, preventing pollution, and fulfilling environmental responsibilities.

In addition, since the publication of the updated ESG Reporting Guide by the Hong Kong Exchanges and Clearing Limited (HKEx) in 2015, the disclosure of ESG information by companies listed on the HKEx had undergone a gradual change from voluntary disclosure to semi-mandatory “comply or explain”, and then to mandatory disclosure of certain indicators. As of the end of September 2019, 245 or 89% of the 276 H-share companies¹⁵ have issued ESG reports. Given that H-share companies are registered in the mainland China, and 116 of them are also listed on SSE or SZSE, the continuously enhanced disclosure by H-share companies also boosted the disclosure of ESG information in mainland China to some extent.

No. of A-share companies disclosing ESG information rises year by year, yet with a low reporting frequency of key indicators

In China, corporate social responsibility (CSR) report is the main source of a company's ESG information. In recent years, the number of A-share companies disclosing ESG information has kept rising (Fig. 7) but is still at a low level. As of September 24, 2019, there were a total of 3702 A-share listed companies on SSE and SZSE¹⁶, of which merely 26% or 945 companies¹⁸ issued their CSR reports.

Fig. 7 Release of CSR Reports by A-share Listed Companies (2011-2019)



Source: SynTao, 2019. Statistical Analysis of CSR Reports of Listed Companies in 2019.

¹⁵ Stocks of Chinese-funded enterprises registered in the mainland and listed in Hong Kong.

¹⁶ Overview of SSE stock data: <http://www.sse.com.cn/market/stockdata/statistic/>

¹⁷ List of companies listed on SZSE: <http://www.szse.cn/market/companys/company/index.html>

¹⁸ Compiled according to the Choice terminal of east money.com.

The ESG information disclosure of domestically listed companies has improved, but the reporting frequency of key indicators is still low. Taking the constituent companies of CSI 300 as an example, the average disclosure rate of corporate governance indicators is relatively high, reaching 66%; that of environmental indicators is 40.4% (44.6% for environmental management indicators and 35.2% for environmental data indicators), ranking the second; and that of social indicators is 28.9%, ranking the third. Compared with the common environmental and social quantitative indicators adopted by relevant international frameworks and standards, the constituent companies of CSI 300 have a relatively disappointing performance in the reporting frequency of most key indicators and need to make improvements²⁰ (Table 2).

Table 2 The Reporting Frequency of Common E and S Quantitative Indicators by Constituent Companies of CSI 300

ESG TOPIC	PRIMARY INDICATORS	REPORTING FREQUENCY IN CHINA (CSI300)
GHG emissions	Total GHG emissions (scope 1,2,3) in tonnes	26.1%
Air pollutants	Air emissions of NO _x , SO _x , POP, VOC, HAP, PM in kg	38.9%
Water	Total water withdrawal (m ³) % of water recycled	31.6%
Energy	Total energy consumed (GW) % of renewable energy	39.4%
Waste (water, solid, hazardous)	Total waste from operations (tonnes) % of hazardous waste % of waste recycled	36.3-46.4%
Workforce	Workforce composition by gender Training hours per employee	35.3-42.3%
Health and safety	Injury rate (TRIR) Fatality rate (for direct and contract employees)	38-85.4%
Turnover	Employee turnover by category	13.2%

Source: UNEP FI, PRI, SynTao Green Finance, UK PACT, 2019. ESG Data in China: Recommendations for Primary ESG Indicators.

¹⁹ IFC, 2018. Beyond the Balance Sheet: IFC Toolkit for Disclosure and Transparency.

²⁰ UNEP FI, PRI, SynTao Green Finance, UK PACT, 2019. ESG Data in China: Recommendations for Primary ESG Indicators.

3. Market Practices of Sustainable Investment in China

In the wake of the continuous promotion of relevant policies on sustainable investment, China's sustainable investment market has developed at full speed since 2015. The continuous opening of China's capital market has also driven the flow into China of more and more international capital committed to sustainable investment and promoted the public recognition of ESG and sustainable investment. New ESG-related stock indices and mutual fund products are incessantly emerging.

3.1 Pan-ESG Stock Indices

The number of pan-ESG stock indices steadily increases

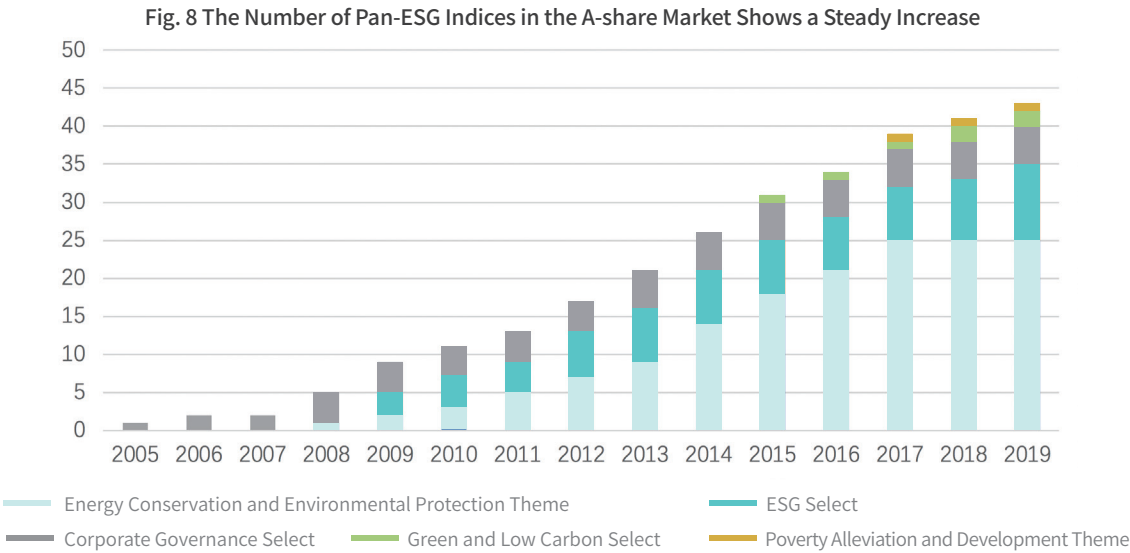
According to data compiled by China SIF, as of the end of October 2019, 43 indices that use environmental (E), social (S), or corporate governance (G) factors to screen constituent A-shares have been released on the SSE and SZSE (collectively pan-ESG indices), mainly consisting of 10 indices of the ESG Select category, 5 of the Corporate Governance Select category, 2 of the Green and Low Carbon Select category, 25 with the theme of Energy Conservation and Environmental Protection, and 1 with the theme of Poverty Alleviation and Development. Of the 43 pan-ESG indices, CNI Corporate Governance Index (399322.SZ), which was launched in 2005, is the first pan-ESG index. Since 2008, the number of pan-ESG indices has steadily increased, with an average annual increase of about 4 new indices (Fig.8).

Select category

- ESG Select: A method that screens constituent stocks by using all of the three factors of E, S and G.
- Corporate Governance Select: A method that screens constituent stocks using the corporate governance factor.
- Green and Low Carbon Select: A method that screens constituent stocks using the environmental factor.

Theme category

- Energy Conservation and Environmental Protection Theme: All the constituent stocks are those of listed companies engaging in energy conservation and environmental protection-related business.
- Poverty Alleviation and Development Theme: A method that screens constituent stocks with the theme of poverty alleviation and development.



Data Source: Wind Data Terminal, collected and analyzed by China SIF.

Select indices outperform their benchmark indices in both yield and stability

Of the 43 pan-ESG indices, most indices of the Select category outperform their benchmark indices in annualized yield or annualized volatility. In comparison, indices with the theme of Energy Conservation and Environmental Protection or Poverty Alleviation and Development fail to show an ideal performance in annualized yield (Fig. 9) and anti-volatility (Fig. 10) (Table 3).

Fig. 9 Comparison of Annualized Yield of A-Share Pan-ESG Indices

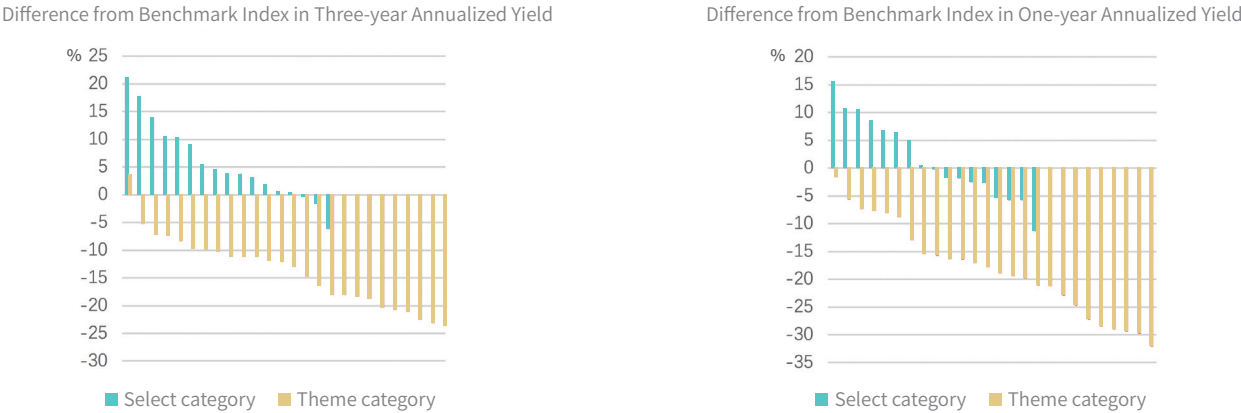


Fig. 10 Comparison of Annualized Volatility of A-Share Pan-ESG Indices

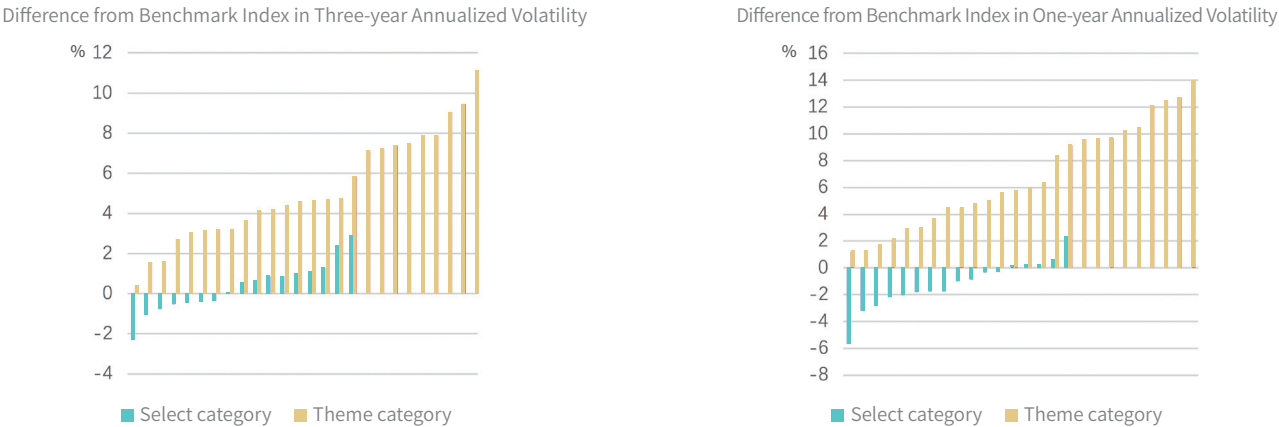


Table 3 Pan-ESG Indices of the A-share Market
(Sorted by strategy type and release time)

Indicators outperforming benchmark indices are shown in red

Ticker	Index name	Benchmark Index	Release Time	3-Year Annualized Yield (Index / Benchmark)		1-Year Annualized Yield (Index / Benchmark)		3-Year Annualized Volatility (Index / Benchmark)		1-Year Annualized Volatility (Index / Benchmark)		Strategy Type
399341.SZ	SZSE CSR	SZSE Component Total Return Index	2009-08-03	10.62	-3.27	7.59	-0.74	20.66	19.79	28.31	30.07	ESG Select
000048.SH	SSE Social Responsibility Index	SSE Composite Index	2009-08-05	10.92	0.57	15.28	4.75	16.21	14.95	20.65	20.43	ESG Select
399369.SZ	CNI-CBN-AEGON-Industrial CSR Index	CSI 300 Index	2009-11-04	10.56	6.85	3.46	9.23	17.55	16.68	22.73	23.09	ESG Select
000970.CSI	CSI ECPI ESG China 40 Index	SSE 180 Index	2010-09-17	7.16	8.65	2.38	13.71	15.59	15.98	18.31	21.13	ESG Select
H00846.CSI	CSI CAITONG ECPI ESG China 100 Index	CSI 300 Index	2012-10-16	11.45	6.85	9.61	9.23	16.22	16.68	20.92	23.09	ESG Select
000846.CSI	CSI ECPI ESG China 100 Index	CSI 300 Index	2012-10-16	8.66	6.85	6.59	9.23	16.14	16.68	21.01	23.09	ESG Select
399555.SZ	CCTV 50 CSR Index	CSI 300 Index	2013-06-06	10.68	6.85	6.62	9.23	15.93	16.68	22.11	23.09	ESG Select
931089.CSI	CSI 180 ESG Index	SSE Composite Index	2018-12-10	18.39	0.57	20.19	4.75	17.82	14.95	21.01	20.43	ESG Select
931148.CSI	CSI ECPI ESG80 Index	CSI 300 Index	2019-02-27	7.06	6.85	9.22	9.23	14.38	16.68	17.43	23.09	ESG Select
931168.CSI	CSI CUF SH-SZ 100 ESG Leading Index	CSI 300 Index	2019-06-27	7.50	6.85	3.48	9.23	17.32	16.68	23.16	23.09	ESG Select
399322.SZ	CNI Corporate Governance Index	CSI 300 Index	2005-12-12	17.27	6.85	15.46	9.23	17.25	16.68	22.78	23.09	Corporate Governance Select
399328.SZ	SZSE Corp Governance Index	SZSE Component Total Return Index	2006-01-24	17.99	-3.27	9.61	-0.74	22.16	19.79	28.28	30.07	Corporate Governance Select
000019.SH	SSE Corporate Governance Index	SSE Composite Index	2008-01-02	5.95	0.57	11.34	4.75	14.99	14.95	19.55	20.43	Corporate Governance Select
000021.SH	SSE 180 Corporate Governance Index	SSE 180 Index	2008-09-10	8.38	8.65	11.87	13.71	15.61	15.98	19.32	21.13	Corporate Governance Select
399554.SZ	CCTV 50 Corp Governance Index	CSI 300 Index	2013-06-06	15.89	6.85	7.44	9.23	17.76	16.68	23.28	23.09	Corporate Governance Select
950081.CSI	SSE 180 Carbon Efficient Index	SSE 180 Index	2015-10-08	2.52	8.65	8.30	13.71	16.99	15.98	23.45	21.13	Green and Low Carbon Select
931037.CSI	CSI 300 Green Leading Stock Index	CSI 300 Index	2018-01-04	9.90	6.85	14.04	9.23	15.63	16.68	19.90	23.09	Green and Low Carbon Select
399358.SZ	TEDA EP Index	CSI 300 Index	2008-01-02	-3.32	6.85	-10.56	9.23	18.21	16.68	25.22	23.09	Energy Conservation and Environmental Protection Theme
000941.CSI	CSI CN Mainland New Energy Index	CSI 800 Index	2009-10-28	-5.35	2.97	-2.19	5.56	20.81	16.61	26.99	24.11	Energy Conservation and Environmental Protection Theme
399378.SZ	CNI Low-Carbon 50 Index	CSI 300 Index	2010-09-20	10.51	6.85	7.56	9.23	17.05	16.68	24.30	23.09	Energy Conservation and Environmental Protection Theme
000977.CSI	CSI China Mainland Low Carbon Economy Index	CSI 300 Index	2011-01-21	-4.24	6.85	-8.61	9.23	18.29	16.68	24.79	23.09	Energy Conservation and Environmental Protection Theme

Ticker	Index name	Benchmark Index	Release Time	3-Year Annualized Yield (Index / Benchmark)		1-Year Annualized Yield (Index / Benchmark)		3-Year Annualized Volatility (Index / Benchmark)		1-Year Annualized Volatility (Index / Benchmark)		Strategy Type
399638.SZ	SZSE Environmental Protection Index	SZSE Component Total Return Index	2011-11-15	-10.47	-3.27	-17.17	-0.74	24.37	19.79	35.05	30.07	Energy Conservation and Environmental Protection Theme
000158.SH	SSE Environmental Protection Industry Index	SSE Composite Index	2012-09-25	-9.28	0.57	-2.63	4.75	18.15	14.95	24.88	20.43	Energy Conservation and Environmental Protection Theme
000827.SH	CSI Environmental Protection Industry Index	CSI 300 Index	2012-09-25	-11.56	6.85	-9.74	9.23	19.83	16.68	28.69	23.09	Energy Conservation and Environmental Protection Theme
H30139.CSI	CSI Urbanization Green Cities Index	CSI 300 Index	2013-08-26	-9.53	6.85	-19.26	9.23	21.10	16.68	31.42	23.09	Energy Conservation and Environmental Protection Theme
H30141.CSI	CSI Urbanization Intelligent Transport Index	CSI 300 Index	2013-08-26	-4.31	6.85	1.16	9.23	23.78	16.68	35.55	23.09	Energy Conservation and Environmental Protection Theme
399412.SZ	CNI New Energy Index	CSI 300 Index	2014-05-16	-11.17	6.85	-6.60	9.23	21.43	16.68	29.47	23.09	Energy Conservation and Environmental Protection Theme
399556.SZ	CCTV Ecology Industry Index	CSI 300 Index	2014-06-06	-0.49	6.85	-7.89	9.23	19.38	16.68	26.02	23.09	Energy Conservation and Environmental Protection Theme
399806.SZ	CSI Environmental Governance Index	CSI All Share	2014-07-21	-15.03	-3.09	-12.54	2.90	24.60	17.22	34.86	25.71	Energy Conservation and Environmental Protection Theme
399417.SZ	CNI New Energy Vehicles Index	CSI 300 Index	2014-09-24	-15.67	6.85	-20.57	9.23	25.73	16.68	35.21	23.09	Energy Conservation and Environmental Protection Theme
399976.SZ	CSI New Energy Vehicles Index	CSI All Share	2014-11-28	-17.83	-3.09	-26.08	2.90	24.43	17.22	31.42	25.71	Energy Conservation and Environmental Protection Theme
399808.SZ	CSI New Energy Index	CSI All Share	2015-02-10	-8.37	-3.09	-2.77	2.90	20.41	17.22	26.95	25.71	Energy Conservation and Environmental Protection Theme
930614.CSI	CSI Environmental Protection Industry 50 Index	CSI 300 Index	2015-04-07	-6.13	6.85	-11.89	9.23	19.71	16.68	26.75	23.09	Energy Conservation and Environmental Protection Theme
399817.SZ	CSI AEF Ecology 100 Index	CSI All Share	2015-10-21	-15.21	-3.09	-21.92	2.90	24.70	17.22	35.41	25.71	Energy Conservation and Environmental Protection Theme
930771.CSI	CSI New Energy Industry Index	CSI 300 Index	2015-12-16	-11.26	6.85	-3.78	9.23	20.82	16.68	27.83	23.09	Energy Conservation and Environmental Protection Theme
930835.CSI	CSI Metasequoia Environmental Protection Patents 50 Index	CSI 300 Index	2016-05-18	-11.95	6.85	-10.22	9.23	22.55	16.68	33.31	23.09	Energy Conservation and Environmental Protection Theme
930853.CSI	CSI Sponge Cities Index	CSI 300 Index	2016-07-20	-13.50	6.85	-18.09	9.23	24.57	16.68	33.55	23.09	Energy Conservation and Environmental Protection Theme
930854.CSI	CSI Water Environment Treatment Index	CSI 300 Index	2016-07-20	-13.98	6.85	-20.16	9.23	26.13	16.68	35.81	23.09	Energy Conservation and Environmental Protection Theme
399695.SZ	SZSE Energy Conservation Index (Price Index)	SZSE Component Total Return Index	2017-04-28	-12.97	-3.27	-9.54	-0.74	23.43	19.79	34.54	30.07	Energy Conservation and Environmental Protection Theme
930956.CSI	CSI Green Investing Index	CSI 300 Index	2017-05-26	-4.35	6.85	-12.01	9.23	21.35	16.68	32.66	23.09	Energy Conservation and Environmental Protection Theme
930997.CSI	CSI New Energy Vehicles Industry Index	CSI 300 Index	2017-07-19	-16.64	6.85	-22.97	9.23	24.55	16.68	32.74	23.09	Energy Conservation and Environmental Protection Theme
931022.CSI	CSI Air Pollution Control Index	CSI 300 Index	2017-10-17	-14.27	6.85	-13.69	9.23	27.83	16.68	37.04	23.09	Energy Conservation and Environmental Protection Theme
930982.CSI	CSI Poverty Alleviation and Development Index	CSI 300 Index	2017-06-14	-16.29	6.85	-7.23	9.23	21.30	16.68	29.04	23.09	Poverty Alleviation and Development Theme

Data Source: Wind Data Terminal, collected and analyzed by China SIF.

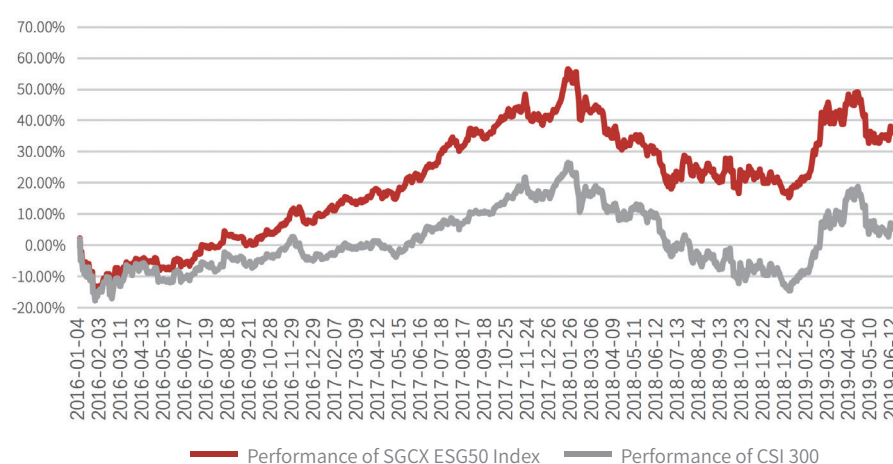
ESG indices developed by professional ESG service providers

Today, there emerged some ESG indices developed by professional ESG service providers, including Shanghai-Shenzhen ESG 100 Select Index, Beautiful China ESG 100 Index, Social Value 99, etc. As currently, there is only a limited number of available ESG select indices, these indices provided by third parties could serve as supplementary references for the market and investors.

SynTao Green Finance, drawing on its experience in China's ESG market for over a decade, has also independently developed a system to rate the ESG performance of listed companies, with adjustment for A Shares based on China's characteristics. Through a systematic evaluation of ESG performance of nearly 2,000 listed companies, SynTao Green Finance launched two indices, the SynTaoGF-CaiXin ESG 50 Index (SGCX ESG50 Index) with CSI 300 constituents as its universe; and the Shanghai-Shenzhen ESG 100 Select Index with CSI 800 constituents as its universe, which was jointly published with Sina Finance and supported by Country Garden.

From January 4, 2016 to June 28, 2019, the performance of SGCX ESG50 Index stocks grew by 40.15%, almost 30% higher than that of CSI 300 during the same period, which was 10.28% (Fig. 11).

Fig. 11 Performance of SGCX ESG50 Index²¹

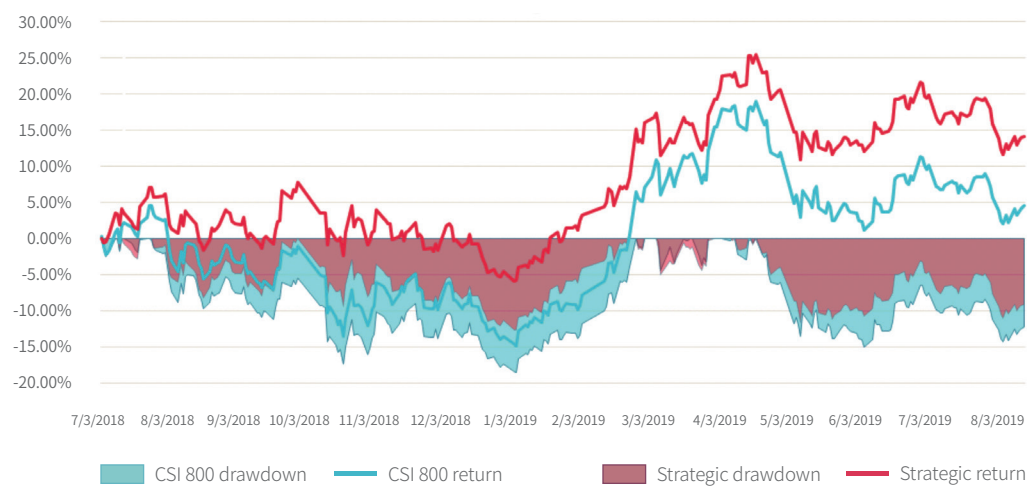


Source: SynTao Green Finance.

From July 3, 2018, to August 3, 2019, the annualized rate of return of Shanghai-Shenzhen ESG 100 Select Index was 12.5%, while that of CSI 800 during the same period was only 4.03% (Fig. 12).

²¹ The performance of SGCX ESG50 Index was back-tested from January 4, 2016 to June 28, 2019.

Fig. 12 Performance of Shanghai-Shenzhen ESG 100 Select Index²²



Source: SynTao Green Finance and Sina Finance.

²² The performance of Shanghai-Shenzhen ESG 100 Select Index was back-tested from July 3, 2018 to August 3, 2019.

Only a limited number of mutual funds track pan-ESG indices

Currently, only 11 of the total 43 pan-ESG indices are tracked by mutual funds, including 26 index funds (Table 4).

Table 4: List of Funds Tracking Pan-ESG Indices

(Sorted by strategy type and time)

Ticker	Index Name	Release Time	Fund Name	Establishing Time of Fund	Strategy Type
000048.SH	SSE Social Responsibility Index	2009-08-05	CCB Principal Social Responsibility ETF	2010-05-28	ESG Select
			CCB Principal SSE Social Responsibility ETF-Linked Fund	2010-05-28	
000846.CSI	CSI CAITONG ECPI ESG China 100 Index	2012-10-16	CSI Caitong ECPI ESG China 100 Index A Fund	2013-03-22	ESG Select
			CSI Caitong ECPI ESG China 100 Index C Fund	2017-04-14	
000021.SH	SSE 180 Corporate Governance Index	2008-09-10	BOCOM SSE 180 Corporate Governance Index ETF	2013-03-22	Corporate Governance Select
			BOCOM 180 Corporate Governance ETF Link	2017-04-14	
000977.SH	CSI China Mainland Low Carbon Economy Index	2011-01-21	HFT China Mainland Low Carbon Economy Theme Index Fund	2012-05-25	Energy Conservation and Environmental Protection Theme
000827.SH	CSI Environmental Protection Industry Index	2012-09-25	WSW MU CSI Environment Protection Industry Index Classification Fund	2014-05-30	Energy Conservation and Environmental Protection Theme
			XINHUA CSI Environment Protection Industry Index Classification Fund	2014-09-11	
			GF CSI Environmental Protection Industry Index ETF Initiating Feeder A Fund	2015-03-25	
			Penghua Environmental Protection Industry Index Classification Fund	2015-06-16	
			ICBC CSI Environmental Protection Industry Index Classification Fund	2015-07-09	
			Tianhong CSI Environmental Protection Industry Index Initiating A Fund	2015-07-16	
			Tianhong CSI Environmental Protection Industry Index Initiating C Fund	2015-07-16	
			GF CSI Environmental Protection Industry Index ETF Initiating Feeder C Fund	2016-07-06	
			GF China Security Environmental Protection Industry Index ETF	2017-01-25	
399412.SZ	CNI New Energy Index	2014-05-16	Bocom Schroder CNI New Energy Index Multi-Class Fund	2015-03-26	Energy Conservation and Environmental Protection Theme
99806.SZ	CSI Environmental Governance Index	2014-07-21	BOCOM Schroder CSI Environmental Governance (LOF)	2015-08-13	Energy Conservation and Environmental Protection Theme
			China Universal CSI Environmental Governance Index Fund (LOF) A	2016-12-29	
			China Universal CSI Environmental Governance Index Fund (LOF) C	2016-12-29	
399417.SZ	CNI New Energy Vehicles Index	2014-09-24	Guotai CNI New Energy Veh Index Fund (LOF)	2015-08-27	Energy Conservation and Environmental Protection Theme
399976.SZ	CSI New Energy Vehicles Index	2014-11-28	Fullgoal CSI New Energy Vehicles Index Fund	2015-03-30	Energy Conservation and Environmental Protection Theme
399808.SZ	CSI New Energy Index	2015-02-10	Penghua CSI New Energy Classification Securities Investment Fund	2015-05-29	Energy Conservation and Environmental Protection Theme
			ICBCCS CSI New Energy Index Classification Fund	2015-07-09	
930997.CSI	CSI New Energy Vehicles Industry Index	2017-07-19	China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) A	2018-05-23	Energy Conservation and Environmental Protection Theme
			China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) C	2018-05-23	

Data Source: Wind Data Terminal, collected and analyzed by China SIF.

3.2 Pan-ESG Mutual Funds

Mutual funds actively adopt Principles of Responsible Investment

In March 2017, the PRI welcomed the first mutual fund manager from China's mainland as its signatory. As of October 2019, eight mutual fund managers from China have signed the PRI, including Hua Xia Bank Asset Management, E Fund Management, Harvest Fund Management, Penghua Fund Management, Hwabao WP Fund Management, China Southern Asset Management, Bosera Funds, and Morgan Stanley Huaxin Fund²³.

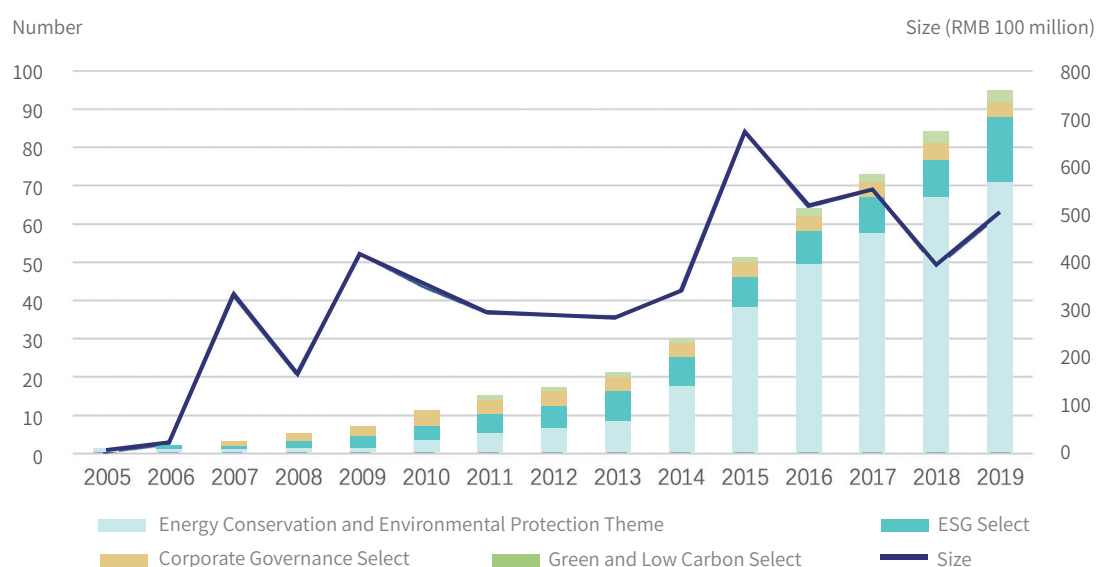
The number of pan-ESG mutual funds increased to 95

The first ESG mutual fund in China was launched in 2005. Since 2015, pan-ESG mutual funds have witnessed drastic growth in number, with the year of 2015 alone seeing 21 of them launched to the market. As the number increases, the size of pan-ESG mutual funds also grew significantly in 2015. In recent years, however, due to fluctuations in China's stock market, the size of pan-ESG mutual funds also went through ups and downs but the increase in number remained steady.

As of the end of November 2019, a total of 95 pan-ESG mutual funds (A/B/C/H funds are calculated separately) have been launched by 42 fund management companies, including 1 bond fund (Fullgoal Green Pure Bond Fund, 005383.OF), 47 equity funds and 47 hybrid funds (Appendix 3).

These 95 pan-ESG mutual funds include 17 ESG Select funds, 4 Corporate Governance Select funds, 3 Green and Low-carbon Select funds, and 71 funds that screen constituents mainly on the basis of their own definitions of energy conservation and environment protection industries. (Fig. 13)

Fig. 13 Number of pan-ESG mutual funds increases rapidly



Data Source: Wind Data Terminal, collected and analyzed by China SIF.

²³ Sorted by the time they joined the PRI.

As of June 2019, there are a total of 86 pan-ESG equity funds and hybrid funds²⁴; according to AMAC in June 2019, the pan-ESG mutual funds account only a small proportion, 1.83%, by size, of all equity funds and hybrid funds available in the market (Table 5).

Table 5: Size of pan-ESG funds

Fund Types	Number	Size (RMB billion)
Pan-ESG equity fund	43	21.718
Pan-ESG hybrid fund	43	26.876
Total equity funds and hybrid funds	3477	2657.095
Proportion of pan-ESG equity funds and hybrid funds in the market	2.47%	1.83%

Data Source: Collected and analyzed by China SIF according to market data of June 2019 released by AMAC.

Select passive funds rank top 25% among index funds in terms of rate of return

There are 27 index funds (Table 6) among a total of 94 pan-ESG equity funds and hybrid funds. Except for Hwabao MSCI China A Inclusion ESG General Index Fund LOF (501086.OF), which tracks MSCI China A Inclusion ESG General Index, all the other 26 funds track the pan-ESG indices referred to in proceeding paragraphs of this Report.

Just like pan-ESG indices, ESG Select index funds have outperformed thematic index funds. Among the second-tier funds²⁵, ESG Select index funds rank among top 25% in terms of both 3-year rate of return and 1-year rate of return. In addition, ESG Select index funds exhibit positive increases of both 3-year adjusted NAV growth rate and 1-year adjusted NAV growth rate, outperforming thematic index funds (Fig. 14, Table 6).

Fig. 14 Adjusted NAV growth rate of pan-ESG index funds



²⁴ There were eight pan-ESG equity funds and hybrid funds launched between June 2019 and the launch of the Report.

²⁵ Second-tier funds consist of hybrid fund, bond fund, equity fund (incl. all index funds), money market fund, guaranteed fund, QDII, and closed-end fund.

Table 6: List of pan-ESG index funds
(Sorted by strategy types and establishing time)

Indicators ranking among top 25% or with positive growth are shown in red

Ticker	Fund Name	Establishing Time	Tracing Index	Percentile Ranking (3-Year Return)	Percentile Ranking (1-Year Return)	3-Year Adjusted NAV Growth Rate	1-Year Adjusted NAV Growth Rate	Strategy Type
510090.OF	CCB Principal Social Responsibility ETF	2010-05-28	SSE Social Responsibility Index	7.26	9.92	50.32	18.76	ESG Select
530010.OF	CCB Principal SSE Social Responsibility ETF-Linked Fund	2010-05-28	SSE Social Responsibility Index	10.00	11.98	45.78	17.36	ESG Select
000042.OF	CSI Caitong ECPI ESG China 100 Index A Fund	2013-03-22	CSI CAITONG ECPI ESG China 100 Index	19.84	21.81	33.64	11.44	ESG Select
003184.OF	CSI Caitong ECPI ESG China 100 Index C Fund ²⁶	2017-04-14	CSI CAITONG ECPI ESG China 100 Index	-	61.59	-	0	ESG Select
501086.OF	Hwabao MSCI China A Inclusion ESG General Index Fund (LOF) **	2019-08-21	MSCI China A Inclusion ESG General Index	-	-	-	-	ESG Select
510010.OF	BOCOM SSE 180 Corporate Governance Index ETF	2009-09-25	SSE 180 Corporate Governance Index	18.39	16.40	34.55	13.95	Corporate Governance Select
519686.OF	BOCOM 180 Corporate Governance ETF Link	2009-09-29	SSE 180 Corporate Governance Index	21.77	17.68	32.56	13.26	Corporate Governance Select
519034.OF	HFT China Mainland Low Carbon Economy Theme Index Fund	2012-05-25	CSI China Mainland Low Carbon Economy Index	72.74	88.11	-11.20	-7.73	Energy Conservation and Environmental Protection Theme
163114.OF	WSW MU CSI Environment Protection Industry Index Classification Fund	2014-05-30	CSI Environmental Protection Industry Index	90.81	88.90	-26.61	-8.32	Energy Conservation and Environmental Protection Theme
164304.OF	XINHUA CSI Environment Protection Industry Index Classification Fund	2014-09-11	CSI Environmental Protection Industry Index	95.48	93.61	-32.02	-10.98	Energy Conservation and Environmental Protection Theme
001064.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder A Fund	2015-03-25	CSI Environmental Protection Industry Index	90.00	88.61	-24.93	-8.00	Energy Conservation and Environmental Protection Theme
164905.OF	Bocom Schroder CNI New Energy Index Multi-Class Fund	2015-03-26	CNI New Energy Index	93.23	88.21	-29.58	-7.77	Energy Conservation and Environmental Protection Theme
161028.OF	Fullgoal CSI New Energy Vehicles Index Fund	2015-03-30	CSI New Energy Vehicles Index	98.39	99.90	-40.81	-23.13	Energy Conservation and Environmental Protection Theme
160640.OF	Penghua CSI New Energy Classification Securities Investment Fund	2015-05-29	CSI New Energy Index	85.48	65.72	-20.46	-1.31	Energy Conservation and Environmental Protection Theme
160634.OF	Penghua Environmental Protection Industry Index Classification Fund	2015-06-16	CSI Environmental Protection Industry Index	87.90	93.12	-22.44	-10.36	Energy Conservation and Environmental Protection Theme
164821.OF	ICBCCS CSI New Energy Index Classification Fund	2015-07-09	CSI New Energy Index	91.94	80.16	-27.43	-4.95	Energy Conservation and Environmental Protection Theme
164819.OF	ICBCCS CSI Environmental Protection Industry Index Classification Fund	2015-07-09	CSI Environmental Protection Industry Index	96.13	94.50	-32.93	-11.80	Energy Conservation and Environmental Protection Theme
001590.OF	Tianhong CSI Environmental Protection Industry Index Initiating A Fund	2015-07-16	CSI Environmental Protection Industry Index	91.45	85.36	-27.16	-6.62	Energy Conservation and Environmental Protection Theme
001591.OF	Tianhong CSI Environmental Protection Industry Index Initiating C Fund	2015-07-16	CSI Environmental Protection Industry Index	92.10	85.46	-27.53	-6.63	Energy Conservation and Environmental Protection Theme
164908.OF	BOCOM Schroder CSI Environmental Governance (LOF)	2015-08-13	CSI Environmental Governance Index	98.23	94.60	-38.65	-11.86	Energy Conservation and Environmental Protection Theme
160225.OF	Guotai CNI New Energy Veh Index Fund (LOF)	2015-08-27	CNI New Energy Vehicles Index	96.45	98.62	-33.20	-17.89	Energy Conservation and Environmental Protection Theme
002984.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder C Fund*	2016-07-06	CSI Environmental Protection Industry Index	-	88.70	-	-8.15	Energy Conservation and Environmental Protection Theme

²⁶ The fund unit of CSI Caitong ECPI ESG China 100 Index C Fund is zero for the timebeing.

Ticker	Fund Name	Establishing Time	Tracing Index	Percentile Ranking (3-Year Return)	Percentile Ranking (1-Year Return)	3-Year Adjusted NAV Growth Rate	1-Year Adjusted NAV Growth Rate	Strategy Type
501030.OF	China Universal CSI Environmental Governance Index Fund (LOF) A*	2016-12-29	CSI Environmental Governance Index	-	92.14	-	-9.98	Energy Conservation and Environmental Protection Theme
501031.OF	China Universal CSI Environmental Governance Index Fund (LOF) C*	2016-12-29	CSI Environmental Governance Index	-	92.53	-	-10.11	Energy Conservation and Environmental Protection Theme
512580.OF	GF China Security Environmental Protection Industry Index ETF*	2017-01-25	CSI Environmental Protection Industry Index	-	81.43	-	-5.33	Energy Conservation and Environmental Protection Theme
501057.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) A*	2018-05-23	CSI New Energy Vehicles Industry Index	-	98.04	-	-17.34	Energy Conservation and Environmental Protection Theme
501058.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) C*	2018-05-23	CSI New Energy Vehicles Industry Index	-	98.33	-	-17.58	Energy Conservation and Environmental Protection Theme

* indicates the fund was established less than three years ago.

** indicates the fund was established less than one year ago.

Data Source: Wind Data Terminal, collected and analyzed by China SIF.

Select active funds develop rapidly. More than 40% were launched within a year with their performances to be evaluated.

Of the 67 active pan-ESG mutual funds, a majority (50) screen constituent stocks mainly based on their definitions of energy conservation and environment protection industries. The rest 17 funds adopt select strategies, 41% of which were only launched in less than a year. Despite relatively small size, ESG-based investment in China has entered a period of rapid development, and active funds that adopt select strategies are springing up.

Of nine select active funds with traceable performance, Invesco Great Wall Corporate Governance Hybrid Fund (260111.OF) and Aegon-Industrial Fund Management's Social Responsibility Hybrid Fund (340007.OF) rank among top 25% in terms of 3-year rate of return among second-tier funds. Caitong Securities' Sustainability Hybrid Fund (000017.OF), Aegon-Industrial Fund Management's Green Investment Hybrid Fund (LOF) (163409.OF), and Penghua Fund's Quality Governance Hybrid Fund (LOF) (160611.OF) rank among top 25% in terms of 1-year rate of return among the second-tier funds. (Table 7)

Integration of ESG strategies is increasingly mature

Taking a closer look at the select active funds launched recently, it is noticeable that the integration of ESG strategies is increasingly mature. For example, when screening individual stocks, E Fund's ESG Responsible Investment Fund (007548.OF) and China Southern ESG Theme Equity Fund A/C (008264.OF/008265.OF) have both adopted systematic methods in evaluating ESG performance.

E Fund's ESG Responsible Investment Fund (007548.OF)²⁷ uses both **negative screening** and **ESG evaluation system** to select constituent stocks. First of all, it excludes stocks with severe negative ESG records, including records of heavy pollution, extensive energy consumption, continuous regulatory punishments, poor performance in environment governance, safety incidents or safety risks, commercial frauds, business bribes, infringement of legal rights, violations of regulations, major labor disputes, long-term low dividends distribution, repeated investment and financing, inadequate disclosure of financial information, suspected financial fraud and benefit transfer, insider control, chaotic management, and sacrifice of interests of small and medium shareholders, etc.

Then, it uses its ESG evaluation system to rate listed companies according to their environmental, social and governance performances, and select stocks ranking top 80% to form the pool.

The fund's ESG rating system combines public available information as well as its own researches to consider a listed company's environmental performance from aspects such as environment risks of the industry, resources efficiency, investment in clean and environmental protection, disclosure of environment information, and disciplinary actions taken by regulatory agencies; consider the company's performance of social responsibility from aspects such as consumer protection, supply chain management, product quality, business ethics, employee protection and welfare, and production safety; and consider the company's governance performance from aspects such as the distribution of dividends, investment and financing situation, shareholders structure, composition of the board of directors, qualification of senior management, incentive mechanism, and quality of information disclosure, etc. It then rates companies on a high-medium-low scale and integrates each's results to get a final score.

²⁷ E Fund Asset Management Co., Ltd., 2019. Prospectus of E Fund's ESG Responsible Investment Equity Securities Investment Seed Fund, Page 42-45.

China Southern ESG Theme Equity Fund A/C (008264.OF/008265.OF)²⁸ adopts an investment strategy to select listed companies with superior ESG performance in each industry, and score them on the basis of China Southern Asset Management's ESG-based investment rating system. First of all, it uses **negative screening** to exclude stocks with scores lower than 0 (including but are not limited to stocks that are explicitly banned from being invested by laws and regulations or by policies of the fund, and stocks with severe negative ESG records), to form a pool of underlying stocks, all of which are free from negative environmental, social and governance events in the near past.

The fund then uses **ESG evaluation system** to quantify a company's ESG performance and gets ESG scores, which are used to pool the stocks to construct the ESG index. China Southern Asset Management's ESG-based investment rating system incorporates factors including environmental management, disclosure of environment information, environment governance, employee responsibility, supply chain responsibility, social responsibility, customer responsibility, the board of directors, shareholders, financial governance, compensation and incentives, internal governance, and external supervision, etc.

Table 7: List of Select Active Funds

(Sorted by strategy type and establishing time)

Indicators ranking among top 25% are shown in red

Ticker	Fund Name	Establishing Time	Fund Type	Percentile Ranking (3-Year Return)	Percentile Ranking (1-Year Return)	3-Year Adjusted NAV Growth Rate	1-Year Adjusted NAV Growth Rate	Strategy Type
163803.OF	BOC Sustainable Growth Hybrid Fund A	2006-03-17	Partial-Equity Hybrid Fund	77.68	55.08	-5.87	3.30	ESG Select
340007.OF	Aegon-Industrial Social Responsibility Hybrid Fund	2008-04-30	Partial-Equity Hybrid Fund	18.80	85.42	22.53	-3.72	ESG Select
470028.OF	China Universal Social Responsibility Hybrid Fund	2011-03-29	Partial-Equity Hybrid Fund	91.22	94.64	-16.83	-9.55	ESG Select
530019.OF	CCB Principal Social Responsibility Hybrid Fund	2012-08-14	Partial-Equity Hybrid Fund	65.65	74.48	1.95	-0.51	ESG Select
000017.OF	Caitong Sustainable Growth Theme Hybrid Fund	2013-03-27	Partial-Equity Hybrid Fund	50.22	12.38	9.01	12.17	ESG Select
960011.OF	BOC Sustainable Growth Hybrid Fund H	2015-09-24	Partial-Equity Hybrid Fund	76.70	50.91	-5.30	3.90	ESG Select
006122.OF	Huaan Low Carbon Life Hybrid Fund*	2019-03-12	Partial-Equity Hybrid Fund	-	-	-	-	ESG Select
161912.OF	Wanjia Social Responsibility 18 Months Regular Open Hybrid Fund (LOF)* A	2019-03-21	Partial-Equity Hybrid Fund	-	-	-	-	ESG Select
161913.OF	Wanjia Social Responsibility 18 Months Regular Open Hybrid Fund (LOF)* C	2019-03-21	Partial-Equity Hybrid Fund	-	-	-	-	ESG Select
007548.OF	E Fund ESG Responsibility Investment Equity Initiating Fund*	2019-09-02	Equity Fund	-	-	-	-	ESG Select
008264.OF	China Southern ESG Equity Fund A*	2019-12-02	Equity Fund	-	-	-	-	ESG Select
008265.OF	China Southern ESG Equity Fund C*	2019-12-02	Equity Fund	-	-	-	-	ESG Select
163409.OF	Aegon-Industrial Green Investment Hybrid Fund (LOF)	2011-05-06	Partial-Equity Hybrid Fund	52.96	7.51	8.05	15.83	Green and Low Carbon Select
004229.OF	Penghua New Energy Industry Dynamic Allocation Hybrid Fund ²⁹	2017-04-10	Partial-Equity Hybrid Fund	-	-	-	-	Green and Low Carbon Select
005728.OF	Fortune SG Green Theme Hybrid Fund*	2018-09-04	Partial-Equity Hybrid Fund	-	-	-	-	Green and Low Carbon Select
160611.OF	Penghua Corporate Governance Hybrid Fund (LOF)	2007-04-25	Partial-Equity Hybrid Fund	84.58	7.85	-10.49	15.64	Corporate Governance Select
260111.OF	Invesco Great Wall Corporate Governance Hybrid Fund	2008-10-22	Partial-Equity Hybrid Fund	18.15	34.62	22.96	6.33	Corporate Governance Select

* indicates the fund was established less than one year ago.

Data Source: Wind Data Terminal, collected and analyzed by China SIF.

²⁸ China Southern Asset Management, 2019, Prospectus of China Southern ESG Theme Equity Securities Investment Fund, Page 39-41.

²⁹ Penghua New Energy Industry Dynamic Allocation Hybrid Fund (004229.OF) matured on in September 2017.

4. Surveys on Attitudes Towards Sustainable Investment in China³⁰

Basing on the 2019 Survey of Public Attitudes toward Sustainable Investment conducted by China SIF and Sina Finance, as well as the AMAC’s ESG Investment Survey, this Report analyzed practices of and attitudes towards sustainable investment of 2,637 individual investors and 82 institutional investors.

4.1 Understanding and Practices of Sustainable Investment

Despite their limited understanding of sustainable investment, more than 80% of the individual investors would like to consider ESG factors in the investment. The level of understanding generally affects the investors’ willingness to incorporate ESG factors into their investment decisions.

Individual investors have limited understanding of sustainable investment. 89% of the respondents have no understanding of sustainable investment, and 44% have never heard of the terms such as “green finance”, “sustainable investment” or “ESG” (Fig. 15).

Respondents’ awareness or understanding of sustainable investment does not have decisive influence on their decisions to consider ESG factors in the investment. Some individual investors have never heard of or have no understanding of sustainable investment, but they would still consider ESG factors in the investment. 86% of the respondents say they would consider ESG factors in the investment, of whom 24% would “always” and 62% would “sometimes” consider ESG factors (Fig. 16).

Fig. 15 Individual investors’ level of understanding of sustainable investment

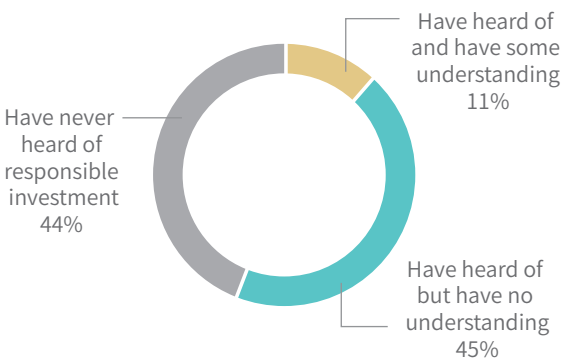
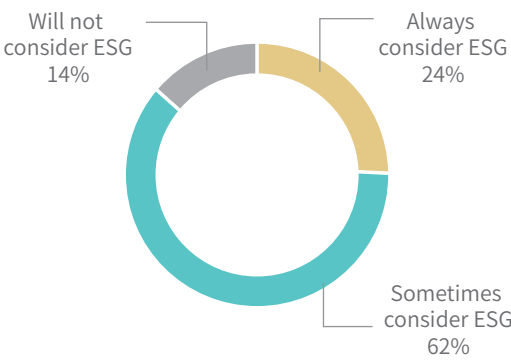


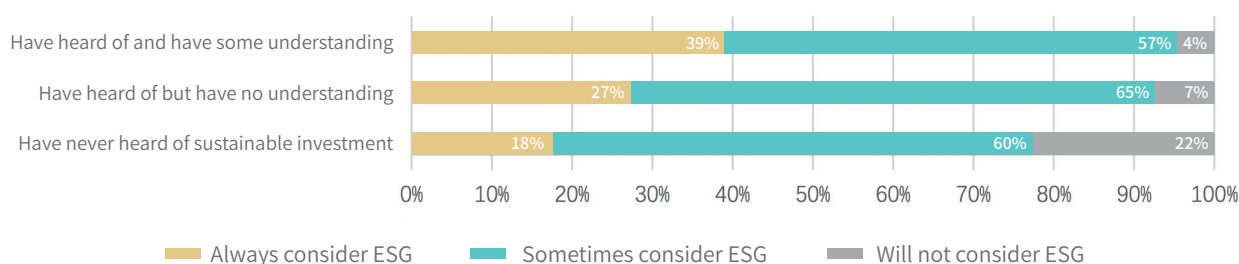
Fig. 16 Individual investors’ willingness to consider sustainable investment



Respondents’ understanding of sustainable investment has no decisive influence on their investment decision-making. However, higher level of understanding comes with stronger recognition. For those respondents who “have heard of and have some understanding” of sustainable investment, 96% say they would consider ESG factors in the investment, while such proportion for respondents who “have heard of but have no understanding” and who “have never heard of” sustainable investment, is 93% and 78% respectively (Fig. 17).

³⁰ The numbers are rounded so the data referred to in this report might not equal to 100% when added.

Fig. 17 Individual investors' willingness to consider sustainable investment by their level of understanding



90% of the institutional investors support principles of sustainable investment, but most of them are still at an exploratory stage

According to the survey conducted by AMAC, 90% of the institutional investors support the idea of incorporating ESG principles into their portfolio investment strategies (Fig. 18). 6% of the institutional investors have in place related policies, strategies or systems to support sustainable investment and have incorporated ESG factors into their investment decision-making process; a majority (64%) of the institutional investors are still exploring and have some practices and researches; while 30% of the institutional investors have little or no understanding of sustainable investment (Fig. 19).

Fig. 18 Institutional investors' attitudes toward sustainable investment

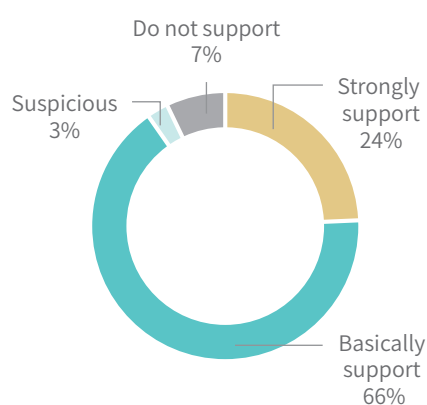
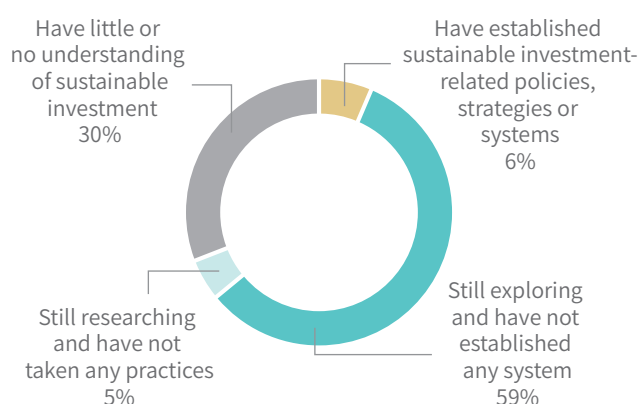


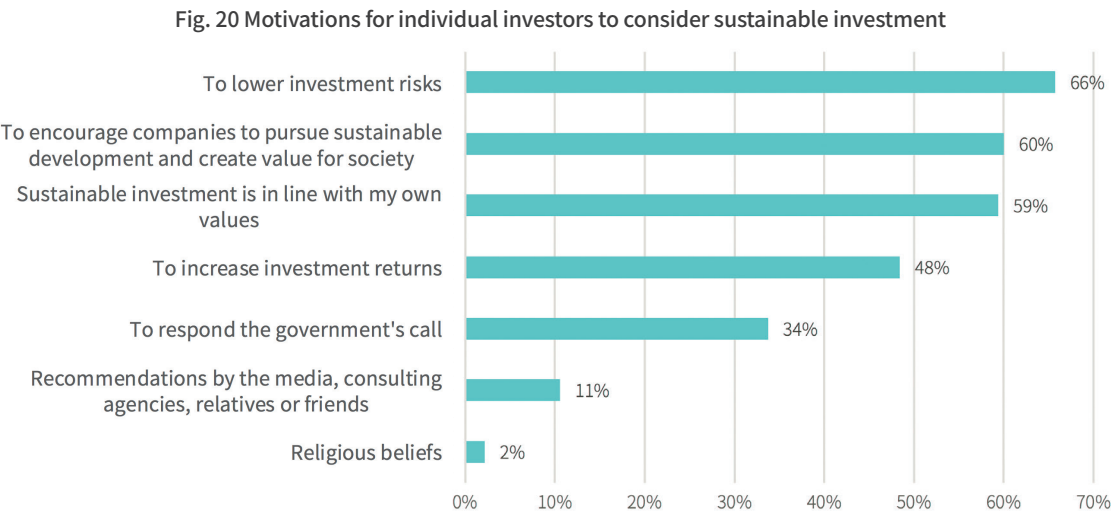
Fig. 19 Institutional investors' practices of sustainable investment



4.2 Motivations for Investors to Consider Sustainable Investment

To lower risks is the primary motivation for investors to consider sustainable investment

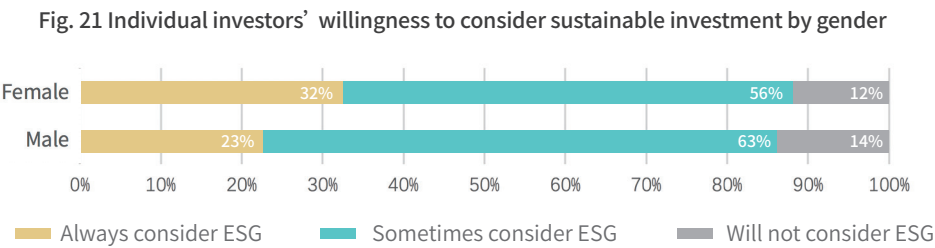
To lower investment risks is the primary motivation (66%) for individual investors to consider sustainable investment. Of all respondents, 60% of the individual investors hope that, through sustainable investment, they could encourage enterprises to pursue sustainable development and create value for the society; and 59% of the individual investors believe that sustainable investment is in line with their own values (Fig. 20). To increase investment returns is not the primary motivation for individual investors to consider sustainable investment.



4.3 Demographic Feathers of Respondents Who Are Willing to Consider Sustainable Investment

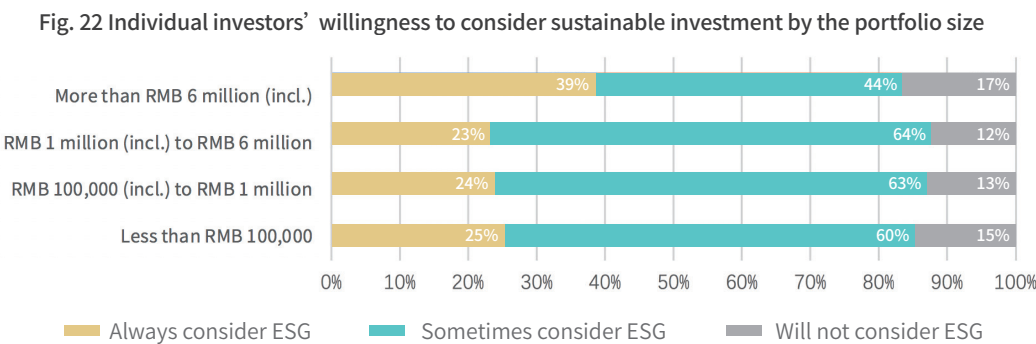
Women demonstrate a more positive attitude

More female respondents consider ESG factors in investment decision-making than male respondents. 32% of the female respondents and 23% of the male respondents “always” consider ESG factors in their investment (Fig. 21).



High-net-worth individuals tend to always consider ESG factors in their investment

Of all individual investors, around 40% of investors with portfolio size of more than RMB 6 million always consider ESG factors in their investment (Fig. 22).



A larger proportion of the respondents younger than 22 years old always consider ESG factors in investment, slightly higher than that of other age categories. Personal values are the primary motivation for them to consider sustainable investment.

27% of the individual investors younger than 22 years old (incl.) always consider ESG factors in their investment, which proportion is slightly higher than in other age categories (Fig. 23).

Different from other age categories, 66% of the young individual investors take their personal values as the primary motivation to consider sustainable investment, higher than all other age categories; while to reduce investment risks is the primary motivation for all other three categories of individual investors (Fig. 24).

Fig. 23 Individual investors' willingness to consider sustainable investment by age

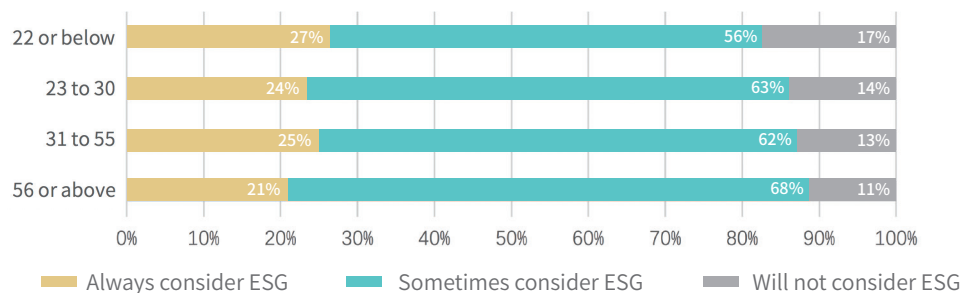
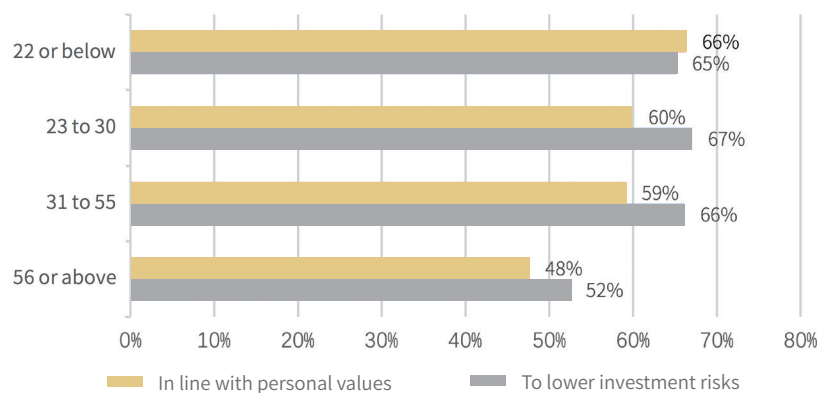


Fig. 24 Personal Values are the primary motivation for young investors to consider sustainable investment



4.4 Focus and Strategies of Sustainable Investment

Individual investors are more concerned about social and corporate governance issues

In responding to the question “what factors may make you unwilling to invest in the company or withdraw your investment, though the investment is expected to generate returns”, three matters are found to be of most concern for individual investors: product quality (63.4%), financial fraud (62.8%) and safety incident (59%), all falling into the social and corporate governance categories. In the meantime, 50% of the individual investors think environmental pollution would affect their investment intention (Fig. 25).

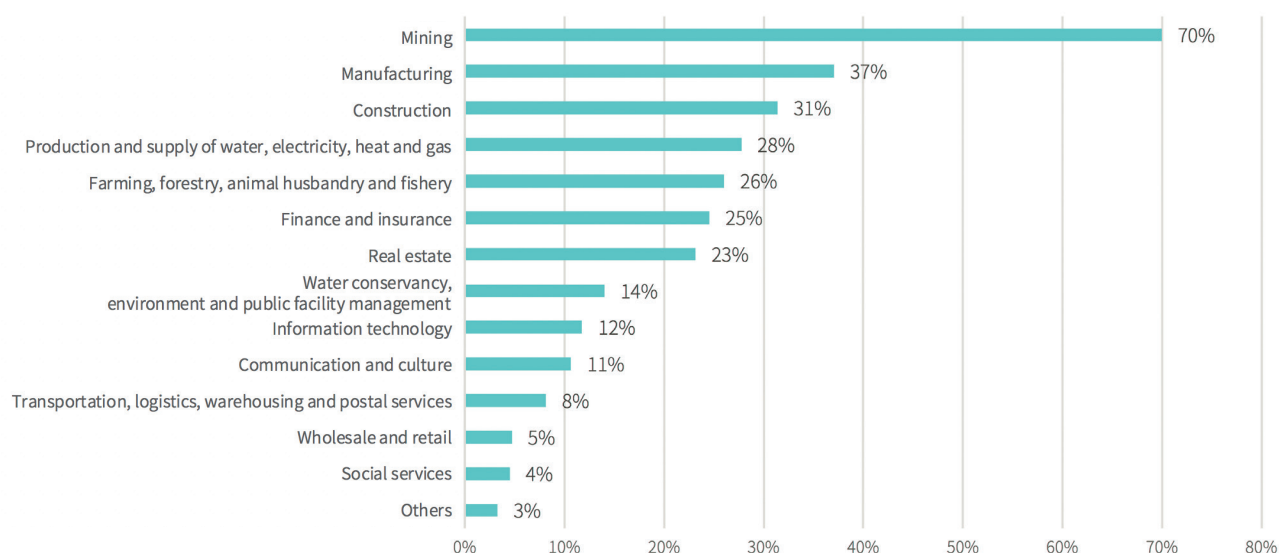
Fig. 25 ESG factors that individual investors are most concerned about



Mining industry is believed to be subject to the highest ESG risks, according to individual investors

Individual investors believe that the mining industry is subject to the highest ESG risks. When asked to select three industries that might see the highest ESG risks, 70% of the individual investors selected mining, which is followed by manufacturing (37%), construction (31%), production and supply of water, electricity, heat and gas (28%), and farming, forestry, animal husbandry and fishery (26%) (Fig. 26).

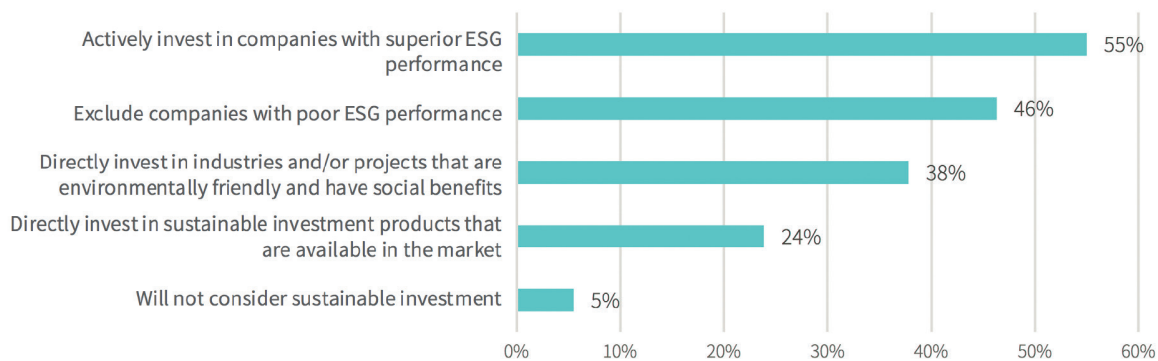
Fig. 26 Industries' ESG risks as perceived by individual investors



Individual investors tend to invest in companies with superior ESG performance

When asked “will you consider using the following methods in the next year’s investment”, 55% of the individual investors selected the positive screening strategy, expressing a willingness to actively invest in companies with superior ESG performance (Fig. 27).

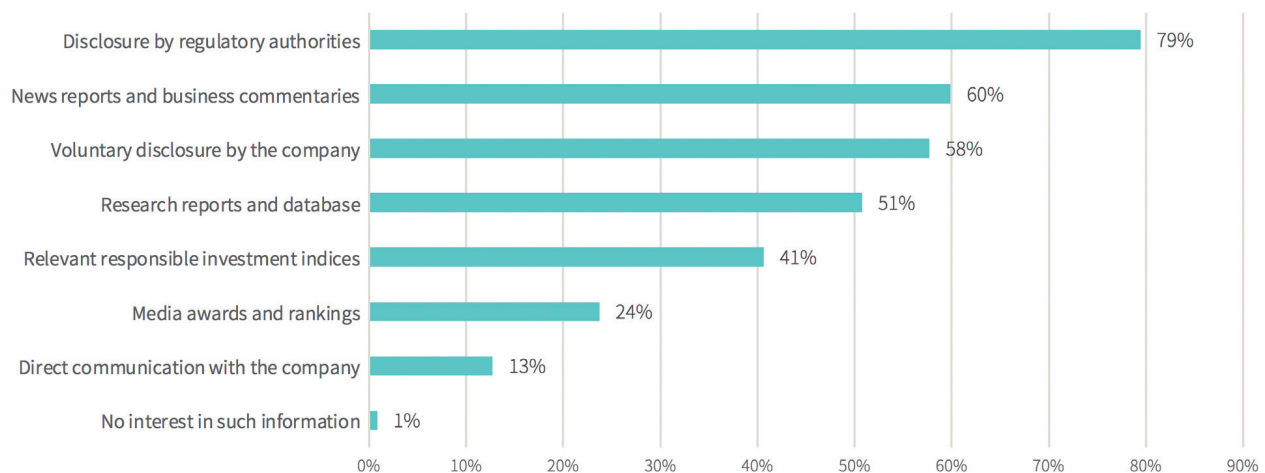
Fig. 27 Individual investors’ sustainable investment plan



Regulatory authorities are the most trusted information source, according to individual investors

The source of information most preferred by individual investors is the disclosure by regulatory authorities. 79% of the investors prefer to learn about a company’s ESG performance through this channel, followed by media report (60%) and a company’s voluntary disclosure (58%) (Fig. 28).

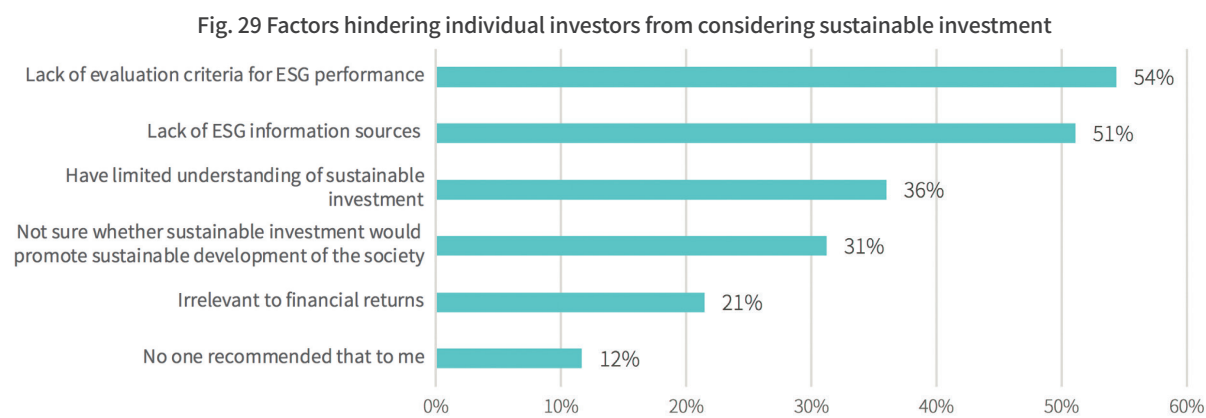
Fig. 28 Individual investors’ preferred sources of ESG information



4.5 Challenges for Sustainable Investment

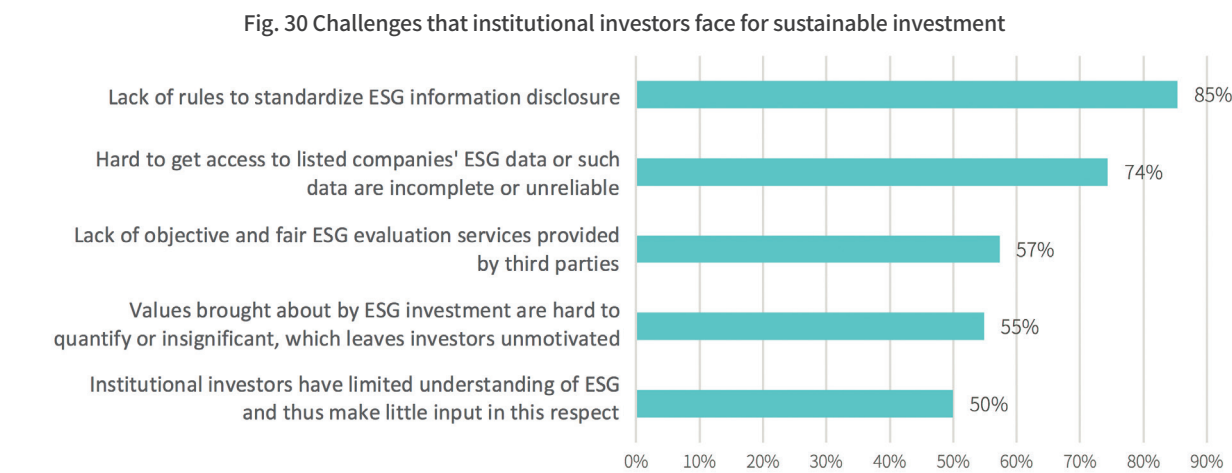
Lacking evaluation criteria for ESG performance and unavailability of sources of ESG information represent the biggest challenges for individual investors to consider sustainable investment

When asked “What are the possible reasons for you to not consider a company’s ESG performance when investing”, more than 50% of the respondents believe that the lack of evaluation criteria for ESG performance (54%) and lack of sources of ESG information (51%) are the biggest challenges for them to consider sustainable investment (Fig. 29).



Lacking reliable and comparable ESG data is the biggest challenge for institutional investors to adopt sustainable investment

According to the survey of AMAC, lacking reliable and comparable ESG data is the biggest challenge faced by institutional investors. The second biggest challenge is the lack of objective and fair ESG evaluation services provided by third-parties, which, at a certain degree, reflects institutional investors’ demand for ESG evaluation methodology and tools. The third biggest challenge is that the values created by ESG-based investment are hard to quantify or insignificant (Fig. 30).



5. Conclusions and The Road Ahead

As the most influential network of international investors who advocate for sustainable investment, PRI has three categories of signatories, namely asset owners, investment managers and service providers. The PRI saw the first signatory from China in 2011, SynTao³¹, a service provider, followed by the first private equity manager in 2012, the first large scale mutual fund manager in 2017, and the first asset owner in 2019. As of November 2019, the PRI has more than 2,700 signatories from around the globe, of which 32 institutions are from China and 28 of them joined the network only in the last two years³².

In China, there emerged mutual funds with the theme of energy conservation and environmental protection as early as 2005. However, it was not until 2015 that wide efforts were made to fully understand and practice sustainable investment, including in the areas of regulatory policies, disclosure requirements, data support, product development, market education and international communications, etc.

Through a comprehensive review of the sustainable investment market in China, this Report finds that:

- China started later than European countries and the U.S. in comprehensively and systematically incorporating ESG factors into investment, but is currently leading the green finance. Such position will significantly accelerate its development of sustainable investment. As relevant policies are introduced, standards are implemented and experiences are accumulated through practice, China's sustainable investment is expected to enter a period of fast development.
- Assets such as green credit and green bonds issued by banks account for an absolute majority in China's overall sustainable investment, of which:
 - Green credit issued by commercial banks is the earliest product in this aspect and accounts for the largest proportion with stable growth;
 - Benefiting from favorable policies, green bonds are gathering speed with annually increasing issuance volume. China has become the second largest market of green bonds in the world, and domestic issuers are becoming more diversified; and
 - Poverty alleviation bonds, as a type of social bond with Chinese characteristics, is an important instrument that financial sector uses to support the poverty alleviation endeavor.
- In equity investment market, the most common type of sustainable investment is publicly offered products. Currently, ESG mutual funds only account for a small proportion of the whole market in China, less than 2%, but they have demonstrated fast growth rate. Of 95 pan-ESG mutual funds, 65 are launched after 2015 (incl.). ESG mutual funds are expected to embrace fast development in the near future.
- In Europe and the U.S., sustainable investment market was initially promoted by values. At the early stage, negative screening was the main method, and only later, as the financial returns became the main driver, the market was gradually mainstreamed. In China, incorporating ESG factors into equity assets are usually influenced by factors such as investment risk and returns. Challenges at current stage mainly include:

³¹ In 2015, SynTao's sustainable finance consulting business became independent and established SynTao Green Finance, which signed the PRI in 2016.

³² PRI website, www.unpri.org, accessed in November 2019.

- Most institutional investors recognize that incorporating ESG factors into investment could lower risks and stabilize returns. But this recognition has yet to be put into practice. Institutional investors need to further improve their ESG investment research ability and ESG management structure. More than 40% of the individual investors have never heard of sustainable investment, which means much more efforts need to be made to enhance market education.
- In respect of practices, institutions that consciously integrate ESG factors and launch relevant products usually involve foreign shareholders and clients. Social security funds, sovereign funds, insurance companies and other asset owners as well as most investment managers are still at an early stage of practice. Market performance of ESG-based investment might be a driver for them to practice sustainable investment.
- In respect of methodology, most investors believe that lacking ESG data is one of the biggest challenges for them to invest in a responsible manner. More than half of the responding individual investors pointed out that it is difficult to evaluate a company's ESG performance.

More and more listed companies in China are turning their attention to ESG. This is not only driven by regulatory policies, but also the result of increasing inquiries by investors and influence of ESG ratings. In contrast, non-listed companies rarely take ESG factors into account voluntarily, but are in most cases in an effort to comply with laws and regulations and respond to investors' requirements. In general, companies need to improve disclosure of ESG information.

Considering the above, this Report proposes the following to institutional investors:

(1) Enhance understanding of sustainable investment.

Although sustainable investment and sustainable finance are easy terms to understand, challenges may be many when putting these concepts into practice. To practice sustainable investment, institutional investors need to improve their understanding of ESG and sustainable development factors, and, in accordance with the market situation, industry development, and their own values, missions and stage of development, to rationally judge whether or not, and how, if yes, to integrate various ESG or sustainable development factors into their investment analysis and decision-making process.

(2) Explore differentiated approaches of sustainable investment.

By today, sound financial valuation models have been developed and are available in the market, while there still lacks universal models to assess non-financial performance of a company and determine the impact of such performance on the company's value. The market might one day form some commonly adopted principles, but considering that ESG data are more complicated than financial data, each institution should develop its own methodology, so as to highlight its own features under generally accepted frameworks.

(3) Explicitly request for provision of ESG data.

Currently in China, disclosure of ESG data is mainly driven by regulatory requirements. Users of ESG data are diversified, each requiring different level of details. In the context of increasingly stringent regulatory requirements, institutional investors can take the initiative to explicitly request the provision of ESG data, and by fully leveraging their role of market players to further boost the disclosure rate and comparability of ESG data. Supply of ESG data is correlated with, and will surely grow with the demand thereof.

As China's capital market continues to open up to the world, more and more sustainable investment capitals will flow into the country. In the meantime, more financial institutions in China are incorporating ESG factors into their businesses and traditional assets. We believe that sustainable investment in China will continue to grow in size, coverage and influence, and, as practices accumulate, more and more diversified strategies and products will be made available to the investors.

Appendix 1: Type and Size of Sustainable Investment in China

Type of Sustainable Investment	Definition			Size (RMB)	Development Status
Green credit	Green credit requires banking institutions to promote green economy, low-carbon economy, and recycled economy through credit business, enhance the environmental and social risk management in their credit business, and improve their own environmental and social performance. (according to the Green Credit Guidelines issued by former CBRC in 2012)			9.66 trillion	<ul style="list-style-type: none">· 3 banks have signed the Equator Principles (EPs)· 3 banks have signed the UN Principles for Responsible Banking· 7 banks have joined the UNEP FI as members· 29 banks have signed the Joint Commitment to Green Credit by the Chinese Banking Industry· By the end of 2018, the outstanding balance of green credit of 21 major Chinese banking institutions reached RMB 9.66 trillion (statistics by CBIRC)
Sustainable securities	Green/sustainable (securities) investment fund/asset management program	Green (securities) investment refers to investment, aiming to promote companies' environmental performance, develop green industries and reduce environmental risks, in companies and projects which could deliver environmental benefits, reduce environmental costs and risks through systematic green investment strategies. (AMAC, 2018, the Green Investment Guidelines (for Trial Implementation))	· ESG mutual funds	48.594 billion	<ul style="list-style-type: none">· 8 mutual funds managers have signed the PRI· As of the end of November 2019, 42 fund companies launched 95 pan-ESG funds· In June 2019, the size of pan-ESG funds reached RMB 48.594 billion (according to market data from AMAC)
			· ESG private securities funds	(no available statistics yet)	<ul style="list-style-type: none">· 11 private securities funds managers have signed the UN PRI
	Sustainability bonds		· Green bonds refer to the securities issued by financial institutions in accordance with law, with a purpose of supporting green industries and with principal redemption and interest payment effected as agreed between the parties concerned. (according to the PBC' s Announcement No. 39 [2015] on Green Financial Bonds)	1.02 trillion	<ul style="list-style-type: none">· Issuance volume of 2016 amounted RMB 238.0 billion· Issuance volume of 2017 amounted RMB 248.6 billion· Issuance volume of 2018 amounted RMB 282.6 billion· Issuance volume of the first three quarters of 2019 amounted RMB 248.2 billion (statistics from the Climate Bonds Initiative)
			· Social bonds refer to use of proceeds bonds that raise funds for new and existing projects with positive social outcomes. (ICMA, 2018, Social Bond Principles)	422.086 billion	<ul style="list-style-type: none">· Special poverty alleviation bonds (including asset-backed securities): as of October 2019, 133 bonds have been issued and the issuance volume amounted RMB 422.086 billion (according to the data from “special poverty alleviation bonds” in the Wind Data Terminal)
Sustainable equity investment	· Green equity investment (please refer to the concept of “green (securities) investment”)			(no available statistics yet)	
Green industry fund	Green industry fund refers to special investment funds that the government establishes to support energy conservation and emission reduction, promote low-carbon economic development, and improve environment. (according to the Case Studies of Green Finance in China)			9.161 billion	As of the end of 2018, there were 16 green government-backed industry funds to which the governments have contributed RMB 9.161 billion (data are from the credit registration system of national government-backed industry funds and are calculated by the Research Bureau of the PBC)

Data Source: Unless otherwise specified, all data are collected by China SIF and as of October 2019.

Appendix 2: Sustainable Investment Policies in China

Time	Issued By	Policy Documents	Main Contents
Sustainable investment policies (securities investment)			
2016	The PBC, the Ministry of Finance, NDRC, the Ministry of Environment Protection, CBRC, CSRC, and CIRC	Guidelines for Establishing the Green Financial System	It specifies the important role of securities market in supporting green investment, and requires the industry to standardize the definition of green bonds, actively support the listing and refinance of eligible green companies, support the development of green bond index, green stock index and other related products, and gradually establish and improve a mandatory disclosure system for listed companies and bond issuers to disclose environmental information.
2018	AMAC	Green Investment Guidelines (for Trial Implementation)	It defines green investment and specifies the objectives, principles and basic methods of green investment.
Supporting policies			
2019	NDRC, the Ministry of Industry and Information Technology, the Ministry of Natural Resources, the Ministry of Ecology and Environment, the MOHURD, the PBC, and the National Energy Administration	2019 Guiding Catalogue for the Green Industry	It specifies the classification and categorization of green industries and green projects.
ESG information disclosure requirements for listed companies			
2006	Shenzhen Stock Exchange	Instructions on Social Responsibility of Listed Companies	It requires listed companies to actively undertake social responsibilities, regularly evaluate their performance of social responsibilities and voluntarily release social responsibility report. The Instructions was incorporated into the Guidance for Standardized Operations of Listed Companies in 2010 and continues to provide guidance and standards for listed companies in disclosing social responsibility performance.
2008	Shanghai Stock Exchange	Guidelines on Environmental Information Disclosure of Listed Companies	It requires listed companies to step up efforts to undertake social responsibilities, disclose their practices and performance in guaranteeing safety of employees, shouldering products responsibilities and protecting environment. It also specifies requirements for listed companies in disclosing environmental information.
2008	Shanghai Stock Exchange	Guidelines on the Preparation of Company Social Responsibility Report	It specifies the efforts that listed companies shall disclose in promoting environmental and ecological sustainable development, such as practices in preventing and reducing pollution, protecting water resources and energies, guaranteeing habitability of relevant areas, and protecting and enhancing biodiversity of relevant areas.
2013	Shenzhen Stock Exchange	Guidance on Standardized Operations of Companies Listed on the Main Board of Shenzhen Stock Exchange Guidance on Standardized Operations of Companies Listed on the SME Board of Shenzhen Stock Exchange Guidance on Standardized Operations of Companies Listed on the ChiNext Market of Shenzhen Stock Exchange	They require listed companies to, upon the occurrence of major environmental incidents, timely disclose the causes of the incidents, impacts on the company's business performance, impacts of such incidents, and the company's proposed remedy measures.
2019	Shanghai Stock Exchange	Rules on the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange	It stipulates mandatory disclosure of ESG related information, and requires companies listed on the Science and Technology Innovation Board to disclose their performance of social responsibilities such as protecting the environment, ensuring product safety, and upholding legitimate rights and interests of employees and other interested parties.

Appendix 3: Pan-ESG Mutual Funds

(Sorted by strategy type and establishing time)

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
163803.OF	BOC Sustainable Growth Hybrid Fund A	2006-03-17	Hybrid Fund	ESG Select
340007.OF	Aegon-Industrial Social Responsibility Hybrid Fund	2008-04-30	Hybrid Fund	ESG Select
510090.OF	CCB Principal Social Responsibility ETF	2010-05-28	Equity Fund	ESG Select
530010.OF	CCB Principal SSE Social Responsibility ETF-Linked Fund	2010-05-28	Equity Fund	ESG Select
470028.OF	China Universal Social Responsibility Hybrid Fund	2011-03-29	Hybrid Fund	ESG Select
530019.OF	CCB Principal Social Responsibility Hybrid Fund	2012-08-14	Hybrid Fund	ESG Select
000042.OF	CSI Caitong ECPI ESG China 100 Index A Fund	2013-03-22	Equity Fund	ESG Select
000017.OF	Caitong Sustainable Growth Theme Hybrid Fund	2013-03-27	Hybrid Fund	ESG Select
960011.OF	BOC Sustainable Growth Hybrid Fund H	2016-02-02	Hybrid Fund	ESG Select
003184.OF	CSI Caitong ECPI ESG China 100 Index C Fund	2017-04-14	Equity Fund	ESG Select
006122.OF	Huaan Low Carbon Life Hybrid Fund	2019-03-12	Hybrid Fund	ESG Select
161912.OF	Wanjia Social Responsibility 18 Months Regular Open Hybrid Fund (LOF) A	2019-03-21	Hybrid Fund	ESG Select
161913.OF	Wanjia Social Responsibility 18 Months Regular Open Hybrid Fund (LOF) C	2019-03-21	Hybrid Fund	ESG Select
501086.OF	Hwabao MSCI China A Inclusion ESG General Index Fund (LOF)	2019-08-21	Equity Fund	ESG Select
007548.OF	E Fund ESG Responsibility Investment Equity Initiating Fund	2019-09-02	Equity Fund	ESG Select
008264.OF	China Southern ESG Equity Fund A	2019-12-02	Equity Fund	ESG Select
008265.OF	China Southern ESG Equity Fund C	2019-12-02	Equity Fund	ESG Select
160611.OF	Penghua Corporate Governance Hybrid Fund (LOF)	2007-04-25	Hybrid Fund	Corporate Governance Select
260111.OF	Invesco Great Wall Corporate Governance Hybrid Fund	2008-10-22	Hybrid Fund	Corporate Governance Select
510010.OF	BOCOM SSE 180 Corporate Governance Index ETF	2009-09-25	Equity Fund	Corporate Governance Select
519686.OF	BOCOM 180 Corporate Governance ETF Link	2009-09-29	Equity Fund	Corporate Governance Select
163409.OF	Aegon-Industrial Green Investment Hybrid Fund (LOF)	2011-05-06	Hybrid Fund	Green and Low Carbon Select
004229.OF	Penghua New Energy Industry Dynamic Allocation Hybrid Fund	2017-04-10	Hybrid Fund	Green and Low Carbon Select
005728.OF	Fortune SG Green Theme Hybrid Fund	2018-09-04	Hybrid Fund	Green and Low Carbon Select
350002.OF	China Nature Low-Carbon Economy Dynamic Allocation Hybrid Fund	2005-01-12	Hybrid Fund	Energy Conservation and Environmental Protection Theme
540008.OF	HSBS Jintrust Low-Carbon Pioneer Equity Fund	2010-06-08	Equity Fund	Energy Conservation and Environmental Protection Theme
398051.OF	Zhonghai Environmental Protection New Energy Theme Dynamic Allocation Hybrid Fund	2010-12-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
100056.OF	Fullgoal Low Carbon Environmental Protection Hybrid Fund	2011-08-10	Hybrid Fund	Energy Conservation and Environmental Protection Theme
400015.OF	Orient New Energy Automobile Theme Hybrid Fund	2011-12-28	Hybrid Fund	Energy Conservation and Environmental Protection Theme
519034.OF	HFT China Mainland Low Carbon Economy Theme Index Fund	2012-05-25	Equity Fund	Energy Conservation and Environmental Protection Theme
000120.OF	BOC Beautiful China Hybrid Fund	2013-06-07	Hybrid Fund	Energy Conservation and Environmental Protection Theme
000294.OF	Huaan Ecology Preference Hybrid Fund	2013-11-28	Hybrid Fund	Energy Conservation and Environmental Protection Theme
000409.OF	Penghua Environmental Protection Industry Equity Fund	2014-03-07	Equity Fund	Energy Conservation and Environmental Protection Theme
000591.OF	BOC Healthy Life Hybrid Fund	2014-05-20	Hybrid Fund	Energy Conservation and Environmental Protection Theme
163114.OF	WSW MU CSI Environment Protection Industry Index Classification Fund	2014-05-30	Equity Fund	Energy Conservation and Environmental Protection Theme
000612.OF	Hwabao WP Ecological China Hybrid Fund	2014-06-13	Hybrid Fund	Energy Conservation and Environmental Protection Theme

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
000663.OF	UBS SDIC Beautiful China Dynamic Allocation Hybrid Fund	2014-06-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
000598.OF	Changsheng Ecology and Environment Theme Dynamic Allocation Hybrid Fund	2014-09-10	Hybrid Fund	Energy Conservation and Environmental Protection Theme
164304.OF	XINHUA CSI Environment Protection Industry Index Classification Fund	2014-09-11	Equity Fund	Energy Conservation and Environmental Protection Theme
000696.OF	China Universal Environmental Protection Industry Equity Fund	2014-09-16	Equity Fund	Energy Conservation and Environmental Protection Theme
000822.OF	Donghai Beautiful China Dynamic Allocation Hybrid Fund	2014-11-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001064.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder A Fund	2015-03-25	Equity Fund	Energy Conservation and Environmental Protection Theme
164905.OF	Bocom Schroder CNI New Energy Index Multi-Class Fund	2015-03-26	Equity Fund	Energy Conservation and Environmental Protection Theme
161028.OF	Fullgoal CSI New Energy Vehicles Index Fund	2015-03-30	Equity Fund	Energy Conservation and Environmental Protection Theme
000977.OF	Great Wall Environmental Protection Theme Dynamic Allocation Hybrid Fund	2015-04-08	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001166.OF	CCB Principal Environmental Protection Industry Equity Fund	2015-04-22	Equity Fund	Energy Conservation and Environmental Protection Theme
001156.OF	SWS MU New Energy Automobile Theme Dynamic Allocation Hybrid Fund	2015-05-07	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001208.OF	Lion Low-Carbon Economy Equity Fund	2015-05-12	Equity Fund	Energy Conservation and Environmental Protection Theme
160640.OF	Penghua CSI New Energy Classification Securities Investment Fund	2015-05-29	Equity Fund	Energy Conservation and Environmental Protection Theme
001245.OF	ICBCCS Ecological Environment Industry Equity Fund	2015-06-02	Equity Fund	Energy Conservation and Environmental Protection Theme
001278.OF	First Seafont Clean Energy Theme Selected Dynamic Allocation Hybrid Fund A	2015-06-16	Hybrid Fund	Energy Conservation and Environmental Protection Theme
160634.OF	Penghua Environmental Protection Industry Index Classification Fund	2015-06-16	Equity Fund	Energy Conservation and Environmental Protection Theme
001471.OF	Rongtong New Energy Dynamic Allocation Hybrid Fund	2015-06-29	Hybrid Fund	Energy Conservation and Environmental Protection Theme
164821.OF	ICBCCS CSI New Energy Index Classification Fund	2015-07-09	Equity Fund	Energy Conservation and Environmental Protection Theme
164819.OF	ICBCCS CSI Environmental Protection Industry Index Classification Fund	2015-07-09	Equity Fund	Energy Conservation and Environmental Protection Theme
001590.OF	Tianhong CSI Environmental Protection Industry Index Initiating Fund A	2015-07-16	Equity Fund	Energy Conservation and Environmental Protection Theme
001591.OF	Tianhong CSI Environmental Protection Industry Index Initiating Fund C	2015-07-16	Equity Fund	Energy Conservation and Environmental Protection Theme
001410.OF	First State Cinda New Energy Industry Equity Fund	2015-07-31	Equity Fund	Energy Conservation and Environmental Protection Theme
164908.OF	BOCOM Schroder CSI Environmental Governance (LOF)	2015-08-13	Equity Fund	Energy Conservation and Environmental Protection Theme
160225.OF	Guotai CNI New Energy Veh Index Fund (LOF)	2015-08-27	Equity Fund	Energy Conservation and Environmental Protection Theme
001985.OF	Fullgoal Low-Carbon New Economy Hybrid Fund	2015-12-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001616.OF	Harvest Environmental Protection Low Carbon Equity Fund	2015-12-30	Equity Fund	Energy Conservation and Environmental Protection Theme
002360.OF	First Seafont Clean Energy Theme Selected Dynamic Allocation Hybrid Fund A	2016-01-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme
002259.OF	Penghua Health and Environmental Protection Dynamic Allocation Hybrid Fund	2016-01-20	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001954.OF	Yinhua Environmental Protection Theme Dynamic Allocation Hybrid Fund	2016-03-04	Hybrid Fund	Energy Conservation and Environmental Protection Theme
002244.OF	Invesco Great Wall Low Carbon Science And Technology Theme Dynamic Allocation Hybrid Fund	2016-03-11	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001975.OF	Invesco Great Wall Environmental Protection Advantage Equity Fund	2016-03-15	Equity Fund	Energy Conservation and Environmental Protection Theme
002190.OF	ABC-CA New Energy Theme Dynamic Allocation Hybrid Fund	2016-03-29	Hybrid Fund	Energy Conservation and Environmental Protection Theme
001983.OF	China Post Low-Carbon Economy Dynamic Allocation Hybrid Fund	2016-04-28	Hybrid Fund	Energy Conservation and Environmental Protection Theme
002593.OF	Fullgoal Beautiful China Hybrid Fund	2016-05-19	Hybrid Fund	Energy Conservation and Environmental Protection Theme
002984.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder C Fund	2016-07-06	Equity Fund	Energy Conservation and Environmental Protection Theme
501030.OF	China Universal CSI Environmental Governance Index Fund (LOF) A	2016-12-29	Equity Fund	Energy Conservation and Environmental Protection Theme
501031.OF	China Universal CSI Environmental Governance Index Fund (LOF) C	2016-12-29	Equity Fund	Energy Conservation and Environmental Protection Theme
512580.OF	GF China Security Environmental Protection Industry Index ETF	2017-01-25	Equity Fund	Energy Conservation and Environmental Protection Theme

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
001856.OF	E Fund Environmental Protection Theme Dynamic Allocation Hybrid Fund	2017-06-02	Hybrid Fund	Energy Conservation and Environmental Protection Theme
003834.OF	ChinaAMC Energy Innovation Equity Fund	2017-06-07	Equity Fund	Energy Conservation and Environmental Protection Theme
001790.OF	Guotai Intelligent Automobile Equity Fund	2017-08-01	Equity Fund	Energy Conservation and Environmental Protection Theme
004640.OF	ChinaAMC Energy-Saving Environmental Protection Equity Fund	2017-08-11	Equity Fund	Energy Conservation and Environmental Protection Theme
005037.OF	Yinhua New Energy And New Materials Quantitative Select Equity Initiating Fund A	2017-09-15	Equity Fund	Energy Conservation and Environmental Protection Theme
005038.OF	Yinhua New Energy And New Materials Quantitative Select Equity Initiating Fund C	2017-09-15	Equity Fund	Energy Conservation and Environmental Protection Theme
004925.OF	Changxin Low-Carbon Environmental Protection Industry Quantitative Equity Fund	2017-11-09	Equity Fund	Energy Conservation and Environmental Protection Theme
005383.OF	Fullgoal Green Pure Bond One-Year Regular Open Bond Fund	2018-01-26	Bond Fund	Energy Conservation and Environmental Protection Theme
005927.OF	Truvalue New Energy Automobile Theme Equity Initiating Fund A	2018-05-08	Equity Fund	Energy Conservation and Environmental Protection Theme
005928.OF	Truvalue New Energy Automobile Theme Equity Initiating Fund C	2018-05-08	Equity Fund	Energy Conservation and Environmental Protection Theme
501057.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) A	2018-05-23	Equity Fund	Energy Conservation and Environmental Protection Theme
501058.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund (LOF) C	2018-05-23	Equity Fund	Energy Conservation and Environmental Protection Theme
005668.OF	Rongtong New Energy Automobile Theme Selected Dynamic Allocation Hybrid Fund	2018-06-15	Hybrid Fund	Energy Conservation and Environmental Protection Theme
005571.OF	BOC Securities New Energy Dynamic Allocation Hybrid Fund A	2018-08-02	Hybrid Fund	Energy Conservation and Environmental Protection Theme
005572.OF	BOC Securities New Energy Dynamic Allocation Hybrid Fund C	2018-08-02	Hybrid Fund	Energy Conservation and Environmental Protection Theme
005939.OF	ICBCCS Green Car Theme Hybrid Fund A	2018-11-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
005940.OF	ICBCCS Green Car Theme Hybrid Fund C	2018-11-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
007163.OF	AXA SPDB Environmental Protection New Energy A	2019-07-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
007164.OF	AXA SPDB Environmental Protection New Energy C	2019-07-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
007689.OF	Ubs Sdic New Energy Hybrid Fund A	2019-11-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme
007690.OF	Ubs Sdic New Energy Hybrid Fund A	2019-11-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme

Data Source: Wind Data Terminal, collected by China SIF.

Appendix 4: Public Survey Questions and Responses

No.	Questions	Answer Choices	Times Selected	Proportion
1	What types of investments do you have? (multiple selections permitted)	Stocks	1977	75%
		Bonds	777	29%
		Mutual funds	1223	46%
		Private funds	264	10%
		Others	869	33%
2	What is your current portfolio size?	Less than RMB 100,000	1061	40%
		RMB 100,000 (incl.) to RMB 1 million	1255	48%
		RMB 1 million (incl.) to RMB 6 million	285	11%
		More than RMB 6 million (incl.)	36	1%
3	For how long a term do you often plan for your investment returns?	1 year or less	862	33%
		1 to 5 years (incl.)	1454	55%
		5 to 10 years (incl.)	225	9%
		More than 10 years	96	4%
4	Have you heard of “green finance”, “sustainable investment” or “ESG”?	Yes and have some understanding	302	11%
		Yes but have no understanding	1188	45%
		Have never heard of	1147	43%
5	Do you consider a target company or asset’s performance in environmental protection, labors’ rights and interest, health and safety, and business ethics before investing?	Always	646	24%
		Sometimes	1633	62%
		No	358	14%
6	What is your reason for considering a business’s ESG performance when investing? (multiple selections permitted) <i>[the calculation of proportion excluded those who selected “no” in question No. 5]</i>	It is in line with my own values	1354	59%
		To increase investment returns	1104	48%
		To lower investment risks	1498	66%
		To encourage companies to pursue sustainable development and create value for society	1368	60%
		To respond the government’s call	769	34%
		Recommendations by the media, consulting agencies, relatives or friends	241	11%
		Religious beliefs	50	2%
		Others	71	3%
		Question skipped (for those who selected “no” in question No. 5)	358	-
7	What are the possible reasons for you to not consider a business’s ESG performance when investing? (multiple selections permitted) <i>[the calculation of proportion excluded those who selected “always” in question No. 5]</i>	Irrelevant to financial returns	427	21%
		Lack of evaluation criteria for ESG performance	1082	54%
		Lack of ESG information sources	1017	51%
		Not sure whether sustainable investment would promote sustainable development of the society	621	31%
		Have limited understanding of sustainable investment	716	36%
		No one recommended that to me	232	12%
		Question skipped (for those who selected “always” in question No. 5)	646	-

No.	Questions	Answer Choices	Times Selected	Proportion
8	What factors may make you unwilling to invest in the company or withdraw your investment, though the investment is expected to generate returns?	Environmental pollution	1318	50%
		Waste of resources	612	23%
		Safety incident	1556	59%
		Exposure of multiple client complaints	1256	48%
		Product quality issues	1678	64%
		Sweatshop	721	27%
		Financial fraud	1660	63%
		Corruption and bribery by senior executives	1252	47%
		Frequent changes in senior management	675	26%
		Others	50	2%
		None of matters listed above	34	1%
9	Please select the three industries that you believe are subject to the highest ESG risks.	Farming, forestry, animal husbandry and fishery	695	26%
		Mining	1858	70%
		Manufacturing	987	37%
		Construction	842	32%
		Production and supply of water, electricity, heat and gas	745	28%
		Transportation, logistics, warehousing and postal services	220	8%
		Information technology	312	12%
		Wholesale and retail	129	5%
		Finance and insurance	652	25%
		Real estate	616	23%
		Water conservancy, environment and public facility management	370	14%
		Social services	118	4%
		Communication and culture	281	11%
		Others	86	3%
10	Which of the following sources of information would you like to use for understanding a company's ESG performance? (multiple selections permitted)	Disclosure by regulatory authorities	2110	80%
		Voluntary disclosure by the company	1539	58%
		News report and business commentaries	1597	61%
		Media awards and rankings	639	24%
		Sustainable investment-related indices	1080	41%
		Research reports and database	1351	51%
		Direct communication with the company	338	13%
		Others	94	4%
		No interest in such information	22	1%
11	Will you consider using the following methods in the next year's investment?	Exclude companies with poor ESG performance	1233	47%
		Actively invest in companies with superior ESG performance	1469	56%
		Directly invest in industries and/or projects that are environmentally friendly and have social benefits	1011	38%
		Directly invest in sustainable investment products that are available in the market	640	24%
		Will not consider sustainable investment	145	5%

No.	Basic Information	Answer Choices	Times Selected	Proportion
1	Gender	Male	2121	80%
		Female	516	20%
2	Age	22 or below	207	8%
		23 to 30	880	33%
		31 to 55	1434	54%
		56 or above	116	4%
3	Highest degree completed	Middle school or below	47	2%
		High school	204	8%
		Vocational and technical college	426	16%
		Bachelor' s degree	1548	59%
		Master' s degree or above	412	16%

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Written by



SynTao Green Finance is a leading consultancy in China that is dedicated to professional services in green finance and sustainable investment. It is committed to providing professional services ranging from ESG data and rating, green bond assurance, to the consulting and researching services in the sustainable investment and green finance areas. SynTao Green Finance is the initiator of China Social Investment Forum (China SIF), a signatory of the UN Principles for Responsible Investment (PRI), and a founding member of the Green Finance Committee (GFC) of China Society of Finance and Banking. It advocates for the establishment of a responsible capital market in China and supports the country in policy researches and practices to establish a green finance system.

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China Social Investment Forum (China SIF), initiated in 2012 in Beijing and formally registered in Shenzhen in 2016, is a non-government organization (Shenzhen Jifeng Green Finance Promotion Center) that is dedicated to providing an internationalized platform for discussing responsible investment and sustainable development topics. It aims to enhance investors' understanding of ESG, promote green finance and push forward sustainable development of China's capital market.

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