

# China Sustainable Investment Review

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# Foreword

## Enhancing the ESG Capacity of Asset Management and Embracing the ESG Investment Tide

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The development of ESG has reached a new height one year after the publication of China SIF's last report. The scale of ESG investment has increased significantly both domestically and internationally. At the international level, the scale of ESG investment has grown from USD 30 trillion to USD 35 trillion in just two years. At the domestic level, the scale of ESG investment in a narrow sense, i.e. the broad-based ESG mutual funds, has grown from more than RMB 200 billion in the previous year to more than RMB 500 billion; the scale of ESG investment in a broad sense, which includes the balance of banks' green credit, has also grown from RMB 12 trillion in the previous year to RMB 14 trillion, showing a definite trend of ESG growth.

There is a clear indication that asset owners are supporting ESG. Last year, the National Social Security Fund (NSSF) already put forward ESG requirements for the selection and appointment of overseas entrusted management institutions. This year, China Investment Corporation (CIC) issued the Sustainable Investment Policy, which clarifies its principles for investment management. It is reported that relevant authorities are studying ESG investment guidelines for insurance assets. Individual investors are also paying more attention to ESG. This year's survey results indicate that 17% of individual investors "have heard of and understand (sustainable investment)", representing a 6% increase compared to the previous year.

There is no doubt that the market demand for ESG investments is growing. The asset management industry on the supply side has captured this trend of growth and started to respond more proactively. The rapid increase in sustainable investment products underlines the strong growth of market demand. According to China SIF's research, there are 66 ESG indices, 11 more than the previous year. The number of broad-based ESG mutual funds has increased exponentially to 344. These encouraging figures show that the asset management industry attaches more importance to ESG and is more willing to develop ESG-themed investment products.

However, asset managers should also realize that the market is dynamic. In the past, there were only a handful of ESG products. As long as the asset managers launched one ESG product, they were already considered as market leaders. Nowadays, ESG products are blossoming everywhere, making it difficult for asset managers to stay in the forefront with just one ESG product. It imposes higher pressure on the ESG capability of asset managers. In response to this trend, China SIF has added an assessment of financial institutions' sustainable investment practices in the report, based on 10 selected indicators such as "governance structure and senior management responsibilities" and "ESG risk management processes and tools". Looking at the results, only a handful among the 137 mutual fund managers, 140 securities companies and 30 insurance asset management firms assessed are "Pioneers" or "Advanced Practitioners". There are a number of "Implementors" and "Starters", while half of the institutions failed to score in any of the 10 indicators.

This assessment result is in line with our judgment of the current market situation. Despite the rapid development of ESG investment and the large number of asset managers talking about ESG in the market, many asset managers remain stuck at the stage of understanding and building awareness. They have yet to start ESG product and associated institutional development, not to mention active information disclosure to external stakeholders. On the other hand, from an optimistic point of view, this also means that the Chinese market has enormous growth potential. If all of the 137 mutual fund managers, 140 securities companies and 30 insurance asset management firms were to take action and progress beyond the stage of understanding and building awareness, there will be much more innovative ESG products and a much larger scale of ESG investment.

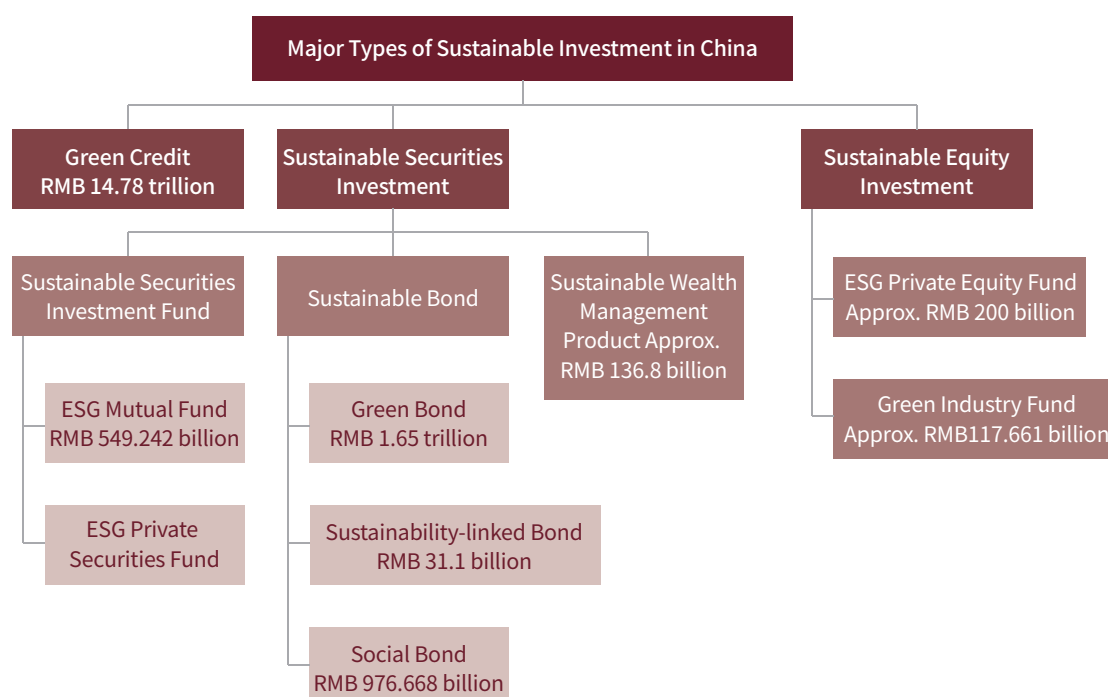
Globally, market expectations for the ESG capacity of asset managers are also rising with the growth of ESG investments. Mature markets have begun to focus on the internal governance of asset managers, requiring them to disclose how they integrate ESG in their investments to prevent greenwashing. The EU Sustainable Financial Disclosure Regulation (SFDR) exemplifies this trend. Such development has placed further requirements on the ESG capacity of asset management institutions, urging those in leading positions to keep pace.

To conclude, the ESG tide has arrived, bringing a promising future. Domestic asset management institutions should quickly enhance their ESG capacity to embrace this ESG tide.

## Abstract

The "dual-carbon goals" has become an essential guide for China's economic development and financial work since September 2020, when China set the ambitious goal of peaking CO<sub>2</sub> emissions by 2030 and achieving carbon neutrality by 2060. The development of sustainable investment in the capital market has started to accelerate and the number of new sustainable investment products has increased exponentially. The concepts of ESG, sustainable investment and climate risk and opportunity management have become well known in the market, with mainstream recognition.

Based on public information, China Sustainable Investment Review 2021 (the "Report") has mapped out the status quo of sustainable investment in China. As compiled by China SIF, the green credit balance in China was RMB 14.78 trillion; the AUM of broad-based ESG mutual funds was RMB 549.242 billion; the total amount of green bonds issued was RMB 1.65 trillion; the total amount of the sustainability-linked bonds<sup>1</sup> issued was RMB 31.1 billion; the total amount of social bonds issued was RMB 976.668 billion, the total amount of sustainable wealth management product is approximately RMB 136.8 billion, the total amount of ESG private equity fund was about 200 billion,<sup>2</sup> and the total amount of green industry fund was RMB 117.661 billion.



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

<sup>1</sup> Building on international experience, the National Association of Financial Market Institutional Investors (NAFMII) launched sustainability-linked bonds in April 2021. Through bond structure design, the innovative mechanism aims to reach an emission reduction target of the issuer company as a whole or the emission reduction effect of its main business while providing financial support, urging enterprises to achieve sustainable development in a planned and targeted manner and boosting sustainable economic development.

<sup>2</sup> Hainan Green Finance Research Institute, *Analysis of the Status Quo of Green Industry Fund Development in China*, June 22, 2021 [http://m.thepaper.cn/baijiahao\\_13263114](http://m.thepaper.cn/baijiahao_13263114)

This Report summarized the international development trend of sustainable investment, reviewed the progress of China's sustainable investment policies and financial institutions' sustainable investment practices in recent years, mapped out existing ESG stock indices and mutual funds, and shared the results from the survey regarding individual investors' attitude towards sustainable investment.

## Main Findings

### Sustainable Investment Policy Progress

- The "dual-carbon goals" provide important guidance for domestic policy development, with specific action plans steering the allocation of financial resources towards low carbon transition. The national carbon market was officially launched.
- ESG information disclosure by financial institutions became the focus of policy and market attention, especially with the emerging trend of mandatory information disclosure on environmental and climate-related risks and opportunities.
- An updated version of the Green Bond Endorsed Project Catalogue was launched, unifying the standards of China's green bond market and bringing it one step closer to convergence with international standards. Carbon neutrality bonds, sustainability-linked bonds, and social responsibility bonds were introduced to the market.

### Sustainable Investment Market Trends

- Domestic mutual fund managers, securities companies and insurance asset managers are already engaged in specific practices of sustainable investment to varying degrees, with some of the leading firms demonstrating best practices in the industry. However, financial institutions are still at an early stage in climate risk and opportunity management.
- As of the end of October 2021, there are 66 A-share broad-based ESG indices published by the Shanghai and Shenzhen Stock Exchanges, most of them had good performance in terms of return and volatility.
- By the end of October 2021, a total of 19 domestic mutual fund managers had signed up to the Principles for Responsible Investment (PRI), and the number of broad-based ESG mutual fund products reached 344. Among them, the amount of broad-based ESG equity and hybrid funds accounts for about 6.27% of all equity funds and hybrid funds in the market. The scale of broad-based ESG funds has grown exponentially in 2021.

### Investors' Awareness of Sustainable Investment

- Sustainable investment in China is mainly value-driven for individual investors in China. Risk reduction is becoming less of a driver compared to previous years.
- The core challenges facing individual investors in sustainable investment remain the lack of ESG information channels, poor understanding of sustainable investment and lack of ESG performance evaluation criteria.

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# About This Report

## Methodology and Definitions

Sustainable investment is an investment approach that incorporates considerations of environmental, social and governance (ESG) factors of the investees into traditional investment strategies. For this Report, the term "sustainable investment" covers concepts such as low-carbon finance, climate finance, and green finance.

This Report mainly covers the following sustainable investment strategies:

- 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.

This Report is consistent with Global Sustainable Investment Alliance (GSIA)<sup>3</sup> in terms of classifying sustainable investment strategies. According to GSIA, 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.

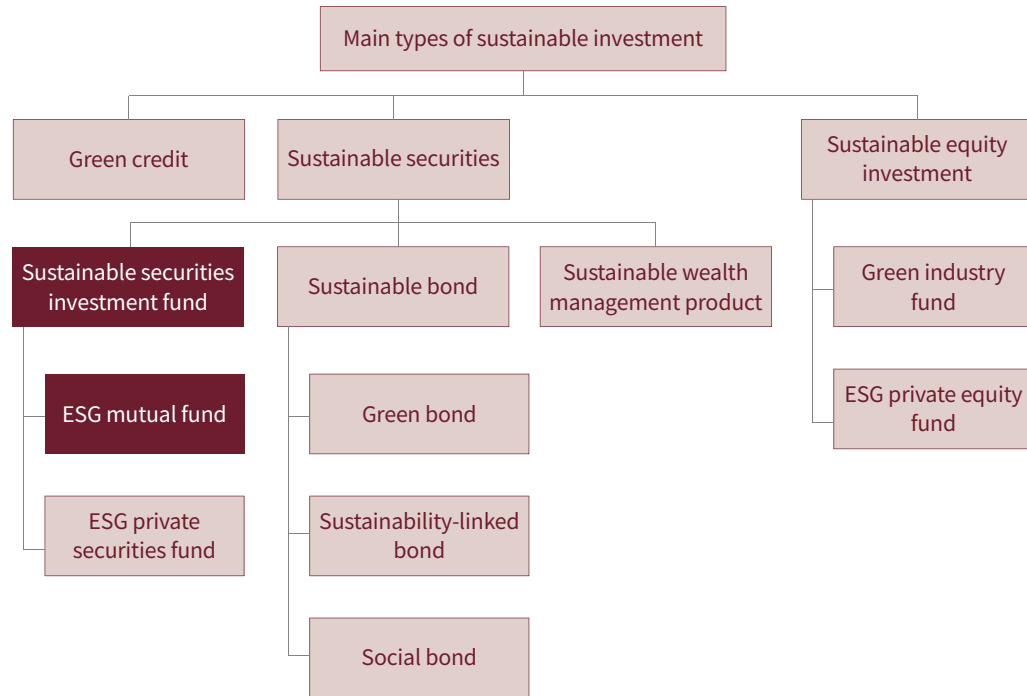
## Report Scope

In the Chinese market, sustainable investment, which was primarily adopted by banks in their credit business at the outset, has gradually penetrated the practice of securities investment, equity investment, and industrial funds in recent years. Meanwhile, sustainable investment products, such as ESG stock indices, green bonds, green funds, and other types of sustainable investment products have continued to emerge (Figure. 1) (Related definitions and data can be found in Appendix 1).

This Report focuses on the category of sustainable securities investment funds, without placing restrictions on the sustainable investment strategies used by investors. The data collection of broad-based ESG equity indices and funds is not limited by the ESG factors considered by investors, with products that include one or more elements of E, S and G all included in the analysis.

<sup>3</sup> Global Sustainable Investment Alliance (GSIA), 2019. 2018 Global Sustainable Investment Review.

Figure. 1 Main Types of Sustainable Investment in China



## Data Sources

The main data<sup>4</sup> 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 practice: financial institutions' independently disclosed information, compiled by China SIF.
- Sustainable investment products: the data of ESG stock indices and mutual funds are collected and compiled by China SIF based on public information.
- Survey on individual investors' attitudes towards sustainable investment: the results are obtained from the "2021 Survey on Public Attitudes Towards Sustainable Investment" launched by China SIF and Sina Finance in October 2021, with 2843 valid responses. The survey is anonymous and open to individual investors.

<sup>4</sup> If not otherwise specified, the data on China covered in this report does not include data for Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Province.

# 1. Trends and Key Progress in Global Sustainable Investment

## Sustainable Investment in Five Major Global Markets Exceeds USD 35 Trillion, with the Number of Sustainable Investment Institutions Growing Rapidly

According to the latest statistics<sup>5</sup> from the Global Sustainable Investment Alliance (GSIA), sustainable investment in the five major global markets<sup>6</sup> reached USD 35 trillion by the beginning of 2020, up by 15% compared to the beginning of 2018, representing 36% of the five markets' assets under management (AUM).

Table 1 AUM of Global Sustainable Investing Assets in the Five Major Global Markets

	2016	2018	2020
Global AUM of sustainable investment (in billion USD)	22,872	30,683	35,301
% sustainable investment in total AUM	27.9%	33.4%	35.9%
Increase of % sustainable investment (compared to previous period)		5.5%	2.5%

Data source: GSIA

Europe and the United States remain the largest markets for sustainable investment, with AUM at EUR 10 trillion and USD 17 trillion respectively. Over the last two years, the scale of sustainable assets in the United States has increased by 42%. In Europe and Australasia, due to significant changes in the definition of sustainable investment (for example, the EU officially released the *EU Taxonomy in 2020*, providing for the first time an official and detailed definition of sustainable activities), the data collected in 2020 on the size and growth rate of sustainable investment lacks direct comparability with previous years.

Table 2 AUM Growth of Sustainable Investment in Top 5 Global Markets (2014-2020)

	2014	2016	2018	2020	GROWTH PER PERIOD			COMPOUND ANNUAL GROWTH RATE(CAGR) 2014-2020
					GROWTH 2014-2016	GROWTH 2016-2018	GROWTH 2018-2020	
Europe (EUR)	€9,885	€11,045	€12,306	€10,730	12%	11%	-13%	1%
United States (USD)	\$6,572	\$8,723	\$11,995	\$17,081	33%	38%	42%	17%
Canada(CAD)	\$1,011	\$1,505	\$2,132	\$3,166	49%	42%	48%	21%
Australasia (AUD)	\$203	\$707	\$1,033	\$1,295	248%	46%	25%	36%
Japan (JPY)	¥840	¥57,056	¥231,952	¥310,039	6,692%	307%	34%	168%

Note: The cut-off date for data collection in Japan is March 31, 2020, and is December 31, 2019 for other markets.

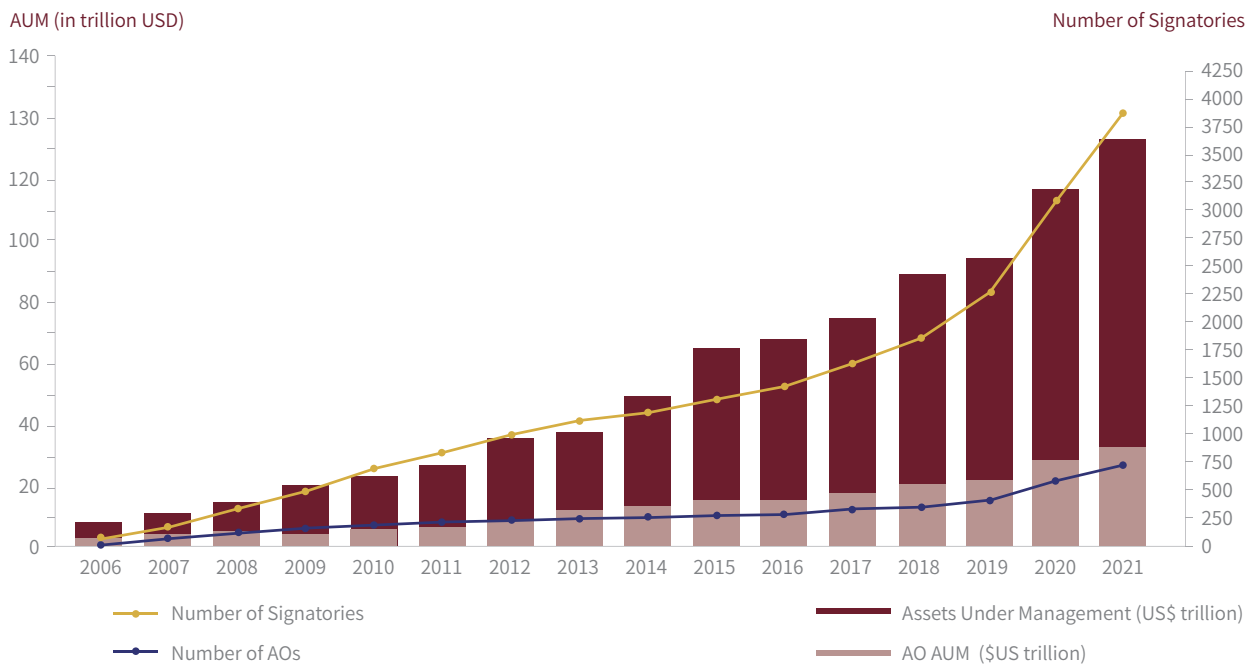
Data source: GSIA

<sup>5</sup> GSIA, 2021. Global Sustainable Investment Review 2020.

<sup>6</sup> Five major markets include Europe, the United States, Japan, Canada, and Australasia.

In terms of the number of institutions involved in sustainable investment, there has been a rapid growth globally. As of November 14, 2021, the number of signatories to the UN-supported Principles for Responsible Investment (PRI) reached 4,514, including 3,370 asset managers and 658 asset owners<sup>7</sup>, with 1,009 new signatories or a 29% increase from the end of 2020. There were 77 signatories in mainland China, including 57 asset managers and 3 asset owners, with an increase of 25 institutions in total or 48% increase compared to the end of 2020.

Figure 2 Number of PRI Signatories and AUM

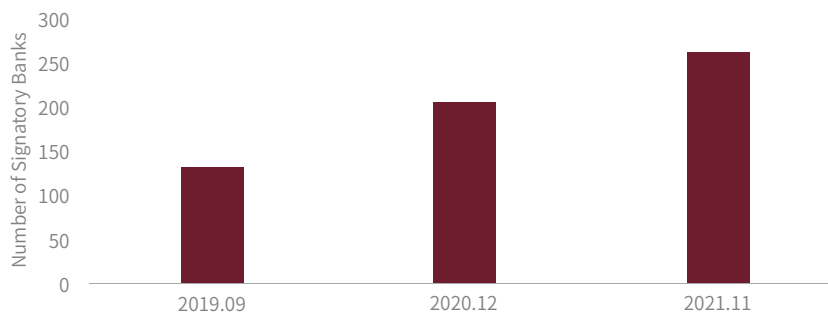


Data source: PRI

As of March 2021

In addition, the number of signatory banks has been growing rapidly since the PRB was released in September 2019. As of November 29, 2021, there were 265 PRB signatory banks, 59 more than the end of 2020, representing an increase of 28%. The AUM of signatory banks amounted to approximately USD 72 trillion, accounting for more than 45% of global bank assets. There were 16 signatory banks from mainland China, 12 more than the end of 2020, representing an increase of 300%.<sup>8</sup>

Figure 3 Number of PRB Signatory Banks



Data source: UNEP FI, compiled by China SIF

As of November 14, 2021

<sup>7</sup> PRI website, [www.unpri.org](http://www.unpri.org), accessed November 15, 2021. There are three types of PRI signatories: Asset Managers, Asset Owners, and Service Providers.

<sup>8</sup> UNEP FI official website, [www.unepfi.org](http://www.unepfi.org), accessed on November 15, 2021.

## Increasing Global Regulatory Attention and Policy Instruments on Sustainable Investment

In 2017, the People's Bank of China (PBoC), together with central banks and regulators from seven other countries, including France and the Netherlands, launched the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). The number of signatories has grown ever since. As of November 2, 2021, 100 central banks and financial supervisory authorities from five continents have joined the NGFS<sup>9</sup>, dedicated to promoting environmental and climate risk management in the financial sector from the perspective of central banks and supervisory authorities and encouraging mainstream capital to support the sustainable economic transition.

Similarly, the number of signatory countries of the Sustainable Banking and Finance Network (SBFN) focusing on developing countries is increasing, with 44 SBFN member countries as of November 14, 2021, up by 16% from October 2018, representing USD 43 trillion of assets, or 86% of total emerging market bank assets. Of the member countries, 33 have policies or principles related to sustainable finance, representing a 50% increase compared to October 2018. Among these 33 countries, 32 have published policies related to ESG risk management, 28 are developing or refining policies related to climate risk management, and six have introduced a detailed catalogue of green or sustainable projects/sectors/activities.<sup>10 11</sup>

Figure 4 33 SBFN Member Countries Have Sustainable Finance Policies in Place



<sup>9</sup> NGFS official website, www.ngfs.net, Accessed November 15, 2021

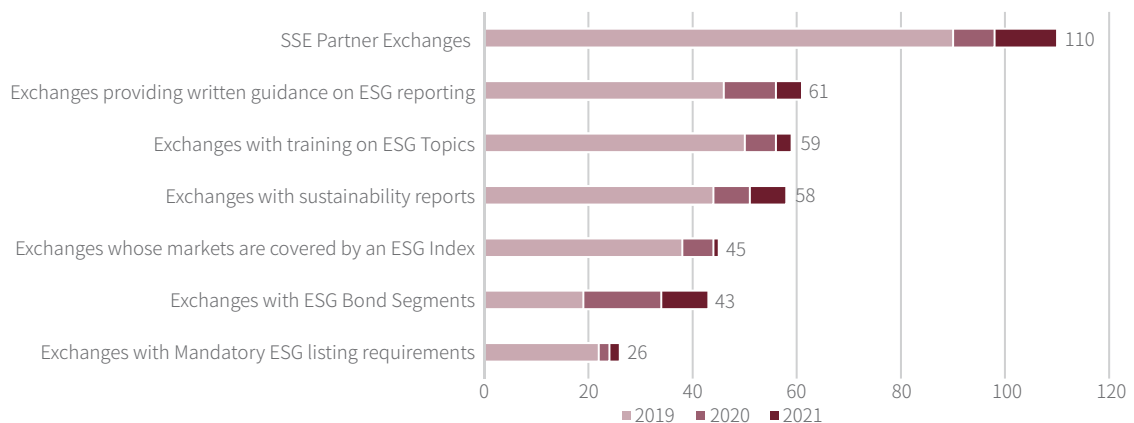
<sup>10</sup> SBFN official website, www.sbfnetwork.org, Accessed November 15, 2021

<sup>11</sup> SBFN, 2021. Accelerating Sustainable Finance Together: Global Progress Report of the Sustainable Banking and Finance Network.

## Exchanges Continue to Promote ESG Bonds and Begin to Focus on Climate Change

As of November 14, 2021, the number of United Nations Sustainable Stock Exchange Initiative (UN SSEi) partners has reached 110, up by 16% from the previous year, covering the supervision of 56,000 listed companies and market capitalization of USD 90 trillion in total. UN SSEi member exchanges have continued to promote sustainable finance-related activities, with the fastest-growing segment being ESG bonds, where the number of exchanges with an ESG bond segment increased by 26% to 43 compared to the previous year.<sup>12</sup>

Figure 5 Progress of Sustainable Finance-Related Activities in Stock Exchanges



Data Source: UN SSEi, compiled by China SIF

As of date: November 14, 2021

In addition, more and more exchanges are realizing their important role in tackling climate change: driving climate-related disclosure, meeting the growing market demand for data, and providing innovative climate-friendly products and services that meet the needs of investors and issuers to support and steer capital towards low-carbon transitions and carbon neutrality. As of November 14, 2021, 6 UN SSEi partner exchanges have joined the Glasgow Financial Alliance for Net Zero (GFANZ), including the London Stock Exchange (LSE), Singapore Exchange (SGX), Luxembourg Stock Exchange (LuxSE), the Hong Kong Exchanges and Clearing (HKEx), Bolsa Mexicana de Valores (BMV) and Johannesburg Stock Exchange (JSE), committing to support the achievement of net-zero greenhouse gas emissions by 2050 or earlier by introducing, where relevant and appropriate, climate-related disclosure, market participation and/or listing requirements, and providing relevant tools and support.

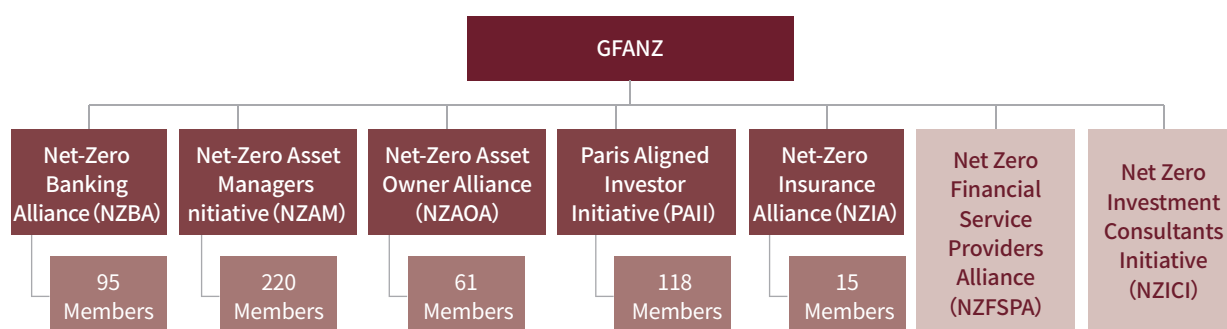
## Climate Change has Become One of the Most Important Issues for Sustainable Investment, with Mandatory TCFD Disclosure Introduced in Some Countries and Regions

Global attention on climate change has been rising in the post-pandemic era, with an acceleration of climate action. The COP26 in 2021 brings 'Finance' as a key topic into the discussions for the first time. In the run-up to the conference, the UN Special Envoy for Climate Action and Finance, Mark Carney, in partnership with the UNFCCC and the COP 26 Presidency jointly launched the **Glasgow Financial Alliance for Net Zero (GFANZ)** in April 2021. As of COP 26, some 500 financial institutions worldwide have responded by joining GFANZ, committing to align their investment and financing activities with the Paris Agreement's 1.5-degree target and become carbon neutral at the portfolio level by 2050 or sooner. The AUM of these financial institutions reached USD 130 trillion, representing approximately 40% of global financial assets.<sup>13</sup>

<sup>12</sup> UN SSEi official website, [www.sseinitiative.org](http://www.sseinitiative.org), Accessed November 15, 2021

<sup>13</sup> UN official website, [www.un.org](http://www.un.org), Accessed November 15, 2021

Figure 6 Composition of the GFANZ and Number of Member Institutions

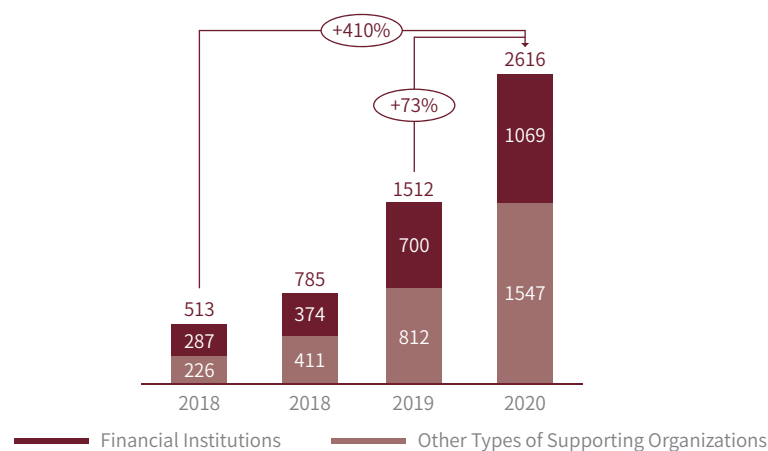


Data source: GFANZ, compiled by China SIF

As of date: November 14, 2021

At the same time, the number of institutions supporting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) continues to grow. The TCFD recommendations were released in 2017 with the aim to drive climate risk and opportunity management through disclosure frameworks and tools. The recommendations support more informed investment decisions through consistent climate information disclosure. As of October 2021, 2,616 institutions (including 1,069 financial institutions) in 89 countries and territories supported the TCFD recommendations, representing a 73% increase in the total number of supporting institutions compared to the end of 2020, and reaching USD 194 trillion in AUM and USD 25 trillion in total market capitalization for financial institutions and non-financial institutions respectively.<sup>14</sup>

Figure 7 Number of TCFD Supporting Organizations



Data source: TCFD

As of date: October 2021

In addition to voluntary adoption by the private sector, an increasing number of central banks and financial regulators are beginning to encourage TCFD-aligned climate information disclosure. Some countries and regions are even introducing mandatory disclosure mechanisms. At the G7 Summit in 2021, member states publicly pledged to support mandatory disclosure consistent with the TCFD. G20 members, as well as NGFS member central banks and regulators, have also publicly expressed support for the adoption of the TCFD.

<sup>14</sup> TCFD, 2021. TCFD 2021 Status Report.

## Global Examples on the Mandatory TCFD Disclosure Requirements

In June 2021, the UK Financial Conduct Authority (FCA) published proposals to progressively make TCFD-based disclosure mandatory for listed companies, asset managers, life insurance companies and FCA-regulated pension funds. In October 2021, the FCA announced that more than 1,300 large companies and financial institutions would be required to provide disclosure based on TCFD recommendations starting in April 2022.

In August 2021, the Singapore Exchange announced a roadmap for TCFD disclosure, requiring all issuers to disclose climate-related information on a "comply or explain" basis from 2022.

In August 2021, the Securities and Futures Commission of Hong Kong (SFC) indicated that it would amend the *Code of Conduct for Fund Managers* to make it mandatory for fund managers managing collective investment schemes to consider climate risks in their investment and risk control processes and to make disclosures consistent with the TCFD recommendations from 2022 onwards. Previously, the Green and Sustainable Finance Cross-Agency Steering Group, comprising of the SFC and the Hong Kong Insurance Authority (HKIA), among others, also indicated plans to make climate-related disclosures consistent with the TCFD recommendations mandatory by 2025.

In September 2021, the Central Bank of Brazil proposed mandatory disclosure guidelines based on the TCFD, requiring mainly qualitative aspects of the disclosure to be undertaken. The quantitative disclosures are expected to be included in 2022.

In October 2021, New Zealand took the lead in passing legislation requiring banks, insurance asset managers and investment management companies to disclose relevant information as required by the TCFD framework from 2023.

In addition, existing international initiatives and information disclosure frameworks are beginning to adopt and integrate the TCFD recommendations. For example, the PRI requires signatories to report on climate-related strategy and governance in light of the TCFD recommendations from 2020. The CDP has redesigned its climate change questionnaire in line with the TCFD framework, which has incorporated over 25 TCFD-related questions in the "Governance", "Risks and Opportunities", "Strategy and Emissions Targets" sections. In November 2021, the International Financial Reporting Standards Foundation's (IFRS Foundation) newly established International Sustainability Standards Board (ISSB) issued a sample guideline on climate-related disclosures based on the TCFD elements to promote high-quality climate-related disclosures that meet the needs of global financial markets.

## Finance Industry Begins to Focus on Biodiversity Risks

Following climate change, biodiversity degradation, which also triggers systemic risk, has received increasing attention from the financial industry. In April 2021, the NGFS and the International Network for Sustainable Financial Policy Insight, Research and Exchange (INSPIRE) established a collaborative group to study the linked impacts of biodiversity and financial stability. The research group released an interim study on Biodiversity and Financial Stability in October 2021, stating that there is growing evidence that biodiversity loss can have significant economic and financial impacts and arguing that future biodiversity-related risk factors should be integrated into risk assessment systems across the financial system. The research group will continue to examine key national initiatives to address biodiversity loss and financial risks and make a series of specific recommendations to central banks and regulators.

Financial institutions have also taken up the initiative to explore biodiversity-related issues. In June 2021, the Taskforce on Nature-Related Financial Disclosures (TNFD), similar to the TCFD, was established. The Taskforce aims to develop a framework for managing and disclosing nature and biodiversity-related risks and supporting the flow of global finance from areas that harm the nature towards areas that benefit the nature. The Taskforce is supported by the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI) and endorsed by the G20 and G7 Environment and Climate Ministers. The Taskforce currently consists of 35 financial institutions, corporations and financial service providers such as AXA, BlackRock, Nestlé and Moody's.

In addition, during the 15th Conference of the Parties (COP15) of the *Convention on Biological Diversity* in 2021, 36 Chinese banking institutions, 24 foreign banks and international organizations issued the *Joint Declaration of Financial Institutions in the Banking Sector in Support of Biodiversity Conservation*. The Joint Declaration proposed seven areas of actions and measures to strengthen the banking sector's support for biodiversity conservation. These include developing "biodiversity strategies", strengthening "biodiversity risk management", establishing "biodiversity preference", increasing "biodiversity investment and innovation", improving "biodiversity disclosure", and promoting "biodiversity performance".

## 2. Development of China's Sustainable Investment Policy

On September 22, 2020, President Xi Jinping proposed at the 75th session of the United Nations General Assembly that China will "aim to have CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality before 2060", making low-carbon development and green transition a key theme in the development of China's socio-economic system for the next 50 years.

The *Opinions on Complete and Accurate Implementation of the New Development Concept for Carbon Peaking and Carbon Neutrality* issued by China's Central Committee and State Council on September 22, 2021, and the *Action Plan for Carbon Peaking by 2030* issued by the State Council on October 26, 2021 have made systematic plans for carbon peaking and carbon neutrality work, describing in detail the top-level design of the "dual-carbon goals". It is foreseeable that financial activities can no longer solely focus on financial returns. Non-financial factors that are climate-related, low-carbon transition-related, environmental protection and ESG-related are gradually becoming substantial in investment decisions, presenting both a challenge and an opportunity for the financial industry. Exploring a sustainable investment path aligned with the national context will be a long-term discussion topic for all market participants in the coming period.

### 2.1 Top-level Design for Sustainable Investment Under the "Dual-Carbon Goals"

Since 2016, a series of domestic policies directly related to sustainable investment in the securities industry have been introduced (Appendix 2). In 2016, seven ministries and commissions, including the People's Bank of China, the Ministry of Finance, the National Development and Reform Commission (NDRC), the former Ministry of Environmental Protection, the former China Banking Regulatory Commission, the China Securities Regulatory Commission (CSRC) and the former China Insurance Regulatory Commission, jointly issued the *Guiding Opinions on Establishing a Green Financial System*, which clarified the vital role of the securities market in advancing green investment and set the stage for China's green finance. Subsequently, the *Green Investment Guidelines (for Trial Implementation)*, the first comprehensive and systematic industry self-regulatory standard for green investment in China, was issued by the Asset Management Association of China (AMAC) in 2018. The Guidelines clarifies the goals, principles and basic methods of green investment, aiming to guide fund managers that engage in green investment activities, to operate the funds in a market-oriented, standardized and professional manner, cultivate long-term value investment orientation and establish the green investment code of conduct. In the same year, the CSRC revised the *Code of Corporate Governance for Listed Companies*, drawing on international practices to add provisions for institutional investors to participate in governance and establish a basic framework for environmental, social and governance (ESG) information disclosure. In October 2020, five ministries and commissions, including the Ministry of Ecology and Environment (MEE), the NDRC, the PBoC, the China Banking and Insurance Regulatory Commission (CBIRC) and the CSRC, jointly issued the *Guiding Opinions on Promoting Investment and Financing to Address Climate Change* (the "Guiding Opinions"). It is the first ministry-level document on climate change since the "dual-carbon goals" were proposed. The Guiding Opinions also presented several possible paths to support local climate investment and financing practices by encouraging and guiding the private and foreign investment into climate investment and financing.

According to data from the PBoC, by the end of 2020, China had a green bond inventory of RMB 813.2 billion, ranking second in the world. In 2021, the green bond market was expected to make further breakthroughs with

the policy update. In February, to help achieve the "dual-carbon goals" and support the green recovery and low-carbon transition of the post-pandemic economy, the NAFMII launched the first batch of carbon neutrality bonds and issued the *Notice on Clarifying the Mechanisms Related to Carbon Neutrality Bonds* on March 18, 2021, clarifying that the funds raised from carbon neutrality bonds must be used for green projects with carbon emission reduction benefits. On April 21, the PBoC, the NDRC and the CSRC jointly released the *Green Bond Endorsed Projects Catalogue (2021 Edition)*, which is the first update since its release in 2015. This update removes the long-standing international controversy over the clean use of coal and adopts the internationally accepted "no significant damage" principle, making the carbon reduction constraint more stringent, signifying the trend of gradually aligning domestic green standards with international standards and helping to improve the recognition and competitiveness of domestic green bonds in the global market. On April 28, the NAFMII continued to launch the Sustainability-Linked Bond (SLB) and issued the *Ten Questions and Ten Answers on Sustainability-Linked Bond (SLB)* to encourage more issuers to set a company-wide emission reduction target or an emission reduction efficiency objective for their main business, urging enterprises to achieve energy saving and emission reduction in a planned and targeted manner. During the COP26 in November 2021, the International Platform for Sustainable Finance (IPSF), a joint initiative of the Chinese and European economies, released the *Common Ground Taxonomy - Climate Change Mitigation*, which covers about 80 commonly recognized, climate-friendly economic activities in China and Europe. The *Common Ground Taxonomy* is of great significance in promoting China-EU cooperation on green investment and financing, guiding cross-border climate investment and financing activities, reducing the cost of green certification for cross-border transactions, and effectively promoting the harmonization of international sustainable finance classification standards.

On July 16, 2021, the national carbon market was officially launched. More than 2,000 key emission units in the power generation sector were included in the first batch, setting another milestone in the national carbon emissions trading market. From September to October, the State Council successively issued the *Opinions on Complete and Accurate Implementation of the New Development Concept for Carbon Peaking and Carbon Neutrality and the Action Plan for Carbon Peaking by 2030* (hereinafter referred to as the "Action Plan"), which led to heated discussions. The Action Plan calls for the integration of carbon peaking into the whole process and all aspects of economic and social development. The "Ten Key Actions to Achieve Carbon Peaking" include "green and low-carbon energy transition", "energy conservation and carbon reduction", "industrial carbon peaking", "carbon peaking in urban and rural construction", "green and low-carbon transportation", "circular economy to help carbon reduction", "green and low-carbon science and technology innovation", "consolidation and enhancement of carbon sink capacity", "public green and low-carbon action", and "regional carbon peaking". The aim is to make corresponding arrangements for international cooperation and strengthen policy protection. The Action Plan also provides a detailed roadmap, sets scientific milestones for carbon peaking, and serves as a guideline for economic and financial activities in the coming decade.

On November 8, the PBoC launched a new structural monetary policy tool - the Carbon Emission Reduction Support Tool. After issuing carbon emission reduction loans to relevant enterprises in the critical areas of carbon emission reduction, financial institutions can apply for low-cost funding support from PBoC through the Carbon Emission Reduction Support Tool and publicly disclose carbon emission reduction-related data of the loans and accept the supervision from the society. This is another strong support from monetary policy tools for green loans after being included in the scope of collateral for medium-term lending facilities (MLF) in 2018.

## 2.2 Regional Practices for Sustainable investment

The *Green Finance Policy Database of SynTao Green Finance* shows that from November 2020 to October 2021, a total of 103 green finance-related policies have been issued nationally and regionally, including 24 green finance-specific documents. Thanks to the nationwide rollout of the "dual-carbon goals", the total number of green finance policies has increased slightly while the number of specific documents has nearly tripled year on year. In terms of policy focus, the emphasis of new policies this year shifted from traditional green finance topics such as environmental protection and pollution reduction to broader topics such as low-carbon transition and climate change, with nearly one-third of the policies mentioning keywords such as "low-carbon", "carbon emission rights" and "climate change". In terms of policy incentive tools, the number of policies promoting green financial products through cost subsidies and tax breaks doubled year on year, with the maximum subsidy amounting to RMB 3 million for a single institution. In some regions where the green finance system is more mature, the policy direction is converging from "incentive" to "compliance", with increasing focus on the disclosure of environment-related information by financial institutions to pave the way for the stable and healthy development of the local green finance ecosystem.

From a regional perspective, Guangdong Province and the Greater Bay Area of Guangdong, Hong Kong and Macao led the way again with 13 green finance policies, with cross-regional green finance innovation gradually revealing its advantages. During the past year, the Greater Bay Area Green Finance Alliance (GBA-GFA) has conducted thematic studies on carbon markets, blockchain support for green asset trading, financial support for green supply chains, financial support for green buildings and financial support for solid waste treatment. On the other hand, the pilot zones for green finance reform and innovation in six provinces and nine regions have also continued to explore and innovate. While summing up their previous experiences, they are moving into the low-carbon sector with the support of green finance and reinforcing the high-quality development of the real economy. Mid-term evaluations are being carried out carefully under the guidance of the PBoC, systematically summarising the results of reform and innovation, accelerating the replication and promotion of the valuable experiences that have been developed. Regions that have not yet been included in the national pilot zone are also pioneering green finance paths tailored to the local economic environment. Last year, Fujian Province set up provincial pilot zones for green finance reform in the cities of Sanming and Nanping and issued nine green finance-related policies across the province. Fujian Province has actively engaged in green finance practices by strengthening the integration of green finance with the technological upgrading of traditional industries such as "Steel", "Textiles", "Cement", and "Chemicals", and promoted the green transition and upgrading of traditional industries. In addition, Beijing, Shanghai, Heilongjiang Province, Jiangsu Province and other regions have also issued implementation plans or guidelines for constructing green financial systems to accelerate the green and low-carbon transition of local industries and to support the steady advancement of the "dual-carbon goals".

## Policy Examples

### ***Shanghai - Implementation Opinions of Shanghai on Accelerating the Establishment of an International Green Financial Hub to Serve the Goal of Carbon Peaking and Carbon Neutrality***

The Opinions aim to serve the national "dual-carbon goals", accelerate the goal of building an international financial hub in Shanghai, and give full play to the service coverage of Shanghai's international financial centre. It also sets out the overall goal of establishing Shanghai as an internationally influential carbon trading, pricing and innovation centre by 2025 and as an international green finance hub. To achieve these goals, the Opinions put forward a series of major tasks such as strengthening the construction of a green financial market system, innovating green financial products and services, improving the system of green financial organizations and institutions, strengthening the green financial security system, increasing financial support for low-carbon industrial transition and technological innovation, deepening international cooperation in green finance, and creating a good environment for green financial development.

### ***Jiangsu Province's Guiding Opinions on Vigorously Developing Green Finance***

Divided into 10 parts and 30 articles, the Guiding Opinions clarify the development ideas and main objectives of green finance work in Jiangsu Province, with green upgrading of industrial enterprises, green development in the agricultural sector, green transformation of the energy system and green low-carbon technological progress being identified as key areas for green finance support. The Opinions put forward 24 specific measures in eight areas, including building a basic institutional framework for green finance, improving the system of green financial institutions and establishing a green financial incentive and restraint mechanism, which also emphasizes the synergistic incentive guidance of monetary and fiscal policies, and the restraining role of financial supervision to ensure the healthy development of the green financial market.

### ***Fujian Province - Guiding Opinions on Green Finance Reform and Experimentation in the Banking and Insurance Sector in Sanming***

The Guiding Opinions clarify the three major objectives of expanding the scale, improving the organizational system and enhancing the innovation capacity of green finance. It proposes a total of 32 support measures in five categories, including establishing a green project identification system, encouraging the development of professional green finance institutions, dovetailing with the synergistic development of special industries, and empowering both risk compensation and information technology capacity building. With Sanming as one of the provincial green finance reform pilot zones in Fujian Province, the various approaches proposed in the Guiding Opinions will provide valuable practical experience for constructing a green finance system across the province.

## 2.3 Policy Developments and Status Quo on Information Disclosure

### 2.3.1 Progress Overview of ESG Disclosure Policies

China has strengthened the regulatory requirements for listed companies' environmental information disclosure in recent years. Documents such as the *Environmental Protection Law of the People's Republic of China (2015)*, the *Report of the 19th Party Congress*, the *Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Strengthening Ecological Environmental Protection and Resolutely Figurehting the Battle of Pollution Prevention and Control*, and the *Guiding Opinions on Building a Modern Environmental Governance System* have all put forward the need to improve the system for mandatory environmental information disclosure. China's environmental regulatory authorities have also issued policy documents such as the *Guiding Opinions on Strengthening the Supervision and Management of Listed Companies on Environmental Protection* (2008) and the *Measures for Environmental Information Disclosure by Enterprises and Institutions* (2014), which set out requirements for environmental information disclosure by listed companies and other enterprises. In May 2021, the Ministry of Ecology and Environment issued the **Reform Plan for the Environmental Information Disclosure System in Accordance With the Law**<sup>15</sup>. According to the Reform Plan, the MEE will coordinate the NDRC, the PBoC and the CSRC to complete the revision of the document related to information disclosure by listed companies and debt issuing enterprises in 2022, and to form a mandatory disclosure system for environmental information in 2025. In September 2021, the Ministry of Ecology and Environment drafted the **Administrative Measures for the Environmental Information Disclosure by Enterprises in Accordance with the Law (Draft for Public Consultation)** and the **Guidelines on the Format for the Environmental Information Disclosure by Enterprises in Accordance with the Law (Draft for Public Consultation)** to regulate the disclosure of environmental information by enterprises.

Against this background, the CSRC, the Shanghai and Shenzhen Stock Exchanges and the Hong Kong Exchanges and Clearing Limited (HKEx) have issued guiding documents on the fulfilment of social responsibility and information disclosure by listed companies. In 2021, the CSRC revised its **guidelines on the content and format of annual and semi-annual reports of listed companies** and formally added a section on "Environmental and Social Responsibility". The HKEx added climate-related topics to the updated version of **ESG Reporting Guidelines**, which came into effect in July 2020, and encouraged listed companies to consider adopting the TCFD recommendations in their disclosures. The Green and Sustainable Finance Cross-Agency Steering Group, initiated by the Hong Kong Monetary Authority and the Securities and Futures Commission, also announced in late 2020 that the relevant industries will be required to make climate-related disclosures in alignment with the TCFD recommendations by 2025, so that financial markets will have more information on how companies and assets will be affected by climate change. To assist listed companies in progressively disclosing climate-related information according to TCFD's recommendations, the HKEx published the **Guidance on Climate-Related Disclosure on November 5, 2021** to help listed companies assess how to address climate-related risks and provide practical guidance.

Environmental information disclosure by financial institutions<sup>16</sup> is attracting more and more attention. In July 2021, the PBoC issued and implemented the **Guidelines on Environmental Information Disclosure by Financial Institutions**, which systematically set out the principles, forms and content requirements for

<sup>15</sup> The newly added ESG disclosure policies (in comparison to *China Sustainable Investment Review 2020*), are highlighted in bold.

<sup>16</sup> Environmental information of financial institutions refers to the information related to the operational activities, investment and financing activities of financial institutions and the associated environmental impacts that are recorded and saved in certain forms.

environmental information disclosure by financial institutions. In the same month, the PBoC Guangzhou Branch organised a centralised public display of environmental information disclosure reports by 13 financial institutions in the Greater Bay Area. In August, the Securities and Futures Commission of Hong Kong published the Consultation Summary on the Management and Disclosure of Climate-Related Risks by Fund Managers and will require fund managers to consider and appropriately disclose climate-related risks in their investment and risk management processes through amendments to the **Code of Conduct for Fund Managers**.

## CSRC Regulates Information Disclosure and Related Governance of Listed Companies

In December 2016, the CSRC announced the *Second Guidelines on the Content and Format of Information Disclosure by Public Securities Issuing Companies - Content and Format of Annual Reports (Revised 2016)*, which encourages listed companies to proactively disclose their efforts of actively fulfilling their social responsibilities and stipulates that key emission units announced by environmental regulatory authorities companies and their subsidiaries, shall disclose relevant environmental information following laws and regulations.

In December 2017, the CSRC released the *Second Guidelines on the Content and Format of Information Disclosure by Public Securities Issuing Companies - Content and Format of Annual Reports (Revised 2017)*, which added specific requirements for listed companies when disclosing the fulfilment of social responsibility and carrying out work on precise poverty alleviation. Besides, the Guidelines made more specific requirements for listed companies related to key pollutant discharging units on the disclosure of environmental information, encouraging companies to voluntarily disclose relevant information that is conducive to protecting the ecosystem, preventing and controlling pollution and fulfilling environmental responsibilities.

In September 2018, the CSRC issued a revised Code of Governance for Listed Companies, which specifically added information related to environmental protection and social responsibility, including Article 95, which clarifies that listed companies should disclose environmental information and the fulfilment of social responsibilities such as poverty alleviation according to laws and regulations and the requirements of relevant authorities.

In February 2021, the CSRC issued the **Guidelines on Investor Relations Management for Listed Companies (Draft for Public Comments)**, which included ESG related content. At the end of June, the CSRC issued a guideline on the format and content of annual and semi-annual reports of listed companies, namely the **No. 2 Guidelines on the Content and Format of Information Disclosure by Companies Issuing Public Securities - Content and Format of Annual Reports (Revised 2021)**, which requires listed companies to set up a separate section, namely "Section 5: Environment and Social Responsibility", to encourage the disclosure of measures and effectiveness of carbon-related emissions reduction. In addition, in its response to the Chinese People's Political Consultative Conference's (CPPCC) proposal in February, the CSRC revealed that it would "further align and cooperate with international organisations in areas such as sustainability disclosure by issuers and the establishment of international standards for non-financial information reporting".

## Exchanges Issued Guidelines on Information Disclosure of Listed Companies

### ■ Shenzhen Stock Exchange

In September 2006, the Shenzhen Stock Exchange issued the *Guidelines on Social Responsibility of Listed Companies*, requiring listed companies to actively fulfil their social responsibilities, regularly assess their performance of social responsibilities, and voluntarily disclose corporate social responsibility reports (hereinafter referred to as CSR reports). In 2010, the *Guidelines were incorporated into the Guidelines on the Standardized*

*Operation of Listed Companies*, and continued to provide guidance and regulation for listed companies to disclose social responsibility-related information.

In March 2015, the Shenzhen Stock Exchange issued the *Guidelines for the Standardized Operation of Small and Medium-sized Listed Companies*, which stipulates that when a listed company is encountered with a major environmental pollution incident, it should promptly disclose the reasons for the environmental pollution, the impact on the company's performance, the impact of the environmental pollution and the rectification measures to be taken by the company.

In September 2020, the Shenzhen Stock Exchange revised the *Assessment Measures for Information Disclosure of Listed Companies*. The revision included creating additional points for ESG reports, assessing the disclosure of listed companies' fulfilment of social responsibility, adding Article 16 "Performance of Social Responsibility Disclosure" and mentioning ESG disclosure for the first time. The new assessment method stipulates that listed companies can gain additional points for their information disclosure by publishing informative and complete CSR reports and ESG reports, as well as disclosing information about their active participation in matters in line with major national strategic guidelines. The Shenzhen Stock Exchange will record the assessment results of listed companies' information disclosure work in the integrity file and inform the relevant regulators of the CSRC and the local securities regulators of listed companies.

#### ■ Shanghai Stock Exchange

In May 2008, the Shanghai Stock Exchange issued the *Notice on Strengthening the Social Commitment of Listed Companies and Issuing the Guidelines on Environmental Information Disclosure for Listed Companies on the Shanghai Stock Exchange*, requiring listed companies to strengthen their social commitment and to disclose on time their practices and achievements in undertaking social responsibility in the areas of employee safety, product responsibility and environmental protection, as well as setting out specific requirements for the disclosure of environmental information of listed companies.

At the end of the same year, the Shanghai Stock Exchange issued the *Guidelines for the Preparation of Reports on the Fulfilment of Social Responsibility by Companies*, specifying what should be disclosed by listed companies in terms of efforts to promote environmental and ecological sustainability, such as how they prevent and reduce pollution, how they protect water and energy resources, how they ensure the liveability of their local environment, and how they protect and enhance the biodiversity of their regions.

In March 2019, prior to the listing of Sci-Tech board (STAR Market) companies, the Shanghai Stock Exchange issued ten supporting rules and guidelines, including the *Rules for the Listing of Shares on the Sci-Tech Board of the Shanghai Stock Exchange*, to clarify the listing and regulatory requirements for the Sci-Tech board and to make mandatory disclosure requirements for ESG-related information, requiring listed companies on the Sci-Tech board to disclose the fulfilment of environmental protection, safeguarding product safety, protecting the legitimate rights and interests of employees and other stakeholders, among other social responsibilities.

In September 2020, the Shanghai Stock Exchange issued the *Second Guidelines on the Application of Self-Regulatory Rules for Listed Companies on the Sci-Tech Board of the Shanghai Stock Exchange — Voluntary Information Disclosure* to include ESG information disclosure. Article 14 of the Second Guidelines is on "Environmental, Social and Governance (ESG)" voluntary information disclosure, which stipulates that based on disclosing general information on environmental protection, social performance and governance following the legal rules, science and innovation companies may further disclose information specific to their sectors, business characteristics and governance structures.

## ■ Hong Kong Exchanges and Clearing Limited

In December 2015, the HKEx issued a new version of the *Environmental, Social and Governance Reporting Guidelines*, which reclassifies the Guidelines into two main categories, namely "Environmental" and "Social", with "Governance" covered separately in the Corporate Governance Code. The Guidelines required companies to disclose, under the broad categories of "Environmental" and "Social", three environmental dimensions, including emissions, resource use, environment and natural resources, as well as eight social dimensions, including employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment. The Guidelines required listed companies to include 11 general disclosure indicators in their 2016 annual report and 11 general disclosure indicators along with 12 key environmental indicators in their 2017 annual report.

In May 2019, the HKEx released a consultation paper on the review of the provisions in the *Environmental, Social and Governance Reporting Guidelines and the related Listing Rules*. The consultation paper proposed changes to the Environmental, Social and Governance Reporting Guidelines in five areas. The most significant changes in the proposal included: 1) adding mandatory disclosure requirements; 2) upgrading all social key performance indicators from voluntary disclosure to "Comply or Explain"; 3) synchronizing the timing of ESG disclosure with company financial disclosure; and 4) enhancing climate-related disclosure.

The revised ESG Reporting Guidelines of the HKEx at the end of December 2019 came into effect on July 1, 2020. The Guidelines include several major revisions: requiring companies to clarify board responsibilities on ESG matters, including a board statement on the board's ESG management approach and strategy, and how the board reviews progress against targets; adding quantitative performance targets and increasing disclosure requirements for quantitative targets at the environmental level; upgrading disclosure requirements with the introduction of three mandatory disclosure aspects, namely governance structure, reporting principles and scope of reporting, and upgrading the level of disclosure obligation for social indicators to "comply or explain"; adding a climate-related aspect based on several elements of the TCFD recommendations and encouraging listed companies to consider adopting the TCFD recommendations when disclosing relevant information; revising and adding social KPIs.

In July 2020, the HKEx announced to amend the IPO guidelines to require additional corporate ESG information by IPO applicants. Applicants should have mechanisms in place to meet HKEx's corporate governance and ESG requirements in advance, meaning that they are already compliant at the time of listing.

In December 2020, the Green and Sustainable Finance Cross-Agency Steering Group<sup>17</sup>, an initiative of the Hong Kong Monetary Authority and the Securities and Futures Commission, released a strategic plan for green and sustainable finance, with five key action plans. The first of these short-term action plans requires "relevant industries to make disclosures of climate-related information following the recommendations of the Task Force on Climate-related Financial Disclosures<sup>18</sup> by 2025". The aim is to enhance climate-related disclosure by financial institutions (including banks, asset managers, insurers and pension trustees) and to expand the scope of mandatory disclosure as soon as practicable to enable financial markets to have more information on how

<sup>17</sup> The Green and Sustainable Finance Cross-Agency Steering Group was established in May 2020 and is co-led by the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission, with the Environment Bureau, the Financial Services and the Treasury Bureau, the Hong Kong Exchanges and Clearing Limited, the Office of the Commissioner of Insurance and the Mandatory Provident Fund Schemes Authority as members. The Steering Group aims to coordinate the financial industry's response to climate and environmental risks, accelerate the development of green and sustainable finance in Hong Kong, and support the Government's climate strategy.

<sup>18</sup> The Financial Stability Board established the Task Force on Climate-Related Financial Disclosures to improve and increase the reporting of climate-related financial information. The Task Force's recommendations were developed around four thematic areas, each representing a core pillar of how an institution operates: governance, strategy, risk management, and metrics and targets.

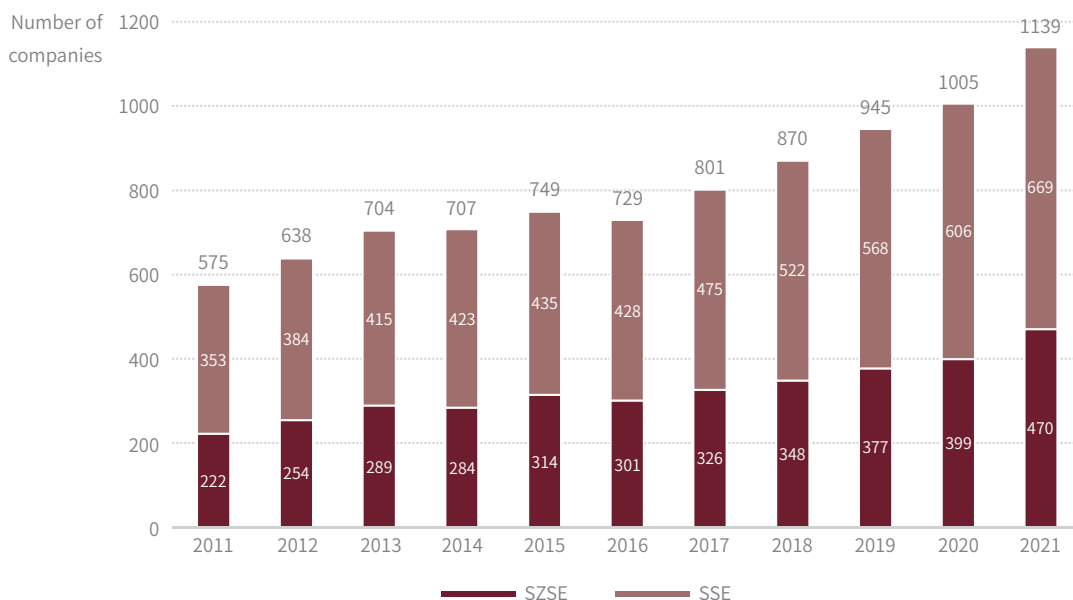
businesses and assets will be affected by climate change to support better-informed capital allocation and promote market discipline.

On November 5, 2021, the HKEx published the "**Guidance on Climate Disclosures**" (the "Guidance"), targeting companies that have not yet established substantial internal expertise on climate-related issues. It is intended to provide practical guidance to facilitate listed companies to comply with the recommendations of the TCFD in the hope of alleviating the current challenges faced by most companies in TCFD reporting. The Guidance also provides more specific requirements on governance structures, climate scenario analysis, risk identification and management, target setting and climate action strategies for listed companies, identifies key elements to be disclosed, and details the purpose, workflow, disclosure preparation and potential enhancements.

### 2.3.2 Status Quo of ESG Disclosure by Listed Companies

As of October 27, 2021, there were a total of 1,999 companies listed in the Shanghai Stock Exchange<sup>19</sup>; 2,568 companies listed in the Shenzhen Stock Exchange<sup>20</sup>, totalling 4,567 listed companies in both markets. Since the beginning of 2021 (as of October 27), a total of 1,139 A-share listed companies have issued 1,150 CSR reports for 2020<sup>21</sup>, among which 11 companies have issued two CSR reports with different contents<sup>22</sup>. The number of CSR report issuing companies accounted for 24.9% of all listed companies, including 669 companies listed in the Shanghai Stock Exchange, 470 companies listed in the Shenzhen Stock Exchange and 131 A+H dual-listed companies.

Figure 8 CSR Reports Issued by A-Share Listed Companies, 2011-2021



Data source: EastMoney Choice Data Terminal, compiled by SynTao Green Finance.

<sup>19</sup> General overview of SSE stock data, <http://www.sse.com.cn/market/stockdata/statistic/>

<sup>20</sup> General market data of SZSE, <http://www.szse.cn/market/overview/index.html>

<sup>21</sup> "CSR reports" in this context refer to reports that disclose ESG and other non-financial information under different names such as "Social Responsibility Report", "Sustainability Report", "Environmental, Social and Governance Report", "ESG Report", etc.

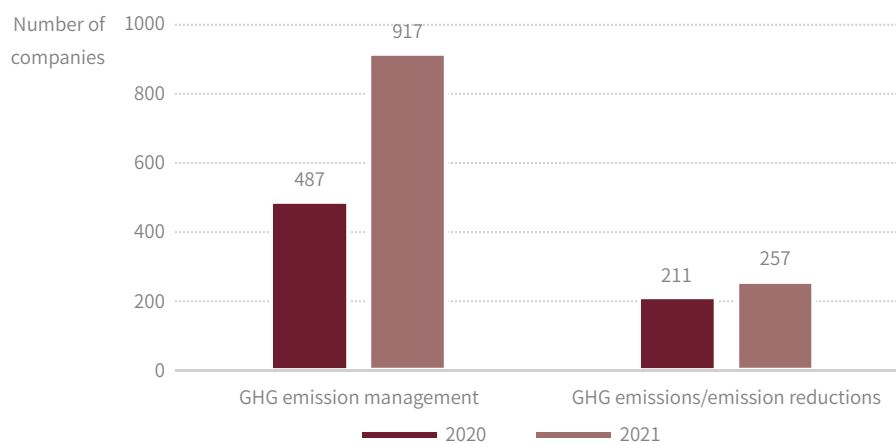
<sup>22</sup> In 2021, 11 companies, namely iFLYTEK, ENN Natural Gas, Jiangxi Copper Corporation, inovance, HUANENG Power Int'l, Hikvision, Fuyao Glass, Shanghai Dazhong Public Utilities, Dahua Tech, Wanhua Chemical, and Minsheng Bank, released two social responsibility reports respectively.

It is evident that the overall number of CSR reports published by A-share companies has increased significantly. Still, the disclosure ratio is the same as last year<sup>23</sup>. In addition, after the release of the revised guidelines on the format of annual and semi-annual report by the CSRC on June 28, listed companies have already started to incorporate ESG-related information into the chapter on environment and social responsibility following the revised format. It is foreseeable that the 2021 annual reports will also follow this trend and that more listed companies will set aside the ESG section as a stand-alone CSR report. In general, the increase of ESG information disclosure transparency will be an inevitable trend.<sup>24</sup>

### 2.3.3 Status Quo on Climate-Related Disclosure by Listed Companies

As of September 2021, 917 A-share listed companies have disclosed their measures, policies, practices and targets for greenhouse gas (GHG) emissions management, accounting for about 20.9% of all listed companies, nearly twice as many as last year<sup>25</sup>. During the same period, 257 companies disclosed their GHG emissions or emission reductions, accounting for about 5.9% of all listed companies, basically the same as the previous year. Of these 257 companies, 114 were A+H dual-listed. In addition, only about 3% of listed companies in 2021 mentioned the possible climate-related risks or opportunities for their business. Less than 1% were able to disclose climate-related information in line with or in reference to the TCFD's recommended framework.

Figure 9 Climate-Related Disclosure by Listed Companies in China, 2020-2021



Data source: STGF PANDA Climate Data Platform

The introduction of the "dual-carbon goals" has particularly raised the awareness of GHG emissions management among listed companies, which is reflected in the significant increase in the disclosure rate of GHG emissions management. Yet, considering quantitative information disclosure (e.g. GHG emissions, etc.) as the main criterion, the disclosure quality still needs further improvement. Policy promotion and guidance at the regulatory level are mandatory to urge listed companies to conduct GHG inventories and disclose information. The disclosure rate of climate-related information is expected to grow continuously in the future.

<sup>23</sup> *China Sustainable Investment Review 2020*, the ratio of social responsibility reports published in 2020 is 25%.

<sup>24</sup> For more information on the details of ESG information disclosure and ESG rating of listed companies, please refer to the "Analysis of China A-Share Ratings 2021" published by SynTao Green Finance.

<sup>25</sup> *Analysis Report on A-share Listed Companies' Information Disclosure Method to Address Climate Change 2021*, the percentage of listed companies disclosing GHG emission management information in 2020 is 11.8%.

## 3. Financial Institutions' Sustainable Investment Practices

With the strong support and promotion of the Central Government's development strategy of green development and "dual-carbon goals" and the recognition and deeper understanding of the ESG concept in the domestic capital market, domestic financial institutions have started to engage in a variety of sustainable investment practices. In this Report, China SIF seeks to demonstrate the development process of sustainable investment by Chinese financial institutions by assessing the sustainable investment practices of financial institutions (FIs) such as mutual fund managers, securities investors and insurance asset managers.

### Data Sources and Scope

China SIF has collected and compiled data through public information disclosure channels of FIs, mainly including but not limited to:

- Regular reports: annual financial reports of financial institutions, annual CSR reports and sustainable investment reports.
- Disclosures mandated by any responsible investment initiative to which a financial institution is a signatory, such as the annual transparency report required by PRI to be disclosed by signatory institutions.
- Official websites and official social media accounts of FIs (e.g. official WeChat accounts, etc.).

Among the FIs evaluated, there are 137 mutual fund managers, 140 securities companies and 30 insurance asset managers. The lists are extracted from the China Securities Regulatory Commission's *List of Public Fund Management Institutions (October 2021)*, *List of Securities companies (October 2021)* and the *List of Legal Persons Responsible for the Supervision of Insurance Institutions* published by the China Banking and Insurance Regulatory Commission (CBIRC) on October 18, 2021. The information was accessed and collected until October 30, 2021.

### Setting the Assessment Indicators

Based on standards and reports such as the *Guidelines on Environmental Information Disclosure by Financial Institutions* issued by the PBoC in 2021, the *Recommendations of the TCFD* issued by the TCFD, and the *Survey Report on ESG Investment in China's Fund Industry (2019) Securities Edition* issued by the AMAC, combined with close observation of the financial market, the China SIF has set the following 10 indicators to assess the development level of domestic FIs, including mutual fund managers, securities companies and insurance asset managers, in their sustainable investment practices and has conducted an in-depth analysis of their performance based on these indicators.

- **Governance Structure and Senior Management Responsibilities**

**Indicator 1: Governance Structure and Senior Management Responsibilities:** Focusing on the internal organizational structure of FIs for sustainable investment, as well as the personnel allocation and progress in building the senior management's responsibilities for climate-related and ESG-related objectives, and oversight of internal sustainable investment.

- **Objectives, Strategies and Policy Systems**

**Indicator 2: Objective Setting and Strategic Planning:** Focusing on whether FIs have formulated strategic objectives and plans for ESG disclosure and climate-related vision, and whether ESG concepts are integrated

into the analysis for corporate strategies, operations and risk management.

**Indicator 3: Policy System:** Focusing on whether FIs have a written ESG policy and mechanism in place.

- **Capacity Building**

**Indicator 4: Capacity Building:** Focusing on whether the FI provides internal ESG-related training to its staff to help them understand, identify and practice sustainable investment.

- **Identify ESG and Climate-Related Risks and Opportunities**

**Indicator 5: Identifying ESG and Climate-Related Risks and Opportunities:** Focusing on whether FIs have identified ESG-related risks or identified and analyzed the short-, medium- and long-term climate-related risks and opportunities of companies based on the TCFD framework, and whether quantitative assessments have been conducted through stress tests and other methods.

**Indicator 6: ESG Risk Management Process and Tools:** Identifying whether FIs have built ESG/green investment methodology process, ESG assessment system, ESG database, due diligence mechanism, etc., or developed corresponding internal systems.

- **ESG and Climate Investment and Financing Practices**

**Indicator 7: ESG/Climate Investment and Financing Products:** Identifying whether FIs have created and issued ESG and climate-related investment and financing products.

**Indicator 8: ESG and Climate Practices of Investment and Financing Activities:** Focusing on ESG information disclosure of FIs conducting their investments, such as disclosure of ESG and climate-related information of investment targets, the percentages of ESG and green investments in terms of volume, and assessment of ESG/climate impact of investment portfolios.

- **Disclosure Mechanism and Participation in Initiatives**

**Indicator 9: Regular Disclosure Mechanism:** Focusing on whether FIs have disclosed their ESG sustainable investment progress to investors and stakeholders such as customers and the public through regular reports, official websites, and other channels.

**Indicator 10: Signing up to Domestic and International Initiatives:** Identifying whether FIs have joined influential domestic and international ESG/sustainable investment organization networks and initiatives, such as the Principles for Responsible Investment (PRI) and the Green Finance Committee (GFC).

## Data Analysis and Assessment Results

For each of the above-mentioned indicators, China SIF has set up the corresponding scoring criteria and a series of score points (see Appendix 3) for information adaptation and assessment. If an FI meets any of the requirements to score points, a score of 1 is given for that indicator. For example, for the indicator of "Governance Structure and Senior Management Responsibilities", one of the score points is whether the executive responsibilities include assessing and analyzing risks and opportunities related to ESG, climate change and green finance. If Institution A's executive management responsibilities include assessing and analyzing climate-related risks and opportunities, Institution A will score one point for this indicator.

After calculating the assessment results for each FI based on the above data and analysis methods, China SIF will then classify the FIs in the sample into four stages: "Pioneers", "Advanced Practitioners", "Implementors" and "Starters", which represent the progress and relative development level of sustainable investment.

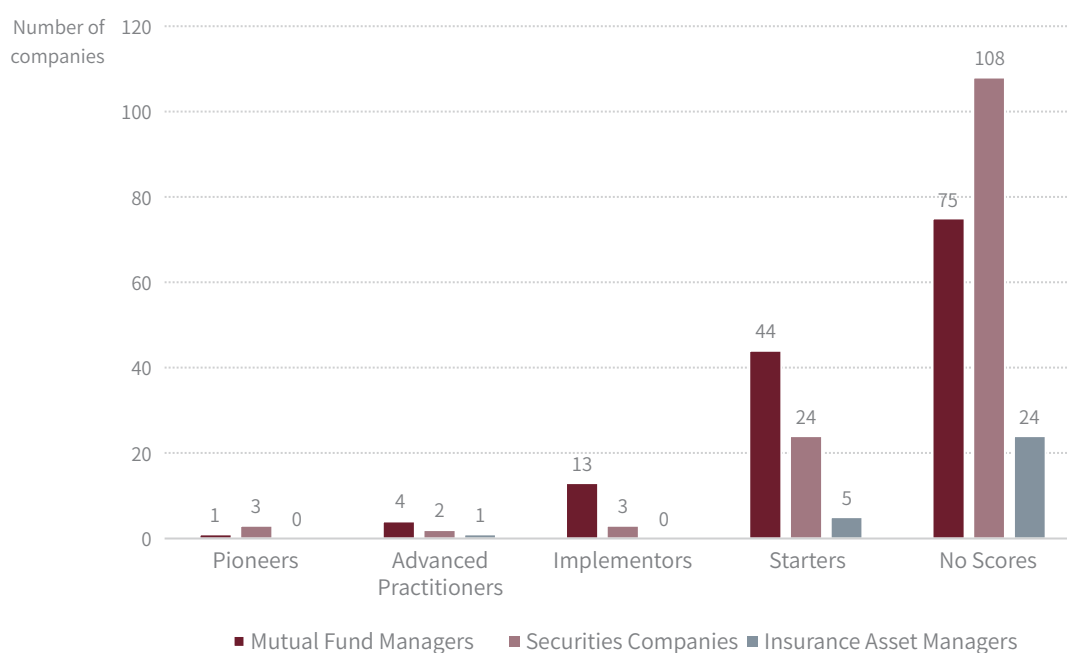
- **Pioneers** are companies with a total score of 6 or higher and have scored on indicators 1, 2, 5 and 8. This category of companies include one mutual fund manager and three securities companies in this category.
- **Advanced Practitioners** are companies with a score of 6 or higher. There are four mutual fund managers, two

securities companies and one insurance manager in this category.

- **Implementors** are companies with a score of 3 or higher, including 13 mutual fund managers and three securities companies.
- **Starters** are companies with a score of 1-2, including 75 mutual fund managers, 108 securities companies and 24 insurance asset managers.

The overall score distribution of domestic mutual fund managers, securities companies and insurance asset managers is as follows:

Figure 10 Stages of Sustainable Investment of Mutual Fund Managers, Securities Companies and Insurance Asset Managers



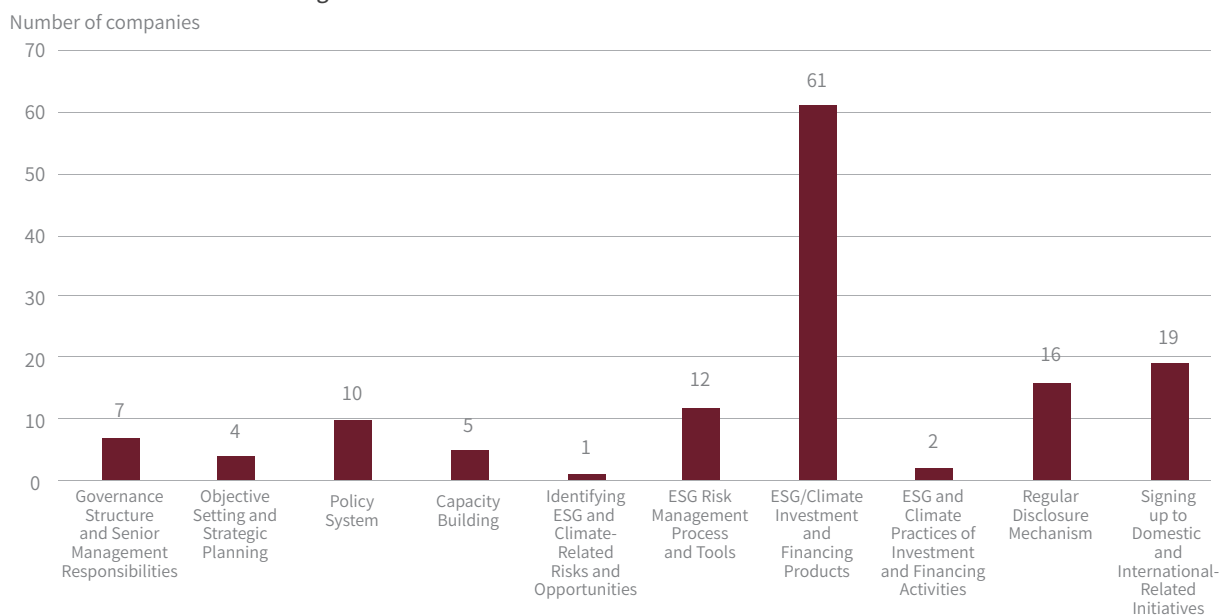
Data Source: Public information, compiled by China SIF

### 3.1 Mutual Funds' Sustainable Investment Practices

According to China SIF, as of the end of October 2021, among the 137 registered mutual fund managers listed in the CSRC's *Directory of Mutual Funds Management Companies (October)*, 62 mutual fund managers have scored at least 1 point based on the 10 indicators, accounting for about 45.26% of the total. Their average score is 2.2, with the mode at 1.00. It is evident that mutual fund managers are still in the initial stage of exploration and learning to improve, except for the few industry pioneers.

Among the 137 mutual fund managers, there was one "Pioneer", four "Advanced Practitioners", thirteen "Implementors", and forty-four "Starters". The Pioneers have taken action in all ten indicated areas.

Figure 11 Profile of the 62 Mutual Funds with ESG Practices



Data Source: Public information, compiled by China SIF

Of all ten indicators assessed, the one with the highest score for mutual fund managers was "ESG/Climate Investment and Financing Products", with sixty-one mutual fund managers having released broad-based ESG funds. "Identifying ESG and Climate-Related Risks and Opportunities" was the lowest scoring indicator, with only one firm scoring on this indicator.

#### ■ ESG and Climate Practices in Investment and Financing Activities

In terms of ESG and climate practices in investment and financing activities, few companies have launched broad-based ESG fund products (see Appendix 5 for a detailed list). Still, there is little disclosure on their ESG and climate investment and financing practices. Among the 137 mutual fund managers, **a total of 61 have scored on ESG and climate finance product indicators**, meaning that these 61 mutual fund managers have released broad-based ESG funds or index products, such as thematic funds that are related to carbon neutrality, energy efficiency and environmental protection, and green low-carbon sector funds. These 61 mutual fund managers have already conducted relevant research and applied the results to create ESG/climate products. The establishment of broad-based ESG fund products fully reflects the positive response of mutual funds to the national "dual-carbon goals", the green development and construction strategy, and the increasing recognition and interest of the domestic investment market to the ESG concept.

The *Guidance on Environmental Information Disclosure for Financial Institutions* recommends FIs to disclose the environmental impact of their investment and financing activities, such as the environmental information disclosure of their investment targets and the percentage of their own ESG/green investments. This Report finds that only one fund manager, among all the institutions that have released broad-based ESG fund products, has provided ESG investment disclosure from the perspective of cumulative green investment scale. This phenomenon indicates that domestic mutual fund managers still need to accumulate experience in systematically collecting, organising and disclosing their green investments.

#### ■ Climate and ESG Practices in Risk and Opportunity Management

In terms of climate and ESG practices in risk and opportunity management, mutual fund managers have a greater preference for managing ESG risks and opportunities. A total of 12 fund managers have built and enhanced ESG risk management processes and tool indicators, mainly in identifying and managing ESG-related risks, such as establishing ESG or green investment methodology and processes, and regular post-investment evaluation, as well as ESG and green investment databases and appraisal mechanisms.

### Case Study: China Universal Asset Management (CUAM)

In terms of establishing an ESG database and evaluation mechanism, CUAM has procured data from third-party ESG rating agencies and integrated them into its investment research system. Based on this, CUAM has developed its ESG rating system and established an evaluation database. The evaluation system consists of a three-tier indicator system, taking into account the characteristics of different sectors. The specific construction steps are as follows: first, CUAM's internal ESG Investment Committee proposes the primary and secondary indicators for ESG assessment; second, researchers from different industries propose the tertiary indicators to improve the assessment system through continuous iterations so as to achieve a relatively fair assessment among sectors and a degree of differentiation within industries.

For climate risk and opportunity identification mechanisms, only one company has carried out a relatively systematic climate risk and opportunity identification mechanism. This phenomenon reflects that domestic mutual fund managers' identification and management of climate-related risks is still relatively weak and needs to be further enhanced by regulators and the market.

#### ■ Disclosure Mechanism and Participation Initiatives

By the end of October 2021, a total of 19 mutual fund managers have signed up to mainstream green development and ESG-related initiatives both domestically and internationally. Among the international initiatives and organizations with more participating companies are the Principles for Responsible Investment (PRI), the Asian Corporate Governance Association (ACGA), the Task Force on Climate-related Financial Disclosures (TCFD) Supporting Organizations, and Climate Action 100+ (CA100+). Domestically, many mutual fund managers are board members of the Green Finance Committee (GFC). As the second-highest scoring indicator for fund managers, "Signing of Domestic and International-Related Initiatives" shows, on the one hand, the pragmatic attitude of managers to proactively communicate with advanced peer institutions and absorb advanced experiences; on the other hand, signing up to international initiatives such as PRI demonstrates their commitment to sustainable investment, indicating the growing recognition of the concept of sustainable investment by mutual fund managers and their commitment to actively practice ESG concepts.

In addition, 16 mutual fund managers have established regular disclosure mechanisms. Common ESG and related disclosure methods for mutual fund managers include regular reporting to investors, annual responsible investment reports, CSR reports, ESG reports to the public, disclosure through the company's website, social media, and other forms of reporting required by the climate and ESG/responsible investment initiatives and organizations they are members of, such as disclosure of the annual Transparency Report required by PRI signatories. This phenomenon shows that mutual fund managers are increasingly focused on communicating with the market and investors by systematically disclosing their positive progress in ESG/climate investment and financing to their investors and the public.

### Case Study: Southern Asset Management

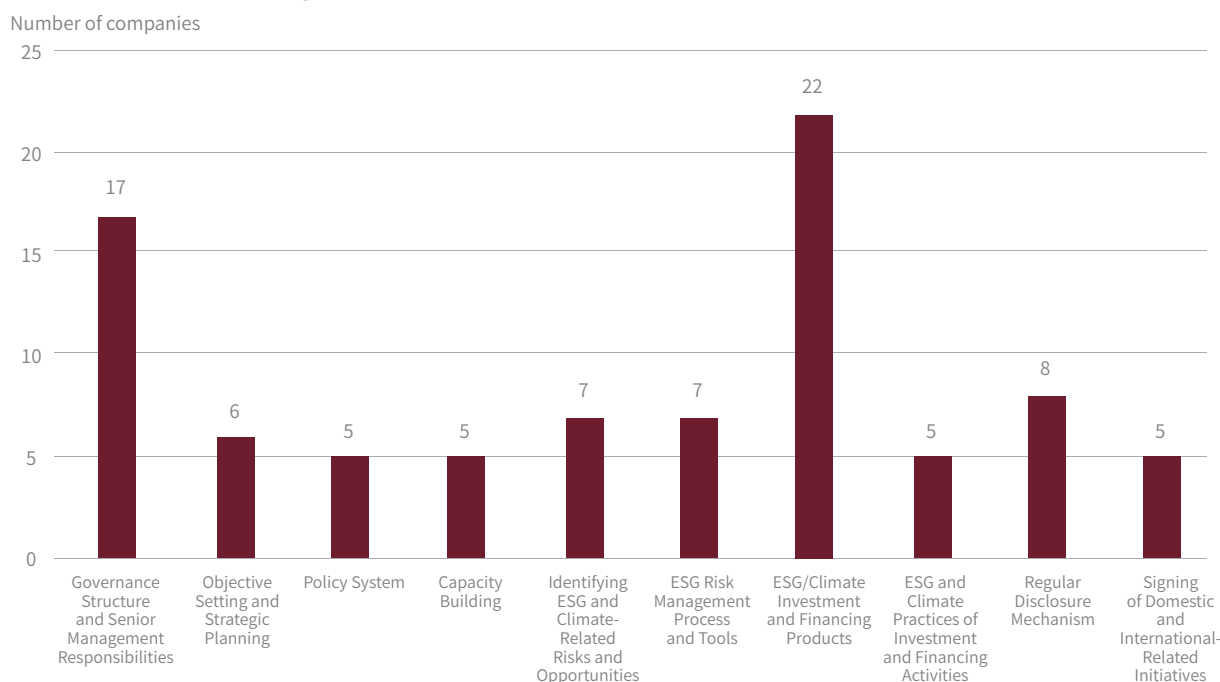
As one of the first mutual fund managers in China to join PRI, Southern Asset Management has also signed up to the Climate Action 100+ initiative (CA 100+), the Sustainable Blue Economy Finance Initiative, and has become an official supporter of the Task Force on Climate-related Financial Disclosure (TCFD).

In terms of ESG disclosure, in addition to regular disclosure of detailed ESG strategies and integration information to its holders, Southern Asset Management publicly discloses its basic ESG investment policy and approach through channels such as its official website and stand-alone annual ESG investment reports. In addition, as a signatory to the PRI, Southern Asset Management also publicly discloses the progress of its sustainable investment through the annual Transparency Report.

## 3.2 Sustainable Investment Practices of Securities Companies

Among the 140 securities investors published in the China Securities Regulatory Commission's *Directory of Securities Companies*, 32 companies, or 22.9% of the total number of securities companies, scored at least one point in this assessment of securities companies. The average score of these 32 securities companies with sustainable investment practices was 2.72 points. A total of three securities companies were ranked as "Pioneers", two as "Advanced Practitioners", three as "Implementors", and 24 as "Starters".

Figure 12 Profile of the 32 Securities Companies with ESG Practices



Data Source: Public Information, compiled by China SIF.

### ■ ESG and Climate Practices in Investment and Financing Activities

Investment and financing activities that incorporate ESG considerations can direct funds to important climate and social development-related issues and promote sustainable development goals. This Report has found that 22 securities companies have developed sustainable investment practices through ESG/climate investment and financing to date. One of the most common practices is through underwriting or investing in green bonds. In addition, securities companies also practice sustainable investment through products or services such as green public offerings, designated green accounts and green equity investments. However, this Report also finds that the percentage of securities companies that are conscious of actively disclosing the environmental impact of their own climate investment and financing is still relatively low. Most securities companies are still in the preliminary stage of sustainable investment practice and are not yet capable of disclosing information on the percentage of ESG investment in terms of scale, the operation of ESG asset management products, and the

effectiveness of ESG investment strategy implementation. With the increasing recognition of sustainable investment in the market and society, the proportion of securities companies conducting ESG/climate investment practices is expected to further increase.

### Case Study: First Capital

Relying on its comprehensive securities business and the diversified financial business of its subsidiaries, First Capital has developed a variety of services and products in line with ESG concepts. The asset management team of First Capital initiated and established the First Capital ESG Integrated Bond Collective Asset Management Plan, which incorporates ESG investments into investment analysis as a reference for investment strategy adjustment based on the original investment analysis system and the internally constructed sustainable development value assessment model. The subsidiaries of First Capital have also incorporated ESG investment concepts in their mutual funds, private equity and alternative investments, and investment banking businesses. The size of actively managed equity funds established by the subsidiary's mutual fund business that meet the broad ESG criteria has reached RMB 313 million, and the investment amount of projects that meet the broad ESG attributes of private fund management companies account for 94.18%, while the investment banking subsidiary First Capital Investment provides advice to clients on ESG governance in the process of business development.

#### ■ Governance Structure and Responsibilities of Senior Management

Establishing an ESG-related governance structure is the foundation for sustainable investment. The increase in the number of securities companies that have established ESG-related governance structure in recent years signals the deepening of sustainable investment practices in the securities industry. This Report has found that 17 securities companies have incorporated ESG concepts into their governance structures and set up special ESG or green finance-related organizational structures at the senior management level, with the board of directors, senior management and business departments each having their own responsibilities to promote the implementation of ESG strategies. For example, TF Securities is the first company in the securities industry to set up a green finance business unit and incorporate green finance into its corporate strategy; Industrial Securities has established a green finance leadership group and working group to build a three-tier green finance governance system with "strategy tier- leadership tier - implementation tier". It is believed that securities companies that have established relevant governance structures will continue to explore sustainable investment and ESG management approaches, and other securities companies will also promote the establishment of ESG governance structures as soon as it is possible according to their actual conditions to maintain their market competitiveness.

### Case Study: Huatai Securities

The ESG management structure of Huatai Securities consists of the supervisory level, the management level and the executive level. The supervisory level oversees ESG matters comprehensively; the ESG committee is set up within the management level to formulate the company's ESG strategy, judge the importance of ESG matters, monitor the implementation of ESG strategy, and identify ESG opportunities and risks; the ESG management team is set up at the executive level to be responsible for the concrete implementation of relevant work.

The sustainable investment policy is conducive to the cooperation of various departments and the improved implementation of sustainable investment strategies as well as the implementation of other related mechanisms. The number of securities companies that have engaged in constructing a sustainable investment policy system is relatively small. This Report has found that only five companies have built a specific sustainable investment policy, set the objectives, implementation scope, strategies, and evaluation mechanisms. Securities companies should make more efforts to develop and improve the sustainable investment policy system.

### ■ Capacity Building

According to this Report, only five securities companies have disclosed information on their internal staff capacity building on green development, carbon neutrality/ or ESG business. On the one hand, ESG, as a domestic investment concept that is still in an emerging stage, has become a hot spot under the domestic policy environment and market promotion. However, in this area, few securities companies have carried out capacity trainings. On the other hand, domestic financial institutions' extent and coverage of ESG-related information disclosure need to be strengthened. Some institutions might have invested resources in internal training for their employees but have not yet summarized or disclosed the results.

The content and form of the capacity building activities of the five securities companies that disclosed ESG capacity building information are very diverse, ranging from organizing training on the topic of sustainable investment, expert discussion, and organizing participation in professional forums, etc. The content covers ESG basic knowledge, ESG risk management, sharing best practices, etc., integrating and applying ESG factors from multiple perspectives.

The promotion and application of ESG concepts require many professionals, and capacity building will become an indispensable part of sustainable investment practice for securities companies in the future. There are many opportunities for securities companies to increase training on ESG topics, enrich its content and form, and improve the professional competency of internal ESG staff in the future.

### ■ Climate and ESG Practices in Risk and Opportunity Management

In recent years, financial institutions have gradually recognized the impact of climate change factors on financial stability and the importance of potential climate change risks, but in general, securities companies are obviously more cautious about actions such as setting up mechanisms for identifying and dealing with climate-related risks, and not many companies have completed relevant systemic construction. According to this Report, only seven securities companies have made relevant systemic construction layout and incorporated climate factors in their investment analysis. Among them, three companies whose sustainable investment practices are at the stage "Pioneers" have included climate-related considerations in four indicators.

More securities companies focus on managing climate-related risks and opportunities than on establishing ESG risk management processes and tools. On the indicator "Identifying ESG/Climate-Related Risks and Opportunities," we have found five investors that consider climate factors in their investment analysis. The TCFD disclosure framework is used more frequently by securities companies in their climate-related risk and opportunity analysis for the identification of physical and transitional risks, products and services, markets, resource efficiency, energy sources, and resilience opportunities, and to determine the relevance of risks and opportunities to the company's business using a materiality matrix. Based on this framework, securities companies can better measure the impact of risks and opportunities on the firm's financial performance and take countermeasures. In its newly released *Environmental Disclosure Report (2018-2020)*, Industrial Securities has applied the heatmap for asset and climate-related risks for the first time and calculated the percentage of assets with different levels of risks and opportunities, which provides a better guidance for Industrial Securities towards low-carbon transition.

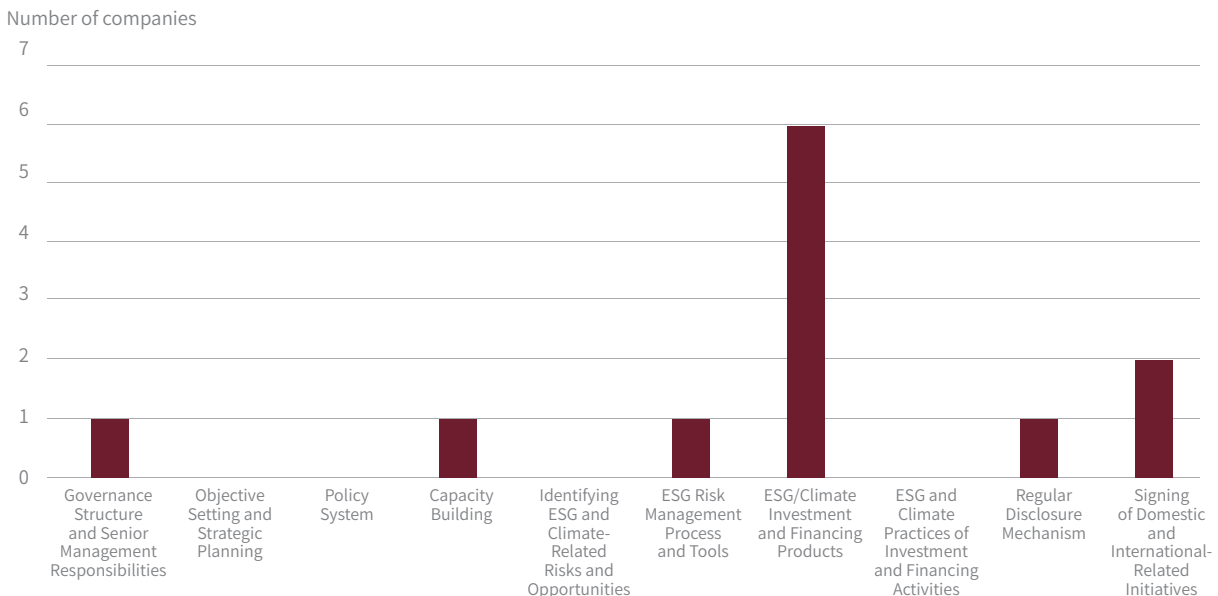
### Case study: Industrial Securities

Industrial Securities disclosed its identification, assessment, analysis and management of ESG/climate-related risks and opportunities in its Environmental Information Disclosure Report (2018-2020). In terms of identification and assessment, Industrial Securities established a disclosure framework by benchmarking TCFD, combined with climate-related policies and peer analysis results, identified and sorted out 11 climate-related risks and opportunities, assessed the materiality of climate-related risks and opportunities and produced a materiality matrix through key sector interviews, expert judgment, and stakeholder consultation. To analyze the risks and opportunities at the portfolio level in detail, Industrial Securities introduced a heatmap for asset and climate-related risks with statistics on the proportion of assets with different degrees of risks and opportunities. It is found that the proportion of financial assets with medium and high level of climate-related physical risks and transition risks in the sample assets of Industrial Securities from 2017 to 2020 shows a decreasing trend. The proportion of financial assets with high climate-related opportunities shows an increasing trend, indicating that Industrial Securities has achieved initial results in the identification and management of climate-related risks and opportunities.

## 3.3 Sustainable Investment Practices in the Insurance Asset Management Industry

According to China SIF, as of the end of October 2021, among the 30 insurance asset managers listed in the List of Legal Persons Responsible for the Supervision of Insurance Institutions by the CBIRC, six insurance asset managers scored at least one point in the ten indicators of this assessment. Among them, China Life Asset Management (CLAMC), as the first insurance asset management company to join the Responsible Investment Initiative (PRI) in 2018, performed particularly well, scoring in the indicators of governance structure and senior management responsibilities, capacity building, ESG risk management process/tools, ESG/climate investment and financing products, regular disclosure mechanism and signing up to domestic and international initiatives. In total, CLAMC received a score of 6 points, the highest among insurance asset managers in this assessment.

Figure 13 Profile of the Six Insurance Asset Managers with ESG Practices



Data source: public information, compiled by China SIF

According to the analysis for this Report, the main scoring indicator of insurance asset managers is "ESG/Climate Investment and Financing Products". It indicates that, insurance asset managers have been exploring new paths for ESG and green investment and financing in recent years, creating innovative ESG and green investment and financing models with insurance characteristics. According to the statistics of the CBIRC, as of August 2021, the registered scale of debt investment plans involving green industries in the physical investment projects of insurance assets amounted to RMB 1,060.176 billion, with direct investment in key areas including transportation, energy, water conservancy and municipalities, etc. The registered scale of green investment by insurance assets in forms of equity investment plans was RMB 11.4 billion. At present, the ESG and green investment and financing paths of insurance asset managers mainly include the following categories: ESG asset investment, green debt investment, green equity investment, green industry fund and green PPP financing projects. It is foreseeable that there will be greater demand for ESG and green investment and financing in China in the future. Participation in ESG and green investment and financing will be an important grasp for insurance asset managers to implement financial services for the real economy and an effective path for insurance assets to serve the "dual-carbon goals".

### Case Study: China Life Asset Management (CLAMC)

As of September 2021, CLAMC has invested more than RMB 190 billion in green bonds, accounting for nearly 10% of total bond assets, far exceeding the current 3.68% of green bonds in the bond market. In June 2021, CLAMC and China Bond Financial Valuation Center jointly compiled the "China Bond - China Life Asset ESG Credit Bond Select Index", which is the first ESG bond index product launched by a domestic insurance asset manager. In 2020, the company cooperated with Huaneng Group to establish the first RMB 10 billion clean energy investment fund to support the construction of large-scale national clean energy projects and participate in energy restructuring through capital injection. In the same year, CLAMC independently issued an equity investment plan to raise RMB 1.25 billion to strategically increase the capital of State Power Investment Corporation (SPIC) for the reserve development and M&A of SPIC's photovoltaic and wind power projects.

Research results show that despite certain progress made by domestic insurance asset managers in recent years in the field of ESG and green investment and financing practices, there are still problems such as delayed entry into the field, lack of supporting organizational structure, unclear strategic planning, small investment scale, and insufficient information disclosure. The 30 insurance asset managers evaluated in this Report have not been implementing the annual disclosure report (social responsibility report, etc.) mechanism in terms of information disclosure. There is no climate and ESG-related information disclosed in official channels, thus limiting the judgment and assessment of some indicators such as "ESG Strategic Planning", "Policy System", and "Identification of ESG and Climate-Related Risks and Opportunities".

Building on the experience of pioneers in the international market, there is an urgent need for insurance asset managers to establish effective disclosure channels to show the market the results of their ESG practices, as well as to leverage the power of market supervision in order to push themselves to improve their ESG management and construction continuously. In addition, regulators are constantly raising the requirements for disclosure levels and plan to introduce corresponding guidance measures. Recently, the CBIRC is examining the formulation of ESG investment guidelines for insurance asset managers, which intends to clarify the relevant principles and refine the requirements in terms of product design, investment process, risk identification, due diligence management, information disclosure and self-regulatory management. In October 2021, the Insurance Asset Management Association of China (IAMAC) established an ESG Expert Committee to support the green transition and sustainable development.

## 4. Sustainable Investment Products

Since the end of 2020, China's sustainable investment market has grown tremendously following previous years' trend, and the ESG and sustainable investment concepts have been further integrated into practice, with sustainable investment products achieving exponential growth in terms of both absolute size and relative proportion among various investment products. The performance of the sustainable investment products has also been outstanding compared to other investment products.

### 4.1 Broad-Based ESG Stock Indices

#### The Number of Broad-Based ESG Indices Increases Steadily

According to the data compiled by China SIF, as of the end of October 2021, there were 66<sup>26</sup> stock indices (collectively referred to as "broad-based ESG stock indices") released by the Shanghai and Shenzhen Stock Exchanges that use environmental (E), social (S) or corporate governance (G) factors to screen A-share constituents. These include 23 ESG stock indices in the "ESG Select" category, 6 in the "Corporate Governance Select" category, 2 in the "Green and Low-Carbon Select" category, 33 in the "Energy Conservation and Environmental Protection" category, 1 with the theme of Poverty Alleviation and Development, and 1 with the theme of Blue Economy. Among these 66 broad-based ESG indices, the earliest one was the CNI Corporate Governance Indices (399322.SZ), established in 2005. From 2008 to 2019, the number of broad-based ESG indices rose steadily, with an average addition of about 4 indices per year. 2021 saw a rapid growth in the number of broad-based ESG indices, with 11 new ESG indices (7 in "ESG Select" and 4 in "Energy Conservation and Environmental Protection", see Table 3).

#### Select Category

- "ESG Select": The constituent stocks are screened based on all three factors of E, S and G.
- "Corporate Governance Select": The constituent stocks are screened based on corporate governance factors.
- "Green and Low-Carbon Select": The constituent stocks are screened based on environmental factors.

#### Exclusion Category

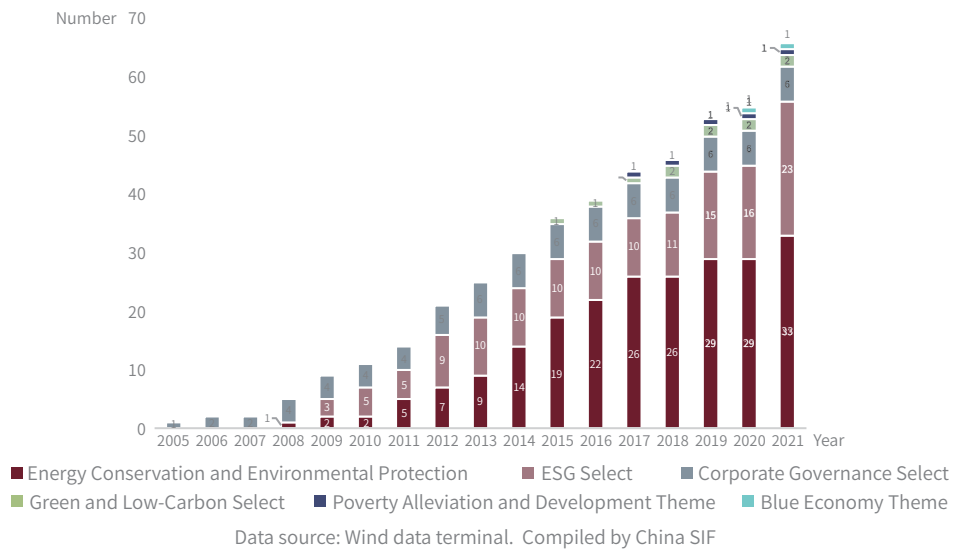
- "ESG Exclusion": a screening method that excludes constituents with poor ESG performance.

#### 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 (Rural Revitalization) Theme": The constituent stocks are those engaging in the theme of poverty alleviation and development (rural revitalization).
- "Blue Economy Theme": The constituent stocks are those of listed companies related to marine economy.

<sup>26</sup> Compared with the 2020 Sustainable Investment Report, this Report has included 3 additional indices into the A-share broad-based ESG theme (1 established in 2015 and 2 established in 2019, see Table 3 for detailed information).

Figure 14 The Number of Broad-Based ESG Indices in the A-share Market



"Thematic ESG Indices" Continue to "Outperform"

Among the 66<sup>27</sup> broad-based ESG indices, the "Theme Category" (which screens for companies in the energy conservation and environmental protection sector or in poverty alleviation areas) has outperformed the "Select Category" in terms of annualized yield in recent years (Figure 15). However, in terms of annualized index volatility, the "Select Category" still outperformed the "Theme Category". More than half of the annualized volatility in the last three years is lower than the benchmark indices, while all the thematic indices have higher annualized volatility than the benchmark indices, reflecting the better stability of the overall ESG preferred strategy (Figure 16). See Table 3 for complete information.

Figure 15 Comparison of the Annualized Yield of the ESG Select Indices and the Thematic ESG Indices

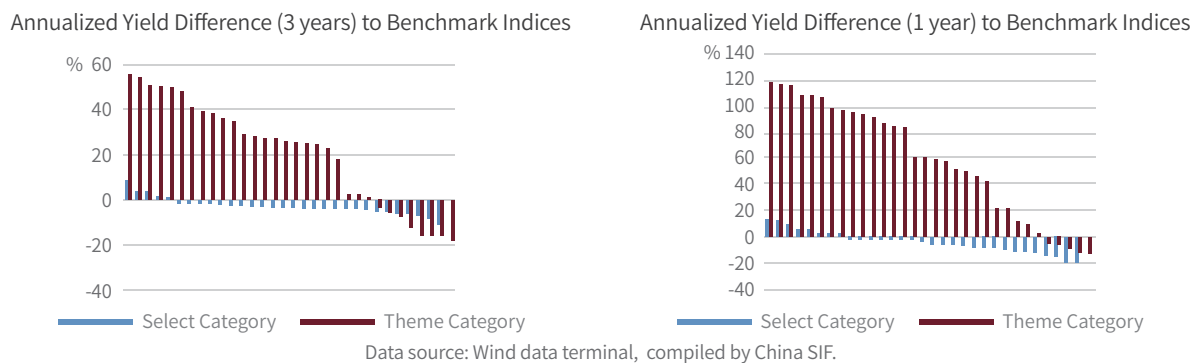
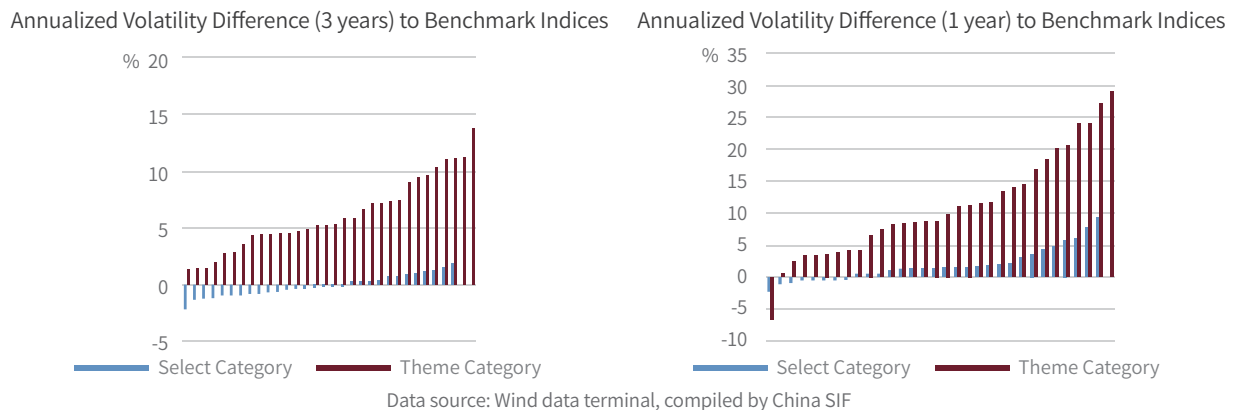


Figure 16 Comparison of the Annualized Volatility of the ESG Select Indices and the Thematic ESG Indices



<sup>27</sup> The sample space of the Green Finance Index, Low Carbon Technology Index and CNI Blue 100 Index includes stocks listed on the HKEx, so the following analysis for the benchmark indices and relative performance does not include the above mentioned three indices.

**Table 3 Broad-Based 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	21.93	27.61	-10.06	10.74	22.06	20.81	20.01	12.08	ESG Select
000048.SH	SSE Social Responsibility Index	SSE Composite Index	2009-08-05	6.91	11.73	1.08	10.31	16.65	14.79	15.44	10.52	ESG Select
399369.SZ	CHI-CBN-AEGON-Industrial CSR Index	CSI 300 Index	2009-11-04	15.33	16.96	-3.07	4.68	17.64	17.65	14.38	13.98	ESG Select
000970.CSI	CSI ECPI ESG China 40 Index	SSE 180 Index	2010-09-17	9.64	13.28	19.37	5.76	15.22	16.45	14.36	14.25	ESG Select
399378.SZ	CNI ESG 300 Index	CSI 300 Index	2010-09-20	18.17	16.96	7.40	4.68	17.96	17.65	16.08	13.98	ESG Select
399550.SZ	CCTV 50 INDEX	CSI 300 Index	2012-06-06	13.97	16.96	-3.92	4.68	17.36	17.65	15.96	13.98	ESG Select
399651.SZ	SZSE SME CSR INDEX	SZSE SME INDEX	2012-08-20	22.81	26.49	-4.77	9.11	25.49	23.14	20.91	14.87	ESG Select
000846.CSI	CSI ECPI ESG China 100 Index	CSI 300 Index	2012-10-16	15.94	16.96	14.40	4.68	15.96	17.65	13.44	13.98	ESG Select
H00846.CSI	CSI CAITONG ECPI ESG China 100 Index	CSI 300 Index	2012-10-16	18.87	16.96	17.19	4.68	16.16	17.65	13.08	13.98	ESG Select
399555.SZ	CCTV 50 CSR Index	CSI 300 Index	2013-06-06	13.45	16.96	3.70	4.68	16.60	17.65	15.53	13.98	ESG Select
931088.CSI	CSI 180 ESG Index	SSE Composite Index	2018-12-10	15.76	11.73	12.90	10.31	16.27	14.79	13.64	10.52	ESG Select
931148.CSI	CSI ECPI ESG80 Index	CSI 300 Index	2019-02-27	9.12	16.96	10.70	4.68	14.85	17.65	15.52	13.98	ESG Select
931168.CSI	CSI CUFE SH-SZ 100 ESG Leading Index	CSI 300 Index	2019-06-27	15.60	16.96	3.85	4.68	17.00	17.65	11.71	13.98	ESG Select
931268.CSI	CSI CUFE SH-SZ 100 ESG Leading Index	CSI 300 Index	2019-11-15	12.66	4.15	16.41	14.97	16.96	4.68	17.65	13.98	ESG Select
931382.CSI	CSI 300 Harvest ESG Leaders Index	CSI 300 Index	2019-11-25	20.92	16.96	11.08	4.68	17.98	17.65	15.32	13.98	ESG Select
931476.CSI	CSI ESG 120 Strategy Index	CSI 300 Index	2020-04-30	13.82	16.96	-6.00	4.68	17.88	17.65	15.37	13.98	ESG Select
931598.CSI	CSI BOC International 300 ESG Index	CSI 300 Index	2021-03-05	14.93	16.96	4.56	4.68	16.78	17.65	12.92	13.98	ESG Select
931648.CSI	CSI 500 ESG Index	CSI 500	2021-04-12	19.02	19.26	13.78	15.37	18.34	19.25	9.10	9.65	ESG Select
931649.CSI	CSI 500 ESG Leaders Index	CSI 500	2021-04-12	16.35	19.26	9.03	15.37	17.62	19.25	9.53	9.65	ESG Select
931651.CSI	CSI 800 ESG Leaders Index	CSI 500	2021-04-12	14.74	17.49	3.69	7.04	17.31	17.38	12.93	11.79	ESG Select
931661.CSI	CSI 500 ESG Value Index	CSI 500	2021-04-12	15.24	19.26	3.69	15.37	18.00	19.25	11.53	9.65	ESG Select
931662.CSI	CSI 800 ESG Value Index	CSI 500	2021-04-12	14.03	17.49	1.69	7.04	16.83	17.38	13.17	11.79	ESG Select
931735.CSI	CSI CITIC-Wealth Coastal Core Economic Belt ESG Select 100 Index	CSI 300 Index	2021-08-19	6.26	16.96	-6.27	4.68	16.57	17.65	13.75	13.98	ESG Select
399322.SZ	CNI Corporate Governance Index	CSI 300 Index	2005-12-12	14.74	16.96	-4.01	4.68	18.71	17.65	19.88	13.98	Corporate Governance Select
399328.SZ	SZSE Corp Governance Index	SZSE Component Total Return Index	2006-01-24	21.99	27.61	-8.95	10.74	21.70	20.81	21.47	12.08	Corporate Governance Select
000019.SH	SSE Corporate Governance Index	SSE Composite Index	2008-01-02	8.25	11.73	7.85	10.31	15.67	14.79	14.84	10.52	Corporate Governance Select
000021.SH	SSE 180 Corporate Governance Index	SSE 180 Index	2008-09-10	6.71	13.28	4.99	5.76	16.04	16.45	15.75	14.25	Corporate Governance Select
399650.SZ	SZSE SME Corp Governance Index	SZSE SME INDEX	2012-08-20	26.21	26.49	-6.32	9.11	23.58	23.14	16.50	14.87	Corporate Governance Select
399554.SZ	CCTV 50 Corp Governance Index	CSI 300 Index	2013-06-06	13.46	16.96	-0.75	4.68	17.20	17.65	15.37	13.98	Corporate Governance Select
950081.CSI	SSE 180 Carbon Efficient Index	SSE 180 Index	2015-10-08	8.63	13.28	0.16	5.76	17.87	16.45	13.96	14.25	Green and Low Carbon Select
931037.CSI	CSI 300 Green Leading Stock Index	CSI 300 Index	2018-01-04	14.19	16.96	4.36	4.68	16.43	17.65	14.13	13.98	Green and Low Carbon Select
399358.SZ	TEDA EP Index	CSI 300 Index	2008-01-02	46.39	16.96	88.29	4.68	22.01	17.65	24.06	13.98	Energy Conservation and Environmental Protection Theme
000941.CSI	CSI CN Mainland New Energy Index	CSI 800 Index	2009-10-28	67.45	17.49	125.29	7.04	28.70	17.38	32.02	11.79	Energy Conservation and Environmental Protection Theme
000977.CSI	CSI China Mainland Low Carbon Economy Index	CSI 300 Index	2011-01-21	55.29	16.96	100.24	4.68	23.11	17.65	25.08	13.98	Energy Conservation and Environmental Protection Theme
H00114.S	SSE Sustainable Development Industry Total Return Index	SSE Composite Index	2011-08-22	37.09	11.73	60.09	10.31	16.52	14.79	14.73	10.52	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	55.12	27.61	104.54	10.74	30.08	20.81	30.56	12.08	Energy Conservation and Environmental Protection Theme
000158.SH	SSE Environmental Protection Industry Index	SSE Composite Index	2012-09-25	39.20	11.73	72.19	10.31	20.15	14.79	19.37	10.52	Energy Conservation and Environmental Protection Theme
000827.SH	CSI Environmental Protection Industry Index	CSI 300 Index	2012-09-25	45.13	16.96	91.98	4.68	23.28	17.65	22.44	13.98	Energy Conservation and Environmental Protection Theme
H30139.CSI	CSI Urbanization Green Cities Index	CSI 300 Index	2013-08-26	34.95	16.96	56.13	4.68	23.24	17.65	21.54	13.98	Energy Conservation and Environmental Protection Theme
H30141.CSI	CSI Urbanization Intelligent Transport Index	CSI 300 Index	2013-08-26	17.40	16.96	-1.54	4.68	24.96	17.65	7.34	13.98	Energy Conservation and Environmental Protection Theme
399412.SZ	CNI NEW ENERGY INDEX	CSI 300 Index	2014-05-16	53.29	16.96	89.03	4.68	25.85	17.65	27.51	13.98	Energy Conservation and Environmental Protection Theme
399556.SZ	CCTV ECOLOGY	CSI 300 Index	2014-06-06	42.95	16.96	62.74	4.68	20.02	17.65	18.21	13.98	Energy Conservation and Environmental Protection Theme
399806.SZ	CSI Environmental Governance Index	CSI All Share Index	2014-07-21	3.43	18.79	1.12	9.81	24.10	17.44	23.51	9.28	Energy Conservation and Environmental Protection Theme
399417.SZ	CNI NEW ENERGY VEH.	CSI 300 Index	2014-09-24	56.24	16.96	96.29	4.68	29.71	17.65	30.92	13.98	Energy Conservation and Environmental Protection Theme
399976.SZ	CSI New Energy Vehicles Index	CSI All Share Index	2014-11-28	73.41	18.79	118.33	9.81	31.44	17.44	33.37	9.28	Energy Conservation and Environmental Protection Theme
399808.SZ	CSI New Energy Index	CSI All Share Index	2015-02-10	67.03	18.79	117.84	9.81	29.23	17.44	33.45	9.28	Energy Conservation and Environmental Protection Theme
980032.CNI	CNI NEV Battery Index	CSI All Share Index	2015-02-17	74.36	18.79	126.62	9.81	34.67	17.44	36.58	9.28	Energy Conservation and Environmental Protection Theme
930614.CSI	CSI Environmental Protection Industry 50 index	CSI 300 Index	2015-04-07	51.88	16.96	101.30	4.68	24.08	17.65	25.59	13.98	Energy Conservation and Environmental Protection Theme
399817.SZ	CSI AEF Ecology 100 Index	CSI All Share Index	2015-10-21	3.71	18.79	11.21	9.81	23.53	17.44	21.07	9.28	Energy Conservation and Environmental Protection Theme
930771.CSI	CSI New Energy Industry Index	CSI 300 Index	2015-12-16	58.03	16.96	111.73	4.68	26.55	17.65	28.56	13.98	Energy Conservation and Environmental Protection Theme
930835.CSI	CSI Metasequoia Environmental Protection Patents 50 Index	CSI 300 Index	2016-05-18	20.02	16.96	26.82	4.68	21.17	17.65	14.21	13.98	Energy Conservation and Environmental Protection Theme
930853.CSI	CSI Sponge Cities Index	CSI 300 Index	2016-07-20	5.01	16.96	-8.00	4.68	23.19	17.65	20.61	13.98	Energy Conservation and Environmental Protection Theme
930854.CSI	CSI Water Environment Treatment Index	CSI 300 Index	2016-07-20	-0.57	16.96	-6.86	4.68	24.91	17.65	25.33	13.98	Energy Conservation and Environmental Protection Theme
399695.SZ	SZSE EC INDEX	SHENZHEN COMPONENT TOTAL RETURN	2017-04-28	24.40	27.61	32.89	10.74	22.46	20.81	15.93	12.08	Energy Conservation and Environmental Protection Theme
930956.CSI	CSI Green Investing Index	CSI 300 Index	2017-05-26	43.33	16.96	64.12	4.68	24.10	17.65	17.48	13.98	Energy Conservation and Environmental Protection Theme
930997.CSI	CSI New Energy Vehicles Industry Index	CSI 300 Index	2017-07-19	67.55	16.96	120.36	4.68	31.38	17.65	34.75	13.98	Energy Conservation and Environmental Protection Theme
931022.CSI	CSI Atmospheric Protection Index	CSI 300 Index	2017-10-17	10.05	16.96	16.68	4.68	26.79	17.65	22.72	13.98	Energy Conservation and Environmental Protection Theme
931149.CSI	CSI Environ-Governance Quality Index	CSI 300 Index	2019-01-31	19.68	16.96	66.14	4.68	23.51	17.65	17.67	13.98	Energy Conservation and Environmental Protection Theme
931150.CSI	CSI Green Industry Quality Index	CSI 300 Index	2019-01-31	41.72	16.96	50.74	4.68	21.04	17.65	16.49	13.98	Energy Conservation and Environmental Protection Theme
931151.CSI	CSI Photovoltaic Industry Index	CSI All Share Index	2019-04-22	69.94	18.79	109.29	9.81	31.35	17.44	38.43	9.28	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
980052.CNI	CNI Xiangmi Lake Green Finance Index	—	2021-08-02	-2.58	—	-5.25	—	17.47	—	15.98	—	Energy Conservation and Environmental Protection Theme
399060.SZ	CNI CIKD Carbon Neutral Technology Power Index	SHENZHEN COMPONENT TOTAL RETURN	2021-09-26	50.47	27.61	53.28	10.74	22.57	20.81	20.73	12.08	Energy Conservation and Environmental Protection Theme
399030.SZ	SZSE ChiNext Carbon Neutral Technology Power Index	ChiNext TRN INDEX	2021-09-26	78.75	94.43	30.45	35.72	39.92	27.01	26.58	23.10	Energy Conservation and Environmental Protection Theme
983160.CNI	CNI CECEP Carbon Neutral Technology Power Index	—	2021-10-18	44.05	—	46.51	—	22.07	—	21.17	—	Energy Conservation and Environmental Protection Theme
930982.CSI	CSI Poverty Alleviation Development Index	CSI 300 Index	2017-06-14	11.70	16.96	14.10	4.68	26.60	17.65	22.30	13.98	Poverty Alleviation and Development Theme
980068.CNI	CNI Blue 100 Index	—	2020-10-14	21.41	—	32.77	—	16.51	—	13.23	—	Blue Economy Theme

Data source: Wind data terminal, compiled by China SIF.

## SynTao Green Finance Builds ESG Select Index on the Basis of ESG Rating Data

Based on more than ten years of experience in China's ESG market, SynTao Green Finance (STGF) has independently developed an ESG rating system that is more suitable for the A-share market. Based on the systematic evaluation of the ESG performance of listed companies, SynTao Green Finance has developed a series of index strategies built around ESG factors, extending the traditional ESG factor preference strategy to include ESG factor sector preference (ESG factor preference within each CSI Tier 1 sector instead of the entire sample stock pool) and ESG quality factor integration preference (combining ESG factor and quality factor ROE through equal weighting and then using the composite factor score to select constituent stocks). The index enhancement strategies are representative of the two types of index enhancement strategies.

Using the CSI 300 constituent stocks as the sample pool as well as the index benchmark, SynTao Green Finance developed the ESG Sector Select 50 Index and the ESG Quality Factor Integrated 50 Index<sup>28</sup>. During the backtesting interval (July 2, 2015 to November 1, 2021), the ESG Sector Select 50 Index accumulated an excess rate of return of 96.07%, outperforming the benchmark by approximately 5.4 times and improving on the traditional non-sector select ESG index by approximately 1.5 times (the CSI 300 increased by 14.99% and the traditional ESG Select 50 Index increased by 39.26% during the same period, see Figure 17). In terms of risk reduction, the ESG Sector Select 50 Index has also achieved enhanced optimization, with annualized volatility reduced by approximately 2.83% and maximum retracement reduced by approximately 13.04% compared to the CSI 300. In the same backtesting interval, the ESG Quality Factor Integrated 50 Index has achieved enhanced returns based on the benchmark index as well as the traditional ESG Select Index, in which the cumulative increase was 58.31%, outperforming the benchmark by about 2.9 times and improving on the traditional single ESG Preferred Index by about 0.5 times (see Figure 18).

Figure 17 Performance of CSI 300 Compared to STGF ESG Sector Select 50



Data source: STGF STαR ESG Data Platform, compiled by SynTao Green Finance's ESG team.

<sup>28</sup> The backtesting period is from July 2, 2015 to November 1, 2021. The frequency of position adjustment is consistent with the benchmark CSI 300, which is once every six months, while the weighting is set to free float and consistent with the benchmark CSI 300 industry weighting to reduce tracking error.

Figure 18 Performance of CSI 300 compared to STGF ESG Quality Factor Integrated 50



Data source: STGF STαR ESG Data Platform, compiled by SynTao Green Finance's ESG team.

Using the CSI 800 constituents as the sample pool as well as the index benchmark, SynTao Green Finance has also developed the ESG Sector Select 100 Index and the ESG Quality Factor Integrated 100 Index<sup>29</sup>. During the backtesting interval (July 2, 2018 to November 1, 2021), the ESG Sector Select 100 Index had an accumulative increase of 74.68%, outperforming the benchmark by approximately 95.28% and improving on the traditional non-sector select ESG index by approximately 7.72% (the CSI 800 increased by 38.24% and the traditional ESG Select 100 Index increased by 69.32% during the same period, see Figure 19). In terms of risk reduction, the ESG Sector Select 100 Index also achieved an enhancement, with a maximum retracement of approximately 9.14% less than the CSI 800. Over the same backtesting interval, the ESG Quality Factor Integrated 100 Index achieved further yield enhancement over the benchmark index as well as the traditional ESG Select Index, where the index achieved an accumulative increase of 89.06%, outperforming the benchmark by approximately 1.3 times and improving on the traditional ESG Select Index by approximately 28.47% (after the outbreak of the pandemic, which began in early 2020, the combination of ESG + Quality Factor is particularly strong due to its combination of financial and non-financial risk-resistant quality assets, see Figure 20).

Figure 19 Performance of CSI 800 compared to STGF ESG Sector Select 100 Index



Data source: STGF STαR ESG Data Platform, compiled by SynTao Green Finance's ESG team.

<sup>29</sup> The backtesting period is from July 2, 2018 to November 1, 2021, and the frequency of position adjustment is consistent with the benchmark CSI 800 once every six months. The weighting is set to be free-float and consistent with the benchmark CSI 800 industry weighting to reduce tracking error.

Figure 20 CSI 800 STGF ESG Quality Factor Integrated Select 100 Index Performance



Data source: STGF STaR ESG Data Platform, compiled by SynTao Green Finance's ESG team.

## The Number of Mutual Funds Tracking Broad-Based ESG Indices Has Increased Significantly

There are currently 20 broad-based ESG indices being tracked by mutual funds managers corresponding to a total of 113 passive index fund products. Compared with last year, seven new indices have become the tracking targets of fund products, including CSI ESG 300 Index (399378.SZ), CSI 180 ESG Index (931088.CSI), CSI ESG 120 Strategy Index (931476.CSI), CSI Mainland Low Carbon Economy Theme Index (000977.CSI), CNI New Energy Vehicle Battery (980032.CNI), CSI Environmental Protection Industry 50 Index (930614.CSI) and CSI Photovoltaic Industry Index (931151.CSI). 76 new funds were added to track the broad-based ESG Index, with an exponential increase. See Appendix 4 for specific information on the broad-based ESG Index and its tracking funds.

## 4.2 Broad-Based ESG Mutual Fund Products

### Mutual Funds Actively Adopt PRI

In March 2017, the PRI welcomed the first mutual fund manager from mainland China as its signatory. Six mutual fund signatories have been added to the PRI in the year of 2021 alone (as of October 2021), compared to only three new mutual fund signatories being added in each of 2019 and 2020. A total of 19 mutual fund managers have joined the PRI, including China Asset Management, E Fund Management, Harvest Fund Management, Penghua Fund Management, Hwabao WP Fund Management, China Southern Asset Management, Bosera Funds, Morgan Stanley Huaxin Fund, Da Cheng Fund Management, China Merchants Fund Management, AEGON-INDUSTRIAL Fund Management, CUAM, Yinhua Fund Management, ICBC Credit Suisse Asset Management, Guangfa Fund Management, CCB Principal Asset Management, Zhong Ou Asset Management, UBS SDIC and HFT Investment Management<sup>30</sup>.

### The Number of Broad-Based ESG Mutual Fund Products Has Increased Exponentially to 344

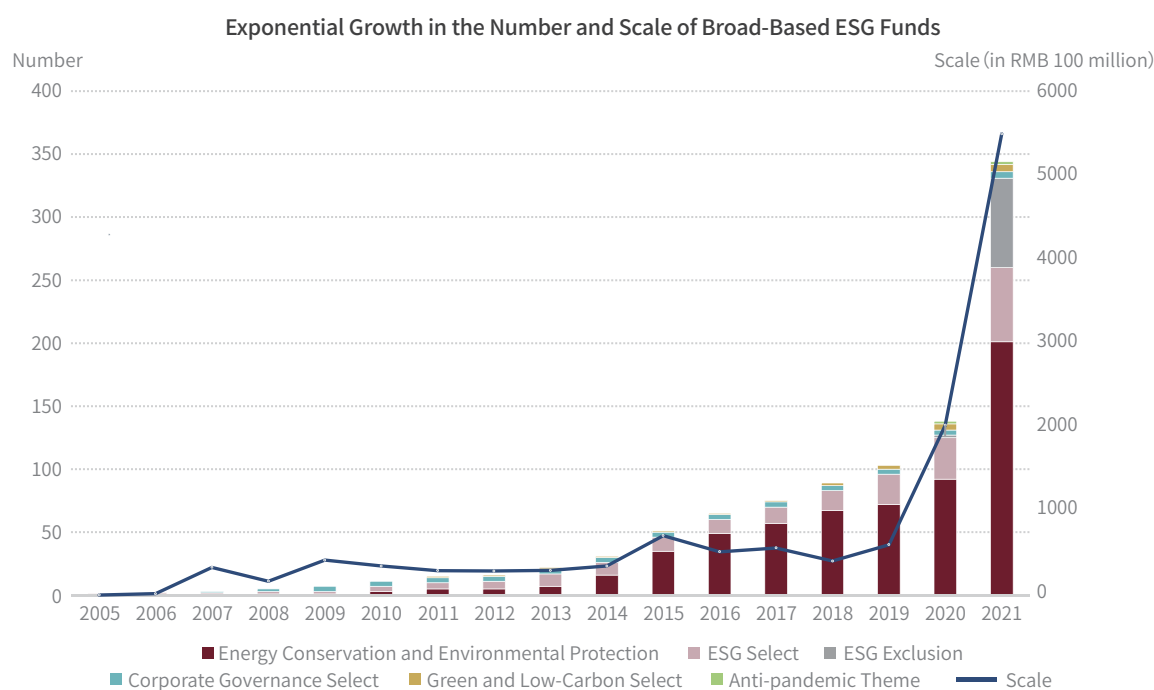
The earliest broad-based ESG mutual funds in China were launched in 2005, but the number only grew slowly until 2015. By the end of 2014, there were only 31 broad-based ESG mutual funds in China. From 2015 onwards, there are more than 10 new funds each year. 2021 is a year that has witnessed exponential growth, with the number of broad-based ESG mutual funds reaching 344, and the scale of funds growing to RMB 540 billion, more than doubling the size in 2020 (see Figure 21).

As of the end of October 2021, a total of 65 fund managers have released 344 broad-based ESG mutual funds (calculated by A/B/C/H classification). Among them, 6 are bond funds, 164 are equity funds, 169 are hybrid funds, and 5 are FOF funds (see Appendix 5 for the complete list).

Among the 344 broad-based ESG mutual funds, 59 used the ESG Select concept, 5 used the Corporate Governance Select concept, 6 used the Green and Low-Carbon Select concept, 201 selected constituents based on whether they belonged to the "Energy Conservation and Environmental Protection Sector" defined by the fund, 2 were bond funds with an anti-pandemic theme released in response to the COVID-19 outbreak, and 71 ESG exclusion funds used a screening methodology that excluded stocks with significant flaws in ESG performance (Figure 21).

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<sup>30</sup> Sorted by the time of joining the PRI.



Broad-based ESG funds have also made a huge leap in terms of their share and influence in the overall fund market. As of September 30, 2021, there were a total of 322 broad-based ESG equity funds and hybrid funds<sup>31</sup>. According to the mutual fund market data of AMAC, as of September 30, 2021, the ratio of broad-based ESG mutual funds to the number of all equity and hybrid funds in the market has increased by 122% compared to September 30 of the previous year, and the ratio has increased from 2.66% to 5.92%. The proportion of AUM has increased by 190% compared to the previous year, from 2.16% to 6.27% (Table 4).

**Table 4 Number and AUM of Broad-Based ESG Funds**

Types	2020/9/30		2021/9/30	
	Quantity	Scale of AUM (in RMB billion)	Quantity	Scale of AUM (in RMB billion)
ESG Equity Funds	61	678.96	156	2239.00
ESG Hybrid Funds	57	482.86	166	2788.48
All Equity and Hybrid Funds	4365	53748.35	5436	80140.23
ESG equity and hybrid funds as a percentage of the market	2.66%	2.16%	5.92%	6.27%

Data source: AMAC, September 30, 2021 mutual fund market data, statistics compiled by China SIF.

## Active Broad-Based ESG Funds Are Becoming Mainstream and Have Led the Market with Their Performance in Recent Years

Among the 344 broad-based ESG funds, there are 115 index funds. Among them, except for Huabao MSCI China A-Share International (LOF) (501086.OF), which tracks the MSCI China A-Share International ESG General Index, and CITIC China Bond Hubei Local Government Bond Index Fund (009528.OF), which tracks the China Bond-

<sup>31</sup> As of end of October 2021, there were 333 broad-based ESG equity and hybrid funds. Eleven of these broad-based ESG stock and hybrid funds were launched after September 30, 2020.

Hubei Local Government Bond Index (CBA10501.CS), the remaining 113 funds track the broad-based ESG indices mentioned above in this Report (Appendix 4).

Among the 229 actively managed broad-based mutual fund products, nearly half of the products (109) utilize "Energy Conservation and Environmental Protection" as their main selection criteria, while 48 utilize "ESG Select" strategies, with half of them (24) established in the past year. 71 broad-based ESG mutual fund products have been added in the past year, incorporating "ESG Exclusion" into active management strategies. This shows that the full inclusion of ESG investment policy and framework has been embraced by more and more investment managers, and a large number of active fund products are selected or excluded from the sample by incorporating ESG factors as a whole, rather than just screening based on popular ESG themes.

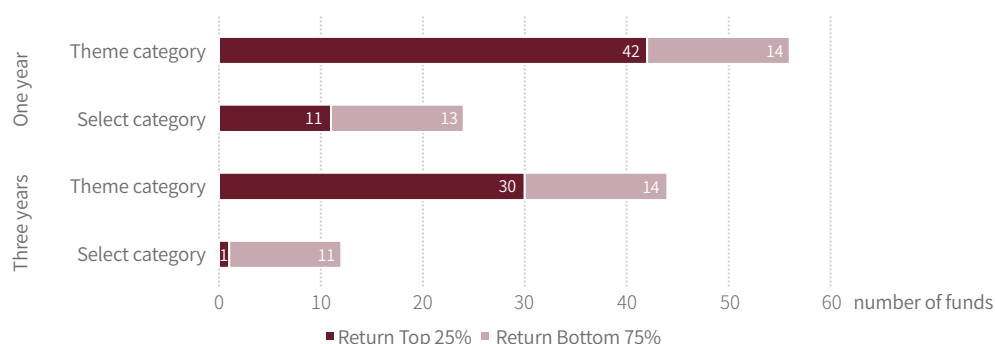
Among the 80 actively managed funds with traceable annual performance (established more than 1 year ago), there are 56 broad-based ESG mutual funds in the "theme category" (based on meeting specific "energy conservation and environmental protection" definitions) and 24 broad-based ESG mutual funds in the "select category" (selected based on specific ESG performance).

Among the 56 thematic broad-based ESG mutual funds, 75% (42) are ranked in the top 25% of their peer group in terms of returns over the last year, and 68% (30) of the 44 funds with three-year performance are ranked in the top 25% of their peer group in terms of returns over the last three years (see Figure 22).

Of the 24 broad-based ESG Select mutual funds, 46% (11) are ranked in the top 25% in terms of return for the last one year by the secondary category standard peer group, and of the 13 funds with three-year retroactive performance, only 8% (1) are ranked in the top 25% in terms of return for the last three years by the secondary category standard peer group.

As can be seen from the same-category fund ranking perspective, broad-based ESG mutual funds have shown impressive returns, especially in the past year. From the perspective of comparing the two categories of broad-based ESG mutual funds, the "theme category" shows a better relative performance than the "select category", but from the perspective of dynamic changes, the broad-based ESG select funds show stronger growth, with the top 25% of the "select category" increasing from 8% in the last three years to 46% in the past year, representing an increase of 450% (4.5 times), while the top 25% of the "theme category" increased by only 10% (from 68% in the last three years to 75% in the past year).

Figure 22 Ranking of Active Broad-Based ESG Mutual Funds in Terms of Their Return Percentage<sup>32</sup>

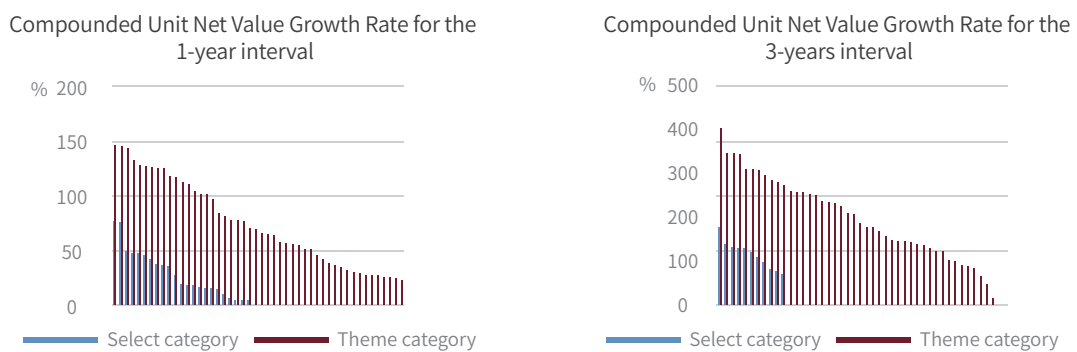


Data source: Wind data terminal, compiled by China SIF

<sup>32</sup> Selection scope: 80 active broad-based ESG mutual funds with traceable annual performance (established for >1 year).

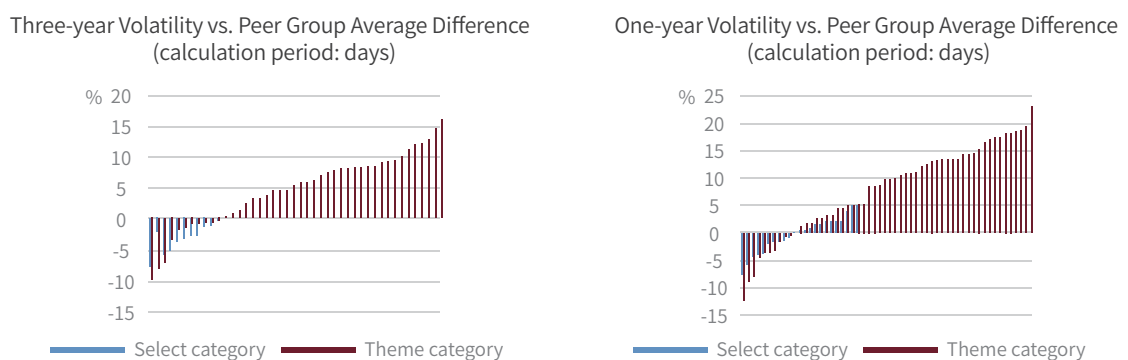
In terms of absolute performance, broad-based ESG mutual funds have shown similar trends. From a static perspective, active broad-based ESG mutual funds have shown strong return performance, with positive net value growth rates for both the one-year and three-year time horizons. Among thematic funds, the average one-year and three-year compounded net value per unit growth rates reached 65% and 199%, respectively, as did the "select category" at 28% and 114%. However, from the perspective of stability, the "select category" funds perform better than those in the "theme category", the standard deviation of the net value growth rate of the "select category" one-year interval is 21% less than that of the "theme category", which is 43%. The standard deviation of the net value growth rate of the "select category" during the three-year period is 31%, which is still much less than that of the "theme category", which is 92%, indicating that the return of the "select category" is more even and the level of fluctuation is smaller.

Figure 23 Overview of Compounded Net Unit Growth Rate of Active Broad-Based ESG Mutual Funds<sup>33</sup>



In terms of volatility, the funds from the "select category" also outperformed those from the "theme category", with all selected funds having a lower annualized volatility than the average of their peer group over the last three years. Only about one third of the thematic funds have annualized volatility below the average of the last three years. About half of the funds in the "select category" have annualized volatility above the average of their peer group in the last year, but it is still significantly better than that of the thematic funds (see Figure 24).

Figure 24 Net Volatility Profile of Active Broad-Based ESG Mutual Funds<sup>34</sup>



<sup>33</sup> Selection range: 80 active broad-based ESG mutual funds with traceable annual performance (established for > 1 year).

<sup>34</sup> Selection range: 80 active broad-based ESG mutual funds with traceable annual performance (established for >1 year).

Table 5 Summary of Active Funds (established for more than three years)

(sorted by strategy type and time of establishment)

Data for fund products ranked in the top 25% or outperforming their peers<sup>35</sup> average 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	3-Year Volatility in %	Peer Group 3-Year Average Volatility in %	1-Year Volatility in %	Peer Group 1-Year Average Volatility in %	Strategy Type
163803.OF	BOC Sustainable Growth Hybrid Fund A	2006-03-17	Hybrid Fund	43.24	10.14	128.93	46.72	23.47	26.30	31.38	26.35	ESG Select
340007.OF	Aegon-Industrial Social Responsibility Hybrid Fund	2008-04-30	Hybrid Fund	64.94	59.35	97.21	15.13	25.91	26.30	27.97	26.35	ESG Select
470028.OF	China Universal Social Responsibility Hybrid Fund	2011-03-29	Hybrid Fund	84.81	74.68	70.45	9.52	22.92	26.30	22.20	26.35	ESG Select
530019.OF	CCB Principal Social Responsibility Hybrid Fund	2012-08-14	Hybrid Fund	78.13	56.20	80.54	16.19	22.46	26.30	22.72	26.35	ESG Select
000042.OF	Caitong ECPI ESG Index Enhanced Fund-A	2013-02-19	Hybrid Fund	46.79	16.84	77.58	26.94	19.36	21.65	17.39	19.29	ESG Select
000017.OF	Caitong Sustainable Development Theme Hybrid Fund	2013-03-27	Hybrid Fund	47.91	82.49	119.77	5.64	25.10	26.30	25.53	26.35	ESG Select
960011.OF	BOC Sustainable Growth Hybrid Fund-H	2015-09-24	Hybrid Fund	42.74	10.07	129.43	46.74	23.47	26.30	31.39	26.35	ESG Select
003184.OF	Caitong ECPI ESG Index Enhanced Fund-C	2017-04-14	Equity Fund	100.00	98.95	0.00	0.00	24.80	26.30	26.55	26.35	ESG Select
160611.OF	Penghua Corporate Governance Hybrid Fund(LOF)	2007-04-25	Hybrid Fund	41.07	87.38	131.90	3.64	20.42	26.30	22.41	26.35	Corporate Governance Select
260111.OF	Invesco Great Wall Corporate Governance Hybrid Fund	2008-10-22	Hybrid Fund	36.06	8.56	137.65	49.17	20.97	26.30	18.77	26.35	Corporate Governance Select
163409.OF	Aegon-Industrial Green Investment Hybrid Fund(LOF)	2011-05-06	Hybrid Fund	15.53	17.13	177.95	36.42	18.37	26.30	20.71	26.35	Green and Low Carbon Select
005728.OF	Fortune SG Green Theme Hybrid Fund-A	2018-09-04	Hybrid Fund	56.59	18.03	107.68	35.41	19.02	17.69	13.42	17.87	Green and Low Carbon Select
350002.OF	China Nature Low-Carbon Economy Dynamic Allocation Hybrid Fund	2005-01-12	Hybrid Fund	54.81	19.50	63.84	29.92	34.31	25.29	34.05	25.33	Energy Conservation and Environmental Protection Theme
540008.OF	HSBC Jitrust Low-Carbon Pioneer Equity Fund-A	2010-06-08	Equity Fund	5.03	1.79	308.25	110.11	29.63	17.69	36.46	17.87	Energy Conservation and Environmental Protection Theme
398051.OF	Zhonghai Environmental Protection & New Energy Theme Dynamic Allocation Hybrid Fund	2010-12-09	Hybrid Fund	1.32	0.64	272.26	103.95	16.28	26.30	18.52	26.35	Energy Conservation and Environmental Protection Theme
100056.OF	Fullgoal Low Carbon Environmental Protection Hybrid Fund	2011-08-10	Hybrid Fund	94.32	34.26	46.86	24.75	34.50	26.30	43.29	26.35	Energy Conservation and Environmental Protection Theme
400015.OF	Orient New Energy Automobile Theme Hybrid Fund	2011-12-28	Hybrid Fund	1.00	0.15	294.97	145.71	24.43	26.30	27.66	26.35	Energy Conservation and Environmental Protection Theme
000120.OF	BOC Beautiful China Hybrid Fund	2013-06-07	Hybrid Fund	33.56	16.23	141.79	37.54	25.33	26.30	28.15	26.35	Energy Conservation and Environmental Protection Sector
000294.OF	Huaan Ecology Preference Hybrid Fund	2013-11-28	Hybrid Fund	29.55	91.59	147.01	-0.35	29.00	25.29	35.77	25.33	Energy Conservation and Environmental Protection Theme
000409.OF	Penghua Environmental Protection Industry Equity Fund	2014-03-07	Equity Fund	6.29	3.59	283.76	83.06	22.72	26.30	28.11	26.35	Energy Conservation and Environmental Protection Theme
000591.OF	BOC Healthy Life Hybrid Fund	2014-05-20	Hybrid Fund	75.63	27.12	83.71	28.80	25.42	26.30	23.22	26.35	Energy Conservation and Environmental Protection Theme
000612.OF	Hwabao WP Ecological China Hybrid Fund	2014-06-13	Hybrid Fund	18.86	13.52	168.15	41.47	22.23	17.69	17.41	17.87	Energy Conservation and Environmental Protection Theme
000663.OF	UBS SDIC Beautiful China Dynamic Allocation Hybrid Fund	2014-06-24	Hybrid Fund	14.73	51.64	156.25	12.64	30.45	17.69	31.30	17.87	Energy Conservation and Environmental Protection Theme
000598.OF	Changsheng Ecology and Environment Theme Dynamic Allocation Hybrid Fund	2014-09-10	Hybrid Fund	35.90	14.11	100.93	36.57	27.69	25.29	36.42	25.33	Energy Conservation and Environmental Protection Theme
000696.OF	China Universal Environmental Protection Industry Equity Fund	2014-09-16	Equity Fund	22.01	4.38	186.23	77.61	27.81	17.69	31.33	17.87	Energy Conservation and Environmental Protection Theme
000822.OF	Donghai Beautiful China Dynamic Allocation Hybrid Fund	2014-11-14	Hybrid Fund	42.17	26.85	89.40	24.30	23.76	17.69	22.98	17.87	Energy Conservation and Environmental Protection Theme
000977.OF	Great Wall Environmental Protection Theme Dynamic Allocation Hybrid Fund	2015-04-08	Hybrid Fund	3.46	45.12	232.19	14.89	25.36	25.29	30.45	25.33	Energy Conservation and Environmental Protection Theme
001166.OF	CCB Principal Environmental Protection Industry Equity Fund	2015-04-22	Equity Fund	26.42	6.57	175.32	68.76	33.80	17.69	40.95	17.87	Energy Conservation and Environmental Protection Theme
001156.OF	SWS MU New Energy Automobile Theme Dynamic Allocation Hybrid Fund	2015-05-07	Hybrid Fund	0.66	0.78	306.91	96.27	17.06	25.29	13.03	25.33	Energy Conservation and Environmental Protection Theme
001208.OF	Lion Low-Carbon Economy Equity Fund-A	2015-05-12	Hybrid Fund	71.07	34.46	98.56	27.14	31.00	25.29	40.65	25.33	Energy Conservation and Environmental Protection Theme

<sup>35</sup> The secondary classification of funds

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	3-Year Volatility in %	Peer Group 3-Year Average Volatility in %	1-Year Volatility in %	Peer Group 1-Year Average Volatility in %	Strategy Type
001245.OF	ICBCCS Ecological Environment Industry Equity Fund-A	2015-06-02	Equity Fund	1.89	1.59	345.45	112.38	16.88	17.69	14.28	17.87	Energy Conservation and Environmental Protection Theme
001278.OF	First Seafront Clean Energy Theme Selected Dynamic Allocation Hybrid Fund-A	2015-06-16	Hybrid Fund	25.67	22.59	123.41	27.40	29.87	17.69	34.30	17.87	Energy Conservation and Environmental Protection Theme
001471.OF	Rongtong New Energy Dynamic Allocation Hybrid Fund	2015-06-29	Hybrid Fund	5.72	7.55	208.94	50.16	31.11	25.29	28.05	25.33	Energy Conservation and Environmental Protection Theme
001410.OF	First State Cinda New Energy Industry Equity Fund	2015-07-31	Equity Fund	4.72	10.36	309.01	55.40	27.16	26.30	26.27	26.35	Energy Conservation and Environmental Protection Theme
001985.OF	Fullgoal Low-Carbon New Economy Hybrid Fund-A	2015-12-18	Hybrid Fund	8.18	23.07	206.65	31.69	28.52	25.29	28.05	25.33	Energy Conservation and Environmental Protection Theme
001616.OF	Harvest Environmental Protection Low Carbon Equity Fund	2015-12-30	Equity Fund	6.92	10.56	279.09	54.27	16.90	17.69	14.29	17.87	Energy Conservation and Environmental Protection Theme
002360.OF	First Seafront Clean Energy Theme Selected Dynamic Allocation Hybrid Fund-C	2016-01-18	Hybrid Fund	25.95	23.08	122.65	27.27	27.08	17.69	27.94	17.87	Energy Conservation and Environmental Protection Theme
002259.OF	Penghua Health and Environmental Protection Dynamic Allocation Hybrid Fund	2016-01-20	Hybrid Fund	17.87	46.99	143.87	14.35	25.49	17.69	21.02	17.87	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	43.43	74.18	86.53	8.33	23.67	25.29	23.71	25.33	Energy Conservation and Environmental Protection Theme
001975.OF	Invesco Great Wall Environmental Protection Advantage Equity Fund	2016-03-15	Equity Fund	26.10	23.71	175.61	33.80	32.30	17.69	37.24	17.87	Energy Conservation and Environmental Protection Theme
002190.OF	ABC-CA New Energy Theme Dynamic Allocation Hybrid Fund	2016-03-29	Hybrid Fund	0.11	0.24	403.87	117.35	24.68	17.69	23.20	17.87	Energy Conservation and Environmental Protection Theme
001983.OF	China Post Low-Carbon Economy Dynamic Allocation Hybrid Fund	2016-04-28	Hybrid Fund	23.69	29.64	128.52	22.70	19.04	26.30	17.60	26.35	Energy Conservation and Environmental Protection Theme
002593.OF	Fullgoal Beautiful China Hybrid Fund-A	2016-05-19	Hybrid Fund	31.39	33.66	145.11	25.10	25.91	17.69	29.95	17.87	Energy Conservation and Environmental Protection Theme
001856.OF	E Fund Environmental Protection Theme Dynamic Allocation Hybrid Fund	2017-06-02	Hybrid Fund	0.33	2.84	341.89	69.89	34.43	25.29	39.79	25.33	Energy Conservation and Environmental Protection Theme
003834.OF	ChinaAMC Energy Innovation Equity Fund-A	2017-06-07	Equity Fund	1.57	0.80	346.48	132.38	32.81	25.29	38.61	25.33	Energy Conservation and Environmental Protection Theme
001790.OF	Guotai Intelligent Automobile Equity Fund-A	2017-08-01	Equity Fund	9.43	3.98	250.37	80.58	28.54	25.29	30.61	25.33	Energy Conservation and Environmental Protection Theme
004640.OF	ChinaAMC Energy-Saving Environmental Protection Equity Fund-A	2017-08-11	Equity Fund	12.26	15.14	225.61	45.07	29.85	25.29	36.20	25.33	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	11.01	1.99	234.73	101.17	29.85	25.29	36.20	25.33	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	11.64	2.19	230.51	100.36	30.64	25.29	38.42	25.33	Energy Conservation and Environmental Protection Theme
004925.OF	Changxin Low-Carbon Environmental Protection Industry Quantitative Equity Fund-A	2017-11-09	Equity Fund	8.81	1.39	255.19	115.95	1.07	1.61	0.56	1.13	Energy Conservation and Environmental Protection Theme
005383.OF	Fullgoal Green Pure Bond One-Year Regular Open Bond Fund	2018-01-26	Bond Fund	24.55	35.07	14.62	4.23	33.36	25.29	42.65	25.33	Energy Conservation and Environmental Protection Theme
005927.OF	Truvalue New Energy Automobile Theme Equity Initiating Fund-A	2018-05-08	Equity Fund	8.49	0.40	259.95	145.26	33.36	25.29	42.65	25.33	Energy Conservation and Environmental Protection Theme
005928.OF	Truvalue New Energy Automobile Theme Equity Initiating Fund-C	2018-05-08	Equity Fund	9.12	0.60	252.21	143.59	28.85	17.69	32.28	17.87	Energy Conservation and Environmental Protection Theme
005668.OF	Rongtong New Energy Automobile Theme Selected Dynamic Allocation Hybrid Fund-A	2018-06-15	Hybrid Fund	1.98	5.14	256.78	57.23	25.99	17.69	26.44	17.87	Energy Conservation and Environmental Protection Theme
005571.OF	BOC Securities New Energy Dynamic Allocation Hybrid Fund-A	2018-08-02	Hybrid Fund	19.90	3.63	138.40	64.37	25.99	17.69	26.44	17.87	Energy Conservation and Environmental Protection Theme
005572.OF	BOC Securities New Energy Dynamic Allocation Hybrid Fund-C	2018-08-02	Hybrid Fund	20.67	3.82	135.95	63.79	23.47	26.30	31.38	26.35t	Energy Conservation and Environmental Protection Theme

Data source: Wind data terminal, compiled by China SIF.

## 5. Survey on Public and Institutional Attitudes Towards Sustainable Investment in China

China SIF and Sina Finance conducted a survey in October 2021 on public attitudes towards sustainable investment in the form of a questionnaire. The following is an analysis of sustainable investment behaviours and attitudes based on the responses of 2,843 individual investors.

### 5.1 Understanding and Practices of Sustainable investment

**Despite Their Limited Understanding of Sustainable Investment, More Than 80% of the Individual Investors Would Like to Consider Related 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 knowledge of sustainable investment, with 83% of survey respondents having no understanding of sustainable investment. 35% of them have never heard of "green finance," "sustainable investment", or "ESG" (Figure 25). Although respondents with an understanding of sustainable investment are still in the minority, their proportion has increased to 17% compared to 11% last year.

However, from an investment behavior perspective, whether or not one has heard of or understands sustainable investment does not have a decisive impact on whether or not one considers ESG factors in their investments. For individual investors who have never heard of or are not aware of sustainable investing, some still include "environmental protection", "emissions reduction", "climate-related risk management", "labour rights and safety", and "business ethics" as part of their investment process. 81% of survey respondents said they consider ESG factors in their investments, with 23% always considering them and 59% only sometimes (Figure 26).

Figure 25 Individual Investor's Level of Knowledge of Sustainable Investment

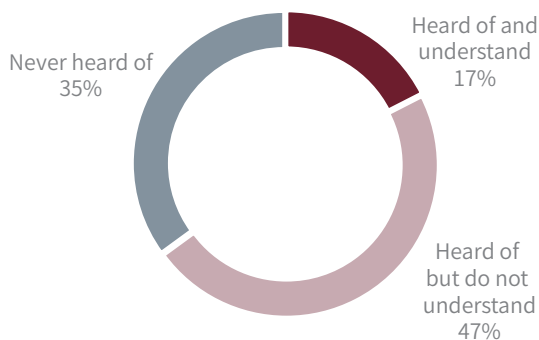
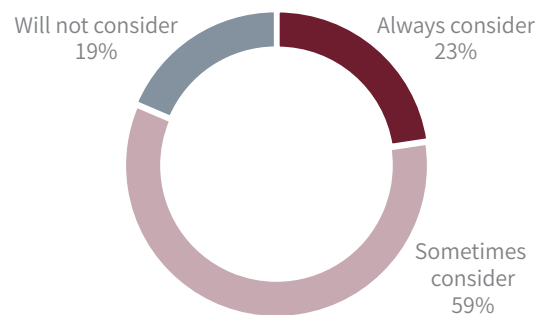
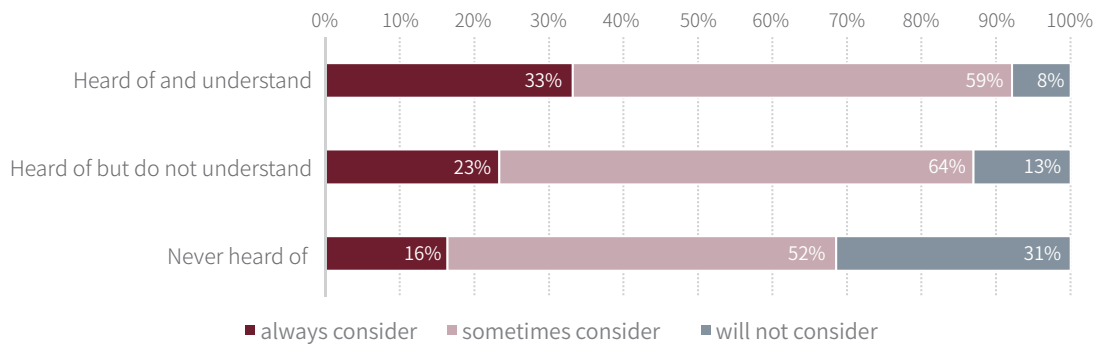


Figure 26 Individual Investors' Willingness to Consider Sustainable Investment



We have also found that awareness is not a decisive influence on behaviour but that the more knowledgeable a person is about sustainable investment, the higher the level of adoption. Among those who have "heard of and understand" sustainable investing, 92% would consider ESG factors when investing, compared to 87% of those who have "heard of but do not understand" and 69% of those who have "not heard of" sustainable investing (Figure 27).

Figure 27 Individual Investors' Willingness to Consider Sustainable Investing by Their Level of Understanding

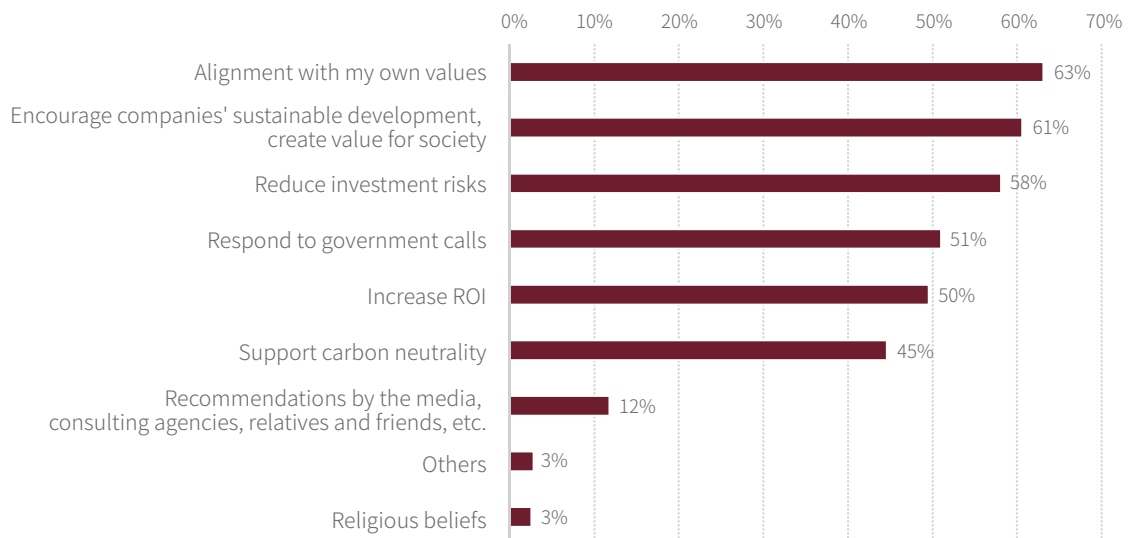


## 5.2 Motivations for Considering Sustainable Investment and the Impact of External Factors

### Value Alignment is the Primary Motivation for Individual Investors to Consider Sustainable Investing

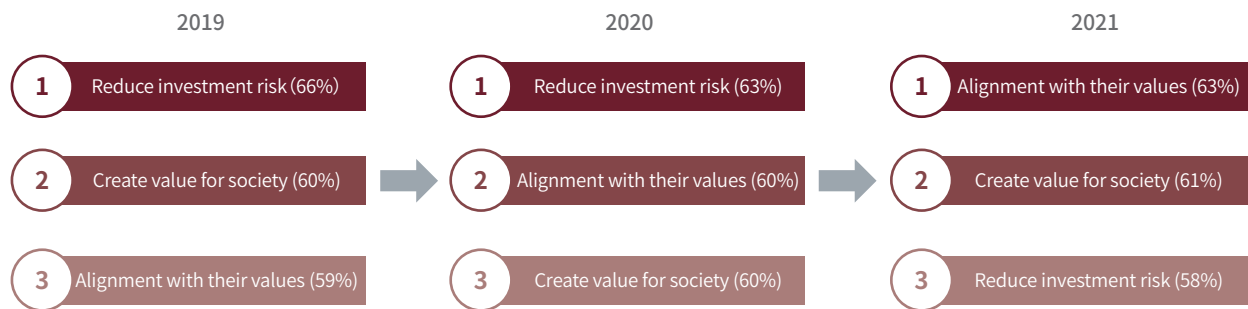
Alignment with their values is the top motivation for individual investors to consider sustainable investing (63%). Next, 61% of individual investors want to encourage sustainable corporate growth and create value for society through sustainable investing. In comparison, 58% believe that making sustainable investments will reduce investment risk (Figure 28).

Figure 28 Motivations for Individual Investors to Consider Sustainable Investing



Compared to the survey results for 2020 and 2019, the "Alignment with my own values" surpasses the "Reduce investment risk", becoming the top motivation for individual investors to consider sustainable investment (Figure 29). This suggests that individual investors are concerned about the material impact of ESG issues on investment risk. They choose ESG investments more often because they align with their values. Moreover, creating value for society is the second most crucial driver for individual investors to consider sustainable investment, implying that investors will pay more attention to realising their and society's values when making sustainable investments. It is noticeable that the percentage of individual investors driven by investment risk reduction is 58%, which is very similar to the percentage of investors driven by their own and social values (less than 3% in percentage difference). Therefore, the increase in the share of value-driven sustainable investment is not a significant change.

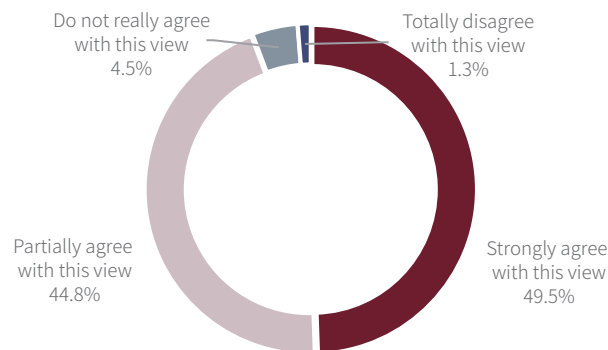
Figure 29 Changes in Individual Investors' Motivations to Consider ESG/Sustainable Investment



## Nearly Half of the Individual Investors Agree that External Environmental and Policy Factors Highlight the Importance of Identifying ESG-Related Risks/Opportunities in Portfolios

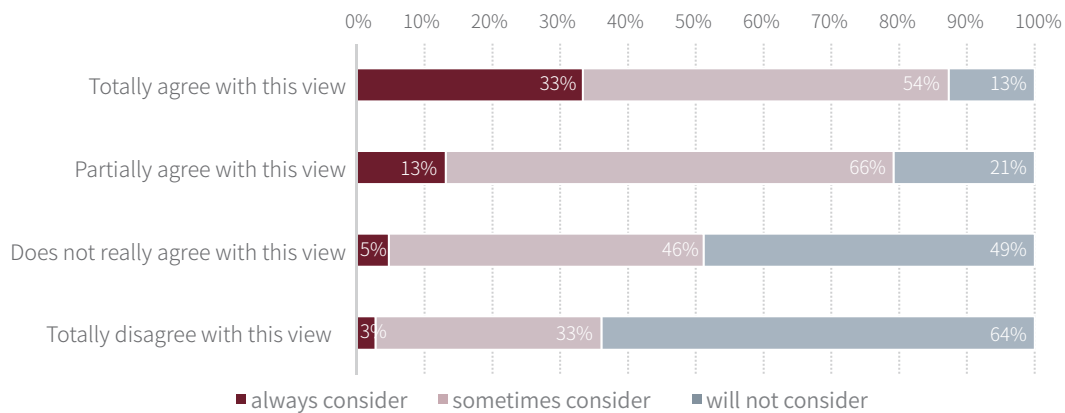
Nearly half of individual investors strongly agree that external environmental/policy factors such as "COVID-19" and "dual-carbon goals" will further highlight the importance of identifying ESG risks and opportunities in portfolios (49.5%) (Figure 30). It implies that in the post-pandemic era and against the backdrop of China's "dual-carbon goals", individual investors are becoming aware that external factors such as the outbreak of COVID-19 and governmental policies will introduce more investment risks and uncertainties, making it increasingly important to identify ESG-related risks and opportunities.

Figure 30 Individual Investors' Level of Agreement that External Factors Highlight the Importance of Identifying ESG-Related Risks and Opportunities



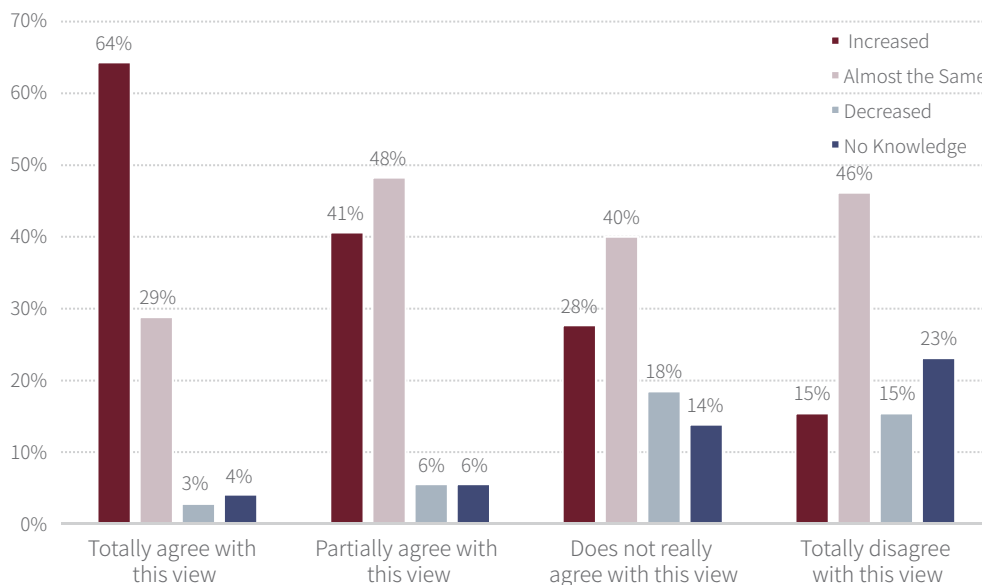
Among individual investors, those who strongly agree with the view that "external environmental/policy factors, such as 'COVID-19' and 'dual-carbon goals', will further highlight the importance of identifying ESG-related risks and opportunities in a portfolio" have the highest percentage among investors who "always consider ESG factors in their investments" (33%). The proportion decreases as their agreement with this view decreases. For those who do not agree at all, only 3% of investors always consider ESG factors when making sustainable investments (Figure 31).

Figure 31 Classification of "Individual Investors' Consideration of Sustainable Investment" by "Agreement that External Factors Highlight the Importance of Identifying ESG Risks/Opportunities"



Among those individual investors who strongly agree that external factors highlight the importance of identifying ESG risks and opportunities in a portfolio, 64% have increased their consideration of corporate ESG performance in their investments this year compared to last year, while only 15% of those who strongly disagree have increased their consideration of corporate ESG this year (Figure 32). Conversely, the percentage of individual investors who reduced their consideration of corporate ESG performance this year is higher among those who "do not really agree" or "totally disagree" with the importance of external factors in ESG investing, suggesting a correlation between the two.

Figure 32 Change in Individual Investors' Consideration of A Company's ESG Performance in Their Investments Compared to Last Year

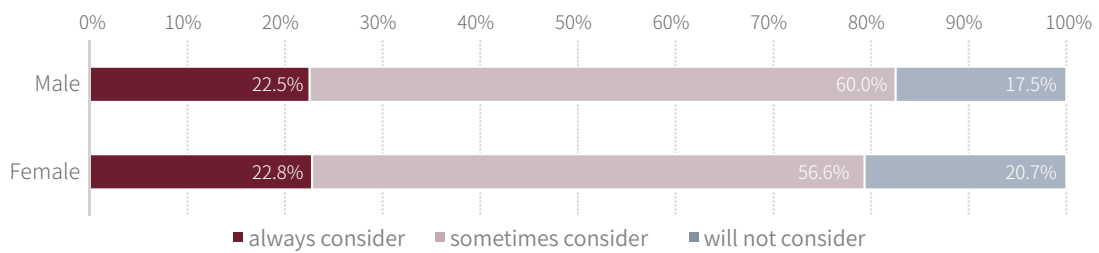


## 5.3 Demographic Features of Respondents Who Are Willing to Consider Sustainable Investment

### Men are More Proactive to Take Sustainable Investments into Consideration, While Women are More Likely to Always Consider ESG Factors

Men are more likely to consider sustainable investment factors in their investment decisions than women (82.5%). Compared to the previous two years, men are more likely to adopt sustainable investing than women for the first time this year. However, individual investors that always consider ESG factors are still more likely to be women (22.8%) (Figure 33).

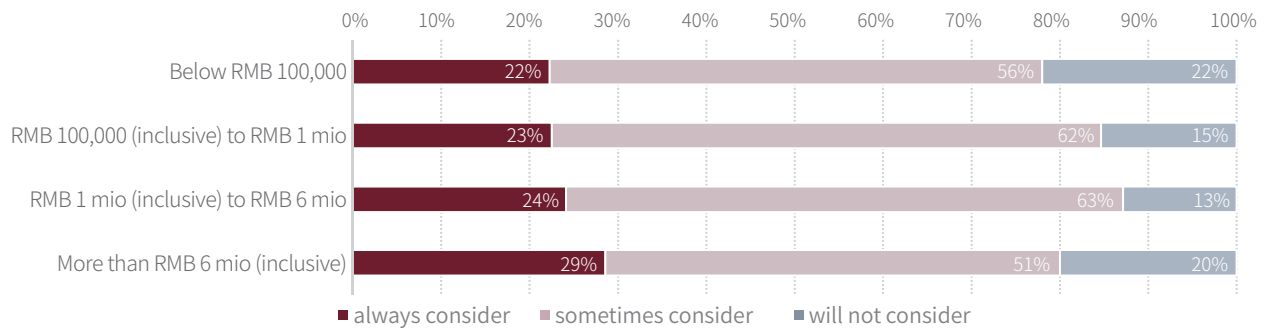
Figure 33 Individual Investors' Willingness to Consider Sustainable Investment by Gender



## High-Net-Worth Individuals ("HNWIs") are More Likely to Always Consider ESG Investment Factors in Their Investments

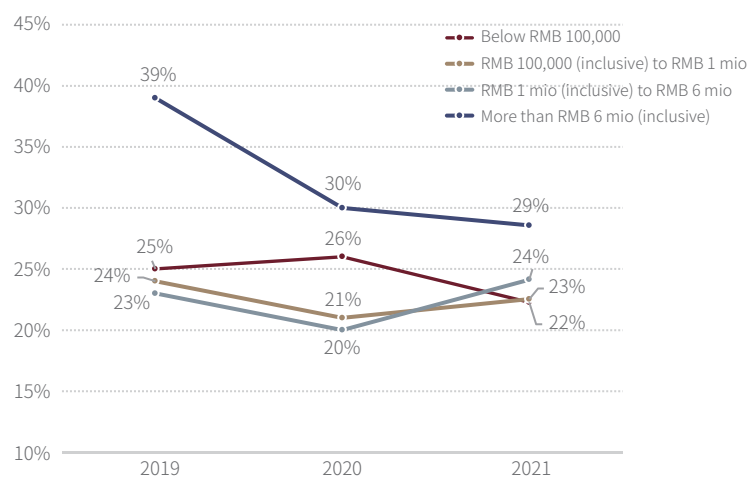
Among individual investors, those whose assets available for investment exceed RMB 6 million represent the highest proportion (29%), aligning with findings from the previous two years (Figure 34).

Figure 34 Individual Investors' Willingness to Consider Sustainable Investment by Portfolio Size



Compared to last year's survey results, the gap between the percentage of HNWIs who always consider ESG factors and the other net worth groups is narrowing (Figure 35).

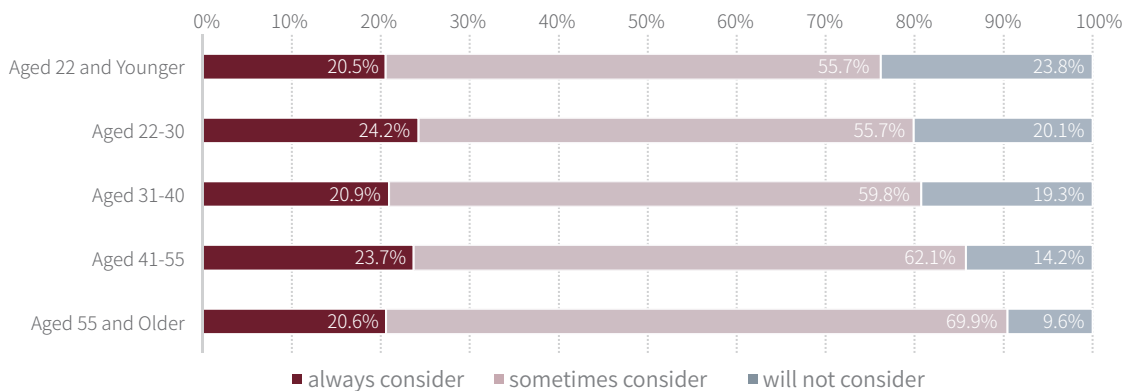
Figure 35 Proportion of Individual Investors in Different Net-Worth-Groups that Always Consider ESG Factors When Investing (2019-2021)



## Older Investors are More Likely to Consider ESG Investment Factors in Their Investments

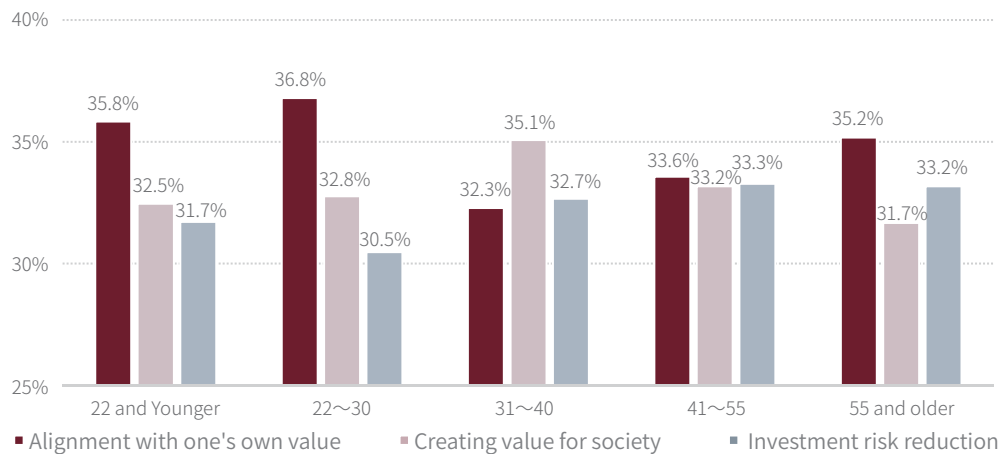
The percentage of individual investors over 55 years old, who always/sometimes consider ESG factors in their investments is the highest among all age groups (90.4%). In contrast, this percentage decreases with decrease of age. The lowest percentage of people who always/sometimes consider ESG factors (76.2%) is the group of 22 and younger (Figure 36). This characteristic is consistent with last year's survey results.

Figure 36 Individual Investors' Willingness to Consider Sustainable Investment, by Age



The percentage of individual investors aged between 22-30 who always consider ESG factors in their investments is 24.2%, slightly ahead of the other age groups (Figure 36). The biggest difference from the other age groups is the relatively higher share of sustainable investing driven by one's values among 22-30-year-olds, at 36.8% (Figure 37).

Figure 37 Top Three Drivers of Adopting Sustainable Investment Among Individual Investors by Age Group

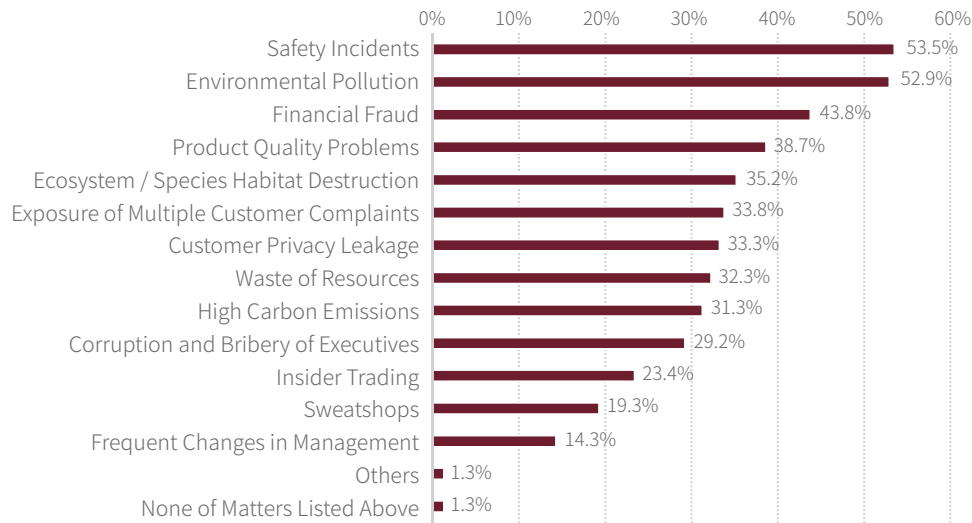


## 5.4 Sustainable Investment Focus and Strategy

### The Most Important ESG Investment Issue for Individual Investors is "Safety Incidents"

In the question "Which of the following issues do you think would prevent or discourage you from investing in a listed company given the expected return on your investment? (Choose up to 5, at least 1)", the top three issues of concern to individual investors were: safety incidents (53.5%), environmental pollution (52.9%) and financial fraud (43.8%) (Figure 38). Compared to the 2020 and 2019 surveys, safety incidents surpassed product quality and financial fraud issues as the top issues of concern for individual investors.

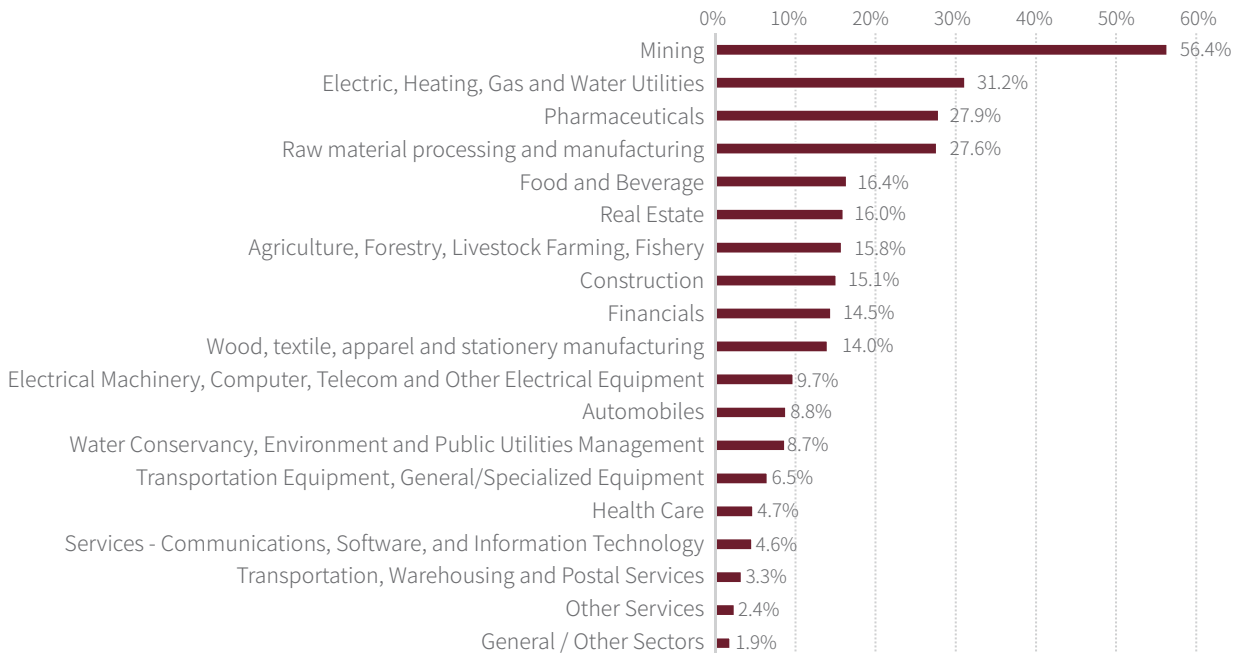
Figure 38 Level of Concern About ESG Factors by Individual Investors



## Mining Industry is Believed to be Subject to the Highest ESG Risks, According to Individual Investors

When selecting the top three sectors with the highest ESG risk, 56.4% of individual investors selected Mining, followed by Electric, Heating, Gas and Water Utilities (31.2%), Pharmaceuticals (27.9%) and Raw Materials Processing and Manufacturing (27.6%) (Figure 39).

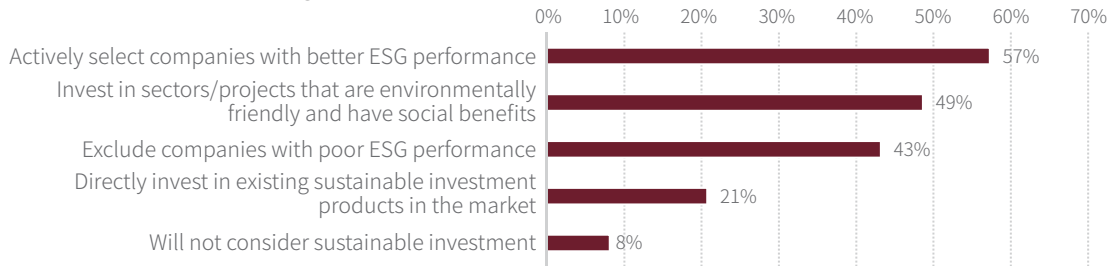
Figure 39 Sectors' ESG Risks as Perceived by Individual Investors



## Individual Investors are More Inclined to Choose the Best-of-the-Best When Considering ESG Investments for the Future, and a Large Number of Individual Investors that Have Never Considered ESG Factors in Their Investments Before are Inclined to Experiment with ESG Investment Strategies

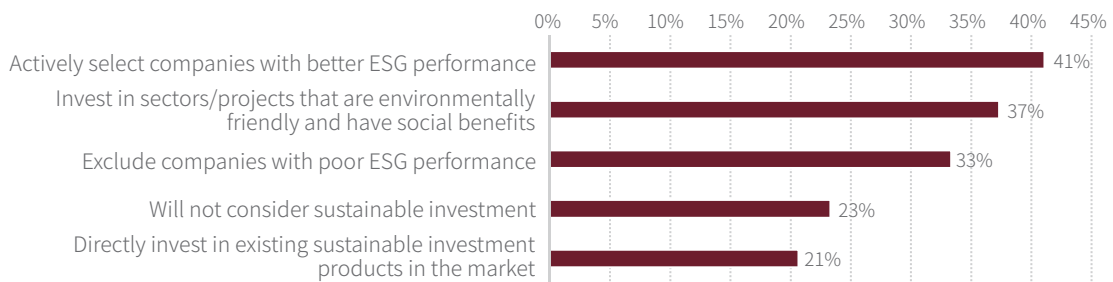
In the question "Would you consider using the following approach in your investments in the coming year?", 57% of individual investors chose a best-of-the-best strategy, preferring to actively select companies that perform well in terms of ESG (Figure 40).

**Figure 40 Individual Investors' Sustainable Investment Plans**



Meanwhile, after limiting the sample size to individual investors who have never considered ESG factors, only 23% chose not to consider sustainable investing in the coming year, implying that 77% of investors who have never considered ESG investing are willing to try ESG investment in the next year. The strategy of actively selecting companies with better ESG performance is the first choice in their first attempt at ESG investment (41%) (Figure 41).

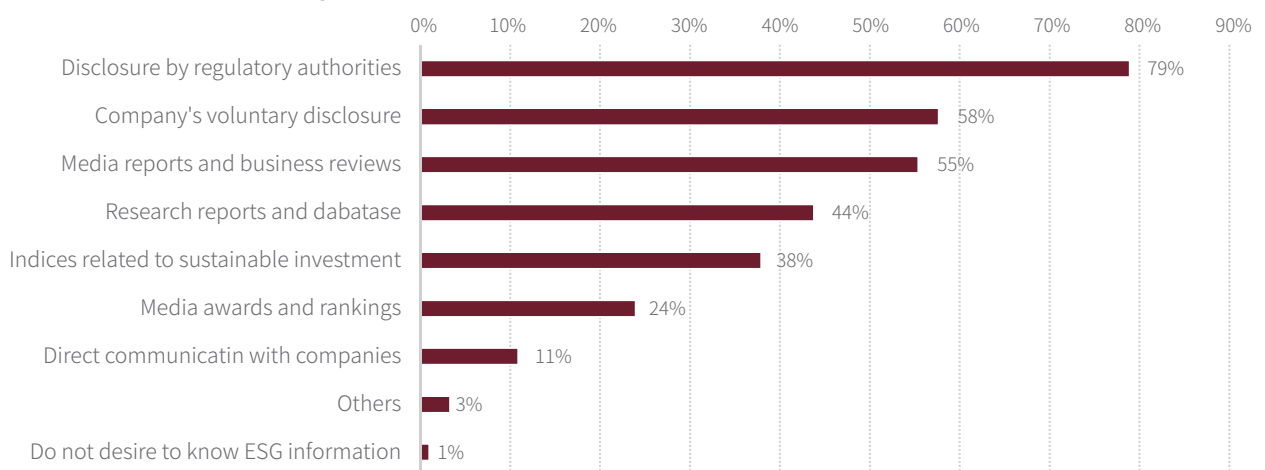
**Figure 41 Future 1-Year Sustainable Investment Plan of Individual Investors that Have Never Considered Sustainable Investing**



## 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, with 79% of investors prefer to learn about a company's ESG performance through this source. In addition, more than half of investors prefer to learn about a company's ESG performance from voluntary corporate disclosures (58%) and media report and business reviews (55%) (Figure 42).

**Figure 42 Individual Investors' Preferred Sources of ESG Information**

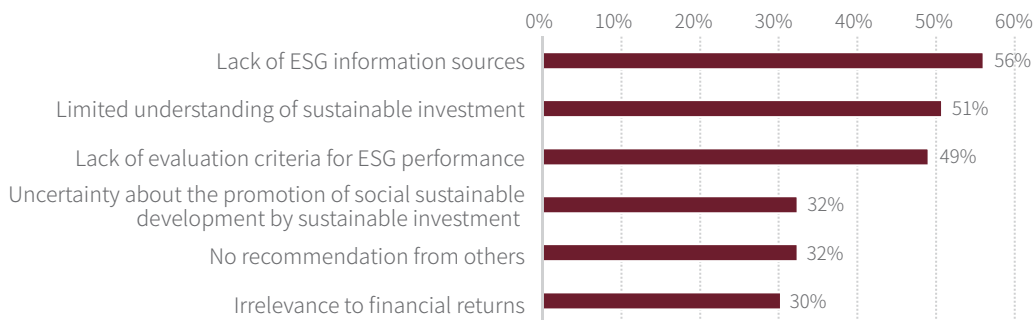


## 5.5 Challenges for Sustainable Investment

### Lack of ESG Information Sources Represents the Biggest Challenge for Individual Investors to Consider Sustainable Investment

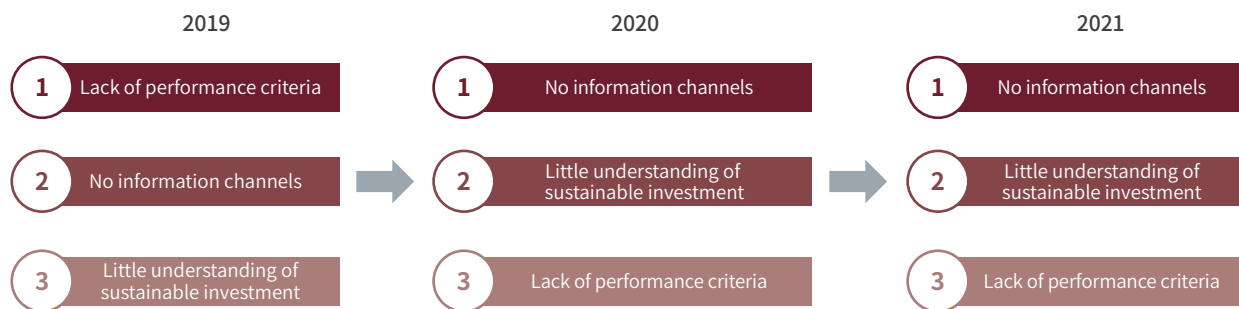
When asked "What are the possible reasons for you to not consider a company's ESG performance when investing", 56% of individual investors cited lack of access to information as the biggest barrier to sustainable investing, followed by a lack of knowledge about sustainable investing (51%) and a lack of criteria for judging corporate ESG performance (49%) (Figure 43).

Figure 43 Barriers Hindering Individual Investors from Considering Sustainable Investment



Looking at the survey results across the past three years (2019-2021), the lack of ESG information sources, limited understanding of sustainable investment, and the lack of evaluation criteria for ESG performance have consistently ranked as the top three barriers to individual investors' adoption of sustainable investing.

Figure 44 Changes in the Top Three Barriers Hindering Individual Investors from Considering Sustainable Investment



## 6. Summary and Outlook

The year of 2021 can be described as a year with prosperous development for sustainable investment in China. Led by the "dual-carbon goals", the "1" of the "1+N" policy system, namely the *Opinions on the Complete and Accurate Implementation of the New Development Concept to Achieve Carbon Neutrality*, has been issued. It clearly defines the overall requirements, key areas and ways to achieve the "dual-carbon goals". It will be followed by "N" specific areas of top-level design documents. The direction of capital flow is already obvious. As one of the most important global ESG issues, climate change has been clearly integrated into investment decisions and management by FIs. Finding the solutions to problems such as the integration challenges and technical issues such as data support will only be a matter of time. It is expected that the scale and diversity of ESG investment products with carbon neutrality and climate-related attributes in China's sustainable investment market will continue to grow.

At the policy level, we can see that there has been a growing demand on quantitative information disclosure and increasing requirements on mandatory disclosure, as well as policies that start with environmental information disclosure (among other ESG aspects), for example as shown in the *Guidelines on Environmental Information Disclosure for Financial Institutions*. At the level of listed companies and manufacturers, the disclosure of carbon emission data is particularly weak. At the same time, we also note an initial trend of convergence of various domestic and international green and ESG standards. However, there is still a long way to go in the future due to the differences among regions and industries.

From the market point of view, while the scale of sustainable investment in China is growing strongly and the speed of product innovation and distribution is rapid, the overall size is still small compared to the major global markets. The market development is still in its infancy, and the substance and diversity of ESG investment products need to be strengthened. The basis of market players participating in sustainable investment is small, and the landscape is not yet clear enough. Looking ahead, it is necessary to further develop the demand side of the sustainable investment market. It is not enough to focus on the supply side and solely increase the supply of sustainable investment products.

In terms of financial institutions' practice of sustainable investment, as analyzed in Part 3 of this Report, basically all major types of financial institutions have started to take action or are aware of the need to take action. However, practising sustainable investment cannot be achieved overnight. In addition to institutional process management, it must be integrated into the business development strategy of financial institutions, which requires long-term capacity building, as well as corporate culture building. Those that are able to integrate ESG and keep ahead in concept and action consistently will, to some extent, shape the landscape of future competition in the long-term.

All in all, the past year has seen many achievements and challenges for China's sustainable investment in the post-pandemic era. Sustainable investment has gained wider attention in both the local and the international capital markets. We expect policies to be further refined to the implementation level, ESG integration of financial institutions to continue to deepen, market supply to maintain a high rate of growth, and diversification of ESG product to cover topics other than climate change, such as biodiversity and blue economy, with transition finance likely to become the next hot spot in the sustainable investment market. Challenges regarding standards and data will be gradually mitigated through improved disclosure and the support of financial technology.

## Appendix 1 Major Types and Scale of Sustainable Investment in China

Type of Sustainable Investment	Definition		Scale (in RMB)	Current 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. (Based on the Green Credit Guidelines issued by the former CBRC in 2012)		14.78 trillion	<ul style="list-style-type: none"> <li>· 7 banks signed the Equator Principles</li> <li>· 16 banks signed the Principles for Responsible Banking</li> <li>· 29 banks signed the <i>China Banking Sector Green Credit Joint Commitment</i></li> <li>· At the end of Q3 of 2021, the balance of green loans in domestic and foreign currencies was RMB 14.78 trillion (PBoC statistics)</li> </ul>	
Sustainable Securities / Wealth Management Products	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. (Asset Management Association of China, 2018. <i>Green Investment Guidelines (for Trial Implementation)</i> )	· ESG mutual funds	549.242 billion	<ul style="list-style-type: none"> <li>· 19 mutual fund managers signed the UN Principles for Responsible Investment</li> <li>· 65 fund managers released 344 broad-based ESG funds as of Oct. 30, 2021</li> <li>· As of the end of October 2021, the AUM of broad-based ESG fund was RMB 549.242 billion (compiled by China SIF based on the Wind data terminal)</li> </ul>
			· ESG Private Securities funds	Statistics not yet available	
	Sustainability Bonds	<ul style="list-style-type: none"> <li>· Green bonds are marketable securities issued by the issuer in accordance with the law, raising funds to support green industries and repaying principal and interest as agreed. (Compiled according to the PBoC's Green Financial Bond Announcement [2015] No. 39)</li> <li>· <b>Carbon neutrality bonds</b> are debt financing instruments that raise funds specifically for green projects with carbon emission reduction benefits, and are required to meet four core elements, such as the use of green bond funds, project evaluation and selection, fund raising management and information disclosure during the duration, and are sub-species of green debt financing instruments. (National Association of Financial Market Institutional Investors (NAFMII), 2021 <i>Notice on the Clarification of Carbon Neutrality Bond Related Mechanisms</i>)</li> </ul>	1.65 trillion	<ul style="list-style-type: none"> <li>· Issuance in 2016: RMB 238 billion</li> <li>· Issuance in 2017: RMB 248.6 billion</li> <li>· Issuance in 2018: RMB 282.6 billion</li> <li>· Issuance in 2019: RMB 386.2 billion</li> <li>· Issuance in 2020: RMB 289.5 billion</li> <li>· Issuance in the first half of 2021: RMB 201.3 billion</li> </ul> (Data source: Climate Bonds Initiative)	
					<ul style="list-style-type: none"> <li>· <b>Sustainability-linked bonds</b> are forward-looking, performance-based bond instruments in which the financial and/or structural characteristics will change depending on whether the issuer achieves its pre-determined sustainability/ESG objectives. (Based on the International Capital Markets Association's <i>Principles for Sustainability-Linked Bonds</i>)</li> </ul>
Sustainable Wealth Management Products	No official definition yet	<ul style="list-style-type: none"> <li>· <b>Social bond</b> is any debt instrument in which the proceeds are used entirely to finance or refinance, in whole or in part, new and/or existing eligible socially beneficial projects. (International Capital Markets Association, 2018. <i>Principles for Social Bonds</i>)</li> </ul>	976.668 billion	<ul style="list-style-type: none"> <li>· Rural revitalization themed bonds: As of the end of October 2021, a total of 162 bonds had been issued, with an aggregate scale of RMB 179.134 billion (according to the "Rural Revitalization Special Bonds" section of the Wind data terminal)</li> <li>· Poverty alleviation themed bonds: As of the end of October 2021, 231 bonds had been issued, with an aggregate scale of RMB 797.534 billion (according to the "Poverty Alleviation Special Bonds" section of the Wind data terminal)</li> </ul>	
		Approx. 136.8 billion	<ul style="list-style-type: none"> <li>· About 16 commercial banks or wealth management companies have issued 76 broad-based ESG wealth management products (estimates based on the total number of wealth management products of banks in 2020 published by China Wealth<sup>36</sup>)</li> </ul>		

<sup>36</sup> There were 69,000 wealth management products issued in 2020, with a cumulative amount of 124.56 trillion RMB. It is estimated that the amount of one wealth management product was 0.18 billion. Data source: Wealth Management of China's Banks Annual Report 2020, Wealth Management Registration Center, Jan 2021.

Type of Sustainable Investment	Definition	Scale (in RMB)	Current Status
Sustainable Equity Investment	<ul style="list-style-type: none"> <li>Green equity investment (please refer to the concept of "green (securities) investment")</li> </ul>	Approx. 200 billion	<ul style="list-style-type: none"> <li>25 PE have signed the PRI</li> <li>According to the data of AMAC, as of May 2021, there were 712 equity funds established and filed with green-related industries as the main investment direction, accounting for about 1.71% of private equity funds and venture capital funds, based on which the size of green equity funds is estimated to be about RMB 200 billion.<sup>37</sup></li> </ul>
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)	Approx. 117.661 billion	<ul style="list-style-type: none"> <li>As of the end of 2018, there were 16 green government-backed industry funds to which the governments have contributed RMB 9.16 billion (data are from the credit registration system of national government-backed industry funds and are calculated by the Research Bureau of the PBC)</li> <li>The first phase of the National Green Development Fund, with a size of RMB 88.5 billion, was jointly financed by the central government and local governments of 11 provinces and cities along the Yangtze River Economic Belt, while also attracting social capital to participate in the establishment of the National Green Development Fund Co. On October 15, 2021, the National Green Development Fund was qualified as a fund manager, and the filing of the first fund product was completed on October 20, 2021.</li> <li>In July 2021, Wuhan Municipal Government launched Wuhan Carbon Dafeng Fund and Wuhan Carbon Neutrality Fund, each with a size of RMB 10 billion. Wuhan Carbon Dafeng Fund was jointly established by the governments of Wuhan City and Wuchang District and financial institutions such as Hubei Liang Shan Green Industry Investment Fund Management Co. Wuhan Carbon Neutrality Fund was jointly established by Wuhan Intellectual Property Exchange and State Power Investment Group, Shenglong Electric Group, Zhengbang Group and other parties.</li> </ul>

Data source: If not otherwise specified, the data in the table was compiled by China SIF, and the cut-off date of data collection is October 31, 2021.

<sup>37</sup> Hainan Green Finance Research Institute, Analysis of the Status Quo of Green Industry Fund Development in China, June 22, 2021 [http://m.thepaper.cn/baijiahao\\_13263114](http://m.thepaper.cn/baijiahao_13263114)

## Appendix 2: Sustainable Investment Policies in China

(Policies updated in 2021 are highlighted in blue)

Time	Issued By	Policy Documents	Main Contents
<b>Sustainable investment policies</b>			
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.
2020	MEE, NDRC, PBC, CBIRC, and CSRC	Guiding Opinions on Promoting Investment and Financing to Address Climate Change	Guided by the Nationally Determined Contributions (NDC) and low-carbon development goal and supported by the system of policies and standards, it aims to promote the investment and financing in response to climate change through model innovation and local practice.
<b>Taxonomies</b>			
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.
2020	PBC, NDRC, and CSRC	Green Bond Endorsed Project Catalogue (Exposure Draft)	It unifies the domestic market standards for green bonds and defines the scope of green bond-supported projects
<b>ESG information disclosure</b>			
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.

Time	Issued By	Policy Documents	Main Contents
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 environmental protection, product safety, labor rights, and interests of employees and other stakeholders.
2020	Shenzhen Stock Exchange	Measures on the Appraisal of Information Disclosure of Listed Companies	It evaluates the disclosure of social responsibility performance by listed companies and mentions ESG disclosure for the first time.
2020	Shanghai Stock Exchange	Guidelines No.2 on the Application of Self-Regulation Rules for Listed Companies on SSE STAR Market - Voluntary Information Disclosure	In addition to general ESG information required in statutory rules, a company listed on the SSE STAR Market may further disclose ESG information specific to it based on the characteristics of its industry and businesses as well as its governance structure.
2021	CSRC	No. 2 Content and Format of Information Disclosure Guidelines for Companies Issuing Public Securities - Content and Format of Annual Reports (Draft for Comments) No. 3 Content and Format of Information Disclosure Guidelines for Companies Issuing Public Securities - Content and Format of Semi-Annual Reports (Draft for Comments)	Integrate the content related to environmental protection and social responsibility into "Section V. Environmental and Social Responsibility".
2021	PBoC	Guidance on Environmental Information Disclosure for Financial Institutions	The principles, form and content requirements of environmental information disclosure for financial institutions are systematically described.

## Appendix 3 Rating System for Sustainable Investment Practices of Financial Institutions

No.	Indicators	Definition and Scoring Criteria	Source of Indicator Definition
1	Governance Structure and Senior Management Responsibilities	<ol style="list-style-type: none"> <li>Whether the company has a dedicated ESG/climate-related/green finance-related organizational structure at the senior management level.</li> <li>Board responsibilities: setting strategic goals related to ESG, climate and green finance; managing, monitoring and discussing related risks and opportunities.</li> <li>Senior management responsibilities: assessing and analyzing ESG, climate change and green finance-related risks and opportunities.</li> <li>Business unit responsibilities: implementing ESG, climate- and green finance-related work.</li> </ol>	<p>Guidance on Environmental Information Disclosure for Financial Institutions: 6.2 Environmental-Related Governance Structures for Financial Institutions</p> <p>Report on the Survey of ESG Investments in China's Fund Industry</p> <p>TCFD Recommendations Report: C. Recommendations and Guidance - 1 Overview</p>
2	Objective Setting and Strategic Planning	<ol style="list-style-type: none"> <li>Develop and regularly disclose the objectives, strategic plans, policy actions and key results related to ESG, climate change and green finance.</li> <li>Integrate ESG, climate change and green finance into the company's business, strategy, financial planning and risk management processes.</li> <li>Incorporate climate scenario analysis into the company's strategy development process.</li> <li>Take comprehensive consideration of climate-related risks and opportunities in the company's investment and financing decision-making process.</li> </ol>	<p>Guidance on Environmental Information Disclosure for Financial Institutions: 6.1 Annual Overview</p> <p>Thematic Survey Report on ESG Investments in China's Fund Industry: II. Analysis of Survey Results - (II) ESG/Green Investment Strategy Objectives</p> <p>TCFD Recommendations Report: C. Recommendations and Guidelines - 1 Overview</p>
3	Policy System	<p>A document that establishes a company's understanding on ESG, establishing implementation objectives, scope of application and corresponding initiatives, often with an internal structure containing</p> <ol style="list-style-type: none"> <li>vision/goals; 2. mission; 3. scope of application;</li> <li>management structure; and 5. basic methodology or implementation strategy.</li> </ol> <p>It may also contain</p> <ol style="list-style-type: none"> <li>ESG disclosure and reporting mechanisms;</li> <li>active ownership: including corporate communications and proxy voting;</li> <li>Exclusion policies, etc.</li> </ol>	Compiled from public information
4	Capacity Building	The company provides training for internal staff on ESG and sustainable investment to enhance their understanding and expertise on ESG and sustainable investment.	Compiled from public information
5	Identifying ESG and Climate Risks and Opportunities	<ol style="list-style-type: none"> <li>Identify and assess a range of climate-related risks and opportunities as defined by the TCFD.</li> <li>Identify ESG/climate-related risks and opportunities for the company in the short, medium, and long term.</li> <li>Quantitative analysis of ESG/climate-related risks and opportunities through methods such as scenario analysis and stress testing.</li> </ol>	<p>Guidance on Environmental Information Disclosure for Financial Institutions: 6.6.1 Environmental Risks and Opportunities for Financial Institutions, 6.6.2 Quantitative Analysis of Environmental Risks for Financial Institutions</p> <p>TCFD Recommendations Report: B. Climate-related Risks, Opportunities and Financial Impacts</p>

No.	Indicators	Definition and Scoring Criteria	Source of Indicator Definition
6	ESG Risk Management Process and Tools	<ol style="list-style-type: none"> <li>1. ESG/green investment methodology process</li> <li>2. Investment stewardship mechanism</li> <li>3. ESG/green investment index system</li> <li>4. ESG/green investment database</li> <li>5. ESG/green investment due diligence standards</li> <li>6. Stakeholder communication mechanism</li> <li>*7. Corporate communication mechanism: The company communicates with the investee company on its sustainable development and urges it to improve and enhance</li> <li>*8. Proxy voting mechanism: the company participates in the shareholders' meeting of the investee company to propose shareholder proposals and vote on the agenda to influence the way and mechanism of the sustainable development of the investee company</li> </ol>	China Asset Management Industry ESG Investment Report: Analysis of Findings - (4) ESG/Green Investment Process System and other publicly available information
7	ESG/Climate Investment and Financing Products	Financial products designed by applying ESG investment concepts and integrating all or part of ESG factors, strategies or ESG themes, for example, ESG themes, conceptual mutual fund products and bank wealth management products	Compiled from public information *No officially accepted definition of ESG and climate investment and finance products
8	ESG and Climate Practices for Investment and Financing Activities	<ol style="list-style-type: none"> <li>1. ESG and climate-related information disclosure of investment targets.</li> <li>2. the share of ESG/green investment</li> <li>3. the operation of ESG/green asset products.</li> <li>4. the effectiveness of the implementation of ESG/green investment strategies.</li> <li>5. monitoring of investment targets to improve ESG/climate-related performance or enhance information disclosure practices.</li> <li>6. assessing the ESG/climate-related impact of the investment portfolio.</li> <li>7. conduct post-investment ESG/climate risk communication to investment targets.</li> </ol>	Guidance on Environmental Information Disclosure for Financial Institutions: 6.7.2 Environmental Impacts of Investments by Capital Management Institutions China Asset Management Industry ESG Investment Report: (V) ESG/Green Investment Practices - 4. Portfolio Management
9	Regular Disclosure Mechanism	<p>It refers to the mechanism for financial institutions such as fund managers to disclose the company's ESG-related work in various forms and channels to fund holders and other stakeholders, and to communicate effectively about these circumstances and information.</p> <p>Common disclosure methods include regular reports on sustainable investment to the public, CSR reports, and the release of progress on sustainable investment through official websites, social media and other channels.</p>	Compiled from public information
10	Signing up to Relevant Domestic and International Initiatives	For example, the Principles for Responsible Investment (PRI), TCFD Working Group, Climate Action 100+ (CA100+), China-UK Pilot Group on Environmental Information Disclosure, Sustainable Blue Economy Initiative, Green Finance Committee (GFC) of China Finance Society, etc.	Compiled from public information

Data source: People's Bank of China's *Environmental Information Disclosure Guidelines for Financial Institutions*, TCFD's *TCFD Recommendations*, IAMAC's *China Asset Management Industry ESG Investment Report for China's Asset Management Industry (2019) Securities Edition*, and other public information. Compiled by China SIF.

## Appendix 4 List of Funds Tracking Board-ESG Indices

(Sorted by strategy type and time)  
New in this year's report are shown in blue

Index Ticker	Index Name	Index Release Time	Strategy Type	Fund Ticker	Fund Name	Fund Release Time
000048.SH	SSE Responsibility Index	2009-08-05	ESG SELECT	510090.OF	CCB Principal SSE Social Responsibility ETF	2010-04-21
				530010.OF	CCB Principal SSE Social Responsibility Index ETF Feeder Fund	2010-04-21
399378.SZ	CNI ESG 300 Index	2010-09-20	ESG SELECT	159717.OF	Penghua Guozheng ESG300 ETF	2021-08-30
399550.SZ	CCTV 50 INDEX	2012-06-06	ESG SELECT	217027.OF	China Merchants CCTV 50 Index Fund-A	2013-01-10
				165312.OF	CCB Principal CCTV 50 Index Fund(LOF)	2013-02-25
				004410.OF	China Merchants CCTV 50 Index Fund-C	2017-02-23
				006743.OF	Zhongrong CCTV 50 ETF Feeder Fund-A	2018-12-24
				006744.OF	Zhongrong CCTV 50 ETF Feeder Fund-C	2018-12-24
				159965.SZ	Zhongrong CCTV 50 ETF	2018-12-12
000846.CSI	CSI CAITONG ECPI ESG China 100 Index	2012-10-16	ESG SELECT	000042.OF	Caitong ECPI ESG Index Enhanced Fund-A	2013-02-19
				003184.OF	Caitong ECPI ESG Index Enhanced Fund-C	2017-04-14
931088.CSI	CSI 180 ESG Index	2018-12-10	ESG SELECT	510990.OF	ICBCCS CSI 180 ESG ETF	2021-05-17
931268.CSI	CSI Sustainable Development 100 Index	2019-11-15	ESG SELECT	515090.OF	Bosera CSI Sustainable Development 100 ETF	2019-12-16
931476.CSI	CSI ESG 120 Strategy Index	2020-04-30	ESG SELECT	516400.OF	Fullgoal CSI ESG 120 Strategy ETF	2021-05-31
				516720.OF	AXA SPDB CSI ESG 120 Strategy ETF	2021-06-18
000021.SH	SSE 180 Governance Index	2008-09-10	Corporate Governance Select	510010.OF	Bocom Schroders SSE 180 Corporate Governance Index ETF	2009-08-31
				519686.OF	Bocom Schroders SSE 180 Corporate Governance Index ETF Feeder Fund	2009-08-31
000941.CSI	CSI CN Mainland New Energy Index	2009-10-28	Energy Conservation and Environmental Protection Theme	004229.OF	Penghua New Energy	2017-01-09
				516270.OF	Huaan CSI Interior New Energy ETF	2021-06-21
				159752.OF	SWS MU CSI Interior New Energy ETF	2021-07-01
000977.CSI	CSI China Mainland Low Carbon Economy Index	2011-01-21	Energy Conservation and Environmental Protection Theme	516070.OF	E Fund CSI Interior Low-Carbon Economy Theme ETF	2021-03-30
				159885.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF	2021-03-24
				012754.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-A	2021-06-28
				012755.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-C	2021-06-28
				159790.OF	Chinaamc CSI Interior Low-Carbon Economy Theme ETF	2021-07-27
				560560.OF	Taikang CSI Interior Low-Carbon Economy Theme ETF	2021-08-09
				013605.OF	ChinaAMC CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-A	2021-09-23
				013606.OF	ChinaAMC CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-C	2021-09-23
000827.SH	CSI Environmental Protection Industry Index	2012-09-25	Energy Conservation and Environmental Protection Theme	163114.OF	SWS MU CSI Environmental Protection Industry Index Fund(LOF)-A	2014-05-05
				164304.OF	New China CSI Environmental Protection Industry Index Fund	2014-08-11
				001064.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder Fund-A	2015-03-02
				160634.OF	Penghua CSI Environmental Protection Industry Index Fund(LOF)	2015-06-01
				001590.OF	Tianhong CSI Environment Industry Fund-A	2015-07-15
				001591.OF	Tianhong CSI Environment Industry Fund-C	2015-07-15
				002984.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder Fund-C	2016-07-06
				512580.OF	GF China Security Environmental Protection Industry Index ETF	2016-12-19
				010419.OF	SWS MU CSI Environmental Protection Industry Index Fund(LOF)-C	2020-10-23
				399412.SZ	CNI NEW ENERGY INDEX	2014-05-16
013453.OF	Bocom Schroders CNI NEW ENERGY INDEX Fund(LOF)-C	2021-09-29				

Index Ticker	Index Name	Index Release Time	Strategy Type	Fund Ticker	Fund Name	Fund Release Time
399806.SZ	CSI Environmental Governance Index	2014-07-21	Energy Conservation and Environmental Protection Theme	164908.OF	Bocom Schroders CSI Comprehensive Ecological Improvement Index Fund(LOF)-A	2016-07-19
				501030.OF	China Universal CSI Environmental Governance Index Fund(LOF)-A	2016-11-28
				501031.OF	China Universal CSI Environmental Governance Index Fund(LOF)-C	2016-11-28
				013413.OF	Bocom Schroders CSI Comprehensive Ecological Improvement Index Fund(LOF)-C	2021-08-27
399417.SZ	CNI NEW ENERGY VEH.	2014-09-24	Energy Conservation and Environmental Protection Theme	160225.OF	Guotai CNI NEW ENERGY VEH INDEX Fund(LOF)-A	2016-07-01
399976.SZ	CSI New Energy Vehicles Index	2014-11-28	Energy Conservation and Environmental Protection Theme	161028.OF	Fullgoal New Energy Vehicles Index Fund-A	2015-03-12
				515030.OF	Hua Xia CSI New Energy Vehicles ETF	2020-02-03
				159806.OF	Guotai CSI New Energy Vehicles ETF	2020-03-02
				009067.OF	Guotai Csi New Energy Vehicles Etf Initiating Feeder Fund-A	2020-03-30
				009068.OF	Guotai Csi New Energy Vehicles Etf Initiating Feeder Fund-C	2020-03-30
				159824.OF	Bosera CSI New Energy Vehicles 50 ETF	2020-11-23
				010806.OF	Tibet Dongcai CSI New Energy Automobile Index Initiating Fund-C	2020-11-30
				010805.OF	Tibet Dongcai CSI New Energy Automobile Index Initiating Fund-A	2020-11-30
				516660.OF	Huaan CSI New Energy Vehicles ETF	2021-01-11
				011512.OF	Tianhong CSI New Energy Vehicles Index Initiating Fund-A	2021-03-24
				011513.OF	Tianhong CSI New Energy Vehicles Index Initiating Fund-C	2021-03-24
				013048.OF	Fullgoal New Energy Vehicles Index Fund-C	2021-07-19
				012543.OF	Harvest CSI New Energy Automobile Index Fund-A	2021-07-26
				012544.OF	Harvest CSI New Energy Automobile Index Fund-C	2021-07-26
				013195.OF	China Merchants CSI New Energy Vehicles Index Fund-A	2021-08-12
				013196.OF	China Merchants CSI New Energy Vehicles Index Fund-C	2021-08-12
013013.OF	Hua Xia CSI New Energy Vehicles ETF Initiating Feeder Fund-A	2021-08-25				
013014.OF	Hua Xia CSI New Energy Vehicles ETF Initiating Feeder Fund-C	2021-08-25				
013320.OF	Huaan CSI New Energy Vehicles ETF Initiating Feeder Fund-C	2021-09-22				
399808.SZ	CSI New Energy Index	2015-02-10	Energy Conservation and Environmental Protection Theme	013319.OF	Huaan CSI New Energy Vehicles ETF Initiating Feeder Fund-A	2021-09-22
				164821.OF	ICBCCS CSI New Energy	2015-06-15
				516160.OF	China Southern CSI New Energy ETF	2021-01-14
				516090.OF	E Fund CSI New Energy ETF	2021-02-24
				516850.OF	ChinaAMC CSI New Energy ETF	2021-03-01
				516580.OF	Bosera CSI New Energy ETF	2021-06-15
				159875.OF	Harvest CSI New Energy ETF	2021-08-02
012831.OF	China Southern CSI New Energy ETF Feeder Fund-A	2021-08-09				
980032.CNI	CNI NEV Battery Index	2015-02-17	Energy Conservation and Environmental Protection Theme	012832.OF	China Southern CSI New Energy ETF Feeder Fund-C	2021-08-09
				159755.OF	GF CNI New Energy Vehicle Battery ETF	2021-06-01
				159757.SZ	Invesco Great Wall CNI New Energy Vehicle Battery ETF	2021-07-05
				159840.OF	ICBCCS Guozheng New Energy Vehicle Battery ETF	2021-07-19
				159767.SZ	Xingyin Guozheng New Energy Vehicle Battery ETF	2021-07-26
				013179.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-A	2021-08-06
				013180.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-C	2021-08-06

Index Ticker	Index Name	Index Release Time	Strategy Type	Fund Ticker	Fund Name	Fund Release Time
930614.CSI	CSI Environmental Protection Industry 50 index	2015-04-07	Energy Conservation and Environmental Protection Theme	159861.OF	Guotai CSI Environmental Protection 50 ETF	2021-03-15
				012503.OF	Guotai CSI Environmental Protection 50 ETF Initiating Feeder Fund-A	2021-06-04
				012504.OF	Guotai CSI Environmental Protection 50 ETF Initiating Feeder Fund-C	2021-06-04
930997.CSI	CSI New Energy Vehicles Industry Index	2017-07-19	Energy Conservation and Environmental Protection Theme	501057.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund(LOF)-A	2018-05-07
				501058.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund(LOF)-C	2018-05-07
				515700.OF	Ping An CSI New Energy Vehicles Industry ETF	2019-12-09
				516390.OF	China Universal CSI New Energy Vehicle Industry ETF	2021-05-17
				012698.OF	Ping An CSI New Energy Vehicles Industry ETF Initiating Feeder Fund-A	2021-06-15
				012699.OF	Ping An CSI New Energy Vehicles Industry ETF Initiating Feeder Fund-C	2021-06-15
				515790.OF	Huatai-PB CSI Photovoltaic Industry ETF	2020-12-01
931151.CSI	CSI Photovoltaic Industry Index	2019-04-22	Energy Conservation and Environmental Protection Theme	516880.OF	Yinhua CSI Photovoltaic Industry ETF	2020-12-29
				011102.OF	Tianhong CSI Photovoltaic Industry Index Initiating Fund-A	2021-01-11
				011103.OF	Tianhong CSI Photovoltaic Industry Index Initiating Fund-C	2021-01-11
				159857.OF	Tianhong CSI Photovoltaic Industry ETF	2021-01-25
				516180.OF	Ping An CSI Photovoltaic Industry ETF	2021-02-01
				159863.OF	Penghua CSI Photovoltaic Industry ETF	2021-02-08
				011966.OF	China Merchants CSI Photovoltaic Industry Index Fund-A	2021-05-20
				011967.OF	China Merchants CSI Photovoltaic Industry Index Fund-C	2021-05-20
				012722.OF	Ping An CSI Photovoltaic Industry Index Initiating Fund-A	2021-06-28
				012723.OF	Ping An CSI Photovoltaic Industry Index Initiating Fund-C	2021-06-28
				012364.OF	GF CSI Photovoltaic Industry Index Initiating Fund-A	2021-06-28
				012365.OF	GF CSI Photovoltaic Industry Index Initiating Fund-C	2021-06-28
				159864.SZ	Guotai CSI Photovoltaic Industry ETF	2021-07-19
				012885.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-A	2021-07-19
				012886.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-C	2021-07-19
				516290.SH	China Universal CSI Photovoltaic Industry ETF	2021-07-22
				012679.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-A	2021-07-29
				012680.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-C	2021-07-29
				013105.OF	Huaan CSI Photovoltaic Industry Index Initiating Fund-A	2021-08-23
				013106.OF	Huaan CSI Photovoltaic Industry Index Initiating Fund-C	2021-08-23
				013816.OF	China Universal CSI Photovoltaic Industry Index Enhanced Initiating Fund-A	2021-10-13
				013817.OF	China Universal CSI Photovoltaic Industry Index Enhanced Initiating Fund-C	2021-10-13
				013817.OF	China Universal CSI Photovoltaic Industry Index Enhanced Initiating Fund-C	2021-10-13
				013601.OF	Guotai CSI Photovoltaic ETF Initiating Feeder Fund-A	2021-10-18
				013602.OF	Guotai CSI Photovoltaic ETF Initiating Feeder Fund-C	2021-10-18

Data source: Wind data terminal, compiled by China SIF.

## Appendix 5 Board-ESG Mutual Funds

(按策略类型和成立时间排序)

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 SSE Social Responsibility ETF	2010-04-21	Equity Fund	ESG SELECT
530010.OF	CCB Principal SSE Social Responsibility Index ETF Feeder Fund	2010-04-21	Equity Fund	ESG SELECT
470028.OF	China Universal Social Responsibility Hybrid Fund-A	2011-03-29	Hybrid Fund	ESG SELECT
530019.OF	CCB Principal Social Responsibility Hybrid Fund	2012-08-14	Hybrid Fund	ESG SELECT
217027.OF	China Merchants CCTV 50 Index Fund-A	2013-01-10	Equity Fund	ESG SELECT
000042.OF	Caitong ECPI ESG Index Enhanced Fund-A	2013-02-19	Equity Fund	ESG SELECT
165312.OF	CCB Principal CCTV 50 Index Fund(LOF)	2013-02-25	Equity Fund	ESG SELECT
000017.OF	Caitong Sustainable Development Theme Hybrid Fund	2013-03-27	Hybrid Fund	ESG SELECT
960011.OF	BOC Sustainable Growth Hybrid Fund-H	2015-09-24	Hybrid Fund	ESG SELECT
004410.OF	China Merchants CCTV 50 Index Fund-C	2017-02-23	Equity Fund	ESG SELECT
003184.OF	Caitong ECPI ESG Index Enhanced Fund-C	2017-04-14	Equity Fund	ESG SELECT
159965.SZ	Zhongrong CCTV 50 ETF	2018-12-12	Equity Fund	ESG SELECT
006743.OF	Zhongrong CCTV 50 ETF Feeder Fund-A	2018-12-24	Equity Fund	ESG SELECT
006744.OF	Zhongrong CCTV 50 ETF Feeder Fund-C	2018-12-24	Equity Fund	ESG SELECT
006122.OF	Huaan Low Carbon Life Hybrid Fund	2019-03-12	Equity 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 WP MSCI China A Inclusion ESG General Index Fund(LOF)-A	2019-08-21	Hybrid Fund	ESG SELECT
007548.OF	E Fund ESG Responsibility Investment Equity Initiating Fund	2019-09-02	Equity Fund	ESG SELECT
515090.OF	Bosera CSI Sustainable Development 100 ETF	2019-12-16	Equity Fund	ESG SELECT
008264.OF	China Southern ESG Equity Fund-A	2019-12-19	Equity Fund	ESG SELECT
008265.OF	China Southern ESG Equity Fund-C	2019-12-19	Equity Fund	ESG SELECT
009246.OF	Morgan Stanley Huaxin Esg Quantitative Antecedence Hybrid Fund	2020-07-16	Equity Fund	ESG SELECT
009872.OF	Lombarda China Responsibility Investment Hybrid Fund-A	2020-09-10	Hybrid Fund	ESG SELECT
009873.OF	Lombarda China Responsibility Investment Hybrid Fund-C	2020-09-10	Hybrid Fund	ESG SELECT
010557.OF	China Universal Digital Life Theme Six Months Holding Period Hybrid Fund	2020-11-18	Hybrid Fund	ESG SELECT
010481.OF	China Universal High-Quality Growth Select Two Years Holding Period Hybrid Fund	2020-12-02	Hybrid Fund	ESG SELECT
010070.OF	Founder Fubon ESG Hybrid Fund-A	2020-12-28	Hybrid Fund	ESG SELECT
010071.OF	Founder Fubon ESG Hybrid Fund-C	2020-12-28	Hybrid Fund	ESG SELECT
011149.OF	Truvalue ESG Responsibility Investment Equity Initiating Fund-A	2020-12-30	Hybrid Fund	ESG SELECT
011150.OF	Truvalue ESG Responsibility Investment Equity Initiating Fund-C	2020-12-30	Equity Fund	ESG SELECT
501206.OF	China Universal Innovation Future 18 Months Closed Operation Hybrid Fund-C	2021-01-09	Equity Fund	ESG SELECT
011399.OF	China Universal Digital Future Hybrid Fund-A	2021-02-24	Hybrid Fund	ESG SELECT
011400.OF	China Universal Digital Future Hybrid Fund-C	2021-02-24	Hybrid Fund	ESG SELECT
009630.OF	AXA SPDB ESG Responsibility Investment Hybrid Fund-A	2021-03-16	Hybrid Fund	ESG SELECT
009631.OF	AXA SPDB ESG Responsibility Investment Hybrid Fund-C	2021-03-16	Hybrid Fund	ESG SELECT
011155.OF	Golden Eagle Responsibility Investment Hybrid Fund-A	2021-03-16	Hybrid Fund	ESG SELECT
011156.OF	Golden Eagle Responsibility Investment Hybrid Fund-C	2021-03-16	Hybrid Fund	ESG SELECT

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
159755.OF	GF CNI New Energy Vehicle Battery ETF	2021-06-01	Hybrid Fund	ESG SELECT
011122.OF	China Universal ESG Sustainable Growth Equity Fund-A	2021-06-10	Equity Fund	ESG SELECT
011123.OF	China Universal ESG Sustainable Growth Equity Fund-C	2021-06-10	Equity Fund	ESG SELECT
516400.OF	Fullgoal CSI ESG 120 Strategy ETF	2021-06-16	Equity Fund	ESG SELECT
510990.OF	ICBCCS CSI 180 ESG ETF	2021-06-18	Equity Fund	ESG SELECT
516830.OF	Fullgoal CSI 300 ESG Benchmark ETF	2021-06-24	Equity Fund	ESG SELECT
159757.SZ	Invesco Great Wall CNI New Energy Vehicle Battery ETF	2021-07-05	Equity Fund	ESG SELECT
561900.OF	China Merchants CSI 300 ESG Benchmark ETF	2021-07-06	Equity Fund	ESG SELECT
159840.OF	ICBCCS Guozheng New Energy Vehicle Battery ETF	2021-07-19	Equity Fund	ESG SELECT
012387.OF	Gfund ESG Sustainable Growth Hybrid Fund-A	2021-07-20	Equity Fund	ESG SELECT
012388.OF	Gfund ESG Sustainable Growth Hybrid Fund-C	2021-07-20	Hybrid Fund	ESG SELECT
011665.OF	China Digital Economy Leads Development Three Years Holding Period Hybrid Fund-A	2021-07-20	Hybrid Fund	ESG SELECT
011666.OF	China Digital Economy Leads Development Three Years Holding Period Hybrid Fund-C	2021-07-20	Hybrid Fund	ESG SELECT
516720.OF	AXA SPDB CSI ESG 120 Strategy ETF	2021-07-22	Hybrid Fund	ESG SELECT
159767.SZ	Xingyin Guozheng New Energy Vehicle Battery ETF	2021-07-26	Equity Fund	ESG SELECT
012155.OF	China Universal Growth Pioneer Six Months Holding Period Hybrid Fund-A	2021-08-03	Equity Fund	ESG SELECT
012156.OF	China Universal Growth Pioneer Six Months Holding Period Hybrid Fund-C	2021-08-03	Hybrid Fund	ESG SELECT
012820.OF	China Universal Value Lead Hybrid Fund	2021-08-17	Hybrid Fund	ESG SELECT
159717.OF	Penghua Guozheng ESG300 ETF	2021-09-15	Hybrid Fund	ESG SELECT
160611.OF	Penghua Corporate Governance Hybrid Fund(LOF)	2007-04-25	Equity Fund	Corporate Governance Select
260111.OF	Invesco Great Wall Corporate Governance Hybrid Fund	2008-10-22	Hybrid Fund	Corporate Governance Select
510010.OF	Bocom Schroders SSE 180 Corporate Governance Index ETF	2009-08-31	Hybrid Fund	Corporate Governance Select
519686.OF	Bocom Schroders SSE 180 Corporate Governance Index ETF Feeder Fund	2009-08-31	Equity Fund	Corporate Governance Select
011530.OF	Hongde Corporate Governance Dynamic Allocation Hybrid Fund	2021-03-23	Equity Fund	Corporate Governance Select
163409.OF	Aegon-Industrial Green Investment Hybrid Fund(LOF)	2011-05-06	Hybrid Fund	Green and Low Carbon Select
005728.OF	Fortune SG Green Theme Hybrid Fund-A	2018-09-04	Hybrid Fund	Green and Low Carbon Select
007590.OF	Hwabao WP Green Leading Equity Fund	2019-09-18	Hybrid Fund	Green and Low Carbon Select
009237.OF	CIB Green Pure Bond One-Year Regular Open Bond Fund-A	2020-07-17	Equity Fund	Green and Low Carbon Select
009238.OF	CIB Green Pure Bond One-Year Regular Open Bond Fund-C	2020-07-17	Bond Fund	Green and Low Carbon Select
013654.OF	Maxwealth Xinli Carbon Neutralization One-Year Regular Open Bond Initiating Fund	2021-10-12	Bond Fund	Green and Low Carbon Select
010439.OF	China Universal Stable Huiying One Year Holding Period Hybrid Fund	2020-11-04	Bond Fund	ESG EXCLUSION
010487.OF	BOC ShunYing Return One-Year Holding Period Balanced Fund	2020-12-08	Hybrid Fund	ESG EXCLUSION
011044.OF	BOC ShunZe Return One-Year Holding Period Balanced Fund-A	2021-01-12	Hybrid Fund	ESG EXCLUSION
011045.OF	BOC ShunZe Return One-Year Holding Period Balanced Fund-C	2021-01-12	Hybrid Fund	ESG EXCLUSION
010219.OF	China Universal Stable Benefit Tianyi One Year Holding Period Hybrid Fund	2021-01-20	Hybrid Fund	ESG EXCLUSION
010608.OF	Huatai-PB Quality Lead Hybrid Fund-A	2021-01-20	Hybrid Fund	ESG EXCLUSION
010609.OF	Huatai-PB Quality Lead Hybrid Fund-C	2021-01-20	Hybrid Fund	ESG EXCLUSION
011021.OF	China Universal Internet Core Asset Six Months Holding Period Hybrid Fund-A	2021-01-25	Hybrid Fund	ESG EXCLUSION
011022.OF	China Universal Internet Core Asset Six Months Holding Period Hybrid Fund-C	2021-01-25	Hybrid Fund	ESG EXCLUSION

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
011271.OF	China Universal Value Growth Balanced Investment Hybrid Fund-A	2021-02-05	Hybrid Fund	ESG EXCLUSION
011272.OF	China Universal Value Growth Balanced Investment Hybrid Fund-C	2021-02-05	Hybrid Fund	ESG EXCLUSION
010480.OF	China Universal Wenjing Shuangying One Year Holding Period Hybrid Fund	2021-02-09	Hybrid Fund	ESG EXCLUSION
010599.OF	China Universal High-Quality Growth 30 One Year Holding Hybrid Fund-A	2021-02-09	Hybrid Fund	ESG EXCLUSION
011259.OF	China Universal High-Quality Growth 30 One Year Holding Hybrid Fund-C	2021-02-09	Hybrid Fund	ESG EXCLUSION
011401.OF	China Universal Growth Hybrid Fund-A	2021-02-09	Equity Fund	ESG EXCLUSION
011402.OF	China Universal Growth Hybrid Fund-C	2021-02-09	Hybrid Fund	ESG EXCLUSION
011452.OF	Huatai-PineBridge Quality Growth Hybrid Fund-C	2021-02-19	Hybrid Fund	ESG EXCLUSION
011118.OF	China Universal Wenjian Ruixuan One Year Holding Period Hybrid Fund-A	2021-03-04	Equity Fund	ESG EXCLUSION
011119.OF	China Universal Wenjian Ruixuan One Year Holding Period Hybrid Fund-C	2021-03-04	Equity Fund	ESG EXCLUSION
011587.OF	Dongfang Hong Xinhe Balance ConFigureuration Two Years Holding Period Hybrid Fund Of Funds(FOF)	2021-03-09	Hybrid Fund	ESG EXCLUSION
011482.OF	BOC Shunning Return Six-Months Hold Period Bond Fund-A	2021-03-10	Hybrid Fund	ESG EXCLUSION
011483.OF	BOC Shunning Return Six-Months Hold Period Bond Fund-C	2021-03-10	Hybrid Fund	ESG EXCLUSION
010699.OF	Dongfang Hong Innovation Trend Hybrid Fund	2021-03-15	Equity Fund	ESG EXCLUSION
910024.OF	Dongfang Hong Qiyang 3 Years Holding Period Hybrid Fund-A	2021-03-15	Bond Fund	ESG EXCLUSION
011431.OF	Manulife Teda Consumption And Services Hybrid Fund-A	2021-03-16	Bond Fund	ESG EXCLUSION
011432.OF	Manulife Teda Consumption And Services Hybrid Fund-C	2021-03-16	Bond Fund	ESG EXCLUSION
011312.OF	Dongfang Hong Qirui 3 Years Holding Period Hybrid Fund-B	2021-03-22	Hybrid Fund	ESG EXCLUSION
910011.OF	Dongfang Hong Qirui 3 Years Holding Period Hybrid Fund-A	2021-03-22	Hybrid Fund	ESG EXCLUSION
011562.OF	China Universal Stable Yinghe One Year Holding Period Hybrid Fund	2021-03-23	Hybrid Fund	ESG EXCLUSION
010870.OF	China Universal Stable Xintianying Six Months Holding Period Hybrid Fund	2021-03-25	Hybrid Fund	ESG EXCLUSION
011826.OF	China Universal Healthy Life One Year Period Hybrid Fund-A	2021-03-25	Hybrid Fund	ESG EXCLUSION
011827.OF	China Universal Healthy Life One Year Period Hybrid Fund-C	2021-03-25	Hybrid Fund	ESG EXCLUSION
910009.OF	Dongfang Hong Qicheng 3 Years Holding Period Hybrid Fund	2021-03-29	Hybrid Fund	ESG EXCLUSION
010415.OF	Huatai-PB Quality Selected Hybrid Fund-A	2021-03-31	Hybrid Fund	ESG EXCLUSION
010416.OF	Huatai-PB Quality Selected Hybrid Fund-C	2021-03-31	Hybrid Fund	ESG EXCLUSION
011945.OF	China Universal Stable Benefit Added One Year Holding Period Hybrid Fund-C	2021-04-06	Hybrid Fund	ESG EXCLUSION
010714.OF	Dongfang Hong Vision Value Hybrid Fund	2021-04-12	Hybrid Fund	ESG EXCLUSION
011724.OF	Dongfang Hong Qiheng 3 Years Holding Period Hybrid Fund-B	2021-04-21	Hybrid Fund	ESG EXCLUSION
910004.OF	Dongfang Hong Qiheng 3 Years Holding Period Hybrid Fund-A	2021-04-21	Hybrid Fund	ESG EXCLUSION
011313.OF	Dongfang Hong Qihua 3 Years Holding Period Hybrid Fund-B	2021-04-22	Hybrid Fund	ESG EXCLUSION
910021.OF	Dongfang Hong Qihua 3 Years Holding Period Hybrid Fund-A	2021-04-22	Hybrid Fund	ESG EXCLUSION
011296.OF	China Universal Advantage Industry One-Year Regular Open Hybrid Fund-A	2021-04-29	Hybrid Fund	ESG EXCLUSION
011297.OF	China Universal Advantage Industry One-Year Regular Open Hybrid Fund-C	2021-04-29	Hybrid Fund	ESG EXCLUSION
010869.OF	China Universal Stable Xinxiang One Year Holding Period Hybrid Fund	2021-04-30	Hybrid Fund	ESG EXCLUSION
011418.OF	China Universal Consumption Selected Two-Years Hold Equity Fund-A	2021-05-11	Hybrid Fund	ESG EXCLUSION
011419.OF	China Universal Consumption Selected Two-Years Hold Equity Fund-C	2021-05-11	Equity Fund	ESG EXCLUSION
012088.OF	Dongfang Hong Jinhe Selected 18 Months Holding Period Hybrid Fund-A	2021-05-19	Equity Fund	ESG EXCLUSION
012089.OF	Dongfang Hong Jinhe Selected 18 Months Holding Period Hybrid Fund-C	2021-05-19	Hybrid Fund	ESG EXCLUSION

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
011845.OF	Bosera Cyclical Select Hybrid Fund-A	2021-05-25	Hybrid Fund	ESG EXCLUSION
011846.OF	Bosera Cyclical Select Hybrid Fund-C	2021-05-25	Hybrid Fund	ESG EXCLUSION
012243.OF	Dongfang Hong Domestic Demand Growth Hybrid Fund-B	2021-06-01	Hybrid Fund	ESG EXCLUSION
910028.OF	Dongfang Hong Domestic Demand Growth Hybrid Fund-A	2021-06-01	Hybrid Fund	ESG EXCLUSION
910026.OF	Dongfang Hong Xinyuan Three Years Holding Period Hybrid Fund-A	2021-07-05	Hybrid Fund	ESG EXCLUSION
012683.OF	Dongfang Hong Anying Selection One Year Hold Period Hybrid Fund-A	2021-07-07	Hybrid Fund	ESG EXCLUSION
012684.OF	Dongfang Hong Anying Selection One Year Hold Period Hybrid Fund-C	2021-07-07	Hybrid Fund	ESG EXCLUSION
910010.OF	Dongfang Hong Xinhai Hybrid Fund-A	2021-07-09	Hybrid Fund	ESG EXCLUSION
012951.OF	China Universal Xinxiang Tianli Six Months Holding Period Hybrid Fund-A	2021-07-21	Hybrid Fund	ESG EXCLUSION
012952.OF	China Universal Xinxiang Tianli Six Months Holding Period Hybrid Fund-C	2021-07-21	Hybrid Fund	ESG EXCLUSION
012791.OF	China Universal Focus Classics One Year Holding Period Hybrid Fund of Funds(FOF)-A	2021-08-05	Hybrid Fund	ESG EXCLUSION
012792.OF	China Universal Focus Classics One Year Holding Period Hybrid Fund of Funds(FOF)-C	2021-08-05	FOF	ESG EXCLUSION
012839.OF	Dongfang Hong Zhihua Three Years Holding Period Hybrid Fund-A	2021-08-18	FOF	ESG EXCLUSION
012840.OF	Dongfang Hong Zhihua Three Years Holding Period Hybrid Fund-C	2021-08-18	Hybrid Fund	ESG EXCLUSION
012743.OF	China Universal Tianfu Ruixuan Stable Pension Goal One Year Holding Period Hybrid Fund Of Funds(FOF)	2021-08-20	Hybrid Fund	ESG EXCLUSION
013123.OF	China Universal Selected Core Advantage One Year Holding Period Hybrid Fund-A	2021-09-07	FOF	ESG EXCLUSION
013124.OF	China Universal Selected Core Advantage One Year Holding Period Hybrid Fund-C	2021-09-07	Hybrid Fund	ESG EXCLUSION
011681.OF	China Universal Balanced Allocation Individual Stocks Selected Six Months Holding Period Hybrid Fund-A	2021-09-17	Hybrid Fund	ESG EXCLUSION
011682.OF	China Universal Balanced Allocation Individual Stocks Selected Six Months Holding Period Hybrid Fund-C	2021-09-17	Hybrid Fund	ESG EXCLUSION
012459.OF	China Universal Steady Ruixiang One Year Holding Period Hybrid Fund-A	2021-10-11	Hybrid Fund	ESG EXCLUSION
012460.OF	China Universal Steady Ruixiang One Year Holding Period Hybrid Fund-C	2021-10-11	Hybrid Fund	ESG EXCLUSION
013540.OF	China Universal Steady Ruixiang One Year Holding Period Hybrid Fund-D	2021-10-11	Hybrid Fund	ESG EXCLUSION
013155.OF	China Universal Tianfu Huiying Stable Pension Goal One Year Holding Period Hybrid Fund Of Funds(FOF)	2021-10-15	Hybrid Fund	ESG EXCLUSION
350002.OF	China Nature Low-Carbon Economy Dynamic Allocation Hybrid Fund	2005-01-12	FOF	Energy Conservation and Environmental Protection Theme
540008.OF	HSBC Jintrust Low-Carbon Pioneer Equity Fund-A	2010-06-08	Hybrid Fund	Energy Conservation and Environmental Protection Theme
398051.OF	Zhonghai Environmental Protection & New Energy Theme Dynamic Allocation Hybrid Fund	2010-12-09	Equity 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
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
163114.OF	SWS MU CSI Environmental Protection Industry Index Fund(LOF)-A	2014-05-05	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
000612.OF	Hwabao WP Ecological China Hybrid Fund	2014-06-13	Hybrid Fund	Energy Conservation and Environmental Protection Theme
000663.OF	UBS SDIC Beautiful China Dynamic Allocation Hybrid Fund	2014-06-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
164304.OF	New China CSI Environmental Protection Industry Index Fund	2014-08-11	Equity 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
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

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
001064.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder Fund-A	2015-03-02	Equity Fund	Energy Conservation and Environmental Protection Theme
164905.OF	Bocom Schrodgers CNI NEW ENERGY INDEX Fund(LOF)-A	2015-03-09	Equity Fund	Energy Conservation and Environmental Protection Theme
161028.OF	Fullgoal New Energy Vehicles Index Fund-A	2015-03-12	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-A	2015-05-12	Equity Fund	Energy Conservation and Environmental Protection Theme
160640.OF	Penghua CSI New Energy	2015-05-29	Equity Fund	Energy Conservation and Environmental Protection Theme
160634.OF	Penghua CSI Environmental Protection Industry Index Fund(LOF)	2015-06-01	Equity Fund	Energy Conservation and Environmental Protection Theme
001245.OF	ICBCCS Ecological Environment Industry Equity Fund-A	2015-06-02	Equity Fund	Energy Conservation and Environmental Protection Theme
164821.OF	ICBCCS CSI New Energy	2015-06-15	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
001471.OF	Rongtong New Energy Dynamic Allocation Hybrid Fund	2015-06-29	Hybrid Fund	Energy Conservation and Environmental Protection Theme
164819.OF	ICBCCS Environmental Protection Industry	2015-07-09	Equity Fund	Energy Conservation and Environmental Protection Theme
001590.OF	Tianhong CSI Environment Industry Fund-A	2015-07-15	Equity Fund	Energy Conservation and Environmental Protection Theme
001591.OF	Tianhong CSI Environment Industry Fund-C	2015-07-15	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
001985.OF	Fullgoal Low-Carbon New Economy Hybrid Fund-A	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-C	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 Ecology and Environmental Protection	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-A	2016-05-19	Hybrid Fund	Energy Conservation and Environmental Protection Theme
160225.OF	Guotai CNI NEW ENERGY VEH INDEX Fund(LOF)-A	2016-07-01	Equity Fund	Energy Conservation and Environmental Protection Theme
002984.OF	GF CSI Environmental Protection Industry Index ETF Initiating Feeder Fund-C	2016-07-06	Equity Fund	Energy Conservation and Environmental Protection Theme
164908.OF	Bocom Schrodgers CSI Comprehensive Ecological Improvement Index Fund(LOF)-A	2016-07-19	Equity Fund	Energy Conservation and Environmental Protection Theme
501030.OF	China Universal CSI Environmental Governance Index Fund(LOF)-A	2016-11-28	Equity Fund	Energy Conservation and Environmental Protection Theme
501031.OF	China Universal CSI Environmental Governance Index Fund(LOF)-C	2016-11-28	Equity Fund	Energy Conservation and Environmental Protection Theme
512580.OF	GF China Security Environmental Protection Industry Index ETF	2016-12-19	Equity Fund	Energy Conservation and Environmental Protection Theme
004229.OF	Penghua New Energy	2017-01-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
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-A	2017-06-07	Equity Fund	Energy Conservation and Environmental Protection Theme
001790.OF	Guotai Intelligent Automobile Equity Fund-A	2017-08-01	Equity Fund	Energy Conservation and Environmental Protection Theme
004640.OF	ChinaAMC Energy-Saving Environmental Protection Equity Fund-A	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

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
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-A	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
501057.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund(LOF)-A	2018-05-07	Equity Fund	Energy Conservation and Environmental Protection Theme
501058.OF	China Universal CSI New Energy Vehicles Industry Index Initiating Fund(LOF)-C	2018-05-07	Equity 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
005668.OF	Rongtong New Energy Automobile Theme Selected Dynamic Allocation Hybrid Fund-A	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 Hybrid Fund-A	2019-07-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
007164.OF	AXA SPDB Environmental Protection & New Energy Hybrid Fund-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-C	2019-11-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme
515700.OF	Ping An CSI New Energy Vehicles Industry ETF	2019-12-09	Equity Fund	Energy Conservation and Environmental Protection Theme
515030.OF	Hua Xia CSI New Energy Vehicles ETF	2020-02-03	Equity Fund	Energy Conservation and Environmental Protection Theme
159806.OF	Guotai CSI New Energy Vehicles ETF	2020-03-02	Equity Fund	Energy Conservation and Environmental Protection Theme
005368.OF	Fullgoal Clean Energy Industry Dynamic Allocation Hybrid Fund-A	2020-03-06	Hybrid Fund	Energy Conservation and Environmental Protection Theme
009067.OF	Guotai Csi New Energy Vehicles Etf Initiating Feeder Fund-A	2020-03-30	Equity Fund	Energy Conservation and Environmental Protection Theme
009068.OF	Guotai Csi New Energy Vehicles Etf Initiating Feeder Fund-C	2020-03-30	Equity Fund	Energy Conservation and Environmental Protection Theme
009147.OF	CCB New Energy Industry Equity Fund-A	2020-06-17	Equity Fund	Energy Conservation and Environmental Protection Theme
009092.OF	Fullgoal New Material And New Energy Hybrid Fund-A	2020-06-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
009835.OF	Rongtong New Energy Automobile Theme Selected Dynamic Allocation Hybrid Fund-C	2020-07-29	Hybrid Fund	Energy Conservation and Environmental Protection Theme
009878.OF	Ping An Low-Carbon Economy Hybrid Fund-A	2020-08-10	Hybrid Fund	Energy Conservation and Environmental Protection Theme
009879.OF	Ping An Low-Carbon Economy Hybrid Fund-C	2020-08-10	Hybrid Fund	Energy Conservation and Environmental Protection Theme
010419.OF	SWS MU CSI Environmental Protection Industry Index Fund(LOF)-C	2020-10-23	Equity Fund	Energy Conservation and Environmental Protection Theme
010349.OF	Lion Low-Carbon Economy Equity Fund-C	2020-10-28	Equity Fund	Energy Conservation and Environmental Protection Theme
159824.OF	Bosera CSI New Energy Vehicles 50 ETF	2020-11-23	Equity Fund	Energy Conservation and Environmental Protection Theme
515790.OF	Huatai-PB CSI Photovoltaic Industry ETF	2020-12-07	Equity Fund	Energy Conservation and Environmental Protection Theme
010805.OF	Tibet Dongcai CSI New Energy Automobile Index Initiating Fund-A	2020-12-16	Equity Fund	Energy Conservation and Environmental Protection Theme
010806.OF	Tibet Dongcai CSI New Energy Automobile Index Initiating Fund-C	2020-12-16	Equity Fund	Energy Conservation and Environmental Protection Theme
011142.OF	Truvalue New Material And New Energy Equity Initiating Fund-A	2020-12-30	Equity Fund	Energy Conservation and Environmental Protection Theme
011143.OF	Truvalue New Material And New Energy Equity Initiating Fund-C	2020-12-30	Equity Fund	Energy Conservation and Environmental Protection Theme
011146.OF	Truvalue Climate Change Responsibility Investment Equity Initiating Fund-A	2020-12-30	Equity Fund	Energy Conservation and Environmental Protection Theme
011147.OF	Truvalue Climate Change Responsibility Investment Equity Initiating Fund-C	2020-12-30	Equity Fund	Energy Conservation and Environmental Protection Theme
516880.OF	Yinhua CSI Photovoltaic Industry ETF	2021-01-05	Equity Fund	Energy Conservation and Environmental Protection Theme
011127.OF	Fullgoal Clean Energy Industry Dynamic Allocation Hybrid Fund-C	2021-01-15	Hybrid Fund	Energy Conservation and Environmental Protection Theme

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
011306.OF	Fullgoal Low-Carbon New Economy Hybrid Fund-C	2021-01-18	Hybrid Fund	Energy Conservation and Environmental Protection Theme
516160.OF	China Southern CSI New Energy ETF	2021-01-22	Equity Fund	Energy Conservation and Environmental Protection Theme
011323.OF	Guotai Intelligent Automobile Equity Fund-C	2021-01-25	Equity Fund	Energy Conservation and Environmental Protection Theme
011102.OF	Tianhong CSI Photovoltaic Industry Index Initiating Fund-A	2021-01-28	Equity Fund	Energy Conservation and Environmental Protection Theme
011103.OF	Tianhong CSI Photovoltaic Industry Index Initiating Fund-C	2021-01-28	Equity Fund	Energy Conservation and Environmental Protection Theme
516660.OF	Huaan CSI New Energy Vehicles ETF	2021-02-03	Equity Fund	Energy Conservation and Environmental Protection Theme
159857.OF	Tianhong CSI Photovoltaic Industry ETF	2021-02-04	Equity Fund	Energy Conservation and Environmental Protection Theme
011104.OF	E&P Chinabond Intelligent Automobile Theme Equity Fund	2021-02-09	Equity Fund	Energy Conservation and Environmental Protection Theme
516180.OF	Ping An CSI Photovoltaic Industry ETF	2021-02-09	Equity Fund	Energy Conservation and Environmental Protection Theme
011328.OF	Invesco Great Wall New Energy Industry Equity Fund-A	2021-02-22	Equity Fund	Energy Conservation and Environmental Protection Theme
011329.OF	Invesco Great Wall New Energy Industry Equity Fund-C	2021-02-22	Equity Fund	Energy Conservation and Environmental Protection Theme
159863.OF	Penghua CSI Photovoltaic Industry ETF	2021-02-22	Equity Fund	Energy Conservation and Environmental Protection Theme
011566.OF	Fullgoal Beautiful China Hybrid Fund-C	2021-03-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
516850.OF	ChinaAMC CSI New Energy ETF	2021-03-09	Equity Fund	Energy Conservation and Environmental Protection Theme
516090.OF	E Fund CSI New Energy ETF	2021-03-11	Equity Fund	Energy Conservation and Environmental Protection Theme
159861.OF	Guotai CSI Environmental Protection 50 ETF	2021-03-19	Equity Fund	Energy Conservation and Environmental Protection Theme
011260.OF	Golden Eagle New Energy Hybrid Fund-A	2021-03-23	Hybrid Fund	Energy Conservation and Environmental Protection Theme
011261.OF	Golden Eagle New Energy Hybrid Fund-C	2021-03-23	Hybrid Fund	Energy Conservation and Environmental Protection Theme
159885.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF	2021-04-06	Equity Fund	Energy Conservation and Environmental Protection Theme
011512.OF	Tianhong CSI New Energy Vehicles Index Initiating Fund-A	2021-04-09	Equity Fund	Energy Conservation and Environmental Protection Theme
011513.OF	Tianhong CSI New Energy Vehicles Index Initiating Fund-C	2021-04-09	Equity Fund	Energy Conservation and Environmental Protection Theme
011446.OF	Changjiang New Energy Industry Hybrid Initiating Fund-A	2021-04-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
011447.OF	Changjiang New Energy Industry Hybrid Initiating Fund-C	2021-04-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
516070.OF	E Fund CSI Interior Low-Carbon Economy Theme ETF	2021-04-15	Equity Fund	Energy Conservation and Environmental Protection Theme
012079.OF	First State Cinda New Energy Selected Hybrid Fund	2021-05-25	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012126.OF	Manulife Teda New Energy Equity Fund-A	2021-05-26	Equity Fund	Energy Conservation and Environmental Protection Theme
012127.OF	Manulife Teda New Energy Equity Fund-C	2021-05-26	Equity Fund	Energy Conservation and Environmental Protection Theme
011938.OF	Bosera New Energy Automobile Theme Hybrid Fund-A	2021-06-02	Hybrid Fund	Energy Conservation and Environmental Protection Theme
011939.OF	Bosera New Energy Automobile Theme Hybrid Fund-C	2021-06-02	Hybrid Fund	Energy Conservation and Environmental Protection Theme
516390.OF	China Universal CSI New Energy Vehicle Industry ETF	2021-06-03	Equity Fund	Energy Conservation and Environmental Protection Theme
012503.OF	Guotai CSI Environmental Protection 50 ETF Initiating Feeder Fund-A	2021-06-08	Equity Fund	Energy Conservation and Environmental Protection Theme
012504.OF	Guotai CSI Environmental Protection 50 ETF Initiating Feeder Fund-C	2021-06-08	Equity Fund	Energy Conservation and Environmental Protection Theme
011966.OF	China Merchants CSI Photovoltaic Industry Index Fund-A	2021-06-18	Equity Fund	Energy Conservation and Environmental Protection Theme
011967.OF	China Merchants CSI Photovoltaic Industry Index Fund-C	2021-06-18	Equity Fund	Energy Conservation and Environmental Protection Theme
012210.OF	SWS MU Intelligent Vehicle Equity Fund-A	2021-06-22	Equity Fund	Energy Conservation and Environmental Protection Theme
012211.OF	SWS MU Intelligent Vehicle Equity Fund-C	2021-06-22	Equity Fund	Energy Conservation and Environmental Protection Theme
012799.OF	Fortune SG Green Theme Hybrid Fund-C	2021-06-25	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012445.OF	Harfor New Energy Equity Initiating Fund	2021-06-29	Equity Fund	Energy Conservation and Environmental Protection Theme
012698.OF	Ping An CSI New Energy Vehicles Industry ETF Initiating Feeder Fund-A	2021-06-29	Equity Fund	Energy Conservation and Environmental Protection Theme

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
012699.OF	Ping An CSI New Energy Vehicles Industry ETF Initiating Feeder Fund-C	2021-06-29	Equity Fund	Energy Conservation and Environmental Protection Theme
012364.OF	GF CSI Photovoltaic Industry Index Initiating Fund-A	2021-07-06	Equity Fund	Energy Conservation and Environmental Protection Theme
012365.OF	GF CSI Photovoltaic Industry Index Initiating Fund-C	2021-07-06	Equity Fund	Energy Conservation and Environmental Protection Theme
516270.OF	Huaan CSI Interior New Energy ETF	2021-07-09	Equity Fund	Energy Conservation and Environmental Protection Theme
012754.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-A	2021-07-13	Equity Fund	Energy Conservation and Environmental Protection Theme
012755.OF	Penghua CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-C	2021-07-13	Equity Fund	Energy Conservation and Environmental Protection Theme
012722.OF	Ping An CSI Photovoltaic Industry Index Initiating Fund-A	2021-07-14	Equity Fund	Energy Conservation and Environmental Protection Theme
012723.OF	Ping An CSI Photovoltaic Industry Index Initiating Fund-C	2021-07-14	Equity Fund	Energy Conservation and Environmental Protection Theme
516580.OF	Bosera CSI New Energy ETF	2021-07-15	Equity Fund	Energy Conservation and Environmental Protection Theme
013048.OF	Fullgoal New Energy Vehicles Index Fund-C	2021-07-19	Equity Fund	Energy Conservation and Environmental Protection Theme
159864.SZ	Guotai CSI Photovoltaic Industry ETF	2021-07-19	Equity Fund	Energy Conservation and Environmental Protection Theme
159752.OF	SWS MU CSI Interior New Energy ETF	2021-07-20	Equity Fund	Energy Conservation and Environmental Protection Theme
011956.OF	Penghua New Energy Selected Hybrid Fund-A	2021-07-21	Hybrid Fund	Energy Conservation and Environmental Protection Theme
011957.OF	Penghua New Energy Selected Hybrid Fund-C	2021-07-21	Hybrid Fund	Energy Conservation and Environmental Protection Theme
516290.SH	China Universal CSI Photovoltaic Industry ETF	2021-07-22	Equity Fund	Energy Conservation and Environmental Protection Theme
159864.OF	Guotai CSI Photovoltaic Industry ETF	2021-07-28	Equity Fund	Energy Conservation and Environmental Protection Theme
159790.OF	Chinaamc CSI Interior Low-Carbon Economy Theme ETF	2021-07-30	Equity Fund	Energy Conservation and Environmental Protection Theme
012850.OF	Zhongrong Low-Carbon Economy 3 Months Holding Period Hybrid Fund-A	2021-08-03	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012851.OF	Zhongrong Low-Carbon Economy 3 Months Holding Period Hybrid Fund-C	2021-08-03	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013188.OF	ChinaAMC Energy Innovation Equity Fund-C	2021-08-04	Equity Fund	Energy Conservation and Environmental Protection Theme
012975.OF	Western Leadban Carbon Neutralization Hybrid Initiating Fund-A	2021-08-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012976.OF	Western Leadban Carbon Neutralization Hybrid Initiating Fund-C	2021-08-09	Hybrid Fund	Energy Conservation and Environmental Protection Theme
159875.OF	Harvest CSI New Energy ETF	2021-08-09	Equity Fund	Energy Conservation and Environmental Protection Theme
516290.OF	China Universal CSI Photovoltaic Industry ETF	2021-08-09	Equity Fund	Energy Conservation and Environmental Protection Theme
013151.OF	Changxin Low-Carbon Environmental Protection Industry Quantitative Equity Fund-C	2021-08-12	Equity Fund	Energy Conservation and Environmental Protection Theme
013179.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-A	2021-08-16	Equity Fund	Energy Conservation and Environmental Protection Theme
013180.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-C	2021-08-16	Equity Fund	Energy Conservation and Environmental Protection Theme
012679.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-A	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012680.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-C	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012885.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-A	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012886.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-C	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012543.OF	Harvest CSI New Energy Automobile Index Fund-A	2021-08-18	Equity Fund	Energy Conservation and Environmental Protection Theme
012544.OF	Harvest CSI New Energy Automobile Index Fund-C	2021-08-18	Equity Fund	Energy Conservation and Environmental Protection Theme
013179.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-A	2021-08-16	Equity Fund	Energy Conservation and Environmental Protection Theme
013180.OF	GF CNI New Energy Vehicle Battery ETF Initiating Feeder Fund-C	2021-08-16	Equity Fund	Energy Conservation and Environmental Protection Theme
012679.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-A	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012680.OF	Huatai-Pinebridge CSI Photovoltaic Industry ETF Feeder Fund-C	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012885.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-A	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme
012886.OF	ChinaAMC CSI Photovoltaic Industry Index Initiating Fund-C	2021-08-17	Equity Fund	Energy Conservation and Environmental Protection Theme

Ticker	Fund Name	Establishing Time	Fund Type	Strategy Type
012543.OF	Harvest CSI New Energy Automobile Index Fund-A	2021-08-18	Equity Fund	Energy Conservation and Environmental Protection Theme
012544.OF	Harvest CSI New Energy Automobile Index Fund-C	2021-08-18	Equity Fund	Energy Conservation and Environmental Protection Theme
012831.OF	China Southern CSI New Energy ETF Feeder Fund-A	2021-08-24	Equity Fund	Energy Conservation and Environmental Protection Theme
012832.OF	China Southern CSI New Energy ETF Feeder Fund-C	2021-08-24	Equity Fund	Energy Conservation and Environmental Protection Theme
013103.OF	Bosera New Energy Theme Hybrid Fund-A	2021-08-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013104.OF	Bosera New Energy Theme Hybrid Fund-C	2021-08-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012354.OF	China Southern New Energy Industry Trend Hybrid Fund-A	2021-08-25	Hybrid Fund	Energy Conservation and Environmental Protection Theme
012355.OF	China Southern New Energy Industry Trend Hybrid Fund-C	2021-08-25	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013195.OF	China Merchants CSI New Energy Vehicles Index Fund-A	2021-08-27	Equity Fund	Energy Conservation and Environmental Protection Theme
013196.OF	China Merchants CSI New Energy Vehicles Index Fund-C	2021-08-27	Equity Fund	Energy Conservation and Environmental Protection Theme
013413.OF	Bocom Schroders CSI Comprehensive Ecological Improvement Index Fund(LOF)-C	2021-08-27	Equity Fund	Energy Conservation and Environmental Protection Theme
560560.OF	Taikang CSI Interior Low-Carbon Economy Theme ETF	2021-08-27	Equity Fund	Energy Conservation and Environmental Protection Theme
013105.OF	Huaan CSI Photovoltaic Industry Index Initiating Fund-A	2021-09-01	Equity Fund	Energy Conservation and Environmental Protection Theme
013106.OF	Huaan CSI Photovoltaic Industry Index Initiating Fund-C	2021-09-01	Equity Fund	Energy Conservation and Environmental Protection Theme
013013.OF	Hua Xia CSI New Energy Vehicles ETF Initiating Feeder Fund-A	2021-09-09	Equity Fund	Energy Conservation and Environmental Protection Theme
013014.OF	Hua Xia CSI New Energy Vehicles ETF Initiating Feeder Fund-C	2021-09-09	Equity Fund	Energy Conservation and Environmental Protection Theme
011793.OF	CCB Intelligent Automobile Equity Fund	2021-09-10	Equity Fund	Energy Conservation and Environmental Protection Theme
013511.OF	HSBC Jintrust Low-Carbon Pioneer Equity Fund-C	2021-09-13	Equity Fund	Energy Conservation and Environmental Protection Theme
013147.OF	China Universal Carbon Neutralization Hybrid Fund-A	2021-09-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013148.OF	China Universal Carbon Neutralization Hybrid Fund-C	2021-09-14	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013395.OF	ChinaAMC New Energy Vehicle Leader Hybrid Initiating Fund-A	2021-09-15	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013396.OF	ChinaAMC New Energy Vehicle Leader Hybrid Initiating Fund-C	2021-09-15	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013160.OF	Truvalue Carbon Neutralization Hybrid Fund-A	2021-09-22	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013161.OF	Truvalue Carbon Neutralization Hybrid Fund-C	2021-09-22	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013175.OF	HFT Carbon Neutralization Hybrid Fund-A	2021-09-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013176.OF	HFT Carbon Neutralization Hybrid Fund-C	2021-09-24	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013371.OF	Minsheng Royal New Energy Wise Choice Hybrid Initiating Fund-A	2021-09-28	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013372.OF	Minsheng Royal New Energy Wise Choice Hybrid Initiating Fund-C	2021-09-28	Hybrid Fund	Energy Conservation and Environmental Protection Theme
013453.OF	Bocom Schroders CNI NEW ENERGY INDEX Fund(LOF)-C	2021-09-29	Equity Fund	Energy Conservation and Environmental Protection Theme
013605.OF	ChinaAMC CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-A	2021-10-15	Equity Fund	Energy Conservation and Environmental Protection Theme
013606.OF	ChinaAMC CSI Interior Low-Carbon Economy Theme ETF Feeder Fund-C	2021-10-15	Equity Fund	Energy Conservation and Environmental Protection Theme
013319.OF	Huaan CSI New Energy Vehicles ETF Initiating Feeder Fund-A	2021-10-19	Equity Fund	Energy Conservation and Environmental Protection Theme
013320.OF	Huaan CSI New Energy Vehicles ETF Initiating Feeder Fund-C	2021-10-19	Equity Fund	Energy Conservation and Environmental Protection Theme
013601.OF	Guotai CSI Photovoltaic ETF Initiating Feeder Fund-A	2021-10-20	Equity Fund	Energy Conservation and Environmental Protection Theme
013602.OF	Guotai CSI Photovoltaic ETF Initiating Feeder Fund-C	2021-10-20	Equity Fund	Energy Conservation and Environmental Protection Theme
013816.OF	China Universal CSI Photovoltaic Industry Index Enhanced Initiating Fund-A	2021-10-26	Equity Fund	Energy Conservation and Environmental Protection Theme
013817.OF	China Universal CSI Photovoltaic Industry Index Enhanced Initiating Fund-C	2021-10-26	Equity Fund	Energy Conservation and Environmental Protection Theme
009173.OF	0	2020-03-30	Bond Fund	Anti-pandemic Theme
009528.OF	CCB Principal Chinabond Hubei Province Local Government Bonds Index Initiating Fund	2020-06-15	Bond Fund	Anti-pandemic Theme

Data source: Wind data terminal, compiled by China SIF.

## Appendix 6 Public Survey Questions and Responses

No.	Questions	Answer Choices	Times Selected	Proportion
1	What types of investments do you have? (multiple selections permitted)	Stocks	1764	62.0%
		Bonds	904	31.8%
		Mutual funds	1540	54.2%
		Private funds	316	11.1%
		Others	847	29.8%
2	What is your current portfolio size?	Less than RMB 100,000	1450	51.0%
		RMB 100,000 (incl.) to RMB 1 million	1101	38.7%
		RMB 1 million (incl.) to RMB 6 million	257	9.0%
		More than RMB 6 million (incl.)	35	1.2%
3	For how long a term do you often plan for your investment returns?	1 year or less	880	31.0%
		1 to 5 years (incl.)	1623	57.1%
		6 to 10 years (incl.)	185	6.5%
		More than 10 years	155	5.5%
4	Have you heard of "green finance", "sustainable investment" or "ESG"?	Yes and have some understanding	497	17.5%
		Yes but have no understanding	1350	47.5%
		Have never heard of	996	35.0%
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	643	22.6%
		Sometimes	1672	58.8%
		No	528	18.6%
6	What is your reason for considering an investee's ESG performance when investing? (multiple selections allowed) <i>[the calculation of proportion excluded those who selected "no" in question No. 5]</i>	It is in line with my own values	1460	63.1%
		To increase investment returns	1146	49.5%
		To lower investment risks	1344	58.1%
		To encourage companies to pursue sustainable development and create value for society	1402	60.6%
		Support Carbon Neutrality	1032	44.6%
		To respond the government's call	1180	51.0%
		Recommendations by the media, consulting agencies, relatives or friends	273	11.8%
		Religious beliefs	59	2.5%
Others	65	2.8%		
7	How have your environmental, social and governance considerations changed in your investments compared to 2020? <i>[calculation excludes those who selected "no" in question No. 5]</i>	Increased	1220	52.7%
		About the same	873	37.7%
		Reduced	104	4.5%
		No knowledge	118	5.1%
7	What are the possible reasons for you to not consider an investee's ESG performance when investing? (multiple selections allowed) <i>[the calculation of proportion excluded those who selected "always" in question No. 5]</i>	Irrelevant to financial returns	160	30.3%
		Lack of evaluation criteria for ESG performance	259	49.1%
		Lack of ESG information sources	296	56.1%
		Not sure whether sustainable investment would promote sustainable development of the society	171	32.4%
		Have limited understanding of sustainable investment	268	50.8%
		No one recommended that to me	171	32.4%

No.	Questions	Answer Choices	Times Selected	Proportion
9	Do you agree with the view that the "COVID-19 pandemic" and the "dual-carbon goals", among others, will further manifest the importance of identifying ESG risks and opportunities in a portfolio?	Totally agree	1406	49.5%
		Partially agree	1274	44.8%
		Partially disagree	127	4.5%
		Totally disagree	36	1.3%
10	Which of the following issues do you think would discourage you from investing in a publicly listed company?	Environmental pollution	1505	52.9%
		Waste of resources	918	32.3%
		High GHG emission	889	31.3%
		Destruction of ecosystem/species habitat	1001	35.2%
		Safety incident	1522	53.5%
		Exposure of multiple client complaints	961	33.8%
		Leakage of customer privacy	946	33.3%
		Product quality issues	1099	38.7%
		Sweatshop	548	19.3%
		Financial fraud	1245	43.8%
		Corruption and bribery by senior executives	831	29.2%
		Insider trading	666	23.4%
		Frequent changes in senior management	406	14.3%
		Others	37	1.3%
None of matters listed above	37	1.3%		
11	Which of the following issues do you think would discourage you from investing in a publicly listed company?	Farming, forestry, animal husbandry and fishery	449	15.8%
		Mining	1604	56.4%
		Food and beverage manufacturing	467	16.4%
		Cultural, educational, arts and crafts, sports and entertaining products	399	14.0%
		Raw material processing and manufacturing	786	27.6%
		Pharmaceuticals	793	27.9%
		Transportation equipment, common equipment and special equipment	186	6.5%
		Automobile	251	8.8%
		Electric Machinery and Household Appliances	277	9.7%
		Production and supply of water, electricity, heat and gas	886	31.2%
		Construction	430	15.1%
		Other services	69	2.4%
		Transportation, logistics, warehousing and postal services	94	3.3%
		Services - Communications, Software, and Information Technology	131	4.6%
		Finance and insurance	411	14.5%
		Real estate	455	16.0%
		Water Conservancy, Environment and Public Utilities Management	248	8.7%
Health Care	135	4.7%		
Services/Other services	54	1.9%		
12	Which of the following sources of information would you like to use for understanding a company's ESG performance? (multiple selections allowed)	Disclosure by regulatory authorities	2244	78.9%
		Voluntary disclosure by the company	1640	57.7%
		News report and business commentaries	1575	55.4%
		Media awards and rankings	682	24.0%
		Sustainable investment-related indices	1079	38.0%
		Research reports and database	1245	43.8%
		Direct communication with the company	310	10.9%
		Others	94	3.3%
No interest in such information	29	1.0%		
13	Will you consider using the following methods in next year's investment?	Exclude companies with poor ESG performance	1228	43.2%
		Actively invest in companies with superior ESG performance	1628	57.3%
		Directly invest in industries and/or projects that are environmentally friendly and have social benefits	1382	48.6%
		Directly invest in sustainable investment products that are available in the market	589	20.7%
		Will not consider sustainable investment	231	8.1%



## ◀ Acknowledgement

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Without the support of the above-mentioned parties, this Report would not have been possible. However, for any mistake in this Report, the responsibilities shall remain solely with the research team.

## ◀ Research Institute



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SynTao Green Finance (STGF) is one of the first Chinese organizations specialized in providing green finance and ESG responsible investment services, starting ESG data collection and research as early as in 2009. STGF ESG data and research on ESG key issues are widely employed to support investment decisions, risk management, policy making, and sustainable finance product innovation. STGF STαR ESG Database and STGF ESG Risk Radar System cover all A-share market, and Hong Kong stocks in the stock connect schemes, amounting to 5,000 listed companies. In 2020, STGF launched STGF Peak and Neutrality Database (PANDA), providing carbon emission data of Chinese entities based on GHG protocol. STGF ESG ratings (SynTaoGF-ESG) has been onboarding on Bloomberg Intelligence, making it the first Chinese ESG rating agency to have its data displayed on Bloomberg.

STGF is the first signatory of Chinese service provider joining PRI, a member of the first Advisory Council of Green Bond Principles and Social Bond Principles of International Capital Market Association (ICMA), the founding member of China Green Finance Committee, the certified consulting agency for UK Green Investment Bank, the first China based Climate Bonds Standard (CBS) approved verifier, a member of the National Association of Financial Market Institutional Investors (NAFMII).



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China Social Investment Forum (China SIF), established in 2012 as a non-profit organization, is dedicated to promoting responsible investment and to provide an internationalized platform for exchanging and sharing ideas on issues concerning sustainable development, with focus on facilitating Environmental, Social and Governance (ESG) integration, advocating green finance, and contributing to a responsible capital market in China as well as its sustainability.

Since the establishment, China SIF has held 9 Annual Conferences, 5 Summer Summits, 5 China SIF Weeks, and a series of featured seminars and webinars, convening policymakers as well as domestic and foreign experts to share their views, research, and good practice. Professionals and practitioners from research institutes, financial institutions, listed companies, government agencies, as well as representatives from media have joined our discussion and endeavor to explore multiple ways to promote and practice responsible investment and green finance.

China SIF keeps launching a series of landmark research reports, such as China Sustainable Investment Review, and supporting the Dissertation Competition on ESG and Sustainable Finance. It has become one of the most influential responsible investment forums in the region.



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**Research Institution:** China SIF, SynTao Green Finance

**Supporting Organization:** Sina Finance

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