

WEBINAR

Top 10 CSR Trends in China (2020)

Dr. GUO Peiyuan
GM, SynTao Co., Ltd.

Published by



Webinar hosted by





Trends Overview

01

New Starting Point

The year of concluding the Three Critical Battles and preparing next 5-Year-Plan

02

New Image

Communicating Chinese stories by supporting UN SDGs

03

New Rural Areas

Building a sustainable model for eliminating relative poverty

04

New Fashion

Piloting waste sorting and zero-waste cities

05

New Wave

Responding to climate change by carbon reduction

06

New Disclosure

Strengthening quantitative and carbon disclosure in ESG Reports

07

New Benchmark

Improving governance of companies through ESG rating

08

New Communication

Innovating stakeholder communication in the 5G era

09

New Boundary

Extending responsibility along value chain and value network

10

New Risk

Dealing with ethical risks in new technologies

Trend 1 New Starting Point | The year of concluding the Three Critical Battles and preparing next 5-Year-Plan



2020 Concluding...

- Risk prevention
- Fight against poverty
- Tackling pollution

2020 New Beginning...

- Waste sorting
- HKEX ESG reporting guide
- 14th five-year plan

2020 the **first five-year plan** after China's per capita GDP exceeds \$10,000

High-quality Development

Rural Rejuvenation

Social Justice



Belt-and Road: Chinese Stories

COP15 Biological



2020 COP15 to the Convention
on Biological Diversity

- UN SDGs enters the fifth year, and the focus will shift **from awareness-raising to implementation** and experience sharing.
- Chinese government supports SDGs. Sino-US trade frictions will not weaken China' s standing but stimulate China to play a more active role through UN platform.

Trend 3 New Rural Areas eliminating relative poverty

Building a sustainable model for



| From absolute poverty to relative poverty

1978

770 million rural poor

Rural poverty 97.5%

2018

16.6 million rural poor

Rural poverty 1.7%

| What does rural poverty alleviation mean for businesses?

- More rural labour to gain employment, especially **local employment** opportunities
- Gradually establish and develop rural related **industries**
- More **returning youth** and more entrepreneurship
- Rural population consumption upgrades, releasing huge market potential



Waste sorting and zero-waste cities construction

Shanghai took the lead in implementing mandatory waste sorting. Over the past 6 months, the compliance rate in residential areas has increased from 15% to 90%, and the proportion of waste landfill has decreased from 41.4% to 20%.

1st July 2019

April 2019

The state has **selected 11 cities and 5 special cases as pilots for the construction of zero waste** (11 + 5 pilot: Shenzhen, Baotou, Tongling, Weihai, Chongqing, Shaoxing, Sanya, Xuchang, Xuzhou, Panjin, Xining, Xiong'an New District,, Beijing Economic and Technological Development Zone, Sino-Singapore Tianjin Eco-City, Guangze County, Fujian Province, and Ruijin City, Jiangxi Province)

27th December, 2019

members of the Standing Committee of the National People's Congress conducted a group review of the second draft of the Law on the Prevention and Control of Environmental Pollution by Solid Wastes and suggested that waste sorting will be further standardized

2020

19th January, 2020

The NDRC and the Ministry of Ecology and Environment issued the "Opinions on Further Strengthening the Control of **Plastic Pollution**", planning to ban non-degradable plastic bags in all major cities by the end of this year, and all cities and towns by 2022. Restaurants will have to stop providing plastic straws by the end of this year and reduce their use of single-use plastic items by 30 percent.

46 cities nationwide (Beijing, Tianjin, Shanghai, Chongqing, Shijiazhuang, Handan, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Suzhou, Hangzhou, Ningbo, Hefei, Tongling, Fuzhou, Xiamen, Nanchang, Yichun, Zhengzhou, Jinan, Taian, Qingdao, Wuhan, Yichang, Changsha, Guangzhou, Shenzhen, Nanning, Haikou, Chengdu, Guangyuan, Deyang, Guiyang, Kunming, Lhasa, Shigatse, Xi 'an, Xianyang, Lanzhou, Xining, Yinchuan, Urumqi) will **begin waste sorting**



A New wave tackling climate change

- **More well-known companies are expected to take action against climate change in 2020**
- Use the financial market to discover carbon prices and reflect carbon costs into financing costs through the capital market system and bank credit system
- Asset owners and asset management companies calculate carbon intensity of asset portfolios
- Commercial banks reduce or withdraw from business cooperation with high-carbon companies

Bosch

Carbon neutrality by 2020

L'Oreal

25% reduction by 2030

Exxon Mobil

Net zero carbon growth in 2025

Volkswagen

Achieving zero emissions from cars by 2050

Unilever

Carbon neutrality by 2030

Nestle

Net zero carbon Emissions by 2050

IKEA

Carbon neutrality by 2030

Shell

50% carbon reduction by 2050

Trend 6 New Disclosure disclosure in ESG Reports

Strengthening quantitative and carbon



HKEX 3rd edition ESG Guide

- The board should oversee ESG issues and review progress made against ESG-related goals and targets
- social key performance indicators have been upgraded from recommended disclosure to Comply or Explain
- Disclosure of significant **climate-related issues**



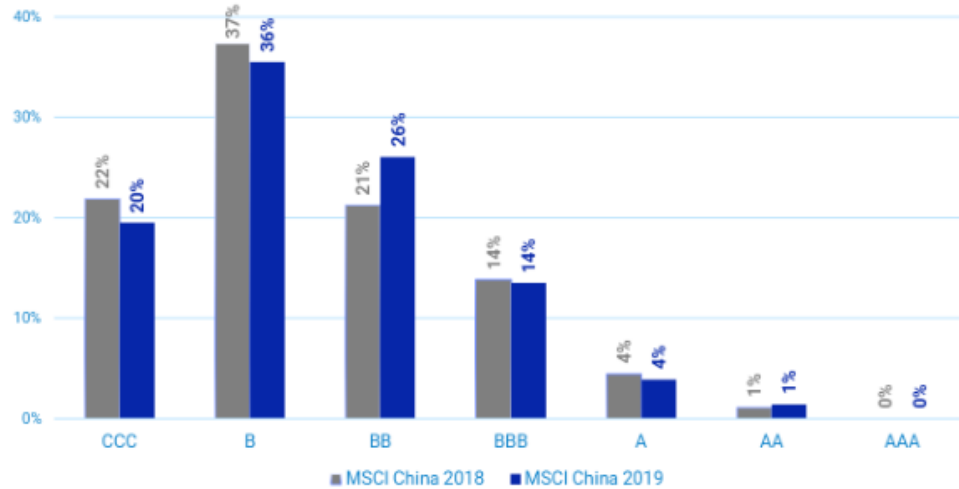
Trend 7 New Benchmark through ESG rating

Improving governance of companies



ESG ratings have become mainstream

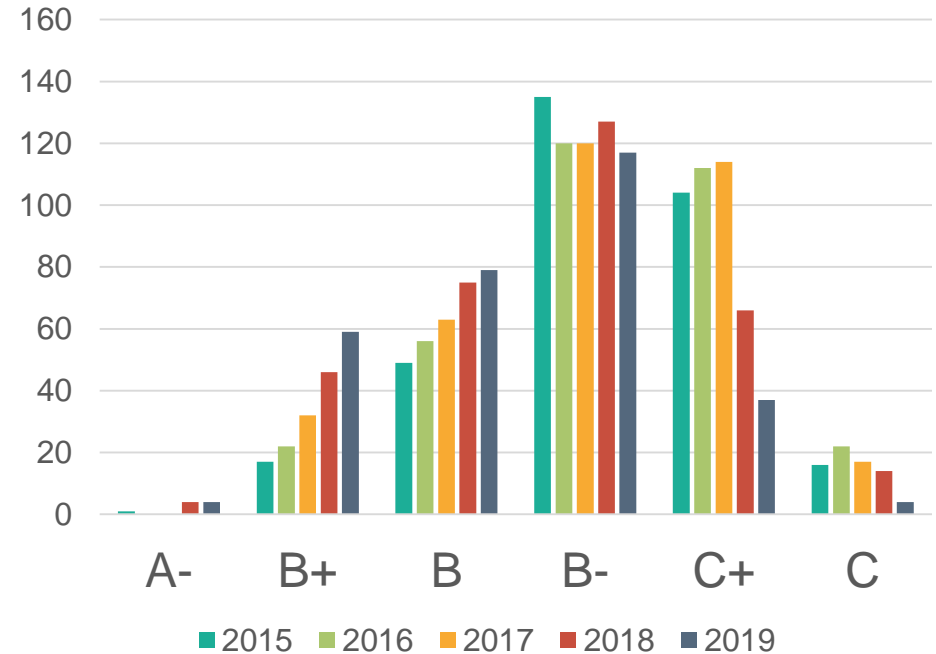
The ESG rating objectively promotes the governance of listed companies, especially the governance of environmental and social issues. Judging from SynTao Green Finance and MSCI ratings over the years, the ESG ratings of A-share companies have improved year by year.



Note: n. MSCI China Index Constituents with ESG rating data as of Aug. 1, 2018=447,
n. MSCI China Index Constituents with ESG Rating data as of Aug. 1, 2019 = 487

Source: MSCI ESG Research as of Aug.1, 2018 and Aug. 1, 2019

MSCI China Index ESG Rating: Comparison Between 2018 and 2019



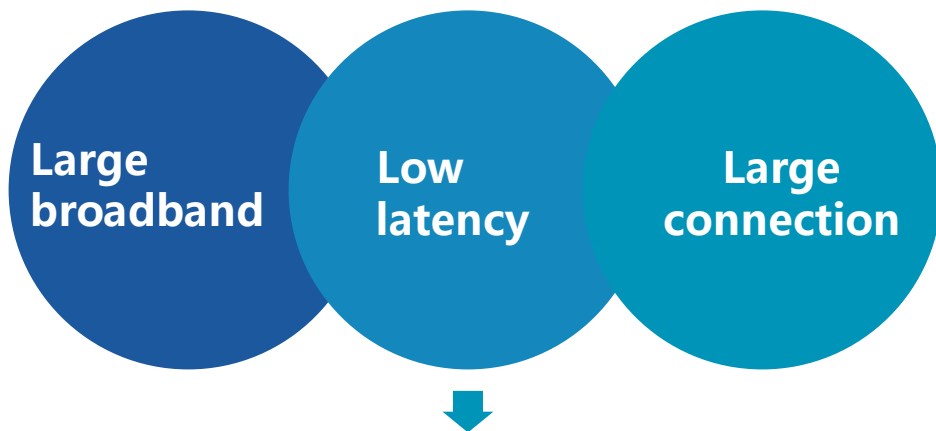
SynTao Green Finance ESG Ratings: Overall Distribution from 2015 to 2019



5G innovates communication

Innovative stakeholder communication

I 5G advantages



New information organization and content forms: **short video, live broadcast platform, vlog, VR, AR, etc.**

Internet of Things



More detailed stakeholder portraits

AI data analysis capabilities, etc.



Stakeholder communication innovation



Opportunities (CSR events will get exponential diffusion) and challenges (increasing difficulty of tracing information)

Trend 9 New Boundary |

Extending responsibility along value chain and value network



| Responsibility of a company is extending along the supply chain and value chain. Its boundary is not set by law, but by the expectations of key stakeholders

- The 2016 Implementation Plan for Extended Producer Responsibility System applied extended producer responsibility to four types of business: **electrical appliances, automobiles, lead-acid batteries, and packaging materials**. It is expected that an initial policy system will be formed in 2020



- in the context of increased trade frictions, some countries have extended CSR to more areas and a wider range of commodity value chains, especially some important raw materials. **CSR compliance risks** for Chinese companies will be increased.



The two sides of technology application

Positive

Example:
Blockchain helps
food traceability

Negative

Example:
Genetically
Edited Babies

Focus on new risks posed by new technologies

| Data security and privacy protection

Regulators are expected to continue to crack down the black market of selling personal data and information. Software with improper collection of personal information, lack of **user privacy agreements, or lack of a clear description of information collection, will face extremely high legal risks**



Policy trends

National-International-Rural-Urban

New Starting Point

The year of concluding the Three Critical Battles and preparing next 5-Year-Plan

New Image

Communicating Chinese stories by supporting UN SDGs

New Rural Areas

Building a sustainable model for eliminating relative poverty

New Fashion

Piloting waste sorting and zero-waste cities



Market transformation

Climate change, responsible investment

New Wave

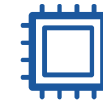
Responding to climate change by carbon reduction

New Disclosure

Strengthening quantitative and carbon disclosure in ESG Reports

New Benchmark

Improving governance of companies through ESG rating



Technological change

5G, digitalization, internet

New Communication

Innovating stakeholder communication in the 5G era

New Boundary

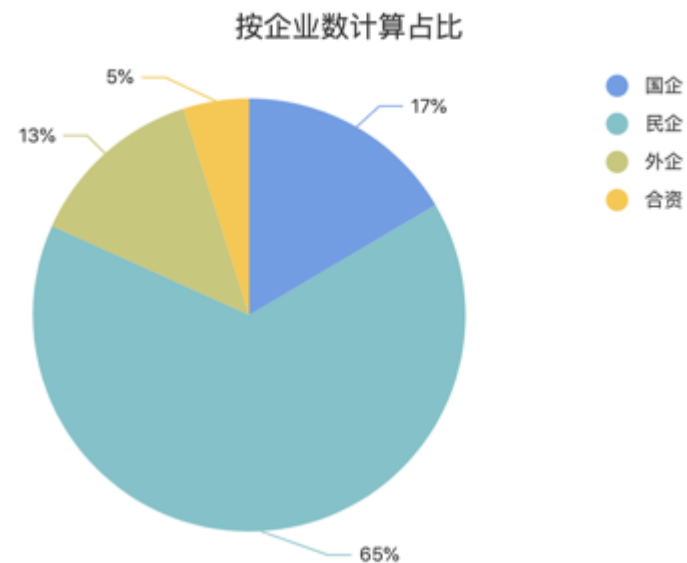
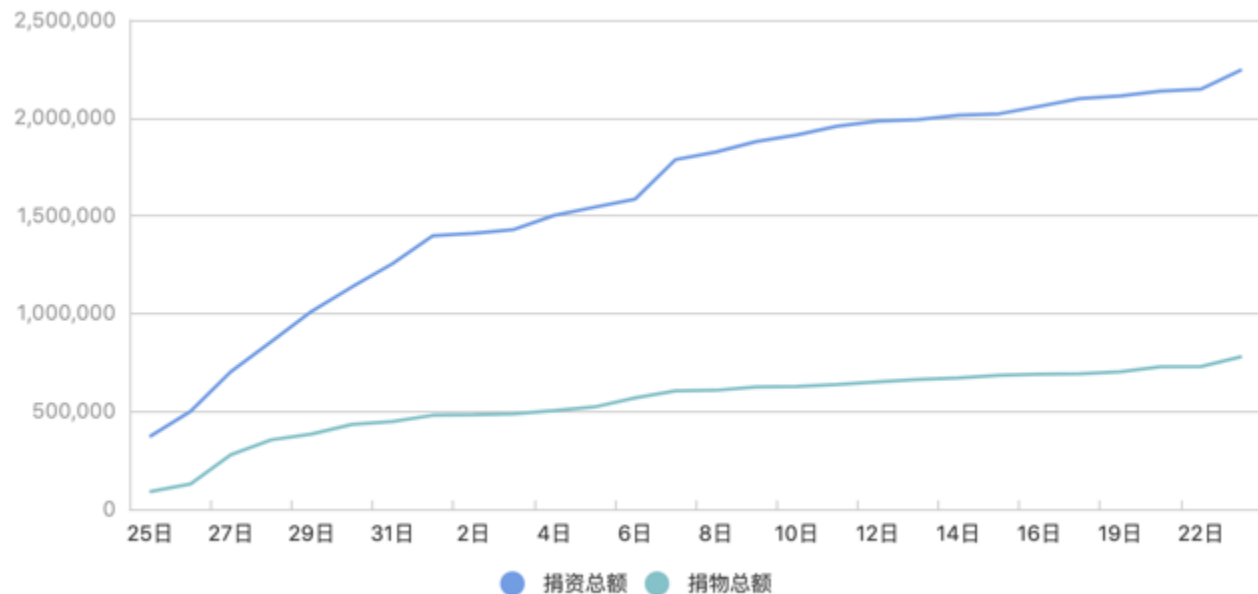
Extending responsibility along value chain and value network

New Risk

Dealing with ethical risks in new technologies

Impacts of coronavirus epidemic

- Over 3000 companies made total donation of **over RMB 30bn (cash & in-kind)**.
- State-owned enterprise 17%; private domestic 65%; MNCs 13%.

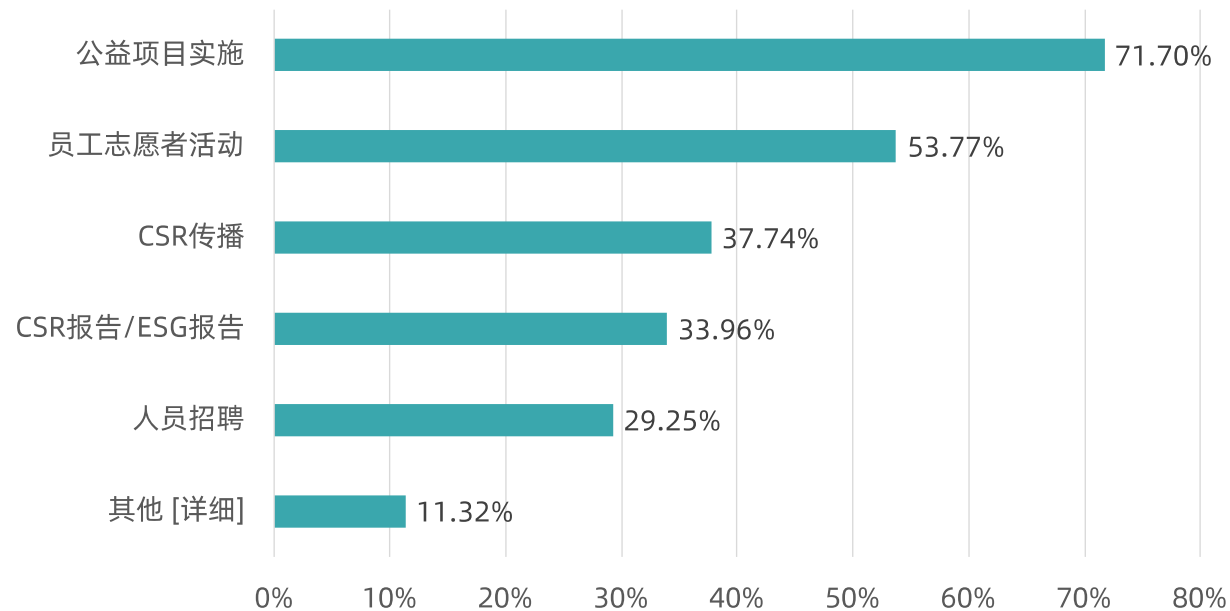


Impacts of coronavirus epidemic



- 71.7% CSR managers believe corporate **philanthropy projects will be delayed.**

疫情对哪些项目和工作产生较大影响



Impacts of coronavirus epidemic



Policy trends

National-International-Rural-Urban

New Starting Point

The year of concluding the Three Critical Battles and preparing next 5-Year-Plan

New Image

Communicating Chinese stories by supporting UN SDGs

New Rural Areas

Building a sustainable model for eliminating relative poverty

New Fashion

Piloting waste sorting and zero-waste cities



Market transformation

Climate change, responsible investment

New Wave

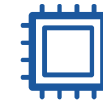
Responding to climate change by carbon reduction

New Disclosure

Strengthening quantitative and carbon disclosure in ESG Reports

New Benchmark

Improving governance of companies through ESG rating



Technological change

5G, digitalization, internet

New Communication

Innovating stakeholder communication in the 5G era

New Boundary

Extending responsibility along value chain and value network

New Risk

Dealing with ethical risks in new technologies



Beijing • Shanghai • Guangzhou • Chengdu • Washington DC

Published by



Webinar hosted by



Email: guopeiyuan@syntao.com

[Http://www.syntao.com](http://www.syntao.com)