



Top 10 CSR Trends in China (2023)

SynTao
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Trends Overview

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|----|---|----|--|
| 01 | Advancing Chinese Modernization | 06 | Green Finance Accelerating Low-carbon Transition |
| 02 | Support & Enhance Common Prosperity | 07 | Bio-diversity for Better Ecological Co-creation |
| 03 | Supply Chain Restructuring & Collaboration | 08 | Higher Requirement on Corporate Governance |
| 04 | Building Chinese-Character ESG System | 09 | Technology Ethics & Data Security as Double-edged Challenges |
| 05 | Integration of Information Disclosure Standards | 10 | Low-carbon Consumption Becoming Mainstream |

Trend #1: Advancing Chinese Modernization

"Chinese Modernization" repeatedly mentioned in the 20th National Congress

Modernization with a huge population

Modernization of common prosperity for all

Modernization of material and cultural-ethical advancement

Modernization of harmony between humanity and nature

Modernization of peaceful development



Trend #2: Support & Enhance Common Prosperity

Common prosperity is the rising topic for Chinese enterprises



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- We should adhere to the people-centered philosophy of development, rely on joint efforts, steadily promote common prosperity, and continuously meet the people’ s aspirations for a better life.
- We will advance rural revitalization across the board, continue to put agricultural and rural development first, consolidate and expand our achievements in poverty alleviation, move faster to build up China’ s strength in agriculture and steadily promote the revitalization of businesses, talent, culture, ecosystems, and organizations in the countryside.

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Trend #3: Supply Chain Restructuring & Collaboration

Establish multilateral cooperation mechanisms, strengthen the resilience of the supply chain

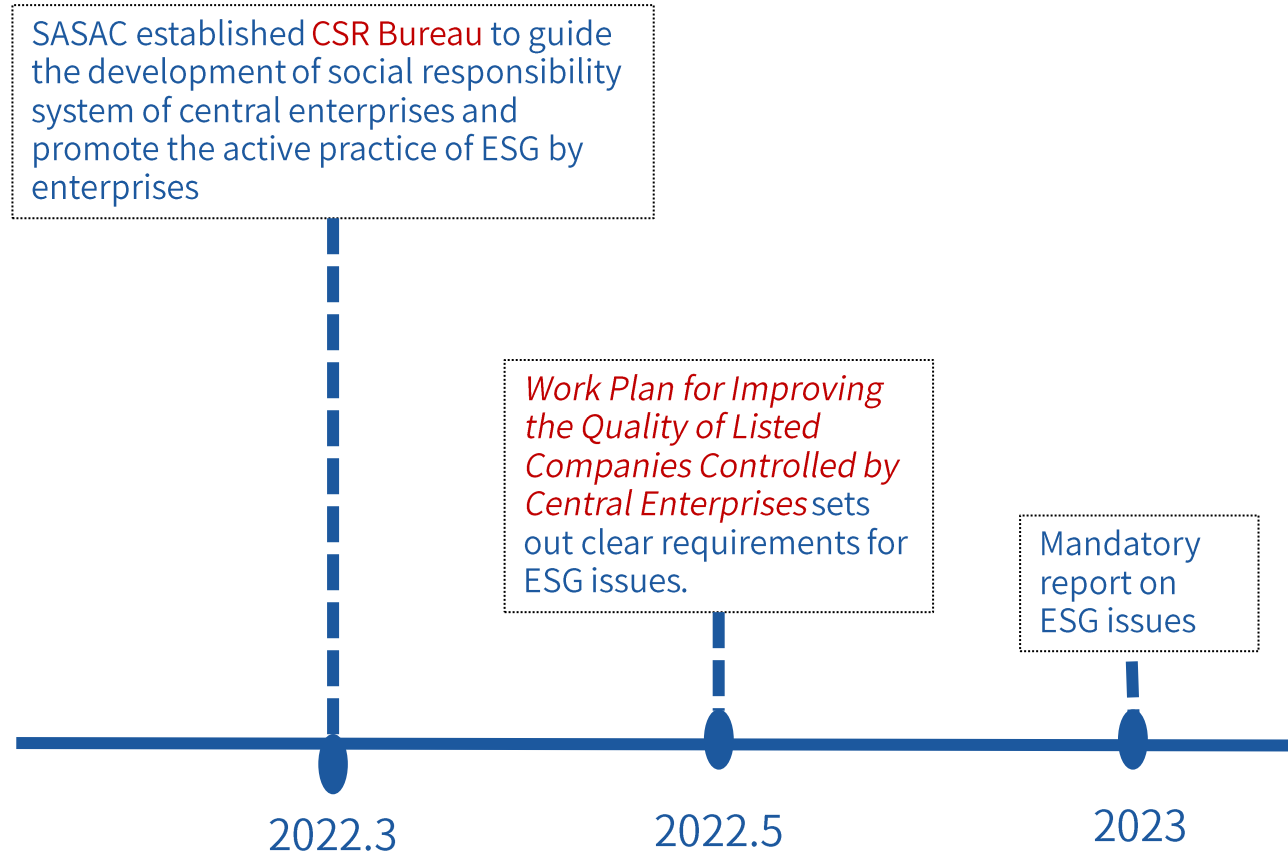
- With economic globalization facing challenges and risks of recession, the **security-first principle** will replace the efficiency-first principle as the basis of global supply chain management in recent time.
- **Supply chain** issues are mentioned for 3 times in 20th National Congress report, emphasizing on ensuring **the resilience and security of the supply chain of food, energy resources and important industrial chains**.
- EU and American markets have introduced supply chain due diligence legislation to increase the value differentiation



Trend #4: Building Chinese-Character ESG System

Chinese ESG development enters a new phase

- Chinese modernization requires the development of ESG with Chinese characteristics
- The further development of ESG eco-system with Chinese characteristics also needs active corporate participation



Trend #5: Integration of Information Disclosure Standards

Acceleration of ESG standards



2022

- In March, ISSB & GRI announced collaboration
- In December, CDP announced that the ISSB climate-related disclosure standard will be incorporated into the CDP Global Environmental Disclosure System by 2024

2023

- The new standard will be officially published
 - *IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information*
 - *IFRS S2 Climate-Related Disclosures*
- IFRS Beijing office is expected to open in mid-2023

Trend #6: Green Finance Accelerating Low-carbon Transition

Green financial policy system is gradually improved

- CBIRC *Green Finance Guidelines for the Banking and Insurance Industry*
- CSRC *Carbon Financial Products Standard*
- Green Bond Standard Committee *China Green Bond Principles*

Transition finance gains opportunities

- *G20 Framework for Transition Finance* approved at G20 Heads of State and Government Summit



Trend #7: Bio-diversity for Better Ecological Co-creation



A new blueprint for biodiversity conservation

- Kunming-Montreal Global Biodiversity Framework adopted
- Protect 30% of the Earth's terrestrial, inland water, coastal and marine ecosystems by 2030

Accelerating the development of national park system

- *National Park Spatial Layout Plan*
- Select 49 candidate national parks (including 5 established national parks)

Trend #8: Higher Requirement on Corporate Governance

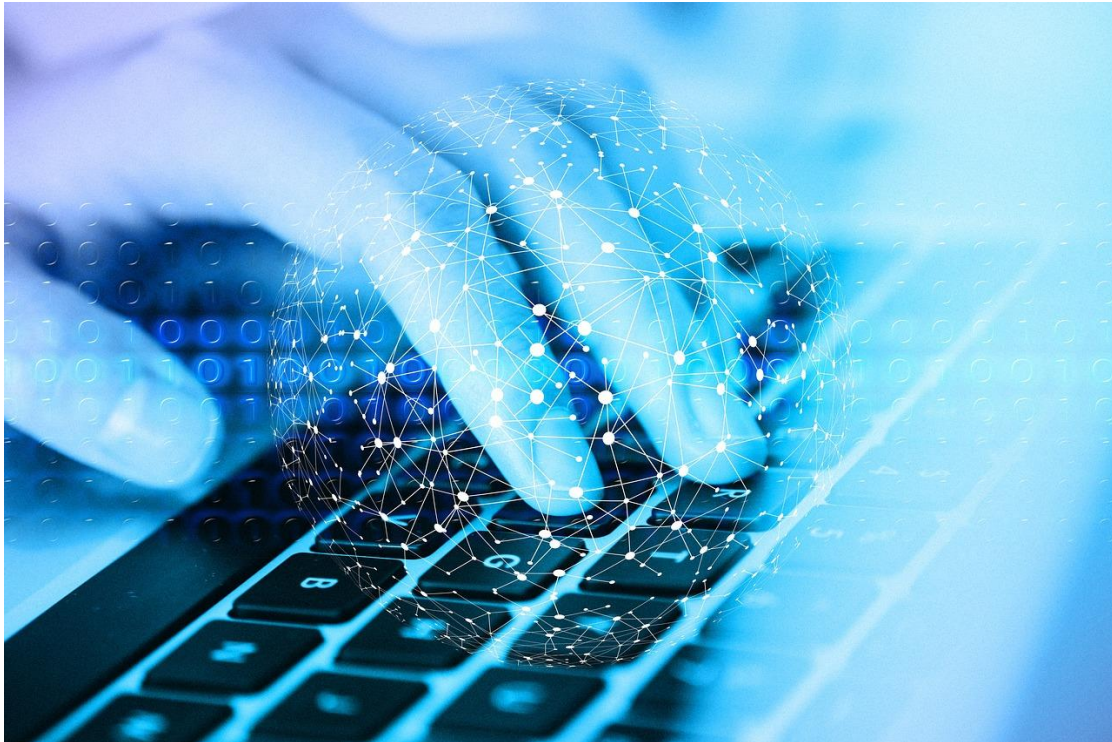
Rising attention on corporate governance for better management

- Corporate governance is gaining more attention due to ESG trends
- Frequent governance risk events have a significant adverse impact on corporate sustainability
- Reinforce the issue of diversity of board, e.g.:
 - HKEX 'single-gender boards' are unacceptable, requiring mandatory disclosure of board and employee gender diversity goals and timelines, etc.



Trend #9: Technology Ethics & Data Security as Double-edged Challenges

Encourage innovation with enhanced regulation



- Policy on enhanced regulations
 - *Opinions on Strengthening the Ethical Governance of Science and Technology*
 - *Regulations on the Management of Internet Information Services in Depth Synthesis*
- As innovation subjects, enterprises not only need to shoulder the basic responsibility on ethical management of science and technology, but also to conduct due diligence investigation on internal ethical violations

Trend #10: Low-carbon Consumption Becoming Mainstream

Accelerate the formation of green production & lifestyle

Green consumption and the formation of a green and low-carbon production and lifestyle are highly promoted by central government

- Active low-carbon consumption practices
 - Carbon Inclusion Mechanism at local-level
 - Zero carbon product
 - Low carbon consumption interaction mechanism
- Consumers' strong support on low-carbon consumption
 - 67.6% of respondents believe that low carbon consumption can effectively promote national carbon peaking & neutrality goal



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本地食材 耐用 二手 零废弃 健康
断舍离 手工
适度 素食主义 环保材料
无污染 循环再生 天然有机
回收捐赠 垃圾分类 光盘行动



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