

Comparative Study on Chinese and Foreign ESG Evaluation under the Background of "Double Carbon"

-- Taking Express Delivery Companies as an Example

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Abstract

With the proposal of the national dual carbon goals, ESG has gradually become the object of people's attention. Due to differences in evaluation indicators, weight settings and data sources among existing rating agencies, the rating results are also different. This article combines the development of ESG at home and abroad, selects two domestic and foreign institutions for analysis, takes the difference in ESG evaluation of express delivery companies as an example, analyzes the reasons for the difference and the difficulties faced in the construction of my country's ESG system, and puts forward relevant suggestions.

Keywords

Chinese and Foreign ESG Evaluation; Express Delivery Company; Comparative Study.

1. Introduction

ESG rating is a rating method that takes three aspects of environment, society and corporate governance as the main considerations for investment evaluation. Investors can use public information such as social responsibility reports to understand whether a company's investment decisions are conducive to sustainable economic development and the fulfillment of social responsibilities. Currently, ESG investment is based on four levels: First, listed companies disclose ESG-related information. Second, rating companies make ratings based on the information collected. Third, compile relevant indices based on the rating results. Fourth, investors should make reasonable investments based on rating information.

ESG information disclosure is the basis for ESG evaluation and ESG investment. And many scholars have found that relevant information disclosure will have a positive impact on companies. Li Zhibin et al. (2022) used relevant data of China's listed companies from 2011 to 2020 to empirically test that ESG information disclosure can significantly alleviate corporate financing constraints. Wang Rong (2022) analyzed the panel data of China's A-share listed companies from 2012 to 2020 and found that ESG information disclosure has a "U"-shaped relationship with corporate value, which will have a positive impact on corporate value from a long-term perspective. Li Zongze (2023) believes that due to the motivation of seeking advantages and avoiding disadvantages and the pressure from social comparison and public opinion supervision, ESG information disclosure among enterprises will produce a cohort effect, which will lead to a lack of disclosure effectiveness.

ESG evaluation is based on information disclosure and provides a method to evaluate and compare the ESG of invested companies. An Guojun (2023) established a regression model based on the financial data of CSI 300 constituent companies and found that the ESG scoring system has positive impacts to varying degrees on listed companies in different industries. Based on 14 well-known ESG rating agencies at home and abroad, Wang Kai (2022) found that

China's ESG evaluation system has problems such as inconsistent evaluation results and poor quality of information disclosure.

The ESG index is compiled based on the evaluation structure. It is the preferred tool for global asset allocation and is beneficial to the implementation of mainstream investment strategies in the financial market. It has the characteristics of strong liquidity, high transparency and low cost. In recent years, multiple ESG index products have been produced around the world.

ESG investing is based on the former practice. Bai Xiong et al. (2022) based their research on the data of 3,400 listed companies in Shanghai and Shenzhen A-shares from 2013 to 2020 and found that institutional investors have ESG investment preferences and can tolerate the short-term operating performance of listed companies with good ESG performance to a certain extent. Li Jiangtao et al. (2022) selected China's A-share listed companies from 2017 to 2019 as a sample for analysis and found that ESG performance can effectively alleviate corporate over-investment. For companies in the secondary industry or with poor financial information quality, the role of ESG performance in promoting corporate investment efficiency is more obvious.

2. Literature Review

2.1. Current Status of Foreign ESG Evaluation

The ESG concept has a long history. As early as the 1960s, European and American countries began to pay attention to responsible investment when they faced a series of social and environmental issues. Developed countries such as Europe and the United States plan to unify the international standards for ESG, and their influence will continue to expand. European companies mostly adopt investor-centered capital market disclosure standards, while American companies mostly adopt sustainability reporting standards that meet the needs of stakeholders. These two standards correspond to financial reports and corporate sustainable development reports respectively. Both reports are very important and have a great impact on China's corporate social responsibility management, ESG rating investments and corporate accounting standards.

Today, there are more than 600 ESG rating agencies around the world carrying out corporate ESG evaluation work. Since each rating agency has a different understanding, starting point, and goal of ESG, there are obvious differences in their respective evaluation index systems, evaluation methods, and weight settings. The evaluation results Consensus is difficult to reach. Take several internationally influential ESG evaluation institutions as examples. MSCI's ESG rating content is mainly composed of three main aspects: environment, society and governance, covering 10 topics and 37 core indicators. It focuses on corporate ESG risk and opportunity management, and the evaluation level is consistent with the standards and performance of industry peers. related. S&P's CSA evaluation index system mainly involves three levels: environmental, social and economic. Target companies are regularly invited to fill in questionnaires every year, and combined with public channel information, the company is rated on more than 600 environmental, social and economic indicators, and based on industry characteristics Each score is adjusted according to the weight to arrive at the final score.

2.2. Current Status of Domestic ESG Evaluation

Domestic ESG development is relatively late, but the core concepts of "sustainable development" and "green and low carbon" in ESG are highly consistent with China's development strategy. Promoting the construction of China's ESG system will help improve the ESG practices and performance of Chinese enterprises and assist China's modernization drive. The most influential ESG evaluation institutions in China include Wind, Huazheng, SynTao Green Finance, Menglang, Value Online, Ping'an Guoyun, etc. Its evaluation data mainly comes

from company annual reports, corporate social responsibility reports, media reports, regulatory department announcements, public quantitative data, etc. From the perspective of assessment objects , domestic ESG assessment agencies mainly focus on A -share listed companies , and also involve Hong Kong stocks.

In 2018, Mingsheng included A -shares into the emerging market index and global index , which promoted the development of domestic ESG , and related policies and regulatory systems were gradually launched. Although the domestic ESG rating system has received great attention from the government and enterprises , its development still has certain limitations. First , because ESG- related investments cannot bring economic benefits to companies in the short term and will increase their operating costs , some companies are unwilling to carry out ESG -related construction. Second , the disclosure of ESG reports of listed companies in China is still in the semi-mandatory disclosure stage . Only companies on the Science and Technology Innovation Board need to make mandatory disclosures , and the disclosure content lacks unified standards. This has led to some companies lacking awareness of ESG disclosure or hiding information that is detrimental to the company when disclosing ESG information , resulting in insufficient information disclosure. Since ESG reports are an important basis for corporate ESG ratings , the lack and irregularity of ESG reports will have a great impact on ESG ratings and the development of the industry , hindering the objective and international development of the ESG rating industry. Third , the rating system constructed by domestic ESG rating agencies lacks unified rating standards , and the accuracy of the rating results needs to be studied and verified.

2.3. Comparison of Domestic and Foreign ESG Evaluations

Table 1. Comparison of Chinese and foreign ESG evaluation institutions

Rating agencies	Domestic coverage	ESG rating system composition	Rating results	Information Sources
Huazheng	All A -share listed companies, 2000+ bond entities	3 dimensions, 14 themes, 22 units and more than 180 indicators	Set nine levels AA A , AA, A, BBB, BB, B, CCC, CC and C	Company annual reports, announcements and independent and reliable third-party data providers
SynTao Green Finance	All A -share listed companies , Shenzhen and Shanghai 300 and CSI 500	3 dimensions, 13 classified issues, more than 200 third-level indicators, and more than 1,000 data points.	Set A+, A, A-, B+, B, B-, C+, C, C-, D in total ten levels	Company public information, company official website , regulatory authority penalty information, media reports, social organization investigations, etc.
MSCI	700+ listed companies	3 first-level pillars, 10 second-level theme indicators, 35 third-level key issue indicators and more than 1,000 specific data points	After weighting and aggregating each indicator and comparing it with similar companies, the company's final ESG rating is obtained, which is divided into 7 levels from AAA to CCC.	Data sets from academia, government, and non-governmental organizations ; corporate information disclosures ;
Wind	All A -share and Hong Kong-listed companies	3 dimensions, 27 topics, 300+ indicators	It is composed of management practice score (total score of 7 points) and controversial event score (total score of 3 points), and is given a seven-level rating of " AAA-CCC "	Company announcements, news and public opinion, regulatory penalties, legal proceedings and other information
FTSE Russell	800+A -share listed companies	Three core contents, 14 thematic evaluations and more than 300 independent inspection indicators.	ESG ratings are scored between 0 and 5	Only use public information (including company quarterly reports and corporate social responsibility reports, etc.)

Foreign ESG was initially born as an investment tool , so investor preferences will affect the focus of the ESG evaluation system . For example, American ESG prefers information technology and communication service industries with low-carbon attributes , so the average ESG scores of these industries Relatively high , and domestic ESG regards corporate governance in the three dimensions as the most important consideration for their current investments . Therefore, companies in different industries do not place too much emphasis on it , and even because of their better capital market performance and relatively high High marks will be given for outstanding social contribution behavior. Moreover, foreign ESG evaluation systems are highly developed , with extensive data sources and high objectivity , more complete information disclosure systems , and the evaluation entities are global-oriented and more universal. The domestic evaluation system is mainly aimed at domestic listed companies , and the indicator design has Chinese characteristics. However, China currently still relies on independent disclosure by enterprises and focuses on promoting its own positive image , which is somewhat one-sided.

3. Case Analysis of ESG Evaluation of China's Express Delivery Companies by Chinese and Foreign Evaluation Agencies

3.1. Case Introduction

From the perspective of ESG , the green and low-carbon development of express logistics companies has become an important issue. Based on the ESG reports of various express logistics companies , their green and low-carbon initiatives usually include green transportation, green packaging, green warehousing, green distribution and other links. The express logistics industry is an important area to achieve the dual carbon goal. Parcels generated for express delivery are a green act. If all employees participate in the recycling of express packaging and make green recycling a social trend , it will have a great impact on ESG . ESG is like a " practical roadmap " to achieve the dual-carbon goal, with a common direction and value pursuit. ESG not only responds to national policies and achieves carbon reduction targets , but also drives the digital upgrade of China's logistics infrastructure.

Currently, the logistics industry is paying more and more attention to ESG . The " ESG Action Report of Chinese Listed Companies (2022-2023) " shows that the number of A -share listed companies that publish independent ESG/ social responsibility reports has shown an overall upward trend , and listed companies have increased their attention to ESG regulatory policies and their own ESG management. As of the end of June 2023 , 1,738 of all A -share listed companies had independently disclosed ESG or social responsibility reports , and the number of disclosed companies increased by 22.14% year-on-year . In the first half of this year , many listed companies such as SF Express, JD.com, YTO, Sinotrans, etc. have successively disclosed ESG reports and made their own contributions to sustainable development. Previously, only a few logistics companies disclosed separate reports , and most companies only placed ESG in a certain paragraph after the financial results.

ESG tests the core competitiveness of enterprises . Not only is it not an obstacle to corporate development , it has also become a booster for corporate development , attracting the cooperation of many international fast-moving consumer goods giants. In the express delivery industry that is constantly undergoing mergers and acquisitions and price involution , how to break through the difficulties and stand out among many express delivery companies. ESG may be the answer. In the future, ESG will gradually become the core competitiveness of enterprises , and the non-financial part it represents will gradually become an important part of the fundamentals of market research companies.

Table 2. Ratings of express delivery companies in China by different evaluation systems

Evaluation subject	years	domestic		foreign	
		Huazheng Rating	SynTao Green Finance	MSCI	FTSE Russell
YTO Express	2018	CCC	C+	AA	
	2019	B	C+	AA	1.4
	2020	CCC	B-	AA	1.4
	2021	B	B-	AAA	1.4
	2022	BB	C+	AAA	1.1
SF Holding	2018	CCC	C	AA	
	2019	CC	C+	AA	1.3
	2020	CC	C+	AAA	1.3
	2021	BB	B	AAA	2.9
	2022	BBB	A-	AAA	2.9
Yunda shares	2018	B	C+	A	
	2019	CCC	C+	AA	1.2
	2020	B	C+	AA	1.2
	2021	B	C+	AAA	0.8
	2022	B	B+	AAA	1
STO Express	2018	BB	C	A	
	2019	BB	C	AA	1.3
	2020	CCC	C+	AA	1.3
	2021	CC	C+	AAA	1.3
	2022	CCC	B-	AAA	1.2

3.2. Reasons for Differences in ESG Evaluations of Express Delivery Companies at Home and Abroad

3.2.1. Differences In Methodological Frameworks and Indicator Scopes

In terms of methodological framework , some rating agencies will start from the perspective of income and use ESG as a tool to obtain Alpha income. Other rating agencies will focus on examining the hidden risks of enterprises from a risk perspective. That is, the types and ranges of indicators used by different rating systems will also differ. For example, under the 14 themes in the FTSE Russell rating system are more than 300 independent indicators used to evaluate each company. This system includes 14 theme scores such as anti-corruption, climate change, health and safety , and more than 300 inspection indicators. SynTao Green Finance has more than 200 indicators , including negative environmental information and indicators with Chinese characteristics , such as its impact on poverty eradication. Due to the different coverage and content of each institution's indicators , the final score of the same listed company will be significantly different.

3.2.2. The Information Disclosure System is Imperfect and Companies Lack Enthusiasm.

Since the overall ESG framework and rules and regulations are still under construction , and the investment philosophy of enterprises also needs to be strengthened , China's scoring environment is relatively tolerant. In terms of information disclosure , most of the information sources for ESG evaluation in China are public information of listed companies. Environmental information is mainly voluntary and supplemented by mandatory . Many companies carry out " greenwashing " under the banner of ESG and only disclose non-financial information that is beneficial to themselves. Foreign countries require mandatory disclosure of ESG information , and companies that refuse to disclose or disclose false ESG information will be punished. Therefore , the foreign disclosure environment is more stringent and the scoring results are

also more rigorous. In addition, due to the full coverage of ESG evaluation, this has also aroused a sense of competition among listed companies. In order to achieve a higher ESG score, more environmentally friendly behaviors and investment in more green funds will bring positive effects to corporate economic interests.

3.2.3. Different Cultural Backgrounds at Home and Abroad Make it Difficult to Highlight Characteristic Indicators

International indicators use the same indicator system for global companies and do not fully consider the large differences in national conditions of each country. At present, a number of influential and representative information disclosure standards and evaluation systems have been established internationally. However, when entering the Chinese market, due to the lack of understanding of China's national conditions, its standard requirements and indicator systems are difficult to measure when measuring the ESG performance of Chinese companies. There are many shortcomings. If the same set of common indicator systems is used, there is a lack of differentiation in standard design and it is impossible to accurately measure the true ESG performance of Chinese companies.

4. Suggestions for Building China's ESG Evaluation System

4.1. Advocate Enterprises to Establish ESG Concepts and Positively Guide the Development of ESG in Our Country

The development of ESG in our country is generally later than that of developed countries abroad, but we can let more investors understand the value of ESG through later publicity. Use existing scientific and technological research results to improve the transparency and accuracy of corporate ESG information disclosure. For some listed companies, there is a phenomenon of mandatory disclosure but incomplete disclosure. Relevant regulatory authorities can provide more detailed guidance on relevant issues at the environmental level and strengthen data disclosure requirements. At the governance level, detailed requirements are provided for relevant businesses, industry trends, and risk factors involved, and it is pointed out that listed companies must not refuse to disclose the results solely because the results of relevant matters are uncertain. According to the benchmark disclosure requirements, some listed companies fail to disclose information in accordance with relevant regulations and should be punished accordingly.

4.2. Improve Institutional Technical Capabilities to Ensure the Comprehensiveness and Accuracy of Indicators

Third-party evaluation agencies need to provide professional services and guarantees for enterprises and stakeholders in the ESG ecosystem, and improve their own awareness, ESG data collection and processing capabilities, and the reliability of evaluation results. The improvement of comprehensiveness and accuracy can be achieved by dividing industries, clarifying the characteristics of each industry, expanding the scope of indicators, and establishing industry characteristic indicators. Many evaluation agencies in China have established industry indicators. For example, SynTao Green Finance calculates based on weighted ESG material factors in different industries, China Chengxin Green Gold has more than 40 ESG industry rating models, and Runling Global calculates based on 56 of the 68 GICS industry classifications. More than 100 indicators have been established for each industry. On this basis, the indicators will be improved according to the characteristics of the industry. Taking the banking industry as an example, the evaluation agency can obtain data on the bank's inducement of public over-consumption, investment, and inclusive agricultural loans through interviews, questionnaires, surveys, etc., and establish a system that reflects the bank's efforts

in developing ESG and achieving common prosperity and sustainability for society. Characteristic indicators of the banking industry that contribute to sustainable development.

4.3. Construct an ESG Evaluation Index System with Chinese Characteristics.

Although a variety of ESG rating systems already exist in the Chinese market, due to different evaluation standards, there is a lack of comparability between rating results. Moreover, foreign rating agencies have limited understanding of China's national conditions and cannot fully reflect the true ESG situation in our country. After years of international practice, the ESG concept has formed a mature research framework focusing on environment, social responsibility, and corporate governance. To turn ESG concepts into effective management tools and measure the comprehensive benefits of ESG investments, we still need to be based on national conditions, constantly enrich and improve China's ESG theory in practice, explore and build an ESG system with Chinese characteristics, and refine indicators and evaluation standards. For example, the inclusion of indicators with Chinese characteristics such as party building guidance, common prosperity, and rural revitalization; highlighting the weight of environmental indicators; and promoting the formation of ESG comprehensive management tools, etc.

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