

China Green Companies Index Program Overview

1 Introduction

Today, China is seriously concerned about environmental protection, climate change, and sustainability after 30-year rapid economic growth, and seeking effective and efficient means to address. Sharing the same concerns, Downons Enterprise Institute (DEI) is launching a long-term program called “China Green Companies Index (CGCI)” this year.

CGCI provides a comprehensive perspective on the financial performance of Chinese companies in terms of environmental protection, global warming, CSR, and SD for international and domestic investors. The objectives of this program are as following:

- Evaluate environmental, social, and economic strategy of Chinese companies
- Disseminate “Best Practices” in creating green companies to Chinese companies
- Promote the transformation of business strategy of Chinese companies
- Provide valuable investment guide for investors in Chinese market

CGCI is the first index in China comprehensively evaluating environmental competitiveness and social responsibility competitiveness of Chinese companies. Its distinct characteristics are the following:

- More comprehensive definition of “Green Company”. We define “Green Company” as a company whose entire ecological environment is harmonious with the nature, the public, and the society. It has two tiers of implications: the first one is the harmonious existence between human beings and the nature; the second is the harmonious existence among human beings--positive symbiosis between business and society and between entrepreneurs and the masses.
- Authority and internationalization of the appraisal committee. CGCI sets up two committees: the Advisory Committee and International Appraisal Committee, responsible for the final decision of all the important issues, including reviewing China Green Companies Assessment Criteria, reviewing and approving the ranking of green companies and index. Members of the two Committees are all renowned scholars, experts, researchers, and NGO representatives, domestically and abroad.
- Case study provided by top international consulting company. We will select 5-10 best companies listed in the final ranking list and conduct case study on the construction and creation of “Green Company” instructed by top international consulting company. Our goal is to provide models, lessons, and experience for Chinese companies in the construction and creation of “Green

Company”.

- Typicality and comprehension of constituents of sample companies. Our primary samples are the publicly-listed companies in Shanghai Stock Exchange and Shenzhen Stock Exchange. The other constituents are some private-owned companies, foreign companies, and state-owned companies, which are not publicly-listed. The constituents of sample companies reflect the reality of corporate components in the business sector.

2 Process

Stage 1: Data and Information Collection

Stage 2: Data and Information Analysis

Stage 3: Company Ranking

Stage 4: Index Calculation

Stage 5: Ranking and Index Publication

Stage 6: Ongoing Maintenance and Annual Review

3 Schedule

Early Aug. 2007:

Confirmation of members of International Appraisal Committee;

Confirmation of Partnership Organizations;

Confirmation of companies engaged;

Completion of questionnaire design;

[Review of China Green Companies Assessment Criteria](#)

[Review of China Green Companies Assessment Questionnaire](#)

Late Aug. 2007- Early Nov. 2007:

Data Collection;

Middle Nov. 2007:

Data Analysis;

Pre-screening of Leading Companies;

Calculation of Index;

Late Nov. 2007:

[Review and Approval of the final ranking and index;](#)

Accomplishment of Case Study;

Dec. 2007:

Publication of Program Outcomes;

Awarding Ceremony;

Opening of Green Forum;

Mar. 2008:

Publication of China Green Companies Blue Book

4 Sample Companies

The major targets of CGCI are publicly-listed companies in Shanghai and Shenzhen Stock Exchanges. The reasons why we choose them as the major targets are the following: first, the information of these companies is easier to access for our

research; second, the reliability of the information publicized by these companies is higher than the average of all companies because false information will be punished by the supervision authority; third, most of these companies are leading ones in their own sectors in environmental protection, global warming, CSR, and SD and so on, which makes it easy for us to search for companies with excellent performance; finally, these companies offer more investing opportunities for international and domestic investors since they are publicly-listed, which makes the CGCI more valuable for investors.

In addition, there are a number of excellent private-owned companies and large state-owned companies which are not publicly-listed, and some state-owned companies which are publicly-listed outside the Mainland China. Their influence toward the directions of development of their sectors, national economy and the public is strong and powerful. We select some of them as the samples of companies in our program according to certain standards we set (see below “selection standard” for details).

There are a great number of foreign companies in China. Given their distinct managerial ideas and atmosphere, we believe it is necessary to include them in our samples of companies to assess their performance in environmental protection, global warming, CSR, and SD. The assessment outcomes will give us important information, lessons, and experience in constructing and creating green companies in China.

In practice, the Program Team collected information of the following Chinese companies:

- Top 500 Chinese companies
- Top 500 private-owned Chinese companies
- Top 500 foreign companies in China
- Publicly-listed Chinese companies in and out of Mainland China

5 Information Sources

Four sources of information are used in CGCI.

5.1 Corporate Questionnaire

The Project Team of CGCI designs and distributes the corporate questionnaire to our samples of companies. The questionnaire for non-publicly-listed companies has more questions than it for publicly-listed companies due to the accessibility of public information of these companies. After filling in the questionnaire, a senior representative of the sample company will sign and mail it to the Project Team. The completed questionnaire is the most important source of information for the assessment.

5.2 Public Documentation

Such documentation includes:

- Annual reports, financial reports, and non-financial reports published by the company;

- Information put on company's website;
- Advertising materials distributed by the company (such as brochures, pamphlets etc.)
- Advertising materials on media offered by the company (such as press release, TV and newspaper advertisement)

5.3 Social Reporting

- Programs, articles, and commentaries written by the media about the company
- Articles, papers, and comments made by social research institutes about the company
- Reports from other social organizations

5.4 Direct Contact

- The Project Team may contact directly with the company to verify or inquire some information important for our program
- The Project Team may contact with other organizations related to the sample company to verify or inquire some information, such as trade associations, third-party verifying organizations, suppliers, and NGOs and so on

6 Selection Criteria

- The company registered in China as an independent entity and consecutively operated at least five (5) years, including foreign companies, state-owned companies, private companies, and mixed-owned companies
- The company had a record of profit in recent three years and no severe violation of law occurred since 2006
- The company has established clear policies regarding to environmental protection, corporate social responsibility, and sustainable development, taken measures to implement them, and generated visible outcomes which could be evidenced by written documents or video information
- The annual sales income of the company is not less than 1 billion RMB
- The company should rank among top 10 in its own sector. The categories of sectors are defined as Guidance of Categories of Publicly-Listed Companies in China published by China Securities Regulatory Commission (CSRC)

7 Program Partners and Committees

7.1 Program Partners

To date, CGCI is co-organized by Guanghai School of Management of Peking University. PricewaterHouseCoopers (PwC) is the strategic partner of CGCI. Another strategic partner is China Entrepreneur Magazine (CEM).

7.2 Program Committees

There are two committees in this program: the Advisory Committee and the International Appraisal Committee. Members invited are top-level government officials, renowned scholars, researchers and experts in environment, CSR, and SD, representatives from famous environmental NGOs, and leaders of top companies in the world. The Advisory Committee is responsible for reviewing and commenting on

the ideas, principles, and operations of the program. The International Appraisal Committee is responsible for:

- Review and comment on China Green Companies Assessment Criteria
- Review and comment on China Green Companies Assessment Questionnaire
- Review and approve the final ranking of top China green companies
- Review and approve the China Green Companies Index
- Present on China Green Companies Program Press
- Present on Awarding Ceremony

The members of Advisory Committee we have invited are as follows:

Name	Title	Institution
Cheng, Siwei	Vice Chairman	Standing Committee of the National People's Congress
Wu, Jing Lian	Research Fellow	Development Research Center of State Council P. R. China
Wu, Jian Min	President	China Foreign Affairs University
Pan, Yue	Vice Director	State Environmental Protection Administration
Klaus Schwab	Chairman	World Economic Forum
Albert Gore	Former Vice President of U.S.A, Author of An Inconvenient Truth	
Michael Porter	Professor, Harvard Business School	Harvard University

Mr. Klaus Schwab and **Jianmin Wu** have accepted our invitation.

The international members of International Appraisal Committee (IAC) who have accepted our invitation are as follows:

Co-Chairs of IAC

Name	Title	Institution
Donghua Liu	Chairman	DEI and CEC
Thomas Scheiwiller	Leader of Global Sustainability	PwC
Weiyang Zhang	President of Guanghai School of Management	Peking University

International Members of IAC

Name	Title	Institution
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Ramon Baeza	Senior Partner and Managing Director, Madrid Office	Boston Consulting Group (BCG)
Seb Beloe	Vice President, Research and Advocacy	Sustainability
Jill Buck	Founder and Executive Director	Go Green Initiative
Elizabeth Economy	Director of Asia Studies and Senior Fellow for China	Council on Foreign Relations
Bradley Googins	Executive Director of Center for Corporate Citizenship	Boston College
Matthew Kiernan	Founder and Chief Executive	Innovest
Xuhui Lee	Professor of Meteorology	Yale University
Dermot O'Gorman	China Representative	World Wildlife Fund (WWF)
Dr. Simon Zadek	Chief Executive	Accountability
Ralf Schlaepfer	Partner; Member of Advisory Leadership Team; Head of Strategy and Operations; Head of China Business Group	PwC

Chinese Members of IAC

Name	Title	Institution
Jiahua Pan	Director of Research Center for Sustainable Development; Member of National Committee on Climate Change	Chinese Academy of Social Sciences
Dadi Zhou	Former Director of Energy Research Institute; Advisor to The National Energy Leading Group	National Development and Reform Commission
Ji Zou	Vice Dean of School of Environment and Natural Resources; Chairman of Department of Environmental Economics and Management	Renmin University of China
Lailai Li	Deputy Director	Stockholm Environment Institute (SEI)
Guomei Zhou	Deputy Director General of Institute for International Environmental Policies Policy	SEPA



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Go Green Go Global

	Research Center for Environment and Economy	
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