

Responsible Investing in Asia 2020

On the Cusp of Change

OVERVIEW & METHODOLOGY

This new report analyzes the state of environmental, social, and governance (ESG) investing in the retail and institutional segments in key Asia-Pacific markets: Australia, China, Hong Kong, India, Japan, Korea, Singapore, the rest of Southeast Asia, and Taiwan. The report examines the initiatives and approaches taken by managers, distributors, and asset owners in embracing responsible investing amid myriad challenges in defining and approaching ESG. It highlights asset owners' views on sustainable investing, the importance of ESG in investment and due diligence processes, and expectations of managers on ESG aspects.

Each market chapter examines the state of ESG investing, take-up among retail and institutional investors, product developments, and managers' plans for developing their ESG strategies and capabilities to meet their clients' needs. In addition, Cerulli estimates the assets held by ESG mutual funds in various Asian markets.

USE THIS REPORT TO

- Learn about the implications for managers as asset owners increasingly focus on environmental issues and key regulators aspire to become green financing hubs
- Understand the key drivers behind ESG product launches, distributors' views on product onboarding, and ideas for tapping product opportunities in markets that lack ESG expertise
- Examine ESG investing's role in performance and risk mitigation, and highlight the key challenges in assessing the performance of ESG strategies

QUESTIONS ANSWERED

- How can managers meet asset owners' ESG expectations?
- How can managers differentiate their ESG offerings as such products proliferate in the region?
- What are the key challenges in assessing the performance of ESG strategies?
- What are the major initiatives and approaches taken by asset owners in Asia-Pacific markets to embrace responsible investing?
- How have ESG funds fared in raising assets in recent years?

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- **ESG Fund Overview:** Size the ESG market in the Asia-Pacific and Southeast Asia regions, including an assessment of locally domiciled mutual fund and exchange-traded fund (ETF) assets under management (AUM) and net new flows by year and country. In addition, customize a side-by-side comparison of mutual fund and ETF AUM and net new flows between countries by implementation type and investment objective.
- **Approaches to ESG Investing:** Compare asset owners' and asset managers' employment of ESG integration and impact investing in various asset classes, criteria for exclusionary screening, and impact investing themes.
- **Managers' ESG Processes and Product Plans:** Explore Asia-Pacific asset managers' methods of incorporating ESG principles into their investment processes, plans to launch ESG-centric products over the next two to three years, and positioning of ESG capabilities among various marketing priorities on a country-by-country basis.



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Exhibit 3.01

Asia-Pacific ex-Japan Asset Owners on Time Taken for ESG Strategies to Achieve Better Returns Compared to Non-ESG Strategies, 2020

Source: Cerulli Associates

Analyst Note: Others include endowments, foundations, and healthcare institutions.

- 0–3 years ■ 3–5 years ■ 5–7 years ■ More than 7 years
- ESG cannot beat the performance of non-ESG strategies
- No performance difference between ESG and non-ESG strategies

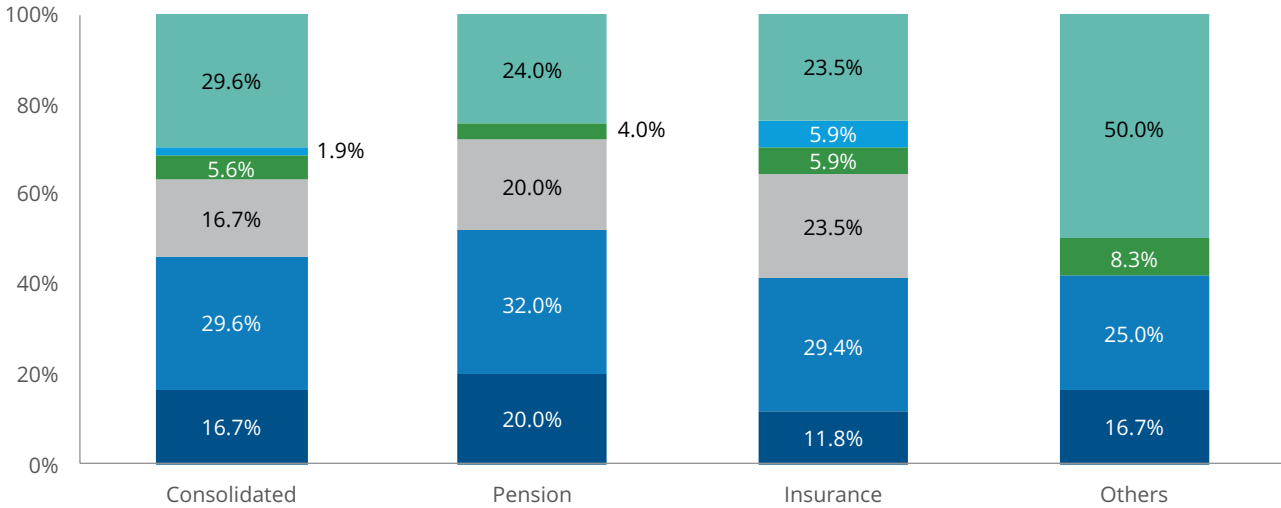


Table of Contents: Expanded



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| | |
|---|-----------|
| Key Questions Answered..... | 20 |
| 1. How can managers meet asset owners' ESG expectations? | 20 |
| 2. How can managers differentiate their ESG offerings as such products proliferate in the region?..... | 21 |
| 3. What are the key challenges in assessing the performance of ESG strategies?..... | 22 |
| Chapters..... | 24 |
| Chapter 1: Gaining ESG Opportunities from Asia-Pacific Asset Owners..... | 24 |
| Exhibit 1.01. Asia-Pacific ex-Japan Asset Owners on Whether They Incorporate ESG Considerations into Investment Decision-Making, 2020..... | 24 |
| Exhibit 1.02. Asia-Pacific ex-Japan Asset Owners on Whether Their Investment Policy Statements Include ESG Policies, 2020..... | 25 |
| Exhibit 1.03. Asia-Pacific ex-Japan Asset Owners on How They Incorporate ESG Considerations in Investment Decision-Making, 2020..... | 26 |
|  Exhibit 1.04. Asia-Pacific ex-Japan Asset Owners on ESG Integration and Impact Investing in Various Asset Classes, 2020..... | 26 |
|  Exhibit 1.05. Asia-Pacific ex-Japan Asset Owners' Criteria for Exclusionary Screening, 2020..... | 27 |
| Exhibit 1.06. Asia-Pacific ex-Japan Asset Owners on How They Participate in Active Ownership, 2020..... | 28 |
|  Exhibit 1.07. Asia-Pacific ex-Japan Asset Owners on Their Impact Investing Themes, 2020..... | 29 |
| Exhibit 1.08. Asia-Pacific ex-Japan Asset Owners on Referencing or Setting Targets for Various ESG Parameters, 2020..... | 30 |
| Exhibit 1.09. Asia-Pacific ex-Japan Asset Owners on Their ESG Integration Policies, 2020..... | 32 |
| Exhibit 1.10. Asia-Pacific ex-Japan Asset Owners on the Importance of Having ESG Capabilities When Hiring an External Manager, 2020..... | 33 |
| Exhibit 1.11. Asia-Pacific ex-Japan Asset Owners on Criteria Used to Evaluate Asset Managers on ESG Considerations, 2020..... | 34 |
| Exhibit 1.12. Asia-Pacific ex-Japan Asset Owners on Their ESG Reporting Expectations from Managers, 2020..... | 35 |
| Exhibit 1.13. Asia-Pacific ex-Japan Asset Owners on Their ESG Capabilities, 2020..... | 36 |
| Exhibit 1.14. Asia-Pacific ex-Japan Asset Owners on Their Plans to Issue ESG-Centric Mandates Over the Next Two to Three Years, 2020..... | 36 |
|  Exhibit 1.15. Asia ex-Japan Asset Managers on ESG Integration and Impact Investing Strategies Applied in Key Asset Classes, 2020..... | 37 |
|  Exhibit 1.16. Asia ex-Japan Asset Managers on Their Exclusionary Criteria, 2020..... | 38 |
|  Exhibit 1.17. Asia ex-Japan Asset Managers on Their Impact Investing Themes, 2020..... | 38 |
| Exhibit 1.18. Asia ex-Japan Asset Managers on ESG-Related Disclosures Made to Institutional Clients, 2020..... | 39 |

Table of Contents

| | |
|--|-----------|
| Chapter 2: ESG Products Proliferate in the Region | 41 |
| Exhibit 2.01. Asia ex-Japan Distributors on Factors Important in Selecting a Fund, 2020 | 42 |
| Exhibit 2.02. Asia ex-Japan Asset Managers and Distributors on Mutual Fund Product Features Important for Retail Investors, 2020 | 43 |
| Exhibit 2.03. Asia ex-Japan Distributors on Factors Important When Screening Managers for ESG Practices, 2020 | 43 |
| Exhibit 2.04. Asia ex-Japan Distributors on Their ESG Capabilities, 2020 | 44 |
| Exhibit 2.05. Asia Pacific-Domiciled ESG Mutual Fund Assets Under Management, 2015–June 2020 | 45 |
| Exhibit 2.06. Asia Pacific-Domiciled ESG Mutual Fund Net New Flows, 2015–June 2020 YTD | 45 |
| Exhibit 2.07. Estimates of Asia-Pacific ESG Mutual Funds and Exchange-Traded Funds by Key Categories, June 2020 | 47 |
| Exhibit 2.08. Asia ex-Japan Asset Managers' Plans to Promote ESG Strategies to Distributors Over the Next Two Years, 2020 | 48 |
| Exhibit 2.09. Top-20 Asia-Pacific-Domiciled Sustainable Investment Funds by Assets Under Management Launched Between 2019 to September 2020 YTD | 48 |
| Exhibit 2.10. Asia Pacific-Domiciled ESG Exchange-Traded Fund Assets Under Management, 2015–June 2020 | 50 |
| Exhibit 2.11. Asia Pacific-Domiciled ESG Exchange-Traded Fund Net New Flows, 2015–June 2020 YTD | 50 |
| Exhibit 2.12. Top-20 Asia-Pacific-Domiciled ESG Exchange-Traded Funds by Assets Under Management, 2018–September 2020 | 51 |
| Exhibit 2.13. Top-10 Australia-Domiciled ESG Funds Launched Between 2018 and September 2020 by Assets Under Management, September 2020 | 52 |
| Exhibit 2.14. Top-10 Japan-Domiciled ESG Funds Launched Between 2018 and September 2020 by Assets Under Management, September 2020 | 54 |
| Exhibit 2.15. Initial Public Offering Volume of China ESG Funds, 2018–September 2020 YTD | 55 |
| Exhibit 2.16. Taiwan-Domiciled ESG Funds Launched Between 2018 and September 2020 by Assets Under Management, September 2020 | 57 |
| Exhibit 2.17. Korea-Domiciled ESG Funds Launched Between 2018 and September 2020 by Assets Under Management, September 2020 | 59 |
| Exhibit 2.18. Asia ex-Japan Asset Managers on ESG-Related Disclosures Made to Retail and HNW Clients, 2020 | 61 |
| Exhibit 2.19. Comparison of Key MSCI ESG and non-ESG Indices | 62 |
| Chapter 3: The Role of ESG in Performance | 65 |
| Exhibit 3.01. Asia-Pacific ex-Japan Asset Owners on Time Taken for ESG Strategies to Achieve Better Returns Compared to Non-ESG Strategies, 2020 | 66 |
| Exhibit 3.02. Asia-Pacific ex-Japan Asset Owners on Key Considerations in Incorporating ESG Principles in the Investment Decision-Making Process, 2020 | 67 |
| Exhibit 3.03. Asia ex-Japan Asset Managers on Engagement of ESG Issues With Firms in Their Investment Portfolios, 2020 | 69 |
| Exhibit 3.04. Information Ratio for Different ESG Strategies Across Different Regions, 2018 | 70 |
| Exhibit 3.05. Performance of Australian Responsible Investment Funds Compared to Mainstream Funds, 2020 | 71 |
| Exhibit 3.06. Asia-Pacific ex-Japan Asset Managers' and Asset Owners on Challenges in Measuring the Performance of ESG Investment Portfolios, 2020 | 72 |
| Exhibit 3.07. Tools Used by Asia ex-Japan Asset Managers to Evaluate ESG Criteria, 2020 | 72 |
| Chapter 4: ESG Investing in Australia Goes Mainstream | 74 |
| Exhibit 4.01. Australian Responsible Investment Assets Under Management, 2015–2019 | 75 |
| Exhibit 4.02. Composition of Australian Responsible Investment Market, 2018–2019 | 75 |
| Exhibit 4.03. Key Drivers of Responsible Investment Growth in Australia, 2019 | 76 |
| Exhibit 4.04. ESG-Related Mandates Issued by Australian Institutions, 2018–2019 | 77 |

| | |
|--|----|
| Exhibit 4.05. Australian Asset Managers Leading in ESG Practices Based on Their Responsible Investment Scores and Assets Under Management, 2019..... | 79 |
| iii Exhibit 4.06. Australia-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020..... | 80 |
| iii Exhibit 4.07. Australia-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD..... | 81 |
| Exhibit 4.08. Number of Australia-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020..... | 81 |
| iii Exhibit 4.09. Australia-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020..... | 82 |
| Exhibit 4.10. Top 5 Australian ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD..... | 82 |
| Exhibit 4.11. Top 5 Australian ESG Managers’ Locally Domiciled Assets Under Management by Implementation Type, June 2020..... | 82 |

Chapter 5: Bright Prospects for ESG Investing in China..... 83

| | |
|---|----|
| Exhibit 5.01. Key Regulatory Developments in ESG in China, 2012–2020..... | 84 |
| Exhibit 5.02. Key ESG Initiatives Introduced by the Shanghai Stock Exchange and Shenzhen Stock Exchange, 2006–2020..... | 85 |
| Exhibit 5.03. Results of Asset Management Companies’ Green Investment Self-Evaluation Form, 2019..... | 86 |
| Exhibit 5.04. Chinese Asset Managers on Client Segments Driving ESG Demand, 2020..... | 87 |
| Exhibit 5.05. Chinese Asset Managers on Fund Strategies HNW and Ultra-HNW Clients Are Looking For, 2020..... | 88 |
| iii Exhibit 5.06. Chinese Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020..... | 89 |
| Exhibit 5.07. Chinese Asset Managers on Their ESG Capabilities, 2020..... | 90 |
| iii Exhibit 5.08. Chinese Asset Managers on Their Key Marketing Priorities, 2020..... | 90 |
| Exhibit 5.09. Number of China-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020..... | 91 |
| iii Exhibit 5.10. China-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020..... | 92 |
| iii Exhibit 5.11. China-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020..... | 92 |
| iii Exhibit 5.12. China-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020..... | 93 |
| iii Exhibit 5.13. Chinese Asset Managers on Their Plans to Launch ESG-Centric Products Over the Next Two to Three Years, 2020..... | 94 |
| Exhibit 5.14. Top 5 Chinese ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD..... | 95 |
| Exhibit 5.15. Top 5 Chinese ESG Managers’ Locally Domiciled Sustainability-Related Thematic Fund Assets Under Management, June 2020..... | 95 |

Chapter 6: Hong Kong Marches Ahead to Meet Its Green Finance Hub Ambition..... 97

| | |
|---|-----|
| Exhibit 6.01. Key Regulatory Initiatives Pertaining to ESG in Hong Kong, September 2018–2020..... | 98 |
| Exhibit 6.02. SFC’s Key Proposed Baseline and Enhanced Requirements on Management and Disclosure of Climate-Related Risks by Fund Managers, 2020..... | 99 |
| Exhibit 6.03. Hong Kong Exchanges’ Key ESG Initiatives, 2020..... | 102 |
| Exhibit 6.04. Hong Kong Monetary Authority’s ESG Considerations for Management of the Exchange Fund, 2020..... | 103 |
| Exhibit 6.05. AIA’s Key ESG Implementation Policies, 2020..... | 105 |
| iii Exhibit 6.06. Hong Kong-Domiciled ESG Mutual Fund Assets Under Management by Implementation Type, 2015–June 2020..... | 106 |

Table of Contents

| | | |
|-----|---|-----|
| iii | Exhibit 6.07. Hong Kong-Domiciled ESG Mutual Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 106 |
| | Exhibit 6.08. List of SFC-Authorized Green and ESG Funds, 2020 | 107 |
| | Exhibit 6.09. Disclosure Requirements for SFC-Authorized Green and ESG Funds, 2020 | 108 |
| | Exhibit 6.10. ESG Funds Available Through HSBC and Hang Seng Bank, 2020 | 109 |
| iii | Exhibit 6.11. Hong Kong Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 110 |
| | Exhibit 6.12. Hong Kong Asset Managers’ Views on Client Segments Driving ESG Demand, 2020 | 110 |
| iii | Exhibit 6.13. Hong Kong Asset Managers’ Plans to Launch ESG-Centric Products Over the Next Two to Three Years, 2020 | 111 |
| | Exhibit 6.14. Hong Kong Asset Managers’ Views on Fund Strategies HNW and Ultra-HNW Clients Are Looking For, 2020 | 111 |
| iii | Exhibit 6.15. Hong Kong Asset Managers’ Views on Their Key Marketing Priorities, 2020 | 112 |
| | Exhibit 6.16. Hong Kong Asset Managers’ Views on Their ESG Capabilities, 2020 | 112 |

Chapter 7: ESG Investing Budding in India 114

| | | |
|-----|---|-----|
| | Exhibit 7.01. Securities and Exchange Board of India’s Stewardship Code for Mutual Funds and Alternative Investment Funds, 2019 | 115 |
| iii | Exhibit 7.02. India-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 | 117 |
| iii | Exhibit 7.03. India-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 118 |
| | Exhibit 7.04. ESG Product Developments in India, 2020 | 119 |
| | Exhibit 7.05. Indian Asset Managers on Fund Strategies HNW and Ultra-HNW Clients Are Looking For, 2020 | 121 |
| iii | Exhibit 7.06. Indian Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 122 |
| iii | Exhibit 7.07. Indian Asset Managers on Their Key Marketing Priorities, 2020 | 122 |

Chapter 8: Public Pensions’ ESG Commitments on the Rise in Japan 124

| | | |
|-----|---|-----|
| | Exhibit 8.01. Japanese Institutions’ Sustainable Investments, 2015–2019 | 124 |
| | Exhibit 8.02. Japanese Institutions’ Assets Under Management Held in Sustainable Investments by Approach, 2015–2019 | 125 |
| iii | Exhibit 8.03. Japan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 (US\$ millions) | 127 |
| iii | Exhibit 8.04. Japan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 127 |
| | Exhibit 8.05. Number of Japan-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020 | 128 |
| iii | Exhibit 8.06. Japan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020 | 128 |
| | Exhibit 8.07. Top 5 Japanese ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD | 129 |
| | Exhibit 8.08. Top 5 Japanese ESG Managers’ Locally Domiciled Assets Under Management by Implementation Type, June 2020 | 129 |

Chapter 9: Korea—Building Robust ESG Practices 130

| | | |
|--|---|-----|
| | Exhibit 9.01. Korea Exchange’s Key ESG Initiatives, 2015–September 2020 | 130 |
| | Exhibit 9.02. ESG Developments in Korea, 2019–September 2020 | 131 |
| | Exhibit 9.03. Selected Korean Asset Owners’ Key ESG Initiatives, July 2018–October 2020 | 132 |

| | |
|--|-----|
| Exhibit 9.04. Korean Institutional Investors’ Mandates and Funds, 2018–September 2020 | 133 |
| Exhibit 9.05. Government Employees Pension Service’s Responsible Investments, 2015–2019 | 134 |
| Exhibit 9.06. Korea Teachers Pension Fund’s Responsible Investments, 2015–2019 | 134 |
| Exhibit 9.07. Korea-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 | 136 |
| Exhibit 9.08. Korea-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 137 |
| Exhibit 9.09. Number of Korea-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020 | 137 |
| Exhibit 9.10. Korea-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020 | 138 |
| Exhibit 9.11. Top 5 Korean ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD | 138 |
| Exhibit 9.12. Top 5 Korean ESG Managers’ Locally Domiciled ESG Integration Fund Assets Under Management, June 2020 | 139 |
| Exhibit 9.13. Korean Asset Managers on Their Key Marketing Priorities, 2020 | 140 |
| Exhibit 9.14. Korean Asset Managers on Their ESG Capabilities, 2020 | 140 |
| Exhibit 9.15. Korean Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 141 |
| Exhibit 9.16. Korean Asset Managers on Their Plans to Launch ESG-Centric Products Over the Next Two to Three Years, 2020 | 141 |

Chapter 10: Large Institutions Lead ESG Adoption in Singapore 143

| | |
|--|-----|
| Exhibit 10.01. Singapore Asset Owners’ Key ESG Initiatives, 2019–October 2020 | 143 |
| Exhibit 10.02. Singaporean Asset Managers on Client Segments Driving ESG Demand, 2020 | 145 |
| Exhibit 10.03. Singaporean Asset Managers on Their ESG Capabilities, 2020 | 146 |
| Exhibit 10.04. Singaporean Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 147 |
| Exhibit 10.05. ESG Product Developments in Singapore, 2019–October 2020 | 148 |
| Exhibit 10.06. Singaporean Asset Managers on Their Key Marketing Priorities, 2020 | 149 |
| Exhibit 10.07. IMAS’ Survey Findings on ESG-Oriented Investment Strategies That Would Attract Most Interest and Inflows, June 2020 | 150 |
| Exhibit 10.08. Singaporean Asset Managers on ESG-Centric Product Plans Over the Next 2–3 Years, 2020 | 150 |
| Exhibit 10.09. Singaporean Asset Managers on Fund Strategies HNW and Ultra-HNW Clients Are Looking For, 2020 | 151 |
| Exhibit 10.10. Singapore-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 | 152 |
| Exhibit 10.11. Singapore-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 152 |

Chapter 11: ESG Momentum Picks Up in Southeast Asia 154

| | |
|--|-----|
| Exhibit 11.01. Southeast Asian ex-Singapore Managers on Their ESG Capabilities, 2020 | 155 |
| Exhibit 11.02. Southeast Asia ex-Singapore Managers’ Plans to Launch ESG-Centric Products Over the Next Two to Three Years, 2020 | 155 |
| Exhibit 11.03. Southeast Asia ex-Singapore Asset Managers on Institutional Clients’ Investment Strategies in 2020–2021 | 156 |
| Exhibit 11.04. Southeast Asia ex-Singapore New ESG Product Launches, 2019–September 2020 | 157 |
| Exhibit 11.05. Top-Performing Southeast Asia ex-Singapore ESG Funds, June 2020 | 159 |
| Exhibit 11.06. Southeast Asia ex-Singapore Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 161 |

Table of Contents

| | |
|---|------------|
| Exhibit 11.07. Number of Southeast Asia ex-Singapore-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020 | 161 |
| Exhibit 11.08. Southeast Asia ex-Singapore-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 | 162 |
| iii Exhibit 11.09. Southeast Asia ex-Singapore-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 163 |
| Exhibit 11.10. Top 5 Southeast Asia ex-Singapore ESG Managers by Locally Domiciled Assets Under Management and Implementation Type, 2019–June 2020 | 164 |
| Exhibit 11.11. Top-10 Southeast Asia ex-Singapore ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD | 165 |
| Exhibit 11.12. Southeast Asia ex-Singapore-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020 | 170 |
| Exhibit 11.13. Malaysian and Indonesian Shariah Mutual Fund Assets Under Management by Investment Objective, 2015–June 2020 | 171 |
| Chapter 12: Fostering a Strong ESG Culture in Taiwan | 172 |
| Exhibit 12.01. Financial Supervisory Commission’s Corporate Governance Roadmap, 2020 | 173 |
| Exhibit 12.02. ESG Activities in Taiwan, 2019–September 2020 | 175 |
| Exhibit 12.03. Bureau of Labor Funds’ Domestic Socially Responsible Equity Investments, 2015–June 2020 | 176 |
| Exhibit 12.04. Net Assets and Performance of ESG Mandates Issued by the Bureau of Labor Funds, June 2020 | 177 |
| Exhibit 12.05. Taiwanese Asset Managers on Client Segments Driving ESG Demand, 2020 | 178 |
| Exhibit 12.06. Taiwan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Implementation Type, 2015–June 2020 | 179 |
| iii Exhibit 12.07. Taiwan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Net New Flows by Implementation Type, 2015–June 2020 YTD | 180 |
| Exhibit 12.08. Number of Taiwan-Domiciled ESG Mutual Funds and Exchange-Traded Funds by Implementation Type, 2015–June 2020 | 180 |
| Exhibit 12.09. Taiwan-Domiciled ESG Mutual Fund and Exchange-Traded Fund Assets Under Management by Investment Objective, 2015–June 2020 | 181 |
| iii Exhibit 12.10. Taiwanese Asset Managers’ Methods of Incorporating ESG Principles in Their Investment Processes, 2020 | 182 |
| Exhibit 12.11. Taiwanese Asset Managers on Their ESG Capabilities, 2020 | 182 |
| iii Exhibit 12.12. Taiwanese Asset Managers on Their Key Marketing Priorities, 2020 | 183 |
| Exhibit 12.13. Top 5 Taiwanese ESG Managers by Locally Domiciled Assets Under Management and Net New Flows, 2018–June 2020 YTD | 184 |
| Exhibit 12.14. Top 5 Taiwanese ESG Managers’ Locally Domiciled Sustainability-Related Thematic Fund Assets Under Management, June 2020 | 184 |
| iii Exhibit 12.15. Taiwanese Asset Managers on Their Plans to Launch ESG-Centric Products Over the Next Two to Three Years, 2020 | 185 |
| Glossary | 187 |
| Index of Companies | 189 |

Company Index

| | |
|---|-------------------|
| Aberdeen Standard | 36 |
| Aditya Birla Sun Life Mutual Fund..... | 117 |
| Aegon Industrial Fund Management..... | 94 |
| Aegon Life | 87 |
| Affin Hwang Asset Management..... | 164 |
| Agricultural Bank of China Wealth Management..... | 95 |
| AIA..... | 102, 104 |
| AllianceBernstein | 112 |
| Allianz Global Investors..... | 112 |
| Allianz Life Insurance..... | 179 |
| Alibaba Group | 168 |
| American Century Investments..... | 53, 126 |
| AMP Capital | 78 |
| Amundi..... | 70, 71, 112 |
| APG Asset Management..... | 96 |
| Apple | 168 |
| AsianInvestor..... | 105 |
| Asset Management One..... | 53, 126 |
| Aventus Capital Public Markets Alternate Strategies | 118 |
| Axis Mutual Fund | 117 |
| Bank DBS Indonesia | 168 |
| Bank Mandiri | 168 |
| BCT Group..... | 105 |
| Betashares | 52 |
| BEST Invest | 166 |
| BlackRock..... | 112, 133, 179 |
| Bloomberg..... | 105, 156 |
| BNP Paribas Asset Management | 36, 112, 171 |
| BNP Paribas Cardif Life | 179 |
| BNP Paribas Overseas Fund Management..... | 96 |
| Bosera Asset Management..... | 55 |
| BIMB Investment Management | 60, 158, 160, 166 |
| BNY Mellon Investment Management | 56, 183 |
| Caitong Fund Management | 94 |
| Capital SITE | 184 |
| Cathay Life | 178 |
| Cathay SITE | 58, 179, 184 |
| CCB Life | 87 |
| Cbus..... | 29, 74 |
| China Asset Management Company | 89 |
| China Asset Management (Hong Kong) | 158 |
| China Life | 87 |

Company Index

| | |
|--|--------------|
| China Life Asset Management Company | 87 |
| China Pacific Insurance Company | 85 |
| China Southern Asset Management..... | 55 |
| China Universal Asset Management..... | 94 |
| Credit Suisse | 56 |
| CTBC Investments..... | 184 |
| DBS | 70, 108 |
| DSP Mutual Fund | 117 |
| DWS Investment Americas | 176 |
| E Fund Management | 55, 89, 96 |
| Eastmoney | 44, 55 |
| Eastspring investments..... | 164 |
| ESSuper | 78 |
| Facebook..... | 168 |
| Fidelity | 36, 52, 112 |
| Foresea Life | 87 |
| Frontier Advisors..... | 78 |
| Fubon Life | 178 |
| Fullerton Fund Management..... | 146 |
| Fullgoal Fund Management..... | 94 |
| Funde Sino Life..... | 87 |
| FundOnline Korea..... | 140 |
| Franklin Templeton SinoAM Securities Investment Management | 184 |
| FTSE Russell | 86, 176, 186 |
| Galaxy Asset Management | 94 |
| Guahua Life | 87 |
| Haitong International Securities Group | 108 |
| Hang Seng Bank..... | 108 |
| Hanwha Asset Management | 133 |
| Harvest Fund Management..... | 89 |
| HESTA | 29, 74 |
| Hexun | 95 |
| Hostplus | 76, 78 |
| HSBC..... | 108 |
| HSBC Global Asset Management..... | 58 |
| HSBC Jintrust Fund Management | 94 |
| HSBC Mutual Fund..... | 116 |
| Hua Insurance | 97 |
| Huaxia Bank..... | 95 |
| Hwabao WP Fund Management | 55, 91 |
| ICBC-AXA Life..... | 87 |
| Insight Investment Management..... | 176 |
| Institutional Investment Advisory Services..... | 118 |
| Invesco Great Wall Fund Management | 94 |
| ISS ESG..... | 186 |

| | |
|--|-------------------------|
| J.K. Life | 87 |
| JP Morgan Asset Management | 176 |
| JANA..... | 78 |
| Kasikorn Asset Management..... | 60, 160 |
| KB Asset Management | 140 |
| KB Kookmin Bank | 139 |
| KCGS | 135 |
| KEHATI Foundation..... | 60, 158 |
| Kingfisher Airlines | 115 |
| Korea Development Bank..... | 139 |
| Korea Investment Management | 139 |
| Kotak Mahindra Mutual Fund | 116, 117, 121 |
| Kyobo AXA Investment Managers..... | 133 |
| Legal & General Investment Management..... | 36 |
| Legalsuper | 78 |
| Lion Global Investors..... | 146, 147 |
| Lombard Odier..... | 60, 160 |
| Mandiri Manajemen Investasi..... | 168 |
| Manulife Investment Management | 36 |
| Maybank Asset Management..... | 60, 160, 164, 166 |
| Mirae Asset Daewoo Securities..... | 140 |
| Mirae Asset Global Investments | 140 |
| Mirae Asset Mutual Fund..... | 118 |
| Morgan Stanley Huaxin Fund Management..... | 55, 96 |
| Morgan Stanley Investment Management | 126 |
| Morningstar | 46, 47, 70, 94, 102 |
| MSCI..... | 61, 68, 75, 85, 86, 186 |
| National Australia Bank..... | 77 |
| NH-Amundi Asset Management | 58, 131 |
| NN Investment Partners | 96 |
| Noah Holdings..... | 88 |
| Nomura Asset Management | 53 |
| PATRIZIA..... | 134 |
| Pendal Group | 78 |
| Penghua Fund Management..... | 94 |
| PFA Pension | 134 |
| PIMCO..... | 176 |
| PineBridge Investments | 58, 179, 183 |
| Ping An Insurance | 36, 87 |
| Principal Asset Management..... | 158, 164 |
| Public Mutual..... | 164 |
| PY Standard | 95 |
| Qatar Islamic Bank..... | 185 |
| Qsuper..... | 78 |

Company Index

| | |
|---|------------------------|
| Rainmaker Information..... | 75 |
| Retail Employees Superannuation Trust (Rest)..... | 74 |
| RHB Islamic International Asset Management..... | 158 |
| Robeco | 96 |
| Samsung Active Asset Management | 131 |
| Samsung Asset Management..... | 58, 140 |
| Satyam Computer Services..... | 115 |
| SBI Funds Management | 59, 116, 117 |
| Schroders..... | 112, 123, 146, 160 |
| Schroder Investment Management (Singapore)..... | 60, 160 |
| Shin Kong Investment Trust | 56 |
| Shinhan Bank | 139 |
| Shinhan BNP Paribas Asset Management..... | 133 |
| Singular Asset Management..... | 158 |
| SinoPac Securities Investment Trust | 58 |
| St. James' Place..... | 65 |
| Stage..... | 65, 101 |
| Standard Chartered Bank | 108 |
| State Street Global Advisors | 96, 139 |
| Sustinvest..... | 135 |
| Sustainalytics..... | 104, 117, 118, 186 |
| SWS MU Fund Management..... | 94 |
| Taikang Life..... | 87 |
| Taiwan Cooperative SITE..... | 56, 183 |
| Taiwan Life..... | 179 |
| UBS | 56 |
| UBS Asset Management..... | 75 |
| UniSuper | 29, 74 |
| UOB Asset Management..... | 60, 146, 147, 160, 184 |
| Valuefy Solutions | 166 |
| Vanguard..... | 52 |
| VI Asset Management..... | 133 |
| VicSuper | 77, 78 |
| Wahed Invest..... | 166 |
| Wellington Management..... | 126 |
| Western Asset Management | 176 |
| Wind..... | 89, 91 |
| Wu Capital..... | 87 |
| Yuanta SITE | 56, 184 |