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**‘ESG Alpha in China’ research paper based on RepRisk data scoops  
FIR/PRI Award**

Zurich, September 26, 2012 - A recently published study on ‘ESG Alpha in China’ has found that environmental, social and governance (ESG) criteria can be used to generate substantial alpha for investments in Chinese companies.

The study’s authors, Michael Barnett of the Centre for Corporate Reputation at Oxford University, and Jimmy Chen, Andreas Hoepner and Qian Li from the Centre for Responsible Banking & Finance at the University of St Andrews, investigated the effect of ESG risks on the share performance of Chinese firms. Their paper won the European FIR/PRI award in the category of Investment Strategy in a ceremony held in Paris on September 24, 2012.

Jean-Philippe Desmartin of awarding body French Social Investment Forum (SIF) stated “*We found this study of particular relevance as it is the first research into the link between ESG risk coverage and financial performance in Chinese stock markets. The results indicate that savvy investors can profit in this area and that the identified ESG Alpha opportunity will persist for some time.*”

The research revealed that a sophisticated approach that takes three aspects into consideration is needed to assess the financial performance in Chinese stock markets based on ESG criteria. These are: (i) in-depth ESG risk data for Chinese firms, (ii) the distinction between Chinese firms listed predominantly for Chinese and some western institutional investors (A shares) and other types of listings, and (iii) the distinction between western and Chinese views on what constitutes relevant ESG criteria. For the first point, the use of RepRisk data was integral and the results of the study highlight the need for appropriate data and context in investing with ESG criteria. RepRisk information from 2007-2011 was taken into account, with 143 Chinese firms linked more than 1200 times to ESG issues, matched with stock return data.

Co-author Dr Andreas Hoepner stated that the findings indicate “*substantial ESG investment opportunities using Chinese ESG criteria for Chinese listed firms (A-shares). They also show some ESG Alpha based on Western ESG criteria for the Chinese listings, while internationally-listed Chinese stocks do not as yet appear sensitive to ESG data.*”

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## **About RepRisk AG**

RepRisk is the leading provider of business intelligence on environmental, social and governance (ESG) risks. As such, RepRisk systematically collects and analyzes negative sentiment related to companies and projects worldwide. It does so on a daily basis and in 13 languages from thousands of public sources including international and local media, government sites, non-governmental organizations (NGOs), newsletters, social media and blogs.

The RepRisk database currently includes information on over 25,000 companies, 6,000 projects, 4,500 NGOs and 4,000 governmental bodies. These numbers are continuously growing as relevant ESG information is added.

The use of RepRisk business intelligence allows companies and financial institutions to proactively assess ESG issues that may present financial, reputational and compliance risks. For more information about the usage and benefits of RepRisk in relation to the effective management of ESG Risk, please visit our website: [www.reprisk.com](http://www.reprisk.com)

## **About the European Forum pour L'investissement Responsable (FIR) – Principles for Responsible Investment (PRI) Award**

The FIR-PRI 'Finance and Sustainability' European Research Award was initiated in 2005 by French SIF to foster academic research in this area. The Award is open to researchers and students with European passports and /or those who are affiliated with European research institutions and/or whose focus of research is Europe. Eligible candidates are invited to submit Master Thesis, PhD Thesis, published articles or grant proposals. For further information, please visit: <http://www.fir-pri-awards2012.org>