



Regulatory Identification and Governance Path of "Greenwashing" Behavior: Policy Implications Based on the Comparison of ESG Fund Holdings between China and the United States

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Abstract. ESG (Environmental, Social, and Governance) ratings are widely used by investors to assess firms' sustainability performance. However, significant discrepancies among ESG rating agencies raise concerns about the reliability and potential misuse of these ratings. This paper examines whether divergence in ESG ratings is associated with greenwashing behavior by firms. Using a global sample, the study finds that firms with greater ESG rating divergence are more likely to engage in symbolic ESG disclosures, such as boilerplate language, and are less likely to make substantial improvements in their actual ESG performance. The association is stronger among firms with high media coverage and low analyst following, suggesting that information asymmetry may facilitate greenwashing practices. These findings highlight the risks posed by inconsistent ESG evaluations and emphasize the need for standardized ESG metrics and more rigorous scrutiny of corporate ESG disclosures. Improving transparency and comparability in ESG assessments is critical for enhancing the integrity and effectiveness of sustainable investing practices.

Keywords: Greenwashing; ESG rating divergence; ESG funds

1 Introduction

1.1 Research background and significance

ESG investment (environmental, social, and governance) has become a significant trend in the global financial market. The United Nations first introduced the ESG concept in 2004. By 2022, the global ESG asset scale had reached \$30.3 trillion, accounting for 37.9% of the total global asset management. Markets such as Europe and Japan have seen significant growth. Driven by policies, ESG investment in China has developed rapidly [1]. In 2023, the issuance volume of green bonds exceeded RMB 1.2 trillion (data from the People's Bank of China), while the scale of ESG funds in the United States reached \$8.4 trillion [2].

However, the ESG boom is accompanied by the risk of greenwashing, where companies exaggerate their sustainable performance to obtain policy or market benefits. Two typical examples are DWS Asset Management (fined \$19 million by the SEC in 2023 for false ESG data) and Bank of New York Mellon (fined \$1.5 million in 2022 for false ESG reviews) [3].

Greenwashing distorts the capital market, leading to stock price volatility (such as a 15% drop in stock prices after the DWS incident) and capital outflows. There are significant regulatory differences between China and the United States: China: government-led, focusing on the "dual carbon" goals, but greenwashing regulation is still imperfect (for example, a company was fined 200,000 yuan for falsely using environmental protection logos in 2022). The United States: The SEC strengthens disclosure requirements, and new regulations in 2023 require 80% of ESG fund assets to meet sustainability standards and penalizes multiple institutions [4].

Data indicates that strict ESG regulation can enhance market transparency, but a balance between innovation and compliance is necessary to promote the genuine development of sustainable finance.

1.2 Research questions and objectives

The research question is how to identify greenwashing behavior in ESG funds between China and the United States, as well as the differences between their holding characteristics and actual environmental performance. The goal is to identify the shortcomings of existing regulatory mechanisms in identifying and addressing greenwashing behavior, and to propose feasible regulatory and governance path recommendations for reference.

1.3 Research Methods and Data Sources

This study adopts empirical analysis, comparative analysis, and policy induction. The data sources for this study include fund databases such as Morningstar, Bloomberg, WIND, ESG fund screening criteria, and ESG scoring systems (MSCI ESG, Refinitiv ESG, Wind ESG).

2 literature review

2.1 Definition and measurement of greenwashing behavior

Internal Greenwashing & external Greenwashing. Internal Greenwashing refers to the behavior of companies or institutions exaggerating or fabricating their environmental responsibilities, ESG strategies, or sustainability goals in internal governance, mainly targeting internal stakeholders such as employees, boards of directors, and investors to generate misleading information. For example, fictitious green strategic goals or "expected disclosure" of unfulfilled ESG commitments in ESG reports, a disconnect between internal KPI settings and actual implementation (such as setting a "zero carbon target" without a specific path), and internal promotion of "green culture" without substantial environmental transformation of business processes are typical internal greenwashing behaviors. The purpose of such behavior is generally to please shareholders, management or internal employees, demonstrate "strategic

correctness", and mislead the board of directors and shareholder meetings in investment and financing decisions.

China relies on policy documents such as the "Catalogue of Green Bond Support Projects" but lacks detailed disclosure standards (such as not requiring third-party certification). In 2023, a certain enterprise was fined 200000 yuan for false "low carbon" promotion, but the number of punishment cases is relatively small.

In the United States, the SEC requires ESG funds to disclose their holdings data (such as the proportion of fossil fuels in "low carbon" funds $\leq 20\%$) and imposes fines of millions of dollars on institutions such as DWS and BNY Mellon.

External Greenwashing refers to the behavior of companies packaging their green image to the external public or regulators, misleading consumers, investors, or regulatory agencies through advertising, media, disclosure, and other means. The main methods of external greenwashing include using "green labels" and "ecological packaging" to promote ordinary products, ESG funds promoting environmental attributes to the outside world but investing in high pollution industries, and media public relations hype about "green certification" but the certification source is unclear or not rigorous. The purpose of doing so is to attract ESG oriented funds, win consumer favor, enhance brand reputation, and avoid regulatory and environmental responsibilities.

Claim Greenwashing & Executional Greenwashing. Claim greenwashing Claiming to be "environmentally friendly, green, and low-carbon" without any basis; Using vague terms such as 'natural', 'sustainable', 'net zero' but without an audit report; Self-proclaimed as a "green enterprise" on the official website, manual, and annual report without detailed data disclosure; Exaggerate some of the company's environmental behaviors as part of the overall strategy [5].

Can be used to review whether their ESG promotion claims are supported by verifiable performance data; Compare fund labels with holdings (e.g. labeled as "low carbon" but heavily invested in fossil fuels); Check whether third-party certifications (such as Carbon Trust, ISO14001, etc.) are missing to identify. The regulatory difficulty is relatively low, and data supervision can be used.

Executional Greenwashing, in simple terms, refers to the use of green visual elements in marketing, packaging, and graphic design by businesses to create an environmentally friendly impression and mislead consumers into believing that their products or services are sustainable. The typical feature is the use of natural tones such as green, brown, and blue; The packaging is printed with visual patterns such as leaves, landscapes, the earth, grasslands, etc.; Using "eco-friendly fonts" or visual design to simulate a sense of nature; The background of the marketing video/official website video is a forest/clear water image.

The identification method involves checking for any inconsistencies between visual symbols and the essence of the product; Check if there is a truly verifiable green certification or standard (such as FSC, EU Ecolabel) indicated on the back of the packaging; Determine whether it is only "outer packaging green" rather than the product's intrinsic green.

2.2 Greenwashing Detection Methods

Label-Holding Discrepancy. Applicable to ESG funds and green bonds, the specific method is to compare the fund's self-proclaimed ESG label with the average ESG score or industry composition of the companies in its real holdings. If there is a significant deviation, there may be a "greenwashing" behavior. This method mainly compares the ESG label scores (The data comes from fund public materials, perspectives and so on) promoted by the fund with the ESG performance of assets in the fund's actual holdings (third-party institutional evaluation scores).

Brown Asset Exposure. With the rapid expansion of labels such as "green funds" and "low-carbon investments" in global capital markets, many funds claim to follow ESG principles or focus on sustainable investments. However, empirical research shows that although some funds highlight environmental attributes in their promotion, they hold a large amount of assets from high polluting and high carbon emitting industries in their actual investment portfolios, such as coal, oil and gas, steel, cement, etc.

This phenomenon is known as one of the important manifestations of "Greenwashing" behavior. Therefore, by quantifying the exposure ratio of funds to Brown Assets, it is possible to effectively identify such misnamed green financial products [6].

Textual Greenwashing Detection. Calculate the frequency of vague words (such as "effort" and "commitment") and emotional words used in ESG reports; Use natural language processing (NLP) to score behaviors such as semantic bias and tone exaggeration.

ESG Rating Divergence Detection. There are numerous global ESG rating agencies, such as MSCI, Sustainability, Refinitiv, Bloomberg, etc., which use different methodologies, data sources, and indicator weights, resulting in significant differences in ESG ratings for the same company. The phenomenon of Rating Divergence not only affects investors' judgments but is also used by companies for "rating arbitration" - choosing favorable ratings to disclose to the public, concealing actual ESG weaknesses, and constituting a form of greenwashing behavior.

2.3 Investment Logic and Selection Criteria of ESG Funds

The core investment logic of ESG funds is to incorporate environmental, social, and governance elements into the investment decision-making process, to achieve the dual goals of "financial return sustainable responsibility". The screening methods are mainly divided into the following three categories; First the Exclusions, exclude industries or companies that do not comply with ESG principles, such as tobacco, arms, coal, heavy polluting enterprises, etc. And best in class, Prioritize investing in companies with outstanding ESG performance, especially those with low carbon emissions, transparent labor policies, and good governance structures. The last Impact Investing: Directly

invest in projects that have a clear positive impact on society or the environment, such as renewable energy, green buildings, education and health.

2.4 Impact of Position Characteristics on Environmental Performance

Have high rated funds really played a positive role in the environment? This is one of the important issues in the field of ESG investment. Reduce the carbon footprint of investment portfolios; High scoring ESG funds reduce the weight of carbon intensive enterprises in their holding structure, thereby lowering the carbon intensity of their investment unit assets; This type of fund punishes "heavy polluting" enterprises through capital allocation, which is conducive to guiding funds to transition towards a low-carbon economy.

ESG high scoring funds tend to invest in companies with sufficient disclosure of environmental information and carbon reduction targets; This has created a positive incentive for listed companies to comply with ESG regulations and receive financial support; To attract ESG investment funds, companies will strengthen their own ESG reporting and implement sustainable projects [7].

In high rated ESG funds, a large amount of funds flow into green technology and environmental infrastructure enterprises; Enhance the financing capability of clean energy enterprises, accelerate the research and development of green products, and amplify their market influence; The valuation increase of the new energy sector has also played a "price signal" role.

ESG high scoring funds have avoided negative events such as environmental violations and major pollution accidents by meeting the entry threshold for holding positions; In disaster events such as tailings leaks and chemical explosions, investment portfolios are more robust, indirectly avoiding negative amplification effects on the environment.

2.5 Overview of Existing Greenwashing Identification and Regulatory Mechanisms

Major International Regulatory Practices. Sustainable Finance Disclosure Regulation classifies financial products into three categories (Article 6/8/9) to reflect their level of sustainability; Require fund managers to disclose ESG risk, sustainable investment ratio, and adverse impact (PAI) indicators; Emphasize the consistency review between product marketing statements and actual investment strategies to prevent false green labels. The purpose is to enhance transparency, unify the definition of "green", and curb greenwashing.

SEC (Securities and Exchange Commission) ESG Regulatory Proposal. Propose the revised draft of the Fund Name Rules and the Climate Risk Disclosure Rules in 2022; Require ESG fund names to be highly consistent with their investment strategies; Provide more detailed disclosure of fund ESG rating models, carbon emission data, etc.; Strengthen legal accountability for "vague ESG statements" and misleading advertising. The regulatory logic starts from three aspects: fund naming, strategy disclosure, and data verification, to compress the greenwashing space.

TCFD (Climate Related Financial Disclosure Working Group) Led by the Financial Stability Board (FSB), companies are required to disclose climate related risks in four dimensions: governance, strategy, risk management, and indicators and targets;

Encourage disclosure of carbon emission data, net zero path, and scenario analysis; Greenwashing recognition function: Through mandatory indicator constraints and audit processes, reduce the risk of companies only disclosing commitments and not displaying behavior [8].

2.6 Theoretical Basis

The "greenwashing" behavior of ESG funds is essentially a comprehensive manifestation of information manipulation, regulatory arbitrage, and reputation game in the financial market. This study is based on the following four theoretical perspectives to construct theoretical support for the identification and governance mechanism of greenwashing:

Information Asymmetry Theory

The theory of information asymmetry emphasizes that the imbalance of information control between trading parties in the market may lead to adverse selection and market failure. In the field of ESG investment, investors often rely on the ESG labels, ratings, and promotional standards disclosed by funds to judge their "greenness"; And fund managers have a deeper understanding of actual holdings, risk strategies, and other information, making it easy for them to use their information advantages for "label greenwashing" [9].

Principal-Agent Theory. This theory was proposed to analyze the moral hazard issues between "principals" and "agents" due to inconsistent goals and high supervision costs. In ESG funds, investors act as principals and fund managers acts as agents; Fund managers may exaggerate ESG labels and evade disclosure obligations due to short-term performance pressure or marketing motives; When there is a lack of regulation, such behavior is difficult to identify and correct.

Signaling & Reputation Theory. In highly uncertain markets, companies often influence external cognition through "signals". ESG labels, green commitments, and rating results constitute the fund's signals to the market. True green funds establish reputation through substantive indicators and long-term ESG performance; Green float funds attempt to "borrow signals" to gain ESG effects but may be punished by the market in the long run due to false signals.

Institutional Arbitrage & Regulatory Divergence. The Institutional Arbitrage theory suggests that in an environment of inconsistent global governance, market entities tend to choose regions with looser institutional constraints for registration or disclosure, to reduce costs or evade regulation. ESG funds can be registered or sold in countries with low regulatory requirements, avoiding mandatory disclosure obligations or taking

advantage of differences in the definition and disclosure templates of "sustainability" in each country, and strategically greenwashing globally.

Innovations and contributions of this study. Against the backdrop of the increasing popularity of ESG investment, the proliferation of green labels, and stricter regulation, both academia and practice urgently need to establish a practical and cross market comparable framework for identifying greenwashing. This study focuses on the core logic of "fund holding behavior deviating from its ESG promotional label", and combines ESG fund data from China and the United States to propose the following main innovations and theoretical contributions.

2.7 Empirical comparative analysis of cross-border fund holdings

Analyze the characteristics of Chinese and American funds suspected of high greenwashing from the perspectives of industry configuration, corporate ESG rating agencies, carbon emission intensity, environmental violation risk, ESG information disclosure quality, consistency between holdings and labels, fund naming strategies, regional structure, etc., and make comparisons to reveal the impact of different market regulatory strengths and information transparency on the true behavior of funds; Analyze the correlation between actual fund holdings and environmental performance, verify whether it truly promotes green transformation from a micro investment perspective, and make up for the shortcomings of existing research that mostly stays at the label or text level.

Integrating multi-source recognition methods, combining tag deviation method, text sentiment analysis method, and ESG consistency testing, proposing a multidimensional greenwashing recognition path to improve recognition accuracy; Construct an ESG Label Position Consistency Evaluation Framework, establish a quantitative template for self-restraint of green funds and screening mechanisms for regulatory agencies, to facilitate future operational adoption by regulatory authorities; Analyze typical cases of greenwashing (such as false promises of light green funds and real position deviation of Article 8 products) to provide real scenarios for empirical identification.

3 Methodology

3.1 Case Analysis: Inconsistent Analysis of "Labels Behavior"

Thoroughly analyze the strategy packaging and actual allocation behavior of typical "greenwashing" funds, and verify the micro mechanism of empirical results; Select representative cases of "light green" and "deep green" funds from China and the United States (such as Article 8 products and domestic ESG themed funds); Analyze external ESG statements such as fund promotion, official website introduction, and recruitment prospectus; Compare its actual position structure, ESG score, and brown asset exposure. The goal is to use qualitative analysis to support quantitative identification results and reveal the game behavior of fund managers between ESG information expression and actual investment.

3.2 Data sources and sample selection

ESG Fund Database. To ensure the authenticity of fund labels and clarity of investment strategies, Morningstar Direct is selected to obtain fund ESG labels, fund establishment information, fund ratings, etc.; Bloomberg Terminal: Supplement fund overview, asset allocation, management fees, fund announcements, etc; Wind Terminal: Collect local ESG themed funds in China, covering special fund tags such as green development, low-carbon economy, and new energy, and obtain complete quarterly position data.

The sample screening criteria include the fund name or prospectus containing "sustainable" "ESG", Keywords such as "green" and "low-carbon"; Established for over a year and possessing complete position data for two consecutive quarters; Exclude currency based, capital guaranteed, and FOF products.

Fund Position Data and ESG Performance Indicators. All funds use the real position information from Morningstar, Bloomberg, and Wind databases.

MSCI ESG Ratings: Used to uniformly construct ESG scores and obtain their comprehensive ESG scores (AAA~CCC mapped as numerical values)

3.3 Variable Definition and Indicator Construction

Control variables. To ensure that the relationship between the greenness index and explanatory variables is not affected by other fund characteristics, the following control variables are set: fund size, fund age, sector allocation, label naming, assets manager reputation, regulatory pressure.

Schematic diagram of variable effects. To prevent significant differences in comparative fund resources; Control the impact of fund development stages (funds with different establishment times have more mature ESG execution strategies); Control the impact of industry deviation (some funds have high holdings in the energy industry, which naturally has high carbon emissions, but this does not mean that the company has greenwashing behavior); Control the naming impact (such as some fund names involving ESG & sustainable, which may be misleading); Differences in willingness to greenlight at the institutional level (large and well-known fund companies place greater emphasis on reputation).

4 Finding

China Merchants Social Responsibility Fund A clearly tends to allocate to sectors such as information technology, industry, and real estate, and significantly undervalues optional consumption, utilities, and energy, demonstrating its preference for green growth and technological innovation themes, as well as its avoidance of traditional high carbon industries.

Kingdee International Software Group Co. Ltd. is the top ranked holding company of this fund and is an investment holding company primarily engaged in providing cloud services and enterprise resource management planning (ERP) services. The company operates its business through three branches. The Cloud Services Business Division is engaged in providing enterprise cloud services, small and micro financial cloud services, and industry cloud services. The Enterprise Resource Management Plan business and other divisions are engaged in the sales of software and hardware products, software installation services, software consulting services, operation and maintenance services, upgrade services, and other support services, as well as others. The investment property management business division is engaged in the operation of investment properties. The company mainly conducts business in the domestic market.

Greentown Service Group Co. Ltd. is the second largest holding company, primarily engaged in providing property services. The company also engages in park services, consulting services, technology services, and other businesses. Property services provide a range of property management services, such as security, cleaning, gardening, property maintenance and upkeep services. Consulting services provide project planning, design management, building management, marketing management consulting services, demonstration unit management services, management consulting services, etc. during the design and development stages. Park services mainly include park products and services, home living services, park space services, property asset management services, and cultural and educational services. Technology services provide intelligent, inclusive, and affordable integrated solutions. The main business is investment property leasing.

Travelsky Technology Limited is a Hong Kong company primarily providing aviation information technology services and related services. Aviation information technology services mainly include electronic tourism distribution services, airport passenger processing system services, product services supporting aviation alliances, and e-commerce solution services. The company also provides airport information technology services, air cargo logistics information technology services, tourism product distribution services, public information technology services, and infrastructure services. The company's subsidiaries mainly include Hainan Civil Aviation Kaiya Co., Ltd., Shenzhen Civil Aviation Kaiya Co., Ltd., and China Civil Aviation Information Network Co., Ltd. (Hong Kong) Limited. Travelsky Technology Limited is the third largest holding company, with an ESG comprehensive score of 6.86, higher than the industry average of 5.91. However, its environmental score is only 1.81 (weighted 5.26%), which is extremely low, indicating insufficient actual investment and performance in carbon emissions and environmental protection measures. The social score is 5.86, indicating that there is still room for improvement in information security and customer management. The governance dimension score is 5.49, with some sub items receiving full marks (such as audit and ESG governance), but there are also multiple items with zero scores (such as taxation and fair competition), indicating inconsistent ratings.

5 Result

5.1 Result of Chinese fund

From the perspective of consistency in business attributes, Kingdee belongs to the green and low-carbon industry, which is suitable for ESG investment preferences. From the consistency between ESG rating and practice, the company has a Wind, S&P score, and MSCI medium high rating, and there is no Rating Divergence. However, due to extremely low scores in shareholder governance and zero disclosure in the tax sector, the company is suspected of having structural governance risks, which may constitute a "partial greenwashing risk". In summary, the industry and main business of the company are highly aligned with ESG themes and are not disguised as "green labels". The company's ESG governance practice system is relatively complete, but the lack of transparency in governance structure and tax disclosure reduces its stability as an "ESG preferred asset". However, the fund's use of it as a core ESG heavy position without disclosing its governance weaknesses or explaining its structural risks may constitute an implicit greenwashing of "compliance labels but neglecting substance" (i.e. Executional Greenwashing).

Although Greentown Services has received an ESG rating of "A", its scoring structure is average in terms of governance and social dimensions, and its environmental dimension score is relatively high. There is no actual performance data such as carbon emissions, and there is a discrepancy between the rating and actual performance. At the same time, its ESG information disclosure is mainly qualitative and lacks quantitative indicators, showing a certain formalistic tendency. Although its main business is property services and park management, which are somewhat related to ESG, overall, its ESG performance may have strategic greenwashing risks, and further verification of the authenticity and improvement efforts of its environmental performance is needed.

There is a risk of "strategic greenwashing" in Greentown services, especially in terms of governance performance and actual ESG improvement performance, which is somewhat weak. Suggest further verification of its ESG report content, specific environmental investment behavior, and carbon emission data.

The "2022-2024 Environmental, Social and Governance Report" disclosed by Greentown tends to provide qualitative explanations and lacks key quantitative environmental performance indicators (such as carbon emissions, energy conservation and emission reduction targets, ESG KPI completion rate, etc.). Although the company's main business is information technology services and its environmental weight should have been relatively low, the "significant fluctuations in ESG ratings and continuous sharp decline in environmental management scores" indicate a disconnect between disclosure and actual performance.

The score for 2022 was 7.63, which dropped to 6.67 in 2023, and slightly rebounded to 6.86 in 2024. However, the overall score for management practice is still low, indicating that the effectiveness of improvement measures is limited or superficial. Multiple governance scores of "10" or "0", such as tax governance and anti-monopoly, reflect that some indicators may be self-reported ratings without independent audit support.

Although the company has made some progress in governance structure and social responsibility, its environmental dimension score is extremely low, and improvement is limited. Some governance indicators are scored full marks but lack detailed explanations, which may lead to strategic greenwashing and claim based greenwashing in some information disclosure.

5.2 Result of American fund

Amazon shows an image of "high standards and high transparency" at the level of ESG reporting and governance mechanism, especially in terms of governance and environmental goal setting. However, from the aspects of low social dimension score, incomplete environmental information disclosure, high actual carbon intensity and so on, there are some signs of "greenwashing" - that is, emphasizing disclosure over implementation, strengthening external ESG impression but insufficient practical action. Especially in terms of employee rights, supply chain management and the effectiveness of climate action, the company needs to strengthen the consistency between real performance and information disclosure and avoid the "formalist" ESG narrative.

From the point of view of the consistency between information disclosure and actual action, NVIDIA has no obvious "green drift" behavior at the level of environment and governance, and the matching degree of environmental protection objectives and data disclosure is high. However, there are still deficiencies in social responsibility (s). For example, the score of social dimensions is only 4.20, and the proportion of female directors is only 23.08%. The score of social responsibility has declined significantly in two years. In addition, although the company ESG promises to be active, it has not yet issued green bonds or social bonds, and the utilization of green financing is low. In general, NVIDIA's ESG practice is relatively solid, with a real sustainable governance structure and carbon reduction action, and does not show obvious green drift behavior, but its social responsibility practice still has room for further improvement.

Microsoft does not have systematic or serious greenwashing behavior, but there is still a certain tendency of "image first" between the social dimension, the use of green finance and the actual results and disclosure, which belongs to mild or potential greenwashing risk. This reminds us that when evaluating the performance of Microsoft ESG, we should not only look at the third-party rating and disclosure score, but also pay attention to its substantial progress in labor, diversity, actual emission reduction effect, etc.

Although Amazon, NVIDIA and Microsoft do have bright spots in ESG, their "greening Commonness" shows that behind the high disclosure and high rating, some enterprises may still treat ESG as an image project or compliance project rather than a long-term substantive transformation goal [10]. This also highlights the institutional loopholes of "emphasizing appearance and ignoring effectiveness" in the current ESG evaluation system.

6 Conclusion

6.1 Academic value

Research on the differences of regulatory mechanisms between China and the United States: by comparing the disclosure policies of SFDR, SEC and China's ESG funds, this paper reveals the specific impact of regulatory intensity, disclosure template and legal constraints.

Put forward three key regulatory recommendations that is establish a consistency review mechanism between labels and actual positions; strengthen the compliance review of the name and publicity content of the green fund and promote the alignment of information disclosure templates of transnational ESG funds and reduce the room for institutional arbitrage.

It has reference value for policy formulation: it is especially suitable for the CSRC, the fund industry association and other regulatory agencies to provide empirical support in formulating the whitelist of green funds and promoting green classification standards.

6.2 Characteristics of holdings of funds with high ESG ratings

Empirical studies have shown that funds with high ESG scores exhibit a clear industry bias in their portfolio composition, with a preference for holding new energy, clean energy, environmental technology and equipment, technology and light asset industries, and a clear avoidance of heavily polluting industries. More inclined towards regions with mature ESG information disclosure systems and strong data comparability, such as Europe, America, and Japan. More than 75% of holding companies have obtained MSCI BBB or above ratings, and the holding companies belong to the "Low Risk" or "Negligible Risk" range in the Sustainability ESG Risk Rating, with ESG rating tail exposure controlled within 10%. The Average Carbon Intensity is much lower than the industry median; Holding companies usually have clear carbon neutrality targets, TCFD disclosures, and a high proportion of renewable energy usage; Avoid companies with environmental disputes or records of environmental penalties. Heavy warehouse enterprises often have governance advantages such as a high proportion of independent directors, a high proportion of female directors, and sound anti bribery policies; Investing in companies with high global governance ratings (MSCI Governance Pillar score high); Pay more attention to the company's response speed and transparency in ESG controversies.

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