Table 1: Baseline estimate, SO2 emission reduction and industry financial ratio, city-industry-year level

	Dependent variable: SO2 emission					
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(\text{output}_{cit}+1)$	0.083	0.160***	0.094	0.099	0.094*	0.136***
	(0.055)	(0.038)	(0.061)	(0.061)	(0.055)	(0.041)
$\log(\text{capital}_{cit}+1)$	0.090	0.141***	0.091	0.083	0.110*	0.143***
	(0.062)	(0.053)	(0.079)	(0.079)	(0.062)	(0.054)
$\log(\text{employment}_{cit}+1)$	0.136**	0.277***	0.145**	0.140**	0.140**	0.253***
	(0.056)	(0.035)	(0.063)	(0.063)	(0.056)	(0.039)
$\text{working capital}_{cit}$	0.078**					
	(0.038)					
$\text{working capital}_{cit} \times \text{period}$	−0.026					
	(0.017)					
$\text{working capital}_{cit} \times \text{period} \times \text{policy mandate}_{c}$	0.030**					
	(0.012)					
$\text{working capital}_{cit} \times \text{policy mandate}_{c}$	−0.060*					
	(0.033)					
$\text{current ratio}_{cit} \times \text{period}$		−0.013				
		(0.020)				
$\text{current ratio}_{cit}$		0.001				
		(0.001)				
$\text{current ratio}_{cit} \times \text{period} \times \text{policy mandate}_{c}$		0.081				
		(0.095)				
$\text{current ratio}_{cit} \times \text{policy mandate}_{c}$		−0.040				
		(0.064)				
$\text{cash assets}_{cit} \times \text{period}$			−0.386			
			(0.236)			
cash assets_{cit}			0.006			
			(0.006)			
$\text{cash assets}_{cit} \times \text{period} \times \text{policy mandate}_{c}$			1.481			
			(1.399)			
$\text{cash assets}_{cit} \times \text{policy mandate}_{c}$			1.240			
			(1.835)			
$\text{liabilities assets}_{cit} \times \text{period}$				−0.051		
				(0.152)		
$\text{liabilities assets}_{cit}$				−0.073		
				(0.139)		
$\text{liabilities assets}_{cit} \times \text{period} \times \text{policy mandate}_{c}$				−1.183		
				(0.954)		
$\text{liabilities assets}_{cit} \times \text{policy mandate}_{c}$				0.691		
				(1.074)		
$\text{return on asset}_{cit} \times \text{period}$					0.0004	
					(0.0003)	
$\text{return on asset}_{cit}$					0.00004	
					(0.0001)	
$\text{return on asset}_{cit} \times \text{period} \times \text{policy mandate}_{c}$					−0.004	
					(0.005)	
$\text{return on asset}_{cit} \times \text{policy mandate}_{c}$					−0.001	
					(0.004)	
$\text{sales assets}_{cit}$						0.00001
						(0.00001)
$\text{sales assets}_{cit} \times \text{period}$						−0.00001
						(0.00001)
$\text{sales assets}_{cit} \times \text{policy mandate}_{c}$						−0.00001
						(0.0001)
$\text{sales assets}_{cit} \times \text{period} \times \text{policy mandate}_{c}$						0.00002
						(0.0001)
City-industry	Yes	Yes	Yes	Yes	Yes	Yes
Time-industry	Yes	Yes	Yes	Yes	Yes	Yes
City-time	Yes	Yes	Yes	Yes	Yes	Yes
Observations	18,292	31,652	13,702	13,702	18,238	26,775
R^2	0.906	0.866	0.926	0.926	0.906	0.878

This table estimates eq(3). Heteroskedasticity-robust standard errors clustered at the city level appear inp arentheses. * Significance at the 10%, ** Significance at the 5%, *** Significance at the 1%.