

Table 1: Baseline estimate, SO2 emission reduction, policy mandate, individual sector Computers and Other Electronic Equipment”

|  | Dependent variable: SO2 emission |                      |                      |                     |                     |                      |
|--|----------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
|  | (1)                              | (2)                  | (3)                  | (4)                 | (5)                 | (6)                  |
| working capital <sub>cit</sub>   | 0.029<br>(0.080)                 |                      |                      |                     |                     |                      |
| current ratio <sub>cit</sub>   |                                  | -0.319<br>(0.251)    |                      |                     |                     |                      |
| cash assets <sub>cit</sub>   |                                  |                      | 3.093<br>(3.087)     |                     |                     |                      |
| liabilities assets <sub>cit</sub>  |                                  |                      |                      | 0.881<br>(1.413)    |                     |                      |
| return on asset <sub>cit</sub>   |                                  |                      |                      |                     | -0.102**<br>(0.040) |                      |
| sales assets <sub>cit</sub>  |                                  |                      |                      |                     |                     | -0.001**<br>(0.0005) |
| output <sub>cit</sub>  | -0.003<br>(0.007)                | -0.022***<br>(0.004) | -0.005<br>(0.019)    | -0.005<br>(0.019)   | -0.009<br>(0.008)   | -0.021***<br>(0.004) |
| employment <sub>cit</sub>  | 0.007<br>(0.004)                 | 0.008***<br>(0.002)  | 0.004<br>(0.006)     | 0.004<br>(0.006)    | 0.004<br>(0.003)    | 0.009***<br>(0.002)  |
| capital <sub>cit</sub>   | 0.021<br>(0.049)                 | 0.115***<br>(0.022)  | -0.009<br>(0.084)    | 0.020<br>(0.079)    | 0.047<br>(0.043)    | 0.110***<br>(0.023)  |
| period × policy mandate <sub>c</sub>                                     | -1.875<br>(1.277)                | 1.279<br>(5.193)     | 7.186**<br>(3.432)   | 1.973<br>(6.389)    | -2.454<br>(1.781)   | -0.769<br>(0.886)    |
| period × working capital <sub>cit</sub>                                  | -0.066<br>(0.043)                |                      |                      |                     |                     |                      |
| policy mandate <sub>c</sub> × working capital <sub>cit</sub>             | -0.111<br>(0.104)                |                      |                      |                     |                     |                      |
| period × policy mandate <sub>c</sub> × working capital <sub>cit</sub>    | 0.130**<br>(0.064)               |                      |                      |                     |                     |                      |
| period × current ratio <sub>cit</sub>                                    |                                  | -0.286<br>(0.353)    |                      |                     |                     |                      |
| policy mandate <sub>c</sub> × current ratio <sub>cit</sub>               |                                  | -1.393*<br>(0.734)   |                      |                     |                     |                      |
| period × policy mandate <sub>c</sub> × current ratio <sub>cit</sub>      |                                  | -2.507<br>(4.432)    |                      |                     |                     |                      |
| period × cash assets <sub>cit</sub>                                      |                                  |                      | -3.813<br>(2.652)    |                     |                     |                      |
| policy mandate <sub>c</sub> × cash assets <sub>cit</sub>                 |                                  |                      | -24.132<br>(15.345)  |                     |                     |                      |
| period × policy mandate <sub>c</sub> × cash assets <sub>cit</sub>        |                                  |                      | 38.064**<br>(17.043) |                     |                     |                      |
| period × liabilities assets <sub>cit</sub>                               |                                  |                      |                      | 0.789<br>(1.240)    |                     |                      |
| policy mandate <sub>c</sub> × liabilities assets <sub>cit</sub>          |                                  |                      |                      | -13.650<br>(12.541) |                     |                      |
| period × policy mandate <sub>c</sub> × liabilities assets <sub>cit</sub> |                                  |                      |                      | -4.811<br>(10.475)  |                     |                      |
| period × return on asset <sub>cit</sub>                                  |                                  |                      |                      |                     | -0.002<br>(0.063)   |                      |
| policy mandate <sub>c</sub> × return on asset <sub>cit</sub>             |                                  |                      |                      |                     | -0.785<br>(0.652)   |                      |
| period × policy mandate <sub>c</sub> × return on asset <sub>cit</sub>    |                                  |                      |                      |                     | 0.789<br>(0.495)    |                      |
| period × sales assets <sub>cit</sub>                                     |                                  |                      |                      |                     |                     | 0.001**<br>(0.0005)  |
| policy mandate <sub>c</sub> × sales assets <sub>cit</sub>                |                                  |                      |                      |                     |                     | 0.003***<br>(0.001)  |
| period × policy mandate <sub>c</sub> × sales assets <sub>cit</sub>       |                                  |                      |                      |                     |                     | -0.003***<br>(0.001) |
| City   | Yes                              | Yes                  | Yes                  | Yes                 | Yes                 | Yes                  |
| Time   | Yes                              | Yes                  | Yes                  | Yes                 | Yes                 | Yes                  |
| Observations   | 377                              | 785                  | 281                  | 281                 | 375                 | 628                  |
| R <sup>2</sup>   | 0.785                            | 0.663                | 0.802                | 0.800               | 0.790               | 0.669                |

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