2nd Geneva Summit on Sustainable Finance (27. November 2014)

Program

8h **Registration**

Room 1

8h30 **Openings**

Professor Yves Flückiger, Vice-rector, University of Geneva
Mr. Fabio Sofia, Member of the Executive Committee, Sustainable Finance Geneva

8h45 **Morning Plenary Session**

Chair: Professor Ines Chaieb (University of Geneva, GFRI and Swiss Finance Institute)

Paper 1: Finance and Society: On the Foundations of Corporate Social Responsibility
Speaker: Professor Luc Renneboog (Tilburg University, European Corporate Governance Institute (ECGI) and Tilburg Law and Economics Center (TILEC))
Discussant: Professor Philipp Krüger (University of Geneva and GFRI)

Paper 2: 'Cleantech' Venture Capital around the World
Speaker: Professor Douglas Cumming (York University, Schulich School of Business)
Discussant: Professor Michel Girardin (University of Geneva and GFRI)

10h **Coffee Break**

10h30-11h45 **Morning Parallel Session 1**

Room 1

Session 1.a: Social Norms, Portfolio Choice and Asset Pricing

Chair: Mr. Christopher Hemmens (University of Geneva and GFRI)

Paper 1: Social Preferences and Portfolio Choice
Speaker: Professor Arno Riedl (Maastricht University)
Discussant: Professor Tony Berrada (University of Geneva, GFRI and Swiss Finance Institute)

Paper 2: Social Screens and Systematic Boycott Risk
Speaker: Mr. Hao Luo (McMaster University)
Discussant: Professor Olivier Scaillet (University of Geneva, GFRI and Swiss Finance Institute)

Room 2

Session 1.b: Sustainable Development and Agency Issues

Chair: Mr. Zhicheng Zhang (University of Geneva and GFRI)

Paper 1: Why do Socially Responsible Firms Pay More Dividends?
Speaker: Mr. Mohammed Benlemlih (Grenoble University)
Discussant: Professor Christian Klein (University of Kassel)

Paper 2: Socially Responsible Firms
Speaker: Mr. Hao Liang (Tilburg University)
Discussant: Professor Harald Hau (University of Geneva, GFRI and Swiss Finance Institute)

11h45-13h **Morning Parallel Session 2**

Room 1

Session 2.a: Corporate Sustainability, Value Creation and Risk

Chair: Mr. Jean Laville (Sustainable Finance Geneva, Swiss Sustainable Finance and Conser Invest)

Paper 1 : Does Corporate Investment in Stakeholder Capital Create Value for Shareholders? The Importance of Long-Term Investors
Speaker: Mrs. Phuong-Anh Nguyen (Virginia Tech)
Discussant: Mr. Matthias Efing (University of Geneva, GFRI and Swiss Finance Institute)

Paper 2: How Performance of Risk-Based Strategies is Modified by Socially Responsible Investment Universe?
Speaker: Dr. Vincent Lapointe (Kedge Business School)
Discussant: Mr. Laurent Nguyen (Pictet Asset Management)

Room 2

Session 2.b: Sustainability and Other Asset Classes

Chair: Mrs. Elisabeth Pröhl (University of Geneva, GFRI and Swiss Finance Institute)

Paper 1: Environmental Performance and the Cost of Capital: Evidence from REIT Bonds and Commercial Mortgages
Speaker: Professor Erkan Yönder (Ozyegin University)
Discussant: Dr. Kustrim Reka (University of Geneva and GFRI)

Paper 2: Equator Principles Adoption: Peer Pressure or Piggybacking?
Speaker: Mrs. Martha Contreras (Maastricht University)
Discussant: Mr. Julian Kölbel (ETH Zürich)

13h Lunch and Poster Session

Poster 1
What Stakeholders Want: How Culture Moderates the Effect of Corporate Sustainability on Risk - **Mr. Julian Kölbel (ETH Zürich)**

Poster 2
The Influence of Corporate Social Responsibility on Credit Risk Measures of Euro-zone Corporate Bonds - **Professor Christian Klein (Universität Kassel)**

Poster 3
Overcoming Barriers to Scale: Institutional Impact Investments in Low-Income and Developing Countries - **Mr. David Uzsoki (International Institute for Sustainable Development)**

Poster 4
The Interconnections Between Islamic Finance and Sustainable Finance - **Mr. Carlos Dominguez (International Institute for Sustainable Development)**

14h-15h15 Afternoon Parallel Session

Room 1

Session 3.a: Accounting for Climate and Carbon Risk: From Margins to Mainstream

Chair: Dr. Margot Hill Clarvis (University of Geneva, ISE and Earth Security Group)

Carbon Supply Cost Curves: Evaluating Financial Risk to Oil Capital Expenditures
Speaker: Mr. Mark Campanale (Carbon Tracker Initiative)

Climate Change and Stranded Assets – A Proposed Methodology for Evaluating the Exposure of National Economies
Speaker: Dr. Nicole Grunewald (Global Footprint Network)

At Cross-Purposes: Subsidies and Climate Compatible Investment
Speaker: Mrs. Shelagh Whitley (Overseas Development Institute)

Discussant: Mrs. Oshani Perera (International Institute for Sustainable Development)

Room 2

Session 3.b: Emerging Products and Mechanisms for the Financing of a Green Economy

Chair: Mr. Antoine Mach (Sustainable Finance Geneva and Covalence EthicalQuote)

Park Bonds, A New Mechanism to Secure the Long-Term Financing of Protected Area Networks
Speaker: Mr. Benjamin Landreau (Green Eco-Land)

Jurisdictional REDD+ Bonds: Leveraging Private Finance for Forest Protection, Development and Sustainable Agriculture Supply Chains
Speaker: Mr. Rupert Edwards (Forest Trends)

The Ethical Water Exchange
Speaker: Mrs. Valérie Issumo (Prana Sustainable Water)

Discussant: Mr. Simon Petley (Climate Bonds Initiative and EnviroMarket)

15h15-15h45 Coffee Break

Room 1

15h45 Keynote Presentation

Chair: Professor Rajna Gibson Brandon (University of Geneva, GFRI and Swiss Finance Institute)

Yngve Slyngstad

Chief Executive Officer of Norges Bank Investment Management and responsible for managing Norway's Sovereign Wealth Fund

Yngve Slyngstad was named Chief Executive Officer of Norges Bank Investment Management on 1 January, 2008. Mr. Slyngstad joined the organisation in 1998 to head and build its equity management activities. He held the position of Head of Equities between 1998 and 2007. Prior to joining Norges Bank Investment Management, Slyngstad held the position of Chief Investment Officer, Asian Equities, at Storebrand Asset Management.

Mr. Slyngstad holds a master's degree in law from the University of Oslo and a master's degree in business management from the Norwegian School of Economics (NHH). He also has a master's degree in economics from the University of California and a master's degree in political science from the University of Paris.

Norges Bank Investment Management (NBIM) is the asset management unit of the Norwegian central bank (Norges Bank). NBIM manages the Government Pension Fund Global, often referred to as the Norwegian oil fund. The Government Pension Fund Global is the largest sovereign wealth fund. The fund owns about 1.3% of the world's listed companies and 2.5% of Europe's listed companies.

16h45 Best Paper Awards and Closing Remarks

Session details

Morning Plenary Session (8h45-10h, Room 1)

Previous academic research suggests that the historical origins of a country's laws (for example, common versus civil law) are important determinants of many economic outcomes. The paper *"Finance and Society: On the Foundations of Corporate Social Responsibility"* shows that such legal origins are also fundamental determinants of corporate sustainability.

Cleantech investment differs from the typical venture capital investment in that it tends to be very capital intensive and facing greater technological risks. The paper "Cleantech Venture Capital around the World" explores what factors drive Cleantech investment and provides evidence of a pronounced role for oil prices driving Cleantech venture capital deals.

Session 1.a: Social Norms, Portfolio Choice and Asset Pricing (10h30-11h45, Room 1)

Why do some retail investors choose to invest socially responsible while others do not? The paper *"Social Preferences and Portfolio Choice"* shows that one of the reasons is simply because some investors care more about the wellbeing of others ("social preferences"). To show this empirically, the authors combine insights from laboratory experiments with retail investors' mutual fund choices.

Driven by societal considerations, some investors refrain from investing in companies engaged in certain industrial activities, for example tobacco or alcohol production. The paper *"Social Screens and Systematic Boycott Risk"* identifies a systematic "boycott risk premium" in stock returns and finds evidence that the boycott factor is useful in explaining cross-sectional differences in mean returns across industries.

Session 1.b: Sustainable Development and Agency Issues (10h30-11h45, Room 2)

The agency view of corporate social responsibility (CSR) considers CSR as a managerial agency problem and a waste of corporate resources, since corporate insiders do good with other people's money. Consistent with the idea that socially responsible firms may use dividend policy to manage agency problems related to CSR, the paper *"Why do socially responsible firms pay more dividends?"* finds that high CSR firms pay more dividends than low CSR firms.

The paper *"Socially Responsible Firms"* evaluate the agency view of corporate social responsibility and documents that CSR ratings are higher for companies with fewer agency problems, and not the other way around, like the agency view would predict.

Session 2.a: Corporate Sustainability, Value Creation and Risk (11h45-13h, Room 1)

There is a debate on whether corporate sustainability creates value for shareholders. The paper *"Does Corporate Investment in Stakeholder Capital Create Value for Shareholders? The Importance of Long-Term Investors"* takes a new perspective on the question by showing that investment in sustainability is valued more in firms which have a higher fraction of long-term oriented shareholders like pension funds or insurance companies.

Risk-based investment strategies, also known as smart beta allocations, define the weights of assets in portfolios as functions of asset risk. The paper *"How Performance of Risk-Based Strategies is Modified by Socially Responsible Investment Universe?"* studies how filtering the investment universe according to sustainability considerations impacts performance of risk-based strategies and shows that such filtering can have a positive impact on risk-adjusted performance.

Session 2.b: Sustainability and Other Asset Classes (11h45-13h, Room 2)

The real estate sector is responsible for substantial greenhouse gas emissions. Using a sample of Real Investment Trusts (REITs), the paper *"Environmental Performance and the Cost of Capital: Evidence from REIT Bonds and Commercial Mortgages"* investigates the relation between real estate sustainability and the cost of debt. The paper shows that REITs which invest more in energy efficient buildings have higher credit ratings.

The Equator Principles are voluntary guidelines for promoting social and environmental responsibility among banks. Why do some banks adopt the principles while others do not? The paper *"Equator Principles Adoption: Peer Pressure or Piggybacking?"* tries to answer this question by looking at the syndicated loan market where banks cooperate to finance projects. The paper shows that some banks do not adopt the principles because they benefit from other banks in a syndicate being equator principles adopters ("piggybacking").

Session 3.a: Accounting for Climate and Carbon Risk: From Margins to Mainstream (14h-15h15, Room1)

Growing concerns of risk exposure to stranded assets and a possible "carbon bubble" are beginning to emerge. Regulators, governments and investors are being urged to reassess performance and risk measurement against carbon budgets and climate change impacts. At the same time, fossil fuel subsidies continue to promote business as usual, undermining efforts directed towards climate-compatible development. This session presents insights on risk exposure to climate and carbon trends as well as policy barriers to stimulating green growth over fossil fuel driven business as usual.

Session 3.b: Emerging Products and Mechanisms for the Financing of a Green Economy (14h-15h15, Room 2)

The scale of finance required to transition from unsustainable to green economic growth is significant. Tens of billions of dollars will be needed annually to halve deforestation by 2020 alone. These shifts will increasingly need to be driven by private sector capital as opposed to investment by policy-guided development banks. New investment products are needed to channel private sector capital to supporting green economic growth. This session presents insights on recent trends and innovations in new types of green financial instruments and policy tools that address current barriers.