

> Thursday, April 1st, 2021

12:30 - 14:00

FINANCE

RESEARCH
SEMINAR



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

“THE REAL EFFECTS OF ENVIRONMENTAL ACTIVIST INVESTING”

(A joint work with Kunal Sachdeva and Varun Sharma)

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ABSTRACT

We study the real effects of environmental activist investing. Using plant-level data, we find that targeted firms reduce their toxic releases, greenhouse gas emissions, and cancer-causing pollution. Improvements in air quality within a one-mile radius of targeted plants suggest potentially important externalities to local economies. These improvements come through increased capital expenditures on new abatement initiatives. We rule out alternative explanations of decline in production, reporting biases, and forms of selection, while also providing evidence supporting the external validity of environmental activism. Overall, our study suggests that engagements are an effective tool for long-term shareholders to address climate change risks.

Keywords: Activism, Environmental Social and Governance, Socially Responsible Investment, Corporate Social Responsibility, Pensions