

China Accounting and Finance Review (CAFR) 2021 Virtual Annual Conference

17-18 September 2021
(Fri & Sat, HKT, UTC+8)
Platform: Zoom

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Day 1 (17 September) Keynote Speech

Speech title:

Mandatory ESG/Sustainability Reporting - Current Landscape and Potential Economic Effects

Abstract:

The speech is based on a recent RAST paper entitled “Mandatory CSR and Sustainability Reporting: Economic Analysis and Literature Review”, coauthored by Hans Christensen, Luzi Hail and Christian Leuz. It collates potential economic consequences from a mandate and what the literature has to say about them. Prof. Leuz will first describe the sustainability reporting landscape and the recent push for mandatory sustainability or ESG reporting. Then he will discuss the reasons behind such push and the different goals that those pushing for a mandate might have in mind. Finally, he will discuss some of the lessons from academic research for a mandatory sustainability reporting regime, and highlight potential areas for future research.

Speaker:

Prof. Christian Leuz, University of Chicago Booth School of Business

Christian Leuz is the Joseph Sondheimer Professor of International Economics, Finance and Accounting at the University of Chicago's Booth School of Business. He is a Research Associate at the National Bureau of Economic Research, and a Fellow at the European Corporate Governance Institute, Wharton's Financial Institution Center, Goethe Universität Frankfurt's Center for Financial Studies, and a member of the CESifo Research Network and the IGM's European Economic Experts Panel. He studies the role of disclosure and transparency in capital markets and other settings, the effects of regulation, international accounting as well as corporate governance and corporate financing decisions. His work has been published in top accounting and finance journals. He has received several awards and honors, including the 2016 and the 2014 Distinguished Contribution to the Accounting Literature Awards, the Humboldt Research Award in 2012, as well as the 2011 Wildman Medal Award. He was also recognized as a "Highly Cited Researcher" by Thomson Reuters and included in their list of "The World's Most Influential Scientific Minds" in 2014-2018. Professor Leuz acts as an editor for the *Journal of Accounting Research* and has served on many editorial boards, including *Journal of Accounting and Economics*, *The Accounting Review*, *Journal of Business, Finance and Accounting*, and *Review of Accounting Studies*.

Born in Germany, Professor Leuz earned his doctoral degree and Habilitation at the Goethe University Frankfurt in Germany. Prior to this position, he was the Harold Stott Term Assistant Professor in Accounting at the Wharton School of the University of Pennsylvania and a visiting doctoral fellow at the Simon School of Business, University of Rochester.



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Day 2 (18 September) Keynote Speech

Speech title:

Accounting and Finance in the Age of Climate Change

Abstract:

Asset managers are increasingly required to disclose the carbon emissions of their holdings as well as climate VaRs relating to their firms' exposures to extreme weather. They are also being pressured to implement sustainable finance mandates to screen out firms that do not meet net-zero emissions targets or at least factor in their climate risks. Firms are at the same time announcing carbon emissions reduction plans. In this keynote, I assess the welfare consequences of these developments. I make the case that net-zero emissions mandates are an implicit "sustainable finance" tax on shareholders who can help address the global warming externality by incentivizing firms to invest in decarbonization capital. But even as my calculations suggest that welfare-maximizing mandates can fund 25% of the reduction in aggregate emissions by the Paris Agreement deadline of 2050, emissions control cannot address the extreme weather consequences of global warming for many decades. I offer theoretically-motivated metrics for investors and firms to manage extreme weather risks in the interim.

Speaker:

Prof. Harrison Hong, *Columbia University*

Harrison Hong is the John R. Eckel Jr. Professor of Financial Economics at the Columbia University Department of Economics. Before coming to Columbia in 2016, he was on the economics faculty of Princeton University, most recently as the John Scully '66 Professor of Economics and Finance. Prior to that, he was an associate professor of finance at the Stanford Graduate School of Business from 1997 to 2001. He received his B.A. in economics and statistics with highest distinction from the University of California at Berkeley in 1992 and his Ph.D. in economics from M.I.T. in 1997. In 2009, he was awarded the Fischer Black Prize, given once every two years to the best American finance economist under the age of 40. He received honorary doctorates from Stockholm School of Economics and Aalto University and was a past Director of the American Finance Association. He is a research associate at the National Bureau of Economic Research and an academic advisor at LSV Asset Management. He has contributed to a number of areas in financial economics, including stock market efficiency and behavioral finance. His recent work focuses on the role of the financial system in addressing climate change. He is an author on the upcoming Fifth National Climate Assessment.



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Panelist

Ms Sammie Leung, PwC Hong Kong

Sammie Leung is a Partner of One Firm Services in PwC Mainland China and Hong Kong. She has long been engaged in issues related to ESG and climate change. With a team of 100+ Environmental, Social and Governance (ESG) professionals, the nationwide practice offers four key services: ESG Reporting, Green Finance, Climate and Strategy, and Transformation.

For corporate clients, Sammie's team serve 80+ companies in ESG disclosure advisory work, including reporting in accordance with major reporting frameworks such as Global Reporting Initiatives (GRI), Sustainability Accounting Standards Board (SASB) and Hong Kong Stock Exchange ESG guidelines.

Sammie also helps corporate clients start or enhance compliance with recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) by advising on identification of climate-related risks, performing science-based scenario analysis, and measuring and disclosing corresponding financial impacts. She also assists clients in science-based target setting, decarbonisation strategy design and implementation as well as adoption of United Nations Sustainable Development Goals (UNSDGs).

For asset managers and owners, Sammie led the SFC survey on integrating Environmental, Social and Governance Factors and Climate Risks in Asset Management in 2019. Her project experience also covers ESG integration framework design, ESG strategy, climate-related risk integration and assessment for different types of investment houses.

Sammie serves multiple roles in professional associations on ESG-related matters, including the Hong Kong Green Finance Association (HKGFA) and the Hong Kong Institute of Certified Public Accountants (HKICPA). She has been serving as a member of the External Audit Committee of a tertiary education entity in Hong Kong for over seven years.

Sammie is a member of the Academy of Finance (AoF), the Hong Kong Institute of Certified Accountants (HKICPA) and the Association of Chartered Certified Accountants (ACCA).



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Panelist

Ms Judy Li, Ernst & Young

Judy Li is the leader of Sustainability of Financial Services in Asia Pacific and the Partner of Climate Change and Sustainability Services (CCaSS) of Financial Services in Ernst & Young Greater China. She leads and drives sustainable finance across the region, working closely with each country and market in the region. She represents the region on a global level as she collaborates with the Global Sustainable Finance team to strategically develop, drive and implement policies and programs to help EY and the FSO become a leader in sustainable business solutions and operations.



In Greater China, Judy li leads the team to work on decarbonization, climate change mitigation and adaptation, green finance and sustainable development which include roadmap and strategic plans of carbon neutral targets, advisory service for energy savings and green operations, assurance of carbon neutrality, assurance of green bond/social bond/blue bond/transition bond and sustainability-linked bond issuance, green loan/sustainability linked loan assurance, EY Green Finance Management System, strategy and execution of green fund/ESG investment, ESG reporting and disclosure, EY ESG performance Analysis Model, strategy and execution of Equator banks, environment and social risk management, environmental / climate related risks stress testing, etc. She is the focal point of information disclosure task force under Green Investment Principles of Belt and Road Initiatives, and a leading expert of establishment for UN Sustainable Finance Standard and etc.

Ms Li has been performing as a technical expert by participating in national policy and provincial regulation establishment of green finance and sustainable development, as well as setting related international and bilateral standards. She has been nominated as Special Researcher of Top 50 of China Carbon Neutrality Forum. Ms. Li is now leading EY CCaSS team to work with HKMA/HKIMR on the HK Green Bond Market survey and to support green and sustainable finance development in HK.

Before joining EY, Ms. Li worked in the New York headquarters and China country office of the United Nations Development Programme (UNDP). She has deeply engaged with various sustainability-related work, such as the global energy and environment programme, multilateral negotiation of climate change mitigation and adaptation, climate finance projects, and execution of the Montreal Protocol.

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Time (HK UTC+8)	17 September (Friday Day 1)	
0900-0905	Welcome Prof. Nancy Su (The Hong Kong Polytechnic University)	
0905-1005	Keynote 1: Mandatory ESG/Sustainability Reporting - Current Landscape and Potential Economic Effects Speaker: Christian Leuz (University of Chicago Booth School of Business) Moderator: Albert Tsang (The Hong Kong Polytechnic University)	
1005-1105	Panel on Climate Change Panelists: Sammie Leung (PwC) Judy Li (Ernst & Young) Christian Leuz (University of Chicago Booth School of Business) Harrison Hong (Columbia University Department of Economics) Moderator: CS Agnes Cheng (The Hong Kong Polytechnic University)	
1105-1120	<i>Break (15 min)</i>	
	Concurrent Session A	Concurrent Session B
	ESG and Corporate Governance 1 Moderator: Daxuan Zhao (Renmin University of China)	ESG and Banking Moderator: Chong Wang (The Hong Kong Polytechnic University)
1120-1150	A1 Looking the Other Way: The Screening Role of (Weak) Internal Monitoring Presenter: Felix Zhiyu Feng (University of Washington) Discussant: Jun Chen (Renmin University of China)	B1 Deposit Insurance and Discretion in Loan Loss Provisioning Presenter: Leonid Pugachev (Rochester Institute of Technology) Discussant: Chong Wang (The Hong Kong Polytechnic University)
1150-1220	A2 Chinese Retail Investor Flows and Shareholder Governance Presenter: Wilbur Chen (Harvard University) Discussant: Steven Wei (The Hong Kong Polytechnic University)	B2 Walking the Walk? Bank ESG Disclosures and Home Mortgage Lending Presenter: Xiaoyu (Ross) Zhu (Sun Yat-sen University) Discussant: Hangsoo Kyung (The Hong Kong Polytechnic University)
1220-1250	A3 Bond Ownership Structure and Corporate Social Responsibility Presenter: Jesus M. Salas (Lehigh University) Discussant: Munhee Han (The Hong Kong Polytechnic University)	B3 Intangible Customer Capital and Bank Resilience Presenter: Yu Shan (Concordia University) Discussant: Honglin Ren (Renmin University of China)
1250-1400	<i>Break (1 hour 10 min)</i>	
	ESG and Corporate Governance 2 Moderator: Timothy Chue (The Hong Kong Polytechnic University)	ESG and Corporate Finance Moderator: Jungmin Kim (The Hong Kong Polytechnic University)
1400-1430	A4 Relative Performance Evaluation and Corporate Tax Avoidance Presenter: Kai Wu (Central University of Finance and Economics) Discussant: Yi Xiang (The Hong Kong Polytechnic University)	B4 Pandemic Exposure, Credit Market Reactions, and Corporate Default Risk Presenter: Michael B. Imerman (Claremont Graduate University) Discussant: Shixiang Xia (The Hong Kong Polytechnic University)
1430-1500	A5 Returning CEOs Presenter: Ying Gan (Erasmus University Rotterdam) Discussant: Yong Zhang (The Hong Kong Polytechnic University)	B5 Reaching for Dividends, Price Pressure, and the Implications for Corporate Dividend Policy Presenter: Hong Xiang (The University of Hong Kong) Discussant: Jing Xie (The Hong Kong Polytechnic University)
1500-1530	A6 When Independent Directors Talk, Do Shareholders Listen? Presenter: Qiuchen Ge (Central University of Finance and Economics) Discussant: Jing Zhao (The Hong Kong Polytechnic University)	B6 Is Carbon Risk Priced in the Cross-Section of Corporate Bond Returns? Presenter: Frank Weikai Li (Singapore Management University) Discussant: Jiangmin Xu (Peking University)
1530-1545	<i>Break (15 min)</i>	
1545-1630	Plenary 1 Operating Exposure to Weather, Earnings Predictability, and Analyst Forecast Presenter: Lei Zhang (City University of Hong Kong) Discussant: Qin Li (The Hong Kong Polytechnic University) Moderator: Cheng Zeng (The Hong Kong Polytechnic University)	
	<i>Transition Break (5 min)</i>	
1635-1720	Plenary 2 Do Firms Adapt to Rising Temperatures? Evidence from Establishment-Level Data Presenter: Zuben Jin (Singapore Management University) Discussant: Qianqian Du (The Hong Kong Polytechnic University) Moderator: Hangsoo Kyung (The Hong Kong Polytechnic University)	
	<i>Transition Break (5 min)</i>	
1725-1810	Plenary 3 Climate Change Exposure and Stock Return Predictability Presenter: Jiangmin Xu (Peking University) Discussant: Gilbert Seongkyu Park (The Hong Kong Polytechnic University) Moderator: Chi Man Yip (The Hong Kong Polytechnic University)	

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Time (HK UTC+8)	18 September (Saturday Day 2)	
0900-1000	Keynote 2: Accounting and Finance in the Age of Climate Change Speaker: Harrison Hong (Columbia University) Moderator: Nianhang Xu (Renmin University of China)	
1000-1015	Break (15 min)	
	Concurrent Session A	Concurrent Session B
	ESG and Asset Pricing Moderator: Lingling Zheng (Renmin University of China)	ESG and Stock Trading Moderator: Feng Tian (The Hong Kong Polytechnic University)
1015-1045	A7 Asset Pricing with Daily Shopper Spending Presenter: Jialu Shen (University of Missouri) Discussant: Te-Feng Chen (The Hong Kong Polytechnic University)	B7 Rainy Day Liquidity Presenter: Tong Yu (University of Cincinnati) Discussant: Shuran Zhang (The Hong Kong Polytechnic University)
1045-1115	A8 An Agnostic and Practically Useful Estimator of the Stochastic Discount Factor Presenter: Kuntara Pukthuanthong (University of Missouri) Discussant: Junho Oh (The Hong Kong Polytechnic University)	B8 Do Retail Investors Matter? Presenter: Zhipeng Yan (New Jersey Institute of Technology) Discussant: Gang Li (The Hong Kong Polytechnic University)
1115-1130	Break (15 min)	
	ESG Performance 1 Moderator: Gang Li (The Hong Kong Polytechnic University)	Social Capital Moderator: June Cheng (The Hong Kong Polytechnic University)
1130-1200	A9 Which Corporate ESG News Does the Market React to? Presenter: Aaron Yoon (Northwestern University) Discussant: Jonathan Nam (The Hong Kong Polytechnic University)	B9 Morale, Performance, and Disclosure Presenter: Ian Xue (Duke University) Discussant: Shengbo Zhu (Renmin University of China)
1200-1230	A10 The Economic Consequences of Firms' Commitment to ESG Policies Presenter: Xinlei Li (Hong Kong University of Science and Technology) Discussant: Zheng Liu (The Hong Kong Polytechnic University)	B10 Do Rating Agencies Consider the Location of the Firm in Their Ratings? Evidence from Social Capital Presenter: Sha Zhao (Oakland University) Discussant: Lisa Chengzhu Sun (The Hong Kong Polytechnic University)
1230-1300	A11 Analyzing Active Managers' Commitment to ESG: Evidence from United Nations Principles for Responsible Investment Presenter: Aaron Yoon (Northwestern University) Discussant: Feng Tian (The Hong Kong Polytechnic University)	B11 Relative Societal Trust and Multinational Group Audits Presenter: Tracy H. Y. Yeung (City University of Hong Kong) Discussant: Yangyang Fan (The Hong Kong Polytechnic University)
1300-1415	Break (1 hour 15 min)	
	ESG Performance 2 Moderator: Andy Chui (The Hong Kong Polytechnic University)	Climate Change Moderator: Xiaodan Gao (Renmin University of China)
1415-1445	A12 ESG Rating Events and Stock Market Reactions Presenter: Maximilian Glück (Friedrich-Alexander-Universität Erlangen-Nürnberg) Discussant: Yuan Huang (The Hong Kong Polytechnic University)	B12 Managing Climate Change Risks: Sea Level Rise and Mergers and Acquisitions Presenter: Chen Shen (University of North Carolina Charlotte) Discussant: Liwei Weng (The Hong Kong Polytechnic University)
1445-1515	A13 Will Nature-Loving CEOs Make the World Greener? Presenter: Weijia Zhi (Frankfurt School of Finance & Management) Discussant: Yong Zhang (The Hong Kong Polytechnic University)	B13 Global Carbon Divestment and Firms' Actions Presenter: Zhenyu Gao (Chinese University of Hong Kong) Discussant: Chi Man Yip (The Hong Kong Polytechnic University)
1515-1545	A14 Corporate Social Responsibility and Insider Horizon Presenter: Ziran Zuo (Lancaster University) Discussant: George Wong (The Hong Kong Polytechnic University)	B14 Corporate Social Responsibility and Firm Survival: Evidence from the Climate and Pandemic Crises Presenter: Yu Zhang (University of Bath) Discussant: Tjomme Rusticus (The Hong Kong Polytechnic University)
1545-1600	Break (15 min)	
1600-1645	Plenary 4 The Effects of Mandatory ESG Disclosure around the World Presenter: Rui Zhong (University of Western Australia) Discussant: Jungmin Kim (The Hong Kong Polytechnic University) Moderator: Lisa Chengzhu Sun (The Hong Kong Polytechnic University)	
	Transition Break (5 min)	
1650-1735	Plenary 5 Local Government and The Quality of Company Environmental Information Disclosure in China – Economic and Political influences Presenter: Ping Zhu (Zhejiang Sci-Tech University) Discussant: John Chung (The Hong Kong Polytechnic University) Moderator: Zhihong Yi (Renmin University of China)	
	Transition Break (5 min)	
1740-1825	Plenary 6 Political Connections, Environmental Violations and Punishment: Evidence from Heavily Polluting Firms in China Presenter: Jingjing Wang (University of Liverpool) Discussant: Cheng Zeng (The Hong Kong Polytechnic University) Moderator: Fuxiu Jiang (Renmin University of China)	
1825-1830	Closing remarks Prof. Albert Tsang (The Hong Kong Polytechnic University)	

Note:

Keynote (1 hr): 45 min presenter + 15 min Q&A

Plenary (45 min): 25 min presenter + 15 min discussant + 5 min Q&A

Concurrent (30 min): 15 min presenter + 10 min discussant + 5 min Q&A

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Acknowledgements

We would like to express our sincere gratitude to our committee members for their generous contribution to the conference.

Conference Organizing Committee

C.S. Agnes Cheng, The Hong Kong Polytechnic University
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