

(1) *Name, Position, Contact Details for each applicant*

- *Chloe Ho, Developing Researcher*
Chloe.ho@uwa.edu.au
- *Jing Yu, Established Researcher*
Jing.yu@uwa.edu.au

(2) *Project Title*

Grant title: "Do institutional investors recognise unburnable carbon? Evidence from private placements."

(3) *Updated Project Summary (500 words) including any variations between the project undertaken and the original application*

We have developed a working paper out of this grant entitled: "Is Corporate Social Responsibility a Risky Business? Evidence from international seasoned equity offerings".

In our original application, we proposed to investigate Australian private placements. However, upon obtaining the carbon emission dataset (CDP) and matching it with the Australian private placement subsample, we find that the final sample is relatively small. Therefore, we expanded our study to an international sample of seasoned equity offerings across 21 countries.

We study the impact of social and environmental incidents on seasoned equity offerings (SEOs) across 21 countries. Unlike CSR scores, social and environmental incidents are not confounded by management's greenwashing their CSR activities. We show that social and environmental risk scores are negatively related to the likelihood of SEOs, highlighting the difficulty to access equity capital. The higher the risk and impact of the issuer's social incidents, the smaller is the offer size. The higher the risk and impact of the issuer's environmental incidents, the larger is the underpricing. Adverse implications from negative social and environmental incidents are lessened if issuers are located in countries with English common legal origin or with stronger country-level social performance. Finally, both social and environmental incidents have transient effects on offer size but long-lasting on underpricing. Our results suggest that social and environmental damages have negative impacts on firms' equity financing costs.

(4) *Funds Granted*

\$5,000

(5) *Detailed Report on Expenditure of Funds against Budget Items, with variations explained*

- CDP dataset \$3,840.25

= \$ 1,159.75 (balance)

The balance will be used in the next few months to fund data collection for the second paper.

(6) Outcomes, for example, working papers, presentations and publications (give full details, including abstracts)

- *We have developed one working paper, which has been submitted to a few international and local conferences in 2019 (awaiting outcome).*
- *Presented in UWA's internal seminar in December 2018.*
- *We leveraged this project in our application for an internal grant and an ARC discovery grant. We were successful in the internal grant.*
- *Developing potential research projects with the director of climate change of KPMG.*

(7) Future Intentions for this Project (give full details)

a. Conference submissions

Submitted to AFAANZ 2019 conference (awaiting outcome), Annual FMA 2019 (awaiting outcome), Asian FA 2019 (awaiting outcome)

Will submit to FIRN Corporate Finance meeting 2019, AFBC 2019, AFA 2020.

b. Journal submissions

Aim to submit to an A international peer-reviewed journal in 2019*

c. Grant applications

Submitted an ARC grant in 2018 (unsuccessful).

Submitted an UWA research collaboration grant in 2018 (successful).

d. Projects

We are currently working on another empirical paper that employs the CDP dataset.

(8) Summary of Outcomes and Benefits

We have achieved many outcomes and benefits from this grant. For instance, our team developed a working paper which has been submitted to several international and local conferences in 2019. We aim to submit this paper to an international peer-reviewed journal this year. The CDP data purchased from this grant also opens doors to several cross-discipline pipeline projects and has high potential to be used in Honours and PhD research students' theses. Finally, this grant has also improved our success in getting a larger internal grant.