

Surfing the Green Wave: What's in a "Green" Name Change?

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What is the paper about?

- The effects of greenwashing on investors' behavior
 - Analyze adopting green-related names
1. Short-term positive abnormal returns for non-green firms
 2. Long-term reversal for firms that did not change their practices to green ones

Very important question

- Greenwashing is quite common
- The paper suggests a unique way to identify greenwashing
 - Investors notice name changes

Summary of comments

- 1 Is the story about greenness?
- 2 Long-term reversal
- 3 What do investors do?

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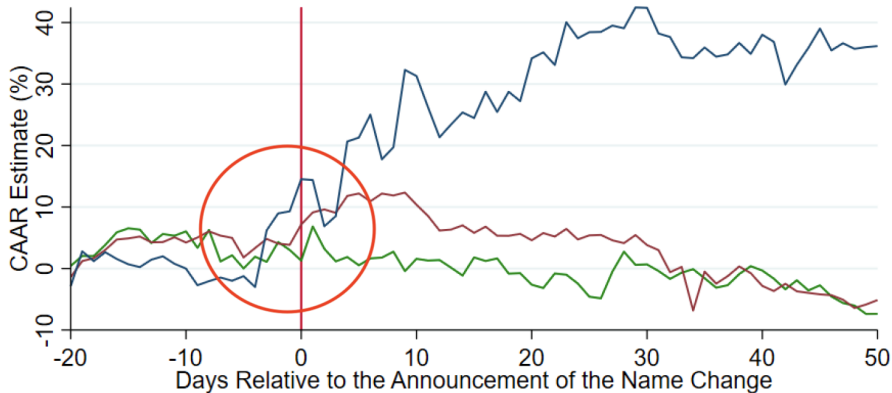
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- CEOs don't declare anything green-related – why? Shouldn't they be leading the green wave?
- Coefficients related to greenness are 10% significant
- Metric of greenness might not be accurate
 - Is Evergreen a green company?

Why pre-trend for green abiders?



Suggestions

- Use the correct benchmark – firms changing names **for other reasons**
- Provide more **anecdotal evidence**
- Show that results are robust to **other definitions of greenness**
- Show the final graph with events to argue a uniform distribution
- Show standard errors for excess return tables

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- Long-term reversal can be explained by Berk and Binsbergen (2022) argument
 - Impact investment has no impact on cost of capital
 - Study long-term impact on cost of capital – might be the most exciting result of the paper (also the strongest)

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 - Show if investors actually buy and then sell
- Is behavior of "**green**" investors different?
 - Check for institutional investors
 - Check for banks vs. bonds (Kacperczyk and Peydro (2022), Luneva and Sarkisyan (2022), Giannetti et al (2023))

Summary

- Paper raises a very important question
- Analyzing name changes is unique and promising
- Needs more work to attribute the findings to greenness
- More results on investors' behaviour and long-term consequences can strengthen the paper
- Good luck!