



The Effects of Green Bond Issuance and Mandatory ESG Disclosure around the World

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Summary of the Impact

- The impact of my research on ESG and green bond is primarily on government agencies, financial institutions, and industry associations.
- Due to my research expertise, I was invited to be a member of two working groups of the Centre for Green and Sustainable Finance under Hong Kong Monetary Authority together with Hong Kong Securities and Futures Commission, which produced the Green and Sustainable Finance Capacity Building Support Scheme.
- I was also invited as expert consultant for Asian Development Bank, as advisor for RIMM Sustainability and to give keynote speech or panel discussions at numerous industry forums and conferences, including one at COP28

Underpinning Research

The main research outputs underpinning the impact are:

- “The Effects of Mandatory ESG Disclosure Around the World” (joint with Philipp Krueger, Zacharias Sautner, and Rui Zhong), 2024, *Journal of Accounting Research*
<https://onlinelibrary.wiley.com/doi/10.1111/1475-679X.12548>
This study compiles data on regulations of mandatory ESG disclosures around the world to examine their effects. We find that stock market liquidity is improved after the enactment of mandatory ESG disclosure requirements.
- “Do Shareholders Benefit from Green Bonds?” (joint with Yupu Zhang), 2020, *Journal of Corporate Finance* 61, 101427.
<https://www.sciencedirect.com/science/article/abs/pii/S0929119918301664>
This study is the first to empirically examine the effect of green bond issuance. Using comprehensive data from all the countries since the first corporate green bond issuance, we find that stock prices increase upon the announcement of green bond issuance.

Another relevant ESG research output is:

- “The Value of Employee Satisfaction in Disastrous Times: Evidence from COVID-19” (joint with Chenyu Shan), 2023, *Review of Finance*, 23(3), 1027–1076.
<https://academic.oup.com/rof/article-abstract/27/3/1027/6692323?redirectedFrom=fulltext>
This study uses data from China to show that at the outbreak of COVID-19, companies with better employee satisfaction experienced better stock market performance.

Underpinning Research

- I conducted the research as a Professor of Finance at HKU FBE.
- I was a key member of the research projects.
- The research outputs were results of collaboration with my PhD students, former PhD students, or other collaborators around the world.

Underpinning Research

The research outputs from my research projects are innovative, novel, and original, providing significant contribution to policy making and industry practices.

- The ESG disclosure study compiles data on regulations of mandatory ESG disclosures around the world to examine their effects. We find that stock market liquidity is improved after the enactment of mandatory ESG disclosure requirements.
- The green bond study is the first to empirically examine the effect of green bond issuance. Using comprehensive data from all the countries since the first corporate green bond issuance, we find that stock prices increase upon the announcement of green bond issuance.
- The employee satisfaction study uses data from China to show that at the outbreak of COVID-19, companies with better employee satisfaction experienced better stock market performance.

Underpinning Research

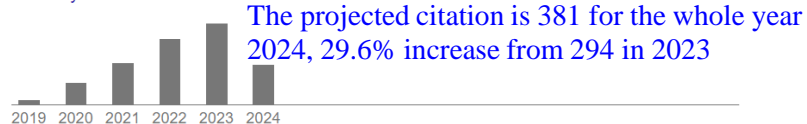
My green bond study has been cited 924 times so far, and has **30 policy mentions**, including from European Union, World Bank, Federal Reserve Bank.

Do shareholders benefit from green bonds?

Authors	Dragon Yongjun Tang, Yupu Zhang
Publication date	2020/4/1
Journal	Journal of Corporate Finance
Volume	61
Pages	101427
Publisher	North-Holland

Description The green bond market has been growing rapidly worldwide since its debut in 2007. We present the first empirical study on the announcement returns and real effects of green bond issuance by firms in 28 countries during 2007–2017. After compiling a comprehensive international green bond dataset, we document that stock prices positively respond to green bond issuance. However, we do not find a consistently significant premium for green bonds, suggesting that the positive stock returns around green bond announcements are not fully driven by the lower cost of debt. Nevertheless, we show that institutional ownership, especially from domestic institutions, increases after the firm issues green bonds. Moreover, stock liquidity significantly improves upon the issuance of green bonds. Overall, our findings suggest that the firm's issuance of green bonds is beneficial to its existing shareholders.

Total citations Cited by 924



Knowledge to be Exchanged

- My green bond research finding suggests that issuing green bond is beneficial to firms. My findings justify government policies providing support for the development of green and sustainable finance, as recently announced by the Hong Kong Monetary Authority:
 - <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/05/20240503-9/#:~:text=The%20Hong%20Kong%20Monetary%20Authority,debt%20issuance%20in%20Hong%20Kong>.
- My ESG disclosure study suggests that mandatory ESG disclosure is good for capital market development. Indeed, Hong Kong stock exchange recently implemented several ESG disclosure rules:
 - https://www.hkex.com.hk/News/Regulatory-Announcements/2024/240419news?sc_lang=en

Engagement

- My engagement is first through acting as working group member for government initiatives.
- I am a Scientific Advisory Board member of RIMM Sustainability (a Singapore-based company on ESG data for small and medium-sized enterprises):
 - <https://rimm.io/about/>
- I often gave interviews to media, keynote speech at important conferences and forums

My Role as ESG Capacity Building Working Group Member, Producing A Government Policy

Dragon Tang

From: gcywong@hkma.gov.hk on behalf of hkcgf@hkma.gov.hk
Sent: Wednesday, December 14, 2022 10:39 AM
To: gaetano.bassolino@ubs.com; acahuang@ust.hk; alexander.tam@ca-cib.com; alfred.lee@hk.amundi.com; antoine.rose@ca-cib.com; chaoni.huang@asia.bnpparibas.com; hkifa@hkifa.org.hk; jenny.lee@hkgreenfinance.org; johannes.hack@dzbank.de; kalokchan@cuhk.edu.hk; liansd@bosera.com; pamelamar@fungacademy.com; ricotang@cyberport.hk; selina.lau@hkfi.org.hk; tasos.zavitsanakis@ubs.com; TracyWong.Harris@sc.com; william.k.n.chan@hsbc.com.hk; xiaofeng.zhong@hk.amundi.com; yasmine.djedai@sgcib.com; yeungchristy@ust.hk; **Dragon Tang**; ykwan@asifma.org; peter.stein@pwma.org.hk
Cc: angelahun@ia.org.hk; angelatang@ia.org.hk; ckung@sfc.hk; cliew@sfc.hk; comip@hkma.gov.hk; dorothismylee@hsbc.com.hk; DiegoDeSartiges@HKEX.COM.HK; eelng@sfc.hk; frankiechan@ia.org.hk; gallantnien@HKEX.COM.HK; gcywong@hkma.gov.hk; gkcwong@sfc.hk; haitian.lu@polyu.edu.hk; KellyLee@HKEX.COM.HK; kkmfung@sfc.hk; kwchui@hkma.gov.hk; pccchan@hkma.gov.hk; rachelleeyc@cyberport.hk; rosetta.tai@ubs.com; sandra.wong@hkfi.org.hk; tonychan@ia.org.hk; victorlam@ia.org.hk; wwylee@sfc.hk; wwtam@sfc.hk; mkmng@hkma.gov.hk; twang@hkma.gov.hk; jackytsang@ust.hk; bmsophia@ust.hk; ellenleung@ust.hk
Subject: Government launches Pilot Green and Sustainable Finance Capacity Building Support Scheme

Dear all,

We are pleased to share that the Pilot Green and Sustainable Finance Capacity Building Support Scheme has officially launched.

The Scheme aims to support talent development in green and sustainable finance by providing subsidies to market practitioners as well as prospective practitioners in undertaking relevant training and acquiring relevant professional qualifications. The Scheme is open for application by Hong Kong residents who are market practitioners and prospective practitioners (i.e. students and graduates in relevant disciplines) of green and sustainable finance. After completing one of the Eligible Programmes, applicants can apply for a subsidy of up to 80% of the relevant fees (full-time student applicants can apply for a subsidy of up to 100% of the relevant fees), subject to a ceiling of \$10,000. More details on the eligibility requirements, list of Eligible Programmes as well as application procedures can be found at the Scheme's website: www.greentalent.org.hk

We would like to thank you again for your great support on this important initiative. Please feel free to share the news, and encourage your contacts and colleagues to make use of the Scheme.

Best regards,
GSF Centre Secretariat

Press release: <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2022/12/20221213-5/>

Engagement

- I was invited as an expert consultant for **Asian Development Bank**, to provide background research for the 2021 Asian Development Outlook in midst of COVID-19
 - <https://www.adb.org/documents/asian-development-outlook-2021-background-papers>

Engagement

- I was invited to contribute ESG research to the Applied Research of Hong Kong Institute for Monetary and Financial Research (HKIMR) under the Hong Kong Academy of Finance, titled “Climate Regulations and Corporate Demand for ESG Talent” (joint with Tong Li):
 - HKIMR **Applied Research** Paper No.03/2024
 - https://www.aof.org.hk/docs/default-source/hkimr/applied-research-papers/dragon-yongjun-tang_full-paper63df77a8f86e46ac84a3702156039878.pdf?sfvrsn=ebb1317c_0

Giving Talk at International Conference COP28



Televised Panel Discussion

12.24
2020
第四期

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徐肇曦 汤勇军 章嘉玉 李源

妙瀚科技创始人兼CEO 香港大学金融学教授 诺亚控股创始投资人 诺亚正行总经理 昕诺飞全球高级副总裁 大中华区首席财务官

主持人 林磊

资本市场
三十年

ESG: 企业践行进行时

Chairing An Industry Panel Discussion at 2023 ESG Ecosystem Conference (生态大会)



Chairing A Panel Discussion on ESG with Industry Experts



Industry Panel Discussions

- I was a panellist for the discussion on wealth management at **International Finance Forum**:
 - <https://www.chinanews.com.cn/cj/2021/12-06/9623463.shtml>
- **Hong Kong Securities and Investment Institute** invited me to give a talk on ESG hot topics:
 - <https://www.hksi.org/en/development/activities/1011000-esg%E7%83%AD%E7%82%B9%E8%AF%9D%E9%A2%98/>
- **CFA Institute Hong Kong** invited me to give panel discussion on ESG Investing Trends in China/APAC:
 - <https://www.cfasocietyhongkong.org/event/webinar-esg-investing-trends-in-china-apac/>
- **British Standards Institute (BSI)** invited me to discuss green finance
 - <https://mp.weixin.qq.com/s/S9dMmQtZseU3hFggtfD0gQ>

Impacts Achieved

- My research on green finance and ESG has substantial impact on government policies and industry practices.
- As a member of both Capacity Building Working Group and Data Working Group of the Centre for Green and Sustainable Finance under the Hong Kong Monetary Authority, I helped make the Pilot Green and Sustainable Finance Capacity Building Support Scheme announced in December 2022:
 - <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2022/12/20221213-5/>
 - This scheme provides funding for students and young professionals to obtain ESG training.
- Another output of the working group is the Internship Platform for students in the ESG area:
 - <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/green-and-sustainable-finance/gsf-internship-opportunities/>
- Furthermore, the GSF Knowledge Hub and Data Portal:
 - <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/green-and-sustainable-finance/gsf-training-information-repository/>
 - <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/green-and-sustainable-finance/gsf-data-source-repository/>

Impacts Achieved

My green bond research has **30 policy mentions**, according to data compiled by PlumX:

- https://plu.mx/plum/a/policy_citation?doi=10.1016/j.jcorpfin.2018.12.001&theme=plum-sciencedirect-theme&hideUsage=true

including the following from **European Union**:

- <https://publications.jrc.ec.europa.eu/repository/handle/JRC121894>

from the **World Bank**:

- <https://www.worldbank.org/en/country/malaysia/publication/SFSEAreport>

from **Federal Reserve Bank of New York**:

- https://www.newyorkfed.org/research/staff_reports/sr1014.html

from the **International Monetary Fund**:

- <https://www.imf.org/en/Publications/WP/Issues/2021/07/23/How-Green-are-Green-Debt-Issuers-462142>

from **Asian Development Bank**:

- <https://www.adb.org/publications/blockchain-tokenized-securities-potential-green-finance>

Impacts Achieved

- My ESG study is ranked as #3 most read research by the *Financial Times* “Business School Sustainability Research: What Is Read Most?” on July 6, 2023:
 - <https://www.ft.com/content/2e41801e-ccd7-49dc-861d-d03d9ed8fdaa>
- My research work for Asian Development Bank helped it design policy to support markets, especially during COVID-19
- As a result of my work, many young professionals and students can work in the ESG industry, solving the shortage of ESG talent for Hong Kong and other places in the world
 - E.g., Ms. Ruiyue (Melissa) Zhang told me in person that she joined Syncicap Asset Management for sustainable investment business after studying my ESG work

Best Paper Award by Industry Association



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Winning Paper

The Effects of Mandatory ESG Disclosure around the World

Authors: Philipp Krueger; Zacharias Sautner; Dragon Yongjun Tang; Rui Zhong