

2024 ESMA Research Conference

“Environmental risks and ESG investing: securities market impacts”

Paris, 15 October 2024 (Hybrid event)

CALL FOR PAPERS

The 2024 ESMA Research Conference aims to bring together academics, policymakers and industry professionals to discuss and analyse the impact of environmental risks and ESG transition on EU securities markets. The conference will explore developments and risks in this area, considering both investor protection and financial stability implications.

How do environmental risks emerge, materialise and impact EU financial market players? Which risks are these actors facing in the short and long run as part of the transition to a sustainable economy? Are the existing microprudential and macroprudential toolkits adequately equipped to address the challenges arising from the riskier macroeconomic environment, technological innovations in financial services, and the ESG transition? How can a coordinated response at EU level help counteract the risks for the EU financial sector?

To tackle these questions, the conference focuses specifically on sharing and discussing empirical evidence, i.e., analysis based on primary and/or secondary data that clearly shows how EU securities markets as a whole or a specific subset of actors therein are affected by environmental risks and transition efforts.

We invite researchers, policymakers, and industry professionals to submit empirical, theoretical or critical papers that address the following themes.

1. Modelling environmental risk exposures and impacts

- **Climate stress testing:** To what extent and how could climate risk scenarios affect the EU capital market and its actors, and in particular investment funds? To what extent do current climate stress testing scenarios capture EU securities markets actors' exposure, and how could these be refined, e.g. in terms of time frames?
- **Transition risk:** Are different actors in the EU securities markets subject to the same risk levels stemming from the transition to a more sustainable economy? How to assess future risks based on estimates? Are EU securities markets actors prepared to assess both short and long-term shocks arising from climate transition risks?

- **Physical risk:** Climate change related physical risks can materialise slowly over the long run, but also if severe weather events occur. Are EU securities markets actors prepared to address different types of shocks?
- **Biodiversity risk:** To what extent can a biodiversity risk assessment for EU securities markets be integrated into existing climate risk assessments? What is the EU financial markets' exposure to risks stemming from the loss of biodiversity? How can EU investment fund managers ensure that their funds do not contribute further to the degradation of nature, and biodiversity in particular?

2. Measuring and understanding ESG factors:

- **ESG metrics, disclosure, reporting standards and AI models:** How can ESG data be leveraged to accurately depict financial market players' future ESG-related risks? Should metrics/disclosures evolve and in which way? How is taxonomy-alignment growth correlated with environmental pressures reductions (in terms of GHG, indicators related to other objectives)? How can AI models support the ESG transition?
- **Greenwashing in the financial sector:** Do firm-level greenwashing events impact the financial performance of companies? Do retail investors and institutional investors react differently to greenwashing accusations in terms of their investment decision making? How can the impacts of greenwashing through different risk transmission channels be empirically assessed for the various financial market participants?
- **Retail investor perception of ESG characteristics:** How can retail investors research and evaluate ESG characteristics of financial products? Do retail investor risk assessments of ESG financial instruments differ from those around conventional investments, and how can this be measured? How does the overall macroeconomic environment impact retail investors' ESG preferences and perceptions of ESG risks?
- **ESG factors beyond environmental aspects:** Where does the market stand in terms of considering social and governance aspects when assessing overall ESG related risks? How can social factors be integrated into an environmental focused risk assessment? How can social risks be measured? Do investors care about a firm's social impact and how can firm level social impact be measured?

Papers submitted in a preliminary version may also be considered, provided that the aim of the research, the methodological approach and the main results are clearly outlined. Papers based on EU data and/or with relevant policy implications will be particularly appreciated.

Interested authors should submit their draft papers and any queries to:

risk.analysis@esma.europa.eu

The submission deadline is Monday, 30 May 2024.

Contributors will be notified by Friday, 26 July 2024.