



MEDIA RELEASE

SMU is first university in Southeast Asia to join GRASFI, the global sustainable finance alliance

SINGAPORE, 9 September 2020 (Wednesday) – Singapore Management University (SMU), through its Sim Kee Boon Institute for Financial Economics (SKBI) at the Lee Kong Chian School of Business (LKCSB), has joined the Global Research Alliance for Sustainable Finance and Investment (GRASFI). It is the first university in Southeast Asia to join the Alliance.

The Alliance was founded in 2017 to promote multi-disciplinary academic research on sustainable finance and investment. Comprising global research universities, the Alliance aims to develop academic collaboration among researchers working on sustainable finance and investment, and nurture the growth and development of graduate students and junior academics working in these fields of research.

Professor Lily Kong, SMU President, said, "Sustainable Living' is a strategic priority area for SMU. Becoming a GRASFI member will enhance the university's ability to contribute to the global flow of academic ideas that can generate solutions for managing the challenge of climate change."

Professor Dave Fernandez, SKBI Director said, "The mission of GRASFI aligns both with the institute's broad mandate to conduct applied research that is relevant to finance practitioners and our decision to focus on specific research areas, one of which is Sustainable Finance."

Dr. Ben Caldecott of University of Oxford, Co-Chair of GRASFI, said "We are delighted to welcome SMU into the Global Research Alliance for Sustainable Finance and Investment. SMU is our 27th Member University and brings special perspectives and capabilities to the Alliance. We look forward to working with Dave Fernandez and his team to ratchet up the quality and quantity of research and teaching on sustainable finance."

Professor Dr. Rob Bauer of Maastricht University, Co-Chair of GRASFI: "We are excited to welcome the Singapore Management University (SMU) who as a young, vibrant and premier university in Asia that can bring high quality research and education to the Global Alliance."

As a member of the GRASFI Alliance, SKBI will expand the Alliance's outreach to Southeast Asia and Singapore, and complement Singapore's roadmap to become a leading centre for green finance.

In addition to multi-disciplinary collaborations involving the SMU community, SKBI also attracts research talent from around the world and brings on board industry and public-sector partners for its projects, programs, and initiatives. It hopes to generate a body of research and activities that will not only bring about academic advancement but will be useful for the industry and policy-making in Asia. The Institute aspires to be a major think tank in areas of strategic relevance to Singapore and beyond.

Going forward, the Institute will focus its efforts on the areas of financial inclusion and education, sustainable finance, financial technology, and data and governance. To maintain its relevance to finance practitioners and policy-makers, SKBI also adopts a view on Asian and global economic trends.

Please refer to the Annex for recent research and education programmes by SMU and SKBI in “Sustainable Finance”.

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About Singapore Management University

A premier university in Asia, the Singapore Management University (SMU) is internationally recognised for its world-class research and distinguished teaching. Established in 2000, SMU’s mission is to generate leading-edge research with global impact and to produce broad-based, creative, and entrepreneurial leaders for the knowledge-based economy. SMU’s education is known for its highly interactive, collaborative, and project-based approach to learning.

Home to over 10,000 students across undergraduate, postgraduate professional and postgraduate research programmes, SMU is comprised of six schools: School of Accountancy, Lee Kong Chian School of Business, School of Economics, School of Information Systems, School of Law, and School of Social Sciences. SMU offers a wide range of bachelors', masters', and PhD degree programmes in the disciplinary areas associated with the six schools, as well as in multidisciplinary combinations of these areas.

SMU emphasises rigorous, high-impact, multi- and interdisciplinary research that addresses Asian issues of global relevance. SMU faculty members collaborate with leading international researchers and universities around the world, as well as with partners in the business community and public sector. SMU’s city campus is a modern facility located in the heart of downtown Singapore, fostering strategic linkages with business, government, and the wider community. www.smu.edu.sg

About Sim Kee Boon Institute for Financial Economics

The Sim Kee Boon Institute for Financial Economics (SKBI) is the premier Asian institute for applied financial research and training in financial economics. It is the think-tank within SMU that spearheads cutting-edge research in financial markets that is driven by industry and societal needs in Singapore and the region.

Over the last 10 years, a diverse portfolio of financial research, outreach, and training initiatives has been built. In the coming 10 years, while further expanding that traditional financial economics portfolio, the Institute will focus our efforts on the areas of financial inclusion and education, sustainable finance, financial technology, and data and governance. To maintain our relevance to finance practitioners and policy-makers, SKBI also adopts a view on Asian and global economic trends.

Supported by SMU faculty and in collaboration and partnership with industry experts, relevant government bodies, and other world-renowned research agencies, the Institute conducts fundamental and applied research which aims at solving real-world issues. Besides research, SKBI also actively engages in outreach, executive training, and research dissemination through organising courses, seminars, and conferences. Our purpose-oriented activities are designed to bridge the gap between theory and practice and to act as accelerators with regards to financial policies and regulations. SKBI is led by an Advisory Board that consists of prominent leaders of local and international organisations in the finance industry that have footprints across Asia, and of government agencies.

Recent research and education programmes by SMU and SKBI in “Sustainable Finance”

1. Highlights of research by SKBI faculty and/or SKBI visiting faculty in Sustainable Finance:

- Marinela Adriana Finta, 2020. *“Japanese monetary policy and its impact on stock market implied volatility during pleasant and unpleasant weather”*.

- Abstract: We investigate the effect of Japan’s Monetary Policy Meeting releases on the intraday dynamics of the Nikkei Stock Average Volatility Index and its futures during pleasant and unpleasant weather. We show that at the time of a monetary policy release when the temperature is pleasant, there is a significant decline in Japanese equities’ implied volatility and futures which lasts for about 10 minutes and 5 minutes, respectively. This decline is longer and exhibits a greater variation when releases occur during cold days. Finally, we emphasize the achievable losses and economic profits, given the reaction of Nikkei VI futures to the Japanese monetary policy releases during pleasant and unpleasant weather days, respectively. In particular, taking a short position at the start of the trading day on pleasant days and closing this position at the end of the trading day generates an average annual return of 5.6%.
- Liang, H., and Renneboog, L., 2020. *“Global Sustainability Footprints of Sovereign Wealth Funds”*, Oxford Review of Economic Policy, Volume 36, Issue 2, Summer 2020, Pages 380–426.

- Abstract: With the emergence of sovereign wealth funds (SWFs) around the world managing equity of over \$8 trillion, their impact on the corporate landscape and social welfare is being scrutinized. This study investigates whether and how SWFs incorporate environmental, social, and governance (ESG) considerations in their investment decisions in publicly listed corporations, as well as the subsequent evolution of target firms’ ESG performance. We find that SWF funds do consider the level of past ESG performance as well as recent ESG score improvement when taking ownership stakes in listed companies. These results are driven by the SWF funds that do have an explicit or implicit ESG policy and are most transparent, and by SWF originating from developed countries and countries with civil law origins. In relation to engagement, we find by means of two natural experiments with exogenous shocks (the Deepwater Horizon catastrophe and Volkswagen diesel scandal) that the ESG scores do not change significantly more for firms in which SWFs have ownership stakes. This potentially suggests that SWFs in general do not actively steer their target firms towards higher levels of ESG.
- Hong, H., and Weikai L., F. and Xu, J., 2019. *“Climate risks and market efficiency”*, Journal of Econometrics, Volume 208, Issue 1, January 2019, Pages 265-281.

- Abstract: Climate science finds that the trend towards higher global temperatures exacerbates the risks of droughts. We investigate whether the prices of food stocks efficiently discount these risks. Using data from thirty-one countries with publicly-traded food companies, we rank these countries each year based on their long-term trends toward droughts using the Palmer Drought Severity Index. A poor trend ranking for a country forecasts relatively poor profit growth for food companies in that country. It also forecasts relatively poor food stock returns in that country. This return predictability is consistent with food stock prices underreacting to climate change risks.

2. Key events at SMU-SKBI on Sustainable Finance:

- “Green and Ethical Finance Conference”, co-organized with Asian Development Bank Institute and the Journal of Banking & Finance, 16-18 September 2020.
- SKBI Annual Conference on “Sustainable Finance”, co-organised with Triple Bottom Line (TBLI) Group, November 2019.
- “Energy Sustainability Conference,” planned for end 2020.

3. Teaching cases on Sustainable Finance

- *“Century Galaxy Group: The Price of Compassion”*, SMU Case by Liang Hao (with Tzu-Kuan Chiu and Wang Jialun).
- *“Ant Financial: The Road to Financial Inclusion in China through QR Codes and Technology-as-a-Service”*, SMU Case by Liang Hao (with Gabriel Lim Pang Keat, Cheah Sin Mei, Chiu Tzu-Kuan).
- *“Music Securities: Making an Impact through crowdfunding”*, SMU/ADB Institute Case by Liang Hao (with Anant Kapoor, Bihong Huang and Dave Luo Jia Xuan).
- *“Artepharm: Commercialising the Malaria Cure in Africa”*, SMU Case by Liang Hao (with Yang Dongning, Jiang Han, Adina Wong).
- *“Growing a Global Forest: Ant Financial, Alipay, and the Ant Forest”*, SMU Case by Liang Hao (with Ryan Merrill, Hannah H. Chang, Liang Hao, Lan Yang, Adina Wong).

4. SMU Courses on Sustainability

- Second major “Sustainability” launched, including “Sustainable Finance” courses taught to undergraduates and in the Masters in Management program, Lee Kong Chian School of Business, 2019-2020.
- Certificate on “Sustainable Finance & Impact Investing: Risks and Opportunities Arising from Environmental, Social & Governance Issues,” SMU Academy, 2019.
- Advanced Certificate in “Sustainability & Sustainable Businesses,” SMU Academy, 2019.

5. Executive Training: Asian Financial Leaders Programme

- Provides critical insights for senior-level executives in the financial sector to lead and grow their financial institutions. It also incorporates global and regional perspectives to strengthen participants' abilities to understand the complexities of both regional and global economic landscapes.
- Participants are from banking, insurance, investment firms and asset management companies.
- In 2019, for the first time a module on “Impact Investing” was included and this is continued in 2020.