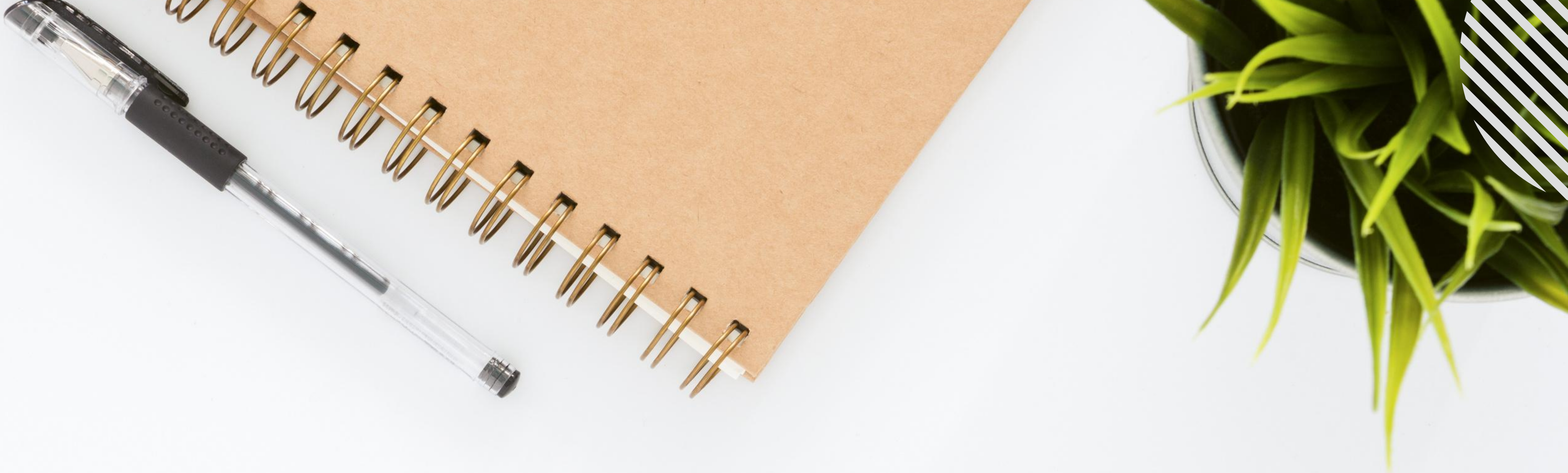

THESIS DEFENSE

PRESENTATION BY KIRAN BABU RAJ

MSC International Finance & Investment | 2025

Ecole de Management Léonard De Vinci

INTRODUCTION & STUDY MOTIVATION

RESEARCH QUESTION

RESEARCH OBJECTIVE

LITERATURE REVIEW THEORETICAL FRAMEWORK

RESEARCH DESIGN

RESEARCH RESULT

In today’s fast-paced financial world, companies are under pressure to present themselves as environmentally responsible. In this regard, some companies respond by overstating or misrepresenting their sustainability efforts, which is called greenwashing.
In France, a country that has a stringent green finance landscape, it creates a perfect setting for a question or debate about whether greenwashing leads to any financial penalties.

Research Motivation:
Despite the strict emphasis on ESG practices, the financial implications of greenwashing in companies remain underexplored. It is therefore important to understand how greenwashing affects access to finance. This research seeks to bridge this gap with empirical evidence on the threats that greenwashing poses to financing.

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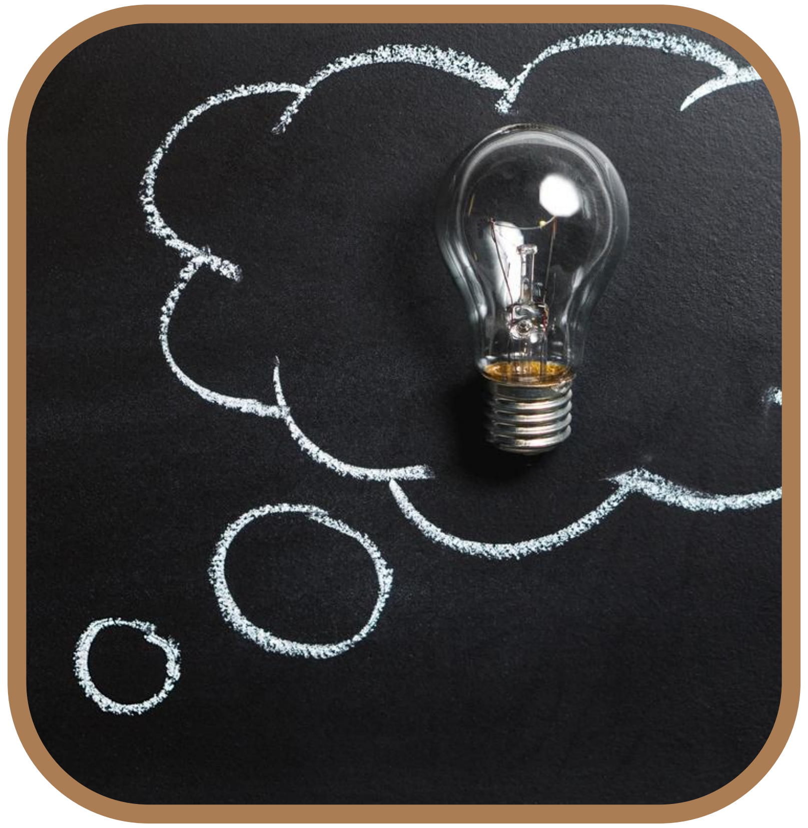
This thesis explores the main research question:
"Does greenwashing affect the ability of French Companies to access external financing?"

The main research question is then divided into sub-questions:

a) How is greenwashing perceived by lenders and investors in France's sustainable finance context?
b) Does the existence of greenwashing make capital more expensive or less accessible to French companies?
c) Are companies that are accused or suspected of engaging in greenwashing more likely to experience financial institution investment reductions or credit restrictions?



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The **Goal** of my Research is:

- To study whether **greenwashing prevents** French companies from receiving capital, or **increases** the cost of finance, and results in fewer choices in funding.
- To help policymakers and companies understand the true **financial risks of greenwashing**, from empirical evidence, and give recommendations on how to improve transparency in ESG reporting.

OVERVIEW

Greenwashing is when companies mislead stakeholders by exaggerating their environmental claims without making real changes.

Existing Research Focus:

- Mainly on reputation risk and consumer trust.
- Limited focus on financial penalties or credit impacts.

Research Gap:

- Few studies analyze the financial consequences of greenwashing.

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Key Theories:

Neo-Institutional Theory – Firms mimic ESG practices for legitimacy, risking symbolic compliance.

Legitimacy Theory – Greenwashing is used to maintain social acceptance but can backfire.

Stakeholder Theory – Different stakeholders influence greenwashing incentives and consequences.

Hypothesis

"Greenwashing negatively affects a firm's access to finance."

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Data: Bloomberg, Refinitiv ESG, Compustat Global
Sample: 423 firm-year observations (2012-2018)

Variables:

Dependent	: Access to finance
Independent	: Greenwashing Score
Controls	: Firm size, Profitability, Leverage, Industry effects

Model:
Fixed Effect Panel Regression

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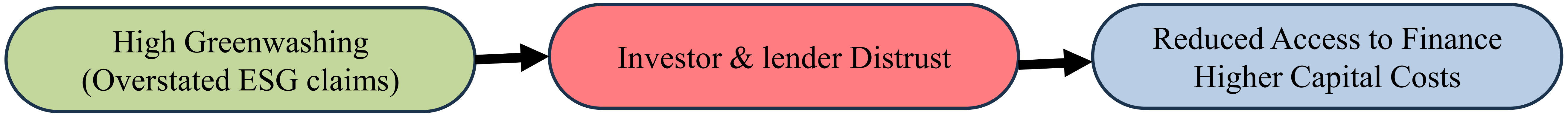

Yes! Greenwashing escalates finance challenges.
Greenwashing firms end up paying higher interest as investors find them risky.
They also get less credit.
Banks won't provide money to companies that misrepresent their sustainability practices.
Investors' confidence decreases.
Greenwashing influences public perception of the company, which makes it more difficult to raise funding.

Hence, the Hypothesis is proved
Greenwashing is not merely an ethical issue; it has real financial implications

CONCLUSION

This is the **first study** that shows that greenwashing leads to **financial consequences**, and not just reputational damage in France. This study helps policymakers and investors understand why **ESG integrity matters**.

Limitations:
I only examined the French listed companies, not small businesses or private firms.
ESG metrics are not always perfect.

Future Research:
Test this in **other countries,** not just in France.
AI tools can be used to identify greenwashing.
Research how greenwashing impacts long-term firm performance, rather than short-term finance.

Transparency builds trust, and trust drives capital.”

— *Larry Fink, CEO of BlackRock*

THANK YOU

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