

**BBS**  
**BROWN BAG SEMINARS**

**GABRIELE MAURO**  
**THE EFFECT OF CARBON NEUTRAL**  
**ANNOUNCEMENTS ON SHAREHOLDERS'**  
**WEALTH**

Carbon neutrality defines a means of production whereby the total CO<sub>2</sub> output generated during production processes is neutral, that is, equal to zero. Although there are many successful examples and case studies of firms profiting from carbon neutrality, businesses as a whole remain sceptic on the potential for carbon neutral business models to create value for firms and shareholders. The general aim of this research is to contribute significantly to the first wave of empirical investigations on the effects of carbon neutrality (and in particular, emission self-regulation) on firms' financial performance. Previous studies found both a positive and a negative association between emission reduction and profits. Yet, they assume that the financial returns from decarbonization are constant and independent from the emission level the firms start from and achieve after the implementation of a decarbonization programme. By collecting a sample 170 carbon neutral announcements, we show that, on average, firms becoming carbon neutral can expect between 0.4% and 0.6% market capitalization increase. The project aims also at offering managers, shareholders and policymakers recommendations to increase the value created while cutting their emissions to net-zero by analysing key firm- and market-level contingencies/moderators.