



**University of
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Department of Banking and Finance
Chair of Quantitative Finance

Master thesis

Stock price effects and sustainability indices

Supervisor:

Jonathan Krakow

Author:

Melwin B. Parodi

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Abstract

This paper empirically analyzes the impact of corporate inclusions and exclusions from the Dow Jones Sustainability Index World (DJSI World) between 2007 and 2013 on stock return and for the year 2010 on liquidity. The outcomes illustrate that companies, which are excluded from the sustainability index, experience significant negative abnormal stock returns in the five days prior to the effective index composition change date. However, for index inclusion companies no significant impact on their stock return is found throughout the investigated period. Further, stocks of included companies in the DJSI World exhibit a temporarily increase in liquidity after their inclusion in the sustainability index. For index exclusion company stocks, no significant effect on their liquidity can be found.

Keywords:

Sustainability, Dow Jones Sustainability Index World, Event Study, ESG, CSR

JEL Classification:

G14, Q01, Q56