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# DOES GREEN CREDIT POLICY AFFECT THE STOCK RISKS OF HEAVILY POLLUTING ENTERPRISES

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### **Abstract**

Based on the data of heavily polluting enterprises (HPEs) listed in China from 2008 to 2020, the difference-in-differences model is hereby used to investigate the impact of green credit policies (GCPs) on the stock risks of HPEs. The results show that GCPs increase the stock risks of HPEs and that shareholding structure and earnings management play the mediator role between GCPs and the stock risks of HPEs. Further tests show that GCPs have less impact on the stock risks of HPEs with a higher level of green innovation and better CSR performance. Overall, the present findings forge the theoretical basis and provide corresponding policy guidance for reducing the stock risks of HPEs.

*Key words:* difference-in-differences, green credit policies, shareholding structure, stock risk

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