

## Lesson 8.3 Quiz: Climate Finance and Sustainable Investing

Module 8: The Future Problem

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Digital Finance — BSc Course (v2026.05)

## Q1: ESG Definition

What do the three letters in “ESG” stand for?

- A Ethical, Shareholder, Guidelines
- B Environmental, Social, Governance
- C Earnings, Sales, Growth
- D Equity, Sustainability, Green

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## Q2: Financial Materiality

An ESG issue is “financially material” when:

- A It is mentioned in the company’s annual report
- B It can reasonably affect the company’s financial condition or risk profile
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## Q6: Compliance vs. Voluntary Carbon Markets

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## Q7: Cap-and-Trade Mechanics

In a cap-and-trade system, a company that reduces its emissions below its allocated cap can:

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- A Scope 3 (financed emissions from lending)
- B Scope 2 (electricity purchased by the bank)
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## Q11: Green Bond vs. Sustainability-Linked Bond

How does a sustainability-linked bond (SLB) differ from a green bond?

- A An SLB is always issued by governments, while green bonds are issued by corporations
- B There is no difference — the terms are interchangeable
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## Q12: The Greenium

The “greenium” refers to:

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- B The slightly lower yield investors accept on green bonds compared to conventional bonds
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## Q13: Greenwashing Identification

Which of the following is the clearest example of greenwashing?

- A A company labels a product “eco-friendly” without any measurable criteria
- B An SLB issuer sets ambitious, independently verified reduction targets
- C A fund publishes detailed Scope 1, 2, 3 data for all holdings
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## Q14: ESG Score Divergence

The correlation between major ESG rating providers (e.g., MSCI vs. Sustainalytics) is approximately 0.50. By contrast, credit rating correlation (Moody's vs. S&P) exceeds 0.99. What does this divergence imply?

- Ⓐ Credit ratings are unreliable because they agree too much
- Ⓑ ESG ratings are more reliable than credit ratings
- Ⓒ ESG data is perfectly standardized across the industry
- Ⓓ ESG ratings use different definitions, weights, and data — investors cannot rely on a single score

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The EU ETS carbon price rose from EUR 5 in 2017 to over EUR 90 in 2023. What is the most direct financial impact on a carbon-intensive steel manufacturer?

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## Q16: Scope 3 Double-Counting

Company A sells jet fuel to Airline B. The emissions from burning the fuel are:

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- B Only Scope 1 for Company A
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A company issues a sustainability-linked bond with a target to reduce Scope 1 emissions by 5% over 5 years. Industry peers are targeting 30% reductions. The coupon step-up for missing the target is only 5 basis points. What is the risk?

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- A Invest more in high-risk sectors because they offer higher short-term yields
- B Ignore the analysis because climate change is too uncertain to model
- C Immediately divest all high-risk holdings
- D Engage with companies on transition plans, diversify into green assets, and stress-test the portfolio under multiple scenarios

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