

ESG integration can generate alpha and is an indicator of future risk/volatility and bankruptcy

ESG in emerging markets

ESG in US, world ex-US and emerging markets

ESG in sovereigns

"When adjusted for country sector effects, high absolute levels as well as positive changes in ESG rating can lead to positive relative performance in emerging markets. Positive returns to absolute ESG scores is in contrast to the experience in developed markets"

"Stocks with worst ESG exposures have total and stock-specific volatility that is up to 10-15% higher, and betas up to 3% higher, than stocks with the best ESG exposures"

"Our empirical findings further show that there exists an inverse relationship between countries' ESG risk scores and their credit default swap (CDS)/bond spreads. This relationship seems to be of non-linear nature"

J Bos,
"The materiality of ESG factors for emerging markets equity investment decisions: academic evidence".
NN Investment Partners and Maastricht University.
January 2017

J Dunn, S Fitzgibbons and L Pomorski,
"Assessing Risk Through Environment, Social and governance exposures".
AQR Capital Management.
February 2017

S Horter,
"Financial materiality of ESG risk factors for sovereign bond portfolios".
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