Abstract

The goal of this thesis was to examine whether high ESG performance serves as a resiliency factor for company stock returns during times of crisis. Using a DID estimator for 3 different regions and treatment timings, I find that high ESG performance did serve as a resiliency factor for company stock returns in the short term during the covid-19 pandemic, with high-ESG firms having 1.125-4.785% higher stock excess log returns compared to low-ESG firms over a 15 day period. This is probably a result of their lower perceived riskiness. I also find this effect is primarily driven by the S pillar and for European companies, by firms belonging to the Financial and Healthcare industries. In the long term, I find that the effect reverses and ESG becomes a negative factor, which I believe is caused by investors starting to seek riskier investments again. Finally, for European and American firms, I find the effect of a high score in the G pillar is negative even in normal times.