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To open this issue, we continue our focus on climate-related investing issues. This year we launched the *S&P Global Academic ESG Research Award* in partnership with S&P Global to deliver pioneering research. Scholarly research plays a key role in helping navigate the transition to a low carbon, sustainable, and equitable economy by establishing new areas of inquiry and generating new insights that can help move the whole field forward. This award allows academics to propose an ESG related research article. Authors of the winning proposal receive access to S&P's ESG data to utilize for their research. The article also undergoes peer review as part of the publication process for *The Journal of Impact and ESG Investing*. We received excellent proposals from teams around the globe for this year's award. The article from Pepperdine, "Sustainable Consumption and Production, Climate Change and Firm Performance," is the winner of the inaugural *S&P Global Academic ESG Research Award* and leads off this issue.

In their article, Harjoto, Kownatzki, Alderman, and Lee study correlations between firms' ESG scores and sustainable consumption, production, and climate change. Findings show that the environmental score is aligned while social and governance scores are negatively related (not aligned) with firms' sustainable consumption, production, and climate action. This study provides insights for asset managers who rely on ESG for their investment selection and corporate managers who attempt to improve firms' ESG.

Next, Kazdin, Schwaiger, Wendt, and Ang show that firms with lower carbon emission intensities have high excess returns and higher productivity, reflecting greater firm efficiencies. They present evidence that a portfolio of firms with a higher proportion of LEED-certified buildings also exhibits high excess returns and higher return on assets. Andersson, Broberg, Kaskal, and Sonesson identify the decarbonization of the global power generation as an opportunity for those investors requiring sustainable impact while enhancing the risk-adjusted returns for their portfolios. They demonstrate the benefit of economic resilience of sustainable infrastructure assets and argue for the benefits of diversifying into the adjacent renewable energy technologies needed to sustain the forthcoming renewable power networks. To complete the special section on climate, Gopal, Pitts, Inampudi, Xu, and Cook discuss optimum utilization of big data and data analytics coupled with AI to assess the materiality of these potential risks in portfolios. They highlight how the overall investment management community can benchmark their exposure, risk, and vulnerabilities coupled with future impacts and building resiliency across portfolio management and investments.

As we continue the issue, Mendiratta, Varsani, and Giese explore the impact of ESG factors on the risk and performance of corporate-bond portfolios. They find that higher-ESG-rated issuers tend to have stronger cash-flow metrics, lower levels of ex-ante risk, and less frequent severe incidents than lower-ESG-rated issuers. The S pillar showed the strongest performance in returns within the three pillars, while the E pillar showed the strongest differentiation in terms of risk over the broader universe. Morgenstern, Coqueret, and Kelly propose an approach that combines trend following strategies with macro ESG data to improve the sustainable tilt of traditional

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momentum-driven portfolios. Results show that the international ESG exposure of the macro portfolios can be substantially increased without any cost in performance both for long-only and long-short portfolios.

To conclude this issue, Bag and Mohanty outline a method for valuing climate risk assets and review the relationship between financial performance and ESG. The research emphasizes the importance of integrating ESG pillar disclosures in portfolio construction. They find that governance practice is more impactful than climate disclosures and is robustly demonstrated on use cases of top stocks with investor safety recommendations.

As always, we welcome your submissions. We value your comments and suggestions, so please email us at journals@investmentresearch.org

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