

ESG equity indices and financial performance: a systematic literature review

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Abstract

The growing importance of environmental, social and governance (ESG) factors in investment decisions has resulted in a burgeoning literature on socially responsible and ESG-based equity indices. However, the evidence is mixed. This is due to the differences on the geographical coverage, index construction, the evaluation of the ESG criteria, the benchmarks, performance measures, market conditions and empirical methodologies. The study provides a detailed literature review and bibliometric analysis of the literature on ESG equity indices and their performance in financial markets. The assessment is conducted according to a systematic framework based on Tranfield, Denyer and Smart (2003) and the reporting is conducted according to PRISMA guidelines. An initial Scopus extraction provided 93 records for the 2009-2024 years. 43 studies from 2011 to 2024 were chosen for bibliometric and thematic analysis after relevance screening. Keyword co-occurrence was analyzed using VOSviewer with full counting, a minimum occurrence criterion of 2, and a standardized thesaurus. In the final network, a total of twenty keywords were retained. The resulting map reveals three interconnected thematic clusters: sustainable finance and financial performance; ESG, responsible investment and performance indicators; and governance, stakeholder engagement and stock market dynamics. The qualitative synthesis complements the bibliometric results by identifying consistent research themes on the performance of comparative ESG and traditional indices, risk-adjusted returns, resilience to crises, ESG disclosure, investor sentiment, governance, and propensities for responsible investing. The results suggest that the literature is interrelated and heterogeneous and that empirical context and measurement choices have a considerable impact on reported performance outcomes. The paper ends by discussing gaps in the literature and proposing a research agenda for future studies on the performance and the characteristics of ESG equity indices.

Keywords: ESG indices; socially responsible investment; sustainable finance; financial performance; stock-market performance; risk; crisis resilience; investor sentimentx.

Introduction

The increasing application of environmental, social and governance (ESG) principles in investing choices has led to the emergence of sustainable finance and the proliferation of ESG stock indices. These indices are used as benchmarks to evaluate the financial performance of companies selected on the basis of sustainability standards and as underlying assets for many investment products. However, whether ESG indexes provide better financial performance than conventional benchmarks are a subject of substantial academic discussion.

One avenue of research is the comparison of the returns and risk-adjusted performance of ESG indices with the returns of conventional market indices. Some research shows a positive performance for ethical investments but others do not discover significant differences when controlling for conventional financial risk factors. For example, La Torre et al. (2020) do not identify significant effects of ESG commitments on stock returns for Eurostoxx50 companies, whereas Naffa and Fain (2022) do not give adequate evidence that ESG variables generate significant anomalous returns beyond the Fama–French five-factor model. More recently, Hornuf and Yüksel (2024) in a meta-analysis of socially responsible investment performance emphasize the need to control for disparities in asset-pricing models when evaluating the financial implications of sustainable investing. The results imply that ESG integration does not inevitably lead to systematic financial outperformance. A second strand of the literature investigates the relationship between ESG traits and financial risk, particularly during periods of market turmoil. The aftermath of the COVID-19 outbreak has seen more interest in the possible resilience of ESG-oriented investments in severe market situations. Comparatively favorable outcomes for some responsible investment products during the pandemic have been reported by Omura et al. (2021) and Pisani and Russo (2021). However, the results achieved may be dependent on regional markets, index composition, sector exposure, and the performance indicators applied. So, current research goes beyond the traditional comparisons of returns and studies volatility, downside risk and risk-adjusted performance.

A third direction involves the variability of ESG investing strategies and the methodological constraints of ESG measurement. ESG initiatives display varying risk-return profiles across geographical locations and sustainability characteristics (Meira et al., 2023). In addition, Berg et al. (2022) demonstrate that the variation in ESG ratings stems from changes in scope, measurement and weighting. Such inconsistencies could affect index composition and could confound comparisons of ESG benchmarks with traditional indices. There is also an increased incorporation of investor opinion, corporate governance and stock-market dynamics in research. For instance, Dhasmana et al. (2023) study the asymmetries in the relationship between ESG index performance and investor sentiment in India, emphasizing the significance of behavioral mechanisms in understanding the dynamics of ESG markets.

The research is scattered, however, particularly in terms of separating the ESG performance at the firm-level from the financial performance of investable equity indices. Also, variations in index composition, geographic coverage, observation periods, benchmarks and empirical methodology make it impossible to draw broad conclusions regarding the financial benefits of ESG investment.

Recent contributions such as Heldmann et al. (2025) further underscore the importance of separating sustainable index categories and their financial performance.

In this context, the purpose of the present study is to thoroughly analyze the literature on ESG equity indexes and financial market performance. By means of systematic literature review, bibliometric mapping and qualitative thematic analysis it identifies the main research directions, analyzes the convergence and divergence of empirical results and pinpoints the methodological and contextual factors that could explain the variations in reported performance. The bibliometric analysis, based on 43 selected studies from Scopus and covering the period 2011-2024, identifies three interconnected research clusters: sustainable finance and financial performance; ESG, responsible investment and performance; and governance, stakeholders and stock-market dynamics. This work contributes to the literature by offering an integrated view on different streams of research and by pointing up possible directions for future research on the performance, risk features, and resilience of ESG stock indices. The research initiative frames the key question as: “To what extent do ESG indices perform well and in what way are they influenced?”

This article aims to structure and critically review the existing literature on ESG equity indices and their impact on the performance of financial markets in a systematic way, and to structure the conceptual framework of this literature. This work is in line with the systematic review framework described in the cited article by Wiley, combining a specific methodology to select the literature, bibliometric mapping, and qualitative content analysis. The bibliometric results are not used as a stand-alone activity, but rather in the organization of the core literature analysis and the identification of major research trends, while the bibliometric results are then used to organize the core literature analysis and to identify the major research trends.

The rest of this article is organized as follows. Section 2 presents the ESG Equity indices and their differences to Conventional ones. Section 3 describes the review methodology and the research protocol. The bibliometric and thematic results are presented in section 4. Section 5 will contain an illustrative study from the sample. Section 6 addresses the convergence and divergence of the evidence, highlighting research gaps. A prospective research agenda is outlined in Section 7.

2. ESG Equity Indices and Their Differences to Traditional Stock Market Indices

2.1 Features of ESG equity indices:

Environmental, Social and Governance (ESG) equity indices have evolved as essential tools in sustainable finance, indicating the increased integration of non-financial factors into investing decisions. These indices include environmental responsibility, social practices and corporate governance in the selection and weighting of listed companies based on the principles of ethical investment, socially responsible investment (SRI) and corporate social responsibility (CSR) (Deng & Cheng, 2019; El Khamlichi, 2020). The environmental dimension consists of factors like carbon emissions, energy efficiency, and resource management. The social dimension consists of factors like employee welfare, human rights, diversity, and stakeholder relations. The governance dimension consists of factors like board independence, shareholder rights, transparency, and business ethics (Berg et al.2022).

Corporate ESG ratings evaluate the sustainability performance of particular firms, whereas ESG equity indices employ such evaluations to develop portfolio rules. Depending on the underlying investment universe, the ESG rating source, the selection criteria, the weighting methodology and the rebalancing process, they differ in composition (Berg et al., 2022; MSCI, 2024). Consequently, ESG indices are not a homogenous group: their sustainability qualities and financial exposures differ according to the techniques of the index's suppliers.

Following (El Khamlichi, 2020) several methodologies are used to build these indices. First, the method of negative screening. it eliminates corporations engaging in activities deemed conflicting with certain ethical or sustainability principles. Second, the positive screening. it chooses companies that satisfy preset ESG criteria. Third, the combined screening. It combines both approaches to exclude problematic activities and to promote enterprises with superior sustainability profiles. Other techniques include best-in-class selection, which selects companies that exhibit relatively high ESG performance within their industry, and ESG tilting, which modifies the weights of constituents based on sustainability criteria. In contrast, thematic and climate-oriented indices are focused on particular objectives, such as renewable energy, carbon-emissions reduction, or alignment with climate-transition targets (MSCI, 2024; Heldmann, Brückner, & Dang, 2025).

These approaches can create very different portfolios. For example, an exclusion-based index could exclude specific industries, whereas a best-in-class index could include businesses from those areas if they have high ESG performance relative to their peers. Moreover, climate-focused indices can impose additional limits on carbon intensity or the portfolio's conformity with climate goals (MSCI, 2024; Heldmann et al., 2025). Hence, comprehending an ESG index entails moving beyond the sustainability label and considering its specific construction technique and investing objectives.

2.2 ESG equity indices vs. Conventional equity indices:

The primary distinction between ESG and traditional equity indices resides in the methodology applied to the selection and weighting of their components. Traditional indices are often constructed to track the performance of a given market, sector or region based on criteria such as market capitalization, free float adjustment, liquidity and index eligibility. ESG indices integrate more sustainability-related factors, which may lead to the exclusion of specific securities, the preference of businesses with better ESG assessments, or the adjustment of the weights of constituents based on environmental, social and governance features (MSCI, 2024; Heldmann et al., 2025). A second difference relates to sector makeup and diversification. By screening for ESG factors, the composition of sectors and enterprises can be altered, leading to ESG indices with different sector allocations, geographical exposures and risk profiles compared to traditional indices. El Khamlichi (2020) compares the S&P 500 to its socially responsible version and finds that the socially responsible index is more heavily weighted in technology, finance, telecommunications, services and healthcare. Such variances show that the relative performance of ESG indexes might not only be driven by sustainability-related attributes, but also by changes in portfolio composition.

Another distinction relates to the information that is used in the building of an index. Traditional indices are mostly based on financial and market-based qualifying criteria, while ESG indices are also based on sustainability disclosures, third-party ratings and environmental, social and governance

metrics. However, ESG assessments are not yet entirely harmonized among providers. Berg et al. (2022) establish a large variance among ESG rating firms and explain that by discrepancies in measurement, scope of evaluation, and weighting. Therefore, two ESG indexes might assign distinct sustainability profiles to the same company and yield different constituent portfolios even when they follow comparable aims (Berg et al., 2022).

These disparities in methodology and structure have substantial implications for financial performance. ESG screening can help mitigate some risks associated with sustainability but may result in less diversification or concentration in some areas. Thus, differences in sector allocation, market beta, and exposure to traditional risk variables may affect returns and volatility relative to traditional benchmarks (El Khamlichi, 2020; Jonwall, Gupta, & Pahuja, 2024). There is no consistent empirical evidence that ESG indices outperform others: some comparative studies find generally similar performance in certain contexts, while others find times and markets where some ESG indices are comparable to or outperform traditional benchmarks (Kossentini, Belhassine, & Zenaidi, 2024; Jonwall et al., 2024; Heldmann et al., 2025).

To summarize, ESG equities indexes are best viewed as sustainability-oriented versions of traditional market benchmarks rather than as a uniform asset class with fundamentally superior financial properties. A rigorous comparison needs to address differences in screening methods, constituent makeup, geographical coverage, weighting schemes and systematic risk exposures. Furthermore, financial performance must be separated from sustainability results, as competitive returns are not necessarily indicative of measurable environmental or social gains (Berg et al., 2022; Heldmann et al., 2025). These arguments set the conceptual framework to evaluate the potential of ESG equity indices to close the gap between sustainability goals and competitive financial returns.

3. REVIEW METHODOLOGY

3.1. Research design and review protocol

The evaluation is based on the three main stages of planning, conducting and disseminating a systematic literature review as suggested by Transfield, Denyer and Smart (2003). The reporting is following the PRISMA guidelines in particular for the identification, screening, and assessment of eligibility and inclusion of studies. The aim is to guaranty the reproducibility of the literature synthesis and the transparency of the transition from the original bibliographic database to the analytical corpus.

Stage	Application in the present study
Planning	Definition of the research problem around ESG/ethical equity indices, financial-market performance, risk, crisis behaviour and investor-related factors.
Identification	Scopus bibliographic extraction covering 2009–2024; initial corpus of 93 records.
Screening and relevance assessment	Review of titles, keywords, abstracts and substantive relevance to ESG indices/equity-market performance.
Analytical corpus	43 relevant studies retained for the curated bibliometric and thematic analysis, covering 2011–2024.

Bibliometric analysis	Keyword co-occurrence analysis in VOSviewer using full counting and a harmonised thesaurus.
Content analysis	Interpretation of the empirical objectives, markets, periods, methodologies, variables and principal findings of the selected studies.
Synthesis	Integration of bibliometric clusters with the substantive research streams and identification of research gaps.

3.2. Data source and study selection

The bibliographic database was built based on Scopus. The first extraction retrieved 93 entries from 2009 to 2024. The study aims to analyze the performance and behavior of ESG and ethical equity indices, therefore a relevance screening was done rather than retaining all records with a general ESG mention. This analysis used a data set of 43 studies from 2011 to 2024. The distinction between the first extraction and the analytical corpus is important as the bibliometric map is the refined research domain and not the entire original database.

The research project consists of a comprehensive literature review on a number of related issues: stock market performance and ESG indices, factor methodologies for ESG leaders and laggards, the relationship between ESG and financial distress, the performance of socially responsible indices during crisis periods, investor motivations, and a comparison of stocks focused on ESG and excluded or “sin” stocks. These dimensions were kept as important lines of investigation and were not artificially transformed into bibliometric categories.

3.3. Bibliometric and thematic analysis

The bibliometric assessment was carried out using VOSviewer. The examination is based on keyword co-occurrence because the goal is to find out the conceptual and thematic framework of the literature. The map was built with all keywords, not restricting the investigation to author keywords only, which let concepts contained in the bibliographic records shape the thematic framework. To make sure that each case contributes equally to the network, a detailed enumeration was used. We used a thesaurus file to harmonize synonymous or near-synonymous terms, such as ESG index/ESG indices, stock return/stock returns, financial performance/firm performance, financial risk, volatility, COVID-19, investor sentiment and related portfolio terminology. We applied a minimum frequency criterion of two. 20 keywords were kept for the final map after threshold and purification process. The resulting network was examined in three thematic clusters. Importantly, these clusters are not predefined, but arise from the co-occurrence framework generated by VOSviewer. Bibliometric association should be considered as keyword co-occurrence and not as an indicator of statistical correlation or causal relation between basic economic variables. Thematic analysis thus couples the network framework with the core substance of the research.

3.4. Content-analysis framework

To complement the bibliometric mapping, the selected studies were organised according to a common analytical framework comprising author and year, research objective, market and study period, methodology, principal variables, main results and conclusions. This framework makes it possible to compare studies using different empirical designs without treating their numerical estimates as

directly equivalent. It also permits the identification of convergences and divergences across markets, periods and methodological approaches.

4. RESULTS OF THE BIBLIOMETRIC ANALYSIS

4.1. Thematic structure of the literature

The VOSviewer keyword co-occurrence network reveals three interconnected thematic clusters. The network does not indicate three isolated literatures; rather, the links between clusters show that financial performance, ESG, sustainability, responsible investment, governance and stock-market behaviour are repeatedly discussed together. This interconnectedness is consistent with the multidisciplinary character of the ESG-finance literature.

VOSviewer keyword co-occurrence network and thematic clusters in the ESG and sustainable finance literature.

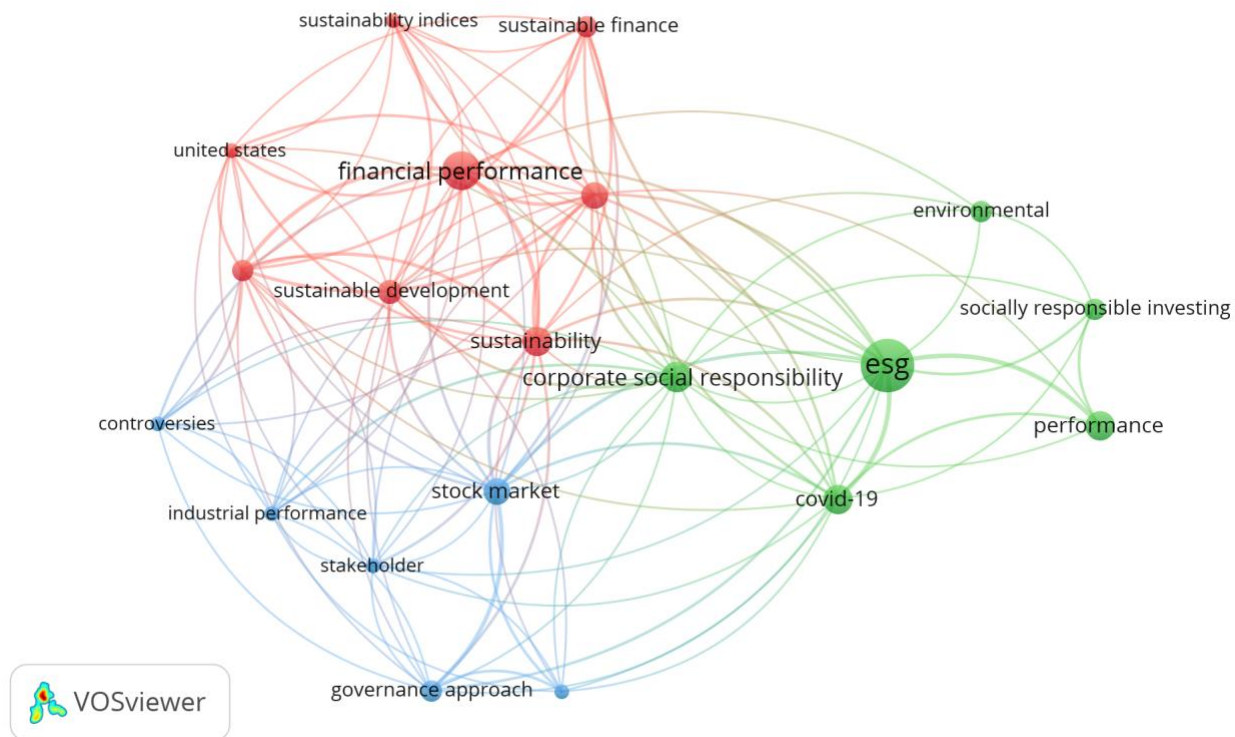


Figure 1: Author's elaboration based on the Scopus bibliographic dataset and VOSviewer analysis.

The network visualization is a graphical representation of the thematic structure found in the bibliometric analysis. The red cluster is associated with sustainable finance, sustainability indices, sustainable development, and financial performance. The green cluster links ESG, corporate social responsibility, socially responsible investing, the environment, performance, and COVID-19. The blue cluster is associated with stock market with governance, stakeholders, industrial performance, and controversies. The large number of links between the three groups suggests that these topics are interconnected with common ideas such as ESG, sustainability, and performance. ESG and financial performance concepts are important bridges between the responsible investment discourse and the stock market/governance literature. The figure is intended to demonstrate keyword co-occurrence and

thematic proximity, and should not be read as evidence of statistical correlation or causation. The current version intentionally omits a section on meta-analysis. The analytical framework ends with systematic review, bibliometric mapping, thematic analysis and the development of a research agenda. This is consistent with the current status of the project, in which the selected studies have been categorically classified, but a comprehensive extraction of comparable effect sizes on a study-by-study basis is not yet complete.

Tableau 1:

Element	Current status
Scopus extraction	93 records, 2009–2024
Curated literature for bibliometric analysis	43 studies, 2011–2024
Bibliometric technique	Keyword co-occurrence
Software	VOSviewer
Final keywords	20
Minimum occurrence	2
Clusters	3
Qualitative synthesis	Research objectives, markets/periods, methods, variables, findings and conclusions

Tableau 2

Cluster	Main thematic content	Representative keywords	Interpretation
Cluster 1 – Sustainable finance and financial performance	Financial performance within the broader sustainable-finance and sustainability framework.	financial performance; sustainable finance; sustainability indices; sustainable development; finance; sustainability; United States	Connects sustainability-oriented financial practices with measurable financial outcomes and market performance.
Cluster 2 – ESG, responsible investment and performance	ESG integration, responsible investment and performance, including the COVID-19 context.	ESG; corporate social responsibility; environmental; socially responsible investing; performance; COVID-19	Links ESG characteristics and responsible-investment approaches to investment performance, with crisis conditions forming an important empirical context.
Cluster 3 – Governance, stakeholders and	Governance, stakeholder considerations and	stock market; governance approach; stakeholder; industrial	Emphasises governance and stakeholder

stock-market dynamics	market-level dynamics.	performance; controversies	mechanisms through which sustainability-related characteristics can be connected to market outcomes.
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4.2. Relationships between clusters

Thematically, there are several core concepts shared between the three clusters. Cluster 1 and Cluster 2 are connected through their focus on financial performance, sustainable finance, ESG integration and responsible investment. Cluster 1 and 3 are connected through financial performance, stock market, governance and sustainability. Cluster 2 and Cluster 3 are connected through ESG, corporate social responsibility, governance, stakeholders and stock market dynamics. The inter-cluster links indicate the literature is gradually moving from a purely ethical perspective of ESG investment to a holistic framework that integrates sustainability, financial performance, governance and investor behavior.

Thematic architecture connects core ideas of ESG, sustainability, performance and financial performance. But the network should not be read as evidence of an effect of ESG on financial performance. Instead, it suggests that these notions are frequently co-occurring in the selected literature and thus represent interrelated research topics.

4.3. Bibliometric map settings

Parameter	Specification used
Database	Scopus
Initial extraction	93 records
Initial period	2009–2024
Curated bibliometric corpus	43 relevant studies
Curated period	2011–2024
Analysis software	VOSviewer
Network type	Keyword co-occurrence
Unit of analysis	All keywords
Counting method	Full counting
Minimum occurrence	2
Keywords retained	20
Thesaurus	Applied for terminology harmonisation
Number of thematic clusters	3

5. Illustrative Studies from the VOSviewer Analytical Corpus

5.1. Cluster 1 – Environmental, Social and Governance (ESG), sustainable finance and financial results:

The first cluster brings together research on the relationship between ESG integration, sustainable investment strategies and financial performance. This thematic stream is concerned with the impact of the integration of ESG factors into equity investment strategies on financial value, risk-adjusted

performance and portfolio differentiation. A significant contribution is made by La Torre et al. (2020) who analyze a sample of firms of the Eurostoxx50 from 2010 to 2018 and assess the effect of ESG commitments on stock performance. The results do not suggest a significant effect of ESG commitments on the performance of the firms under study. These results suggest that ESG integration does not necessarily lead to better stock returns. This result is in contradiction with the data provided by Meira et al. (2023), who examine ESG investment strategies in different regions using daily index prices from 2011 to 2021. Their results point to the large heterogeneity among ESG strategies, in particular regarding the governance component, while environmental and social strategies exhibit closer risk-return profiles. Wiley Online Library Similarly, Naffa and Fain (2022) use a factor-based approach to construct ESG pure factor portfolios to study whether ESG factors provide abnormal performance over the Fama–French five-factor model. The results show that ESG portfolios do not produce significant alphas and there is not enough evidence to support the view that ESG factors are complementary factors in the traditional five-factor model. Database of IDEAS/RePEc This cluster thus captures an important discussion in the literature. ESG investment, while a different type of sustainable investment, does not automatically translate into consistent excess returns in terms of financial value.

5.2. Cluster 2 – Environmental, Social and Governance (ESG), ethical investment, risk management and crisis resilience:

The second cluster addresses the relationship between ESG/responsible investment and financial resilience, especially at times of high market turbulence. In this group of research, the focus is on whether ESG characteristics are a shield against market shocks, lessening downside risk, or performance booster in times of crisis. Particularly relevant evidence is provided by Omura et al. (2021) who compare ESG/SRI investments with traditional investments before and during the COVID-19 pandemic. The authors examined the returns, abnormal returns and Sharpe ratios of ESG ETFs and MSCI SRI Indices in different geographical markets and found that the responsible investment indices performed better during the pandemic. Pisani and Russo (2021) also confirm the results, as they compare 30 sustainable investment funds with the MSCI Europe index in terms of returns, volatility, and contagion risk during the COVID-19 pandemic. The results indicate that funds with higher ESG ratings outperformed their peers during the crisis. MDPI Therefore, the research portfolio covered by this cluster goes beyond the typical research question of whether ESG investments generate better returns in normal market settings, rather addressing ESG as a potential source of resilience in exceptional market conditions. This perspective is especially important to understanding why ESG characteristics may be more or less important during periods of greater uncertainty and financial stress.

5.3. Cluster 3 – Environmental, Social and Governance issues, stock market trends, governance structures and investor behavior:

Third cluster extends the ESG-performance discussion to include stock-market dynamics, governance and investor behavior. These studies look at the interaction of ESG attributes with market actors, corporate governance, and behavioral dynamics instead of just portfolio yields. Deng and Cheng (2019) examine the relationship between ESG indices and stock market performance of Chinese

companies, directly linking ESG characteristics and market outcomes, and stressing heterogeneity across firms and sectors. Dhasmana et al. (2023) Behavioral perspective of correlation between ESG indices and investor sentiment in India. Their study confirms that the link between the performance of ESG indexes and investor sentiment is not consistent. The direction and strength of this link vary under different market conditions. ScienceDirect Building on this behavioral dimension, Gavrilakis and Floros (2023) examine ESG performance, herding behavior and stock market returns for large-cap firms in six European countries over 2010-2020. Their analysis also includes market capitalization, price-to-book ratios, and the Sharpe ratio, linking ESG performance with financial characteristics and investor behavior. In sum, these studies suggest that the ESG literature is increasingly taking into account both the financial consequences of sustainability attributes and the ways in which ESG information interacts with market participants, governance components, and stock market behaviors.

Tableau 3: List of the most cited authors in the sample

Author(s) and year	Title	Source	Quick main idea	Cluster
Deng, X., & Cheng, X. (2019)	Can ESG Indices Improve the Enterprises' Stock Market Performance?—An Empirical Study from China	Sustainability	Examines whether enterprise ESG indices are associated with stock-market performance in China. Using firm-level empirical models, the study reports a positive ESG–stock-performance relationship and investigates heterogeneity across ownership types and industries.	Cluster 3 – Governance, stakeholders and stock-market dynamics
La Torre, M., Mango, F., Cafaro, A., & Leo, S. (2020)	Does the ESG Index Affect Stock Return? Evidence from the Eurostoxx50	Sustainability	Tests whether ESG commitments affect stock returns for Eurostoxx50 firms over 2010–2018. The study finds that the performance of the companies does not appear to be significantly affected by their ESG commitments, providing evidence that contrasts with studies reporting positive ESG effects.	Cluster 1 – Sustainable finance and financial performance
Naffa, H., & Fain, M. (2022)	A Factor Approach to the Performance of ESG Leaders and Laggards	Finance Research Letters	Moves from simple ESG-versus-conventional comparisons to factor attribution. The authors construct pure ESG factor portfolios and test whether ESG factors generate significant alphas or should be added to the Fama–French five-factor model. They find insufficient evidence for ESG as an additional FF5 factor.	Cluster 1 – Sustainable finance and financial performance
Meira, E., Cunha, F. A. F. S., Orsato, R. J., Miralles-	The Added Value and Differentiation among ESG	Business Strategy and	Compares different ESG investment strategies across regions using daily index data from 2011–2021. The	Cluster 1 – Sustainable finance and

Quirós, M. M., & Miralles-Quirós, J. L. (2023)	Investment Strategies in Stock Markets	the Environment	study finds meaningful differentiation in the governance dimension, while environmental and social strategies display more similar risk–return profiles; the relative performance of ESG dimensions varies across regions.	financial performance
Omura, A., Roca, E., & Nakai, M. (2021)	Does Responsible Investing Pay During Economic Downturns: Evidence from the COVID-19 Pandemic	Finance Research Letters	Compares SRI/ESG investments with conventional investments before and during COVID-19 using returns, abnormal returns and Sharpe ratios for ESG ETFs and MSCI SRI indices. The study reports stronger outperformance of responsible investments during the pandemic period.	Cluster 2 – ESG, responsible investment and performance
Pisani, F., & Russo, G. (2021)	Sustainable Finance and COVID-19: The Reaction of ESG Funds to the 2020 Crisis	Sustainability	Studies 30 sustainable funds sharing the MSCI Europe benchmark and evaluates returns, volatility and contagion risk during the COVID-19 crisis. Using GARCH models and an event study, the authors report that funds with higher ESG ratings outperformed other funds during the crisis.	Cluster 2 – ESG, responsible investment and performance
Van Hoang, T.-H., Pham, L., Lahiani, A., & Segbotangni, E. A. (2023)	Does ESG Disclosure Transparency Mitigate the COVID-19 Pandemic Shock? An Empirical Analysis of Listed Firms in the UK	Journal of International Studies	Investigates whether ESG disclosure transparency helps UK listed firms withstand the COVID-19 shock. The evidence indicates lower stock-performance volatility for firms with higher ESG disclosure scores during the pandemic, while the study does not establish an improvement in stock performance itself.	Cluster 2 – ESG, responsible investment and performance
Dhasmana, S., Ghosh, S., & Kanjilal, K. (2023)	Does Investor Sentiment Influence ESG Stock Performance? Evidence from India	Journal of Behavioral and Experimental Finance	Examines the asymmetric relationship between ESG indices and investor sentiment in India using the NIFTY 100 ESG Index and MSCI India ESG Leaders Index. NARDL and QNARDL models indicate that ESG-index movements affect investor sentiment, whereas investor sentiment does not significantly affect the ESG index in the tested models.	Cluster 2 – ESG, responsible investment and performance
Gavrilakis, N., & Floros, C. (2023)	ESG Performance, Herding Behavior and Stock Market	Operational Research	Links ESG scores and financial indicators to stock returns for large-cap firms in six European countries	Cluster 3 – Governance, stakeholders

	Returns: Evidence from Europe		over 2010–2020. The study considers market capitalization, price-to-book value and Sharpe ratio and examines how ESG performance relates to stock-market outcomes and investor behavior.	and stock-market dynamics
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Source: Author's elaboration based on the curated 43-study Scopus corpus and VOSviewer keyword co-occurrence analysis.

The selected studies illustrate the substantive links between the three clusters. Cluster 1 is mainly concerned with the financial-performance dimension of ESG investing, including stock returns, factor performance and the differentiation of ESG strategies. Cluster 2 places greater emphasis on ESG and responsible investment under specific market conditions, especially the COVID-19 crisis, and also introduces investor sentiment. Cluster 3 connects ESG with stock-market dynamics, governance and investor behavior. Taken together, the selected studies show why the bibliometric map should be read as an interconnected thematic structure: the same study can conceptually touch more than one theme even when one dominant association is assigned for presentation purposes.

6. SYNTHESIS AND DISCUSSION

The systematic review and bibliometric analysis reveal a literature that is thematically cohesive but empirically heterogeneous. Three broad dimensions recur across the corpus: financial performance and sustainable finance; ESG and responsible investment; and governance, stakeholders and stock-market dynamics. These dimensions are connected rather than sequential, and the bibliometric map shows substantial conceptual overlap. At the empirical level, the literature does not provide a uniform result across all ESG indices, markets and periods. Studies based on firm-level ESG scores may report positive associations with market performance, whereas comparative index studies may find similar or lower returns accompanied by lower risk. Factor-based approaches may find that ESG portfolios do not provide robust abnormal returns after controlling for traditional risk factors. During crisis periods, several studies identify evidence consistent with greater resilience, but the relevant outcome differs between returns, volatility, recovery and financial distress. Methodological heterogeneity is therefore central to the interpretation of the literature. Fixed-effects, difference-in-differences and GMM approaches address firm-level relationships; factor models address risk-adjusted performance; portfolio comparisons address benchmark-relative outcomes; NARDL and QNARDL address asymmetric dynamics; and machine-learning approaches address financial-distress prediction. These methods answer related but distinct questions and should not be treated as interchangeable evidence. Another important source of heterogeneity is the unit of analysis. The literature alternates between firms, portfolios, equity indices and banking institutions. Although these objects are connected through ESG investment, their financial mechanisms differ. A central implication for future research is therefore to distinguish clearly between firm-level ESG performance and the performance of investable ESG equity indices.

7. RESEARCH GAPS AND FUTURE RESEARCH AGENDA

The review identifies several areas in which the literature remains fragmented. First, studies use different ESG rating providers, index methodologies and screening procedures, which can generate differences in composition and therefore in measured performance. Future research should document index construction and rating methodology more systematically. Second, the crisis-resilience literature is concentrated around particular episodes, especially COVID-19. Comparative research across multiple crises and market regimes could clarify whether observed ESG resilience is crisis-specific or reflects a more persistent characteristic. Third, the distinction between raw returns, risk-adjusted returns, volatility, downside risk and financial distress should be maintained explicitly. A common analytical framework could help researchers compare evidence without collapsing different financial outcomes into a single notion of Performance. Fourth, the literature on investor sentiment and responsible-investment preferences remains less integrated with the literature on index performance. Future studies could examine whether changes in investor demand, sentiment or ESG preferences contribute to the dynamics of ESG indices, particularly in emerging markets. Fifth, the geographical distribution of evidence warrants further attention. The reviewed research includes China, India, the United States, Europe and global indices, but the mechanisms identified in one market cannot automatically be generalized to another. More comparative work between developed and emerging markets would help identify institutional and market-specific conditions. Finally, future empirical work should continue to distinguish aggregate ESG effects from the separate environmental, social and governance dimensions. The reviewed evidence suggests that individual ESG pillars can display different relationships with returns, volatility and resilience.

CONCLUSION

In this paper, a systematic literature review and a bibliometric analysis are provided on the relationship between ESG equity indices and financial-market performance. Based on 43 selected papers published from 2011 to 2024, the research combines qualitative theme analysis and bibliometric mapping using VOSviewer to identify the key research orientations, empirical findings, and opportunities for additional research. The results show three connected research clusters: sustainable finance and financial performance; ESG, responsible investing and performance; and governance, stakeholders and stock-market dynamics. Together, these groups portray the rising multidisciplinary nature of research on ESG stock indexes tying financial results to sustainability standards, governance structures and investor behavior.

The main finding is that the literature finds no general financial advantage of ESG equity indices relative to traditional benchmarks. Rather, performance results differ between geographical markets, observation time, index design methodology, ESG assessment framework, benchmark choice, and empirical specification. Some studies show favorable returns or risk-adjusted performance for ESG-oriented investments, whereas others find no substantial outperformance after controlling for

conventional financial risk variables. Factor-based techniques in particular suggest that ESG strategies may not typically yield additional abnormal returns above existing asset-pricing models. The findings imply that the economic benefits of ESG investing need to be empirically verified rather than presumed as a direct effect of the inclusion of sustainability standards.

The second major discovery is related to the difference between financial outperformance and risk resilience. Several studies that have looked at the COVID-19 pandemic find rather favorable results for several ESG-oriented investments, highlighting the possibility that sustainability traits may enhance resilience under particular market conditions. But this data does not mean that ESG indices offer systematic protection during every financial crisis. Returns, volatility, downside risk, recovery patterns and risk-adjusted performance are all different aspects and should be considered as such. Furthermore, variances across the environmental, social and governance pillars show that aggregate ESG measurements might hide important differences in the financial features of specific investment strategies.

The research further underscores the role of index construction, ESG rating methodology and investment behavior in accounting for variations between empirical findings. Differences in screening criteria, sector makeup, weighting methodologies and the ESG evaluation process can lead to very distinct investing universes, even for indices that are recognized as sustainable. Furthermore, the relationship between ESG index performance and investor mood appears to be dependent on market conditions and the direction of the relationship being studied. Therefore, ESG equity indexes should be interpreted in an integrated way, including not just financial aspects but also the institutional, methodological and behavioral factors that influence market outcomes.

These results lead to a few recommendations in practical terms. “First, investors should not select ESG indices solely on the basis of their sustainability classification but also consider their construction methodologies, sectoral exposures, diversification and suitability for investment objectives. Second, performance evaluations should be based on a combination of traditional measures of returns and risk-adjusted measures such as volatility, downside risk, and performance compared to a benchmark, measured over sufficiently extended observation periods. Third, index providers and financial institutions should increase transparency on the sources of ESG ratings, the methodology for selecting sources, weighting procedures and sectoral exclusions to allow a comparison of sustainable investment products. Finally, investment decisions should distinguish between the purpose of creating financial returns and the objective of delivering specified sustainability results, as both objectives are connected but not identical.

Future study with better methodological consistency would enhance comparability of findings across markets and studies. Researchers should clearly distinguish between firm-level ESG performance and index-level financial results, give more detailed information on the features of ESG and conventional benchmarks, and consider the sensitivity of the results to alternative asset-pricing models and performance measures. Future research could further compare developed and emerging markets, assess the independent effects of the environmental, social and governance elements, and extend crisis-resilience analyzes beyond the COVID-19 pandemic. Moreover, the incorporation of investor sentiment, ESG rating divergence and index composition changes in the empirical models might offer

a more comprehensive perspective of the dynamics that influence the performance of the ESG indices.

However, this study has a few shortcomings. Its analytical corpus is limited to research obtained from Scopus and selected for their relevance to ESG stock indices and financial market performance. Thus, potentially relevant contributions indexed elsewhere may be absent. Furthermore, the bibliometric analysis shows conceptual rather than causal links based on co-occurrence of keywords. The variability of the selected studies does not allow for a single quantitative estimate of the overall performance effect. Future reviews may overcome these constraints by extending database coverage, and performing a meta-analysis when enough similar effect sizes are available. To summarize, the contribution of the review is not to report the systematic superiority or inferiority of the ESG equity indices, but to evidence that their financial performance is conditional on the methodological choices, the market environments, the risk exposures and the sustainability assessment frameworks. This research employs a combined approach of systematic review, bibliometric mapping, and thematic synthesis to offer an integrated perspective on the existing evidence and to establish a basis for more transparent, comparable, and context-sensitive research of the financial performance and resilience of ESG equity indices.

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