

DOES ESG SCORE IMPACT SHARE PERFORMANCE IN ROMANIAN STOCK MARKET?

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Abstract

Environmental, social and governance corporate policies (ESG) will remodel the overall economy in the next years, respectively will influence the success of investment. ESG factors will drive change fundamentally in the economy that will raise some risks and opportunities for the financial sector. Therefore, it is crucial that they include responsible investment and ESG criteria in their overall business strategy. ESG policies have passed so from the early stage, in which they represented a specialized product for a restricted group of investors, to the actual stage, in which these actions have transformed into a general framework that influences the strategic thinking of the whole entity. ESG thus has an influence on growing business strategy throughout the transaction life cycle and in their portfolios. This paper explores the impact of the ESG notch on the share performance of the Romanian entities listed on the Bucharest Stock Exchange. In conclusion, incorporation of ESG factors in investment strategy may influence stock performance and attract investors interested in sustainability.

Keywords

ESG, stock price, performance

JEL Classification

O16, G12, M21

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