

## SCIENTIFIC ADVISOR'S REFERENCE

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Anna Isaeva
<b>Title of thesis:</b>	ESG and financial performance: do ESG factors create value for companies?

**Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis.** Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.

Many studies are devoted to ESG factors and their relationship with financial performance or corporate governance issues. But still there is no consensus among researchers and practitioners about the impact of ESG on corporate performance. This thesis provides new insights in this topic, investigating ESG factors effects on various performance indicators. This paper has a high practical importance, given that the relevance of ESG issues hardly could be overestimated at the current moment. For the purpose of the study an empirical research is conducted. The goal of the research is clearly defined. A number of objectives stated are consistent with the goal. The topic is fully covered by the thesis content.

**Structure and logic of the text flow.** Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.

The structure of the paper is logical. The author starts from the concept of ESG, importance of ESG factors, its relation to company's performance, providing literature review and an overview of the market for ESG transformation. Theoretical background is thorough and contains conclusions important for substantiation of research hypotheses, further empirical analysis and research results, provided in the empirical part. The empirical part includes financial modelling using methodology developed in previous studies and adjusted by the student for the purpose of the study. Conclusions, theoretical contribution and managerial implications are provided.

Theoretical and empirical parts are aligned. Estimation results, theoretical value and managerial implications are substantiated.

**Quality of analytical approach and quality of offered solution to the research objectives.** Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.

The quality of analytical approach could be evaluated as high. The quality of the thesis content could be evaluated as high. Goal and objectives are covered and fulfilled thoroughly. The literature review is comprehensive. The author uses appropriate methodology of statistical and econometric analysis, namely difference-in-difference tool and panel data regression modelling. E, S and G-scores are considered separately allowing to capture special effects of those ratings on different performance metrics. In addition the impact of E, S and G factors is estimated for a sample of industrial companies separately, that provides additional perspective on the specifics of relationship between ESG and corporate performance.

**Quality of data gathering and description.** Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.

Data are valid and relevant. The author uses the data on ESG scores of companies, included in S&P-500 stock index, provided by Bloomberg, for a long time period of 2015-2021. The methodology, research tools and methods are relevant for processing the data collected, and presented clearly. The list of references is relevant, complete and contains recent reputable papers, as well as it includes fundamental publications in this area of research.

**Scientific aspect of the thesis.** Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.

The thesis is conducted independently. The author demonstrated scientific thinking in solving research

problem. The author applied and adjusted methodology used in existing studies, to meet objectives set. Empirical findings are substantiated and have references to existing studies. Empirical analysis provides support to the hypotheses stated, research results contribute to existing studies.

**Practical/applied nature of research.** Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.

Empirical results are interpreted properly. Managerial implications are valuable and based on empirical findings. The study results could help to investors to select securities for their portfolios based on companies' ESG ratings, as well as conclusions of the study could be used by other market participants in their decisions on any transactions and relationships with a company. Corporate management could take into consideration the effects of ESG scores on their performance.

**Quality of thesis layout.** Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.

The layout of the thesis fulfils all the official requirements of Regulation for master thesis preparation and defense. The layout of tables, figures and references is correct.

**Originality of the text.** All sources of match identified by the Safe Assign system follow the allowed cases, the paper does not contain any elements of plagiarism.

The thesis text is original and does not contain elements of plagiarism.

The Master thesis of Anna Isaeva meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date  
05.06.2023



Scientific Advisor:  
Asc. Prof. Yulia Ilina