**New Market Metrics for Sustainable Development: Event-study for the Russian Market.**

One of the notable phenomena of the current global financial agenda is related to the study of the problems of corporate social and ecologic responsibility. KPMG Survey of Sustainability Reporting 2020 reveals that about 80 percent of top-100 companies worldwide report on sustainability. According to the survey GRI remains the dominant global standard for sustainability reporting. The SASB framework and International Standards Organization (ISO) standards are the most commonly used for sustainability reporting among the others. Small and medium-sized businesses are also interested in the implementation of sustainable development (SD) practices in their activities (Makarov et.al, 2021).

A large number of empirical studies find support for a positive relationship between environmental responsibility indicators and a company's strategic long-term efficiency (for example, long-term sales and profitability growth rate) and financial risk (Garcia and Orsato, 2020, Yang R., Wong C. W. Y., Miao X., 2021). The problem of measuring CSR or sustainable development occupies a special place in the literature. The difference in dimensions often goes beyond semantics to a deeper level of construction, taking into account issues from philanthropy and ethics to the cost of ecological programs. The most common is to use aggregated metrics published by rating agencies (ex, KLD Research & Analytics, Inc.).

To analyze the market reaction to ESG indicators, the authors use market sustainability indices, for example, Dow Jones Sustainability Indices (DJSI), S&P 500 ESG Index, Euronext Eurozone ESG Large 80, a large number of regional indices. Empirical research uses the event study method to analyze the market response to the inclusion (or exclusion) of a company in the sustainability index. The authors find evidence of significant dependence for both developed and developing countries (Yilmaz, Aksoy, Tatoglu, 2020). For example, L. Hayward (2018) using a “window” from (-1) to (+15) trading days showed that exclusion from the DJSI index has a significant negative temporary impact on the share price, at the same time, the inclusion of the share in the index has a significant positive temporary impact on the price. To test this hypothesis for the Russian market, we analyze data on companies whose shares are or have ever been included in the index of the MOEX RSPP “Sustainability Vector Index” and in the RAEX ESG Rating of Russian companies.

Information on the composition of the indices is available from December 2017 and from December 2018, respectively. The frequency of publication of the indices has changed over the period, but today there are more than 10 changes available in the composition of each index for the period under review. Changes in the index make it possible to use event study tools to test the hypothesis about the impact of socially and environmentally responsible company behavior on the welfare of its owners or investors.

We estimate the cumulative average abnormal return (CAAR) of the stock. Abnormal stock returns are calculated as the difference between the actual and normal returns (estimated by the MOEX index or based on the forecast of stock returns using the CAPM model). The report will present the results of evaluating the regression models and the interpretation of the results.

The limitations of the study include the problem of the limited sample used and the comparison of research results for different indices. The issue of “rationalizing” the decisions of investors in an emerging market in comparison with a developed one is also not discussed separately here, but may be in demand on the part of investors and managers.

Literature

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