

## **ABSTRACT**

The last decade has introduced the concept of environmental, social, and governance (ESG) practices for corporations. Hundreds of indices and metrics have been created by different institutes or organizations. Key metrics to measure ESG have been defined, creating a large data pool for analysis. The impact of ESG on firm performance has received already some research interest, yet the results differ and don't provide a clear picture. The aim of this work was to analyze if ESG ratings correlate with firms overperformance in Tobin's Q, which represents market value over asset value. The innovative approach of this work is to analyze this relationship by industry sector, by geographic region and by ESG dimension. The data has been obtained from Bloomberg and after a Box-Cox transformation of the data, a comparative analysis was performed. The results show that the European and the Asia-Pacific indices perform quite similarly, they show a high positive correlation of the Environmental score and of the Social score with overperformance in Tobin's Q for most industry sectors. In the US there is only little correlation for these two ESG dimensions. The Governance score shows much less positive correlation with the firm value, and this is true for all three geographies and for most industry sectors. This might be caused by the much longer history of good corporate governance practices, leading to the assumption that Governance is an already priced in intangible asset. Future longitudinal research is warranted to confirm the robustness of these findings.