
Guest editorial: Sustainable finance

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This special issue of *Studies in Economics and Finance* focuses on the theoretical and practical elements of Sustainable Finance and their implications on financial markets and political science. The ultimate objective of Sustainable Finance is to enhance economic and financial performance for consumers, businesses and society while positively influencing the environment and society. In this regard, the environmental, social and governance (ESG) considerations have been a critical concern for the financial industry in the current world while making investment and financing decisions, especially in the vision of COP 21 (Batten *et al.*, 2018, Cantele and Zardini, 2018, Drempetic *et al.*, 2020, Rubbaniy *et al.*, 2022). For example, as part of the environmental considerations, it is essential to protect biodiversity, reduce pollution, promote a circular economy and preserve the climate by boosting renewable energy sources (Calvet *et al.*, 2022, Javadi and Masum, 2021, Ramezani *et al.*, 2022). Adopting these sustainable practices helps businesses succeed in day-to-day operations (Kinateder *et al.*, 2021, Choudhury *et al.*, 2021). Organisations play a crucial role by directing money towards environmentally friendly enterprises and technology to assist economic development for enduring circular economies (Saha *et al.*, 2019). In this regard, Sustainable Finance has considerably changed to the point where it is now seen as a statutory need for sustained growth (Zhang *et al.*, 2021). Although the idea of Sustainable Finance is gaining popularity around the world, some restrictions might prevent this shift. The most crucial one is changing company models to achieve sustainable development. Significant obstacles also exist in quantifying and managing ecological and social risk factors. Numerous financial organisations have decided to become carbon neutral. Finally, one of the critical obstacles to financing green growth is mobilising sustainable savings.

This special issue on Sustainable Finance includes papers from extensive sectors of financial sustainability. Among them, the climate impact of fossil energy stocks is examined by Kumari *et al.* (2023). Several others study green bonds [Yadav *et al.* (2023) and Piseddu and Vanhuysse (2023)] and green finance issues [Sajjad *et al.* (2024)]. Studies that address governance and COP topics include Kumari *et al.* (2023), Sajjad *et al.* (2024), Almaqtari *et al.* (2023), Peng and Smith III (2023) and Mardini and Elleuch Lahyani (2023). The relationship between green investments and energy commodities is analysed by Sharma *et al.* (2023) and Yadav *et al.* (2023). Another work studies the relationship between short-term firm performance and sustainable financial performance [Kayani *et al.* (2023)]. Finally, ESG-related issues are also an important major part of this special issue [Lange and Banadaki (2023), Peng and Smith III (2023), Niblock (2024) and Tanveer *et al.* (2024)].

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