MAPPING THE RISK: PERFORMANCE NEXUS IN SUSTAINABLE FINANCE: INSIGHTS FROM A 2020–2025 SYSTEMATIC REVIEW

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Abstract - This paper introduces a systematic literature review (SLR) of studies on long-term performance and risks in sustainable finance. 1,425 papers are evaluated in Scopus and Web of Science from 2020 to 2025. Using VOSviewer, 32 high-quality papers that robustly examine the interlinkage of sustainability and financial resilience are identified. This paper categorises risk measures as firm-level (enterprise risk management, governance practices), market-level (green bonds, climate finance), and systemic-level (transition risks, policy uncertainty) measures. Four key risk themes are recognised: regulatory, operational, reputational, and systemic risks, which affect long-term financial performance. The review also indicates mediating factors such as enterprise risk management maturity, disclosure quality, and board oversight, as well as moderating factors such as investor time horizons, regulatory regimes, and climate uncertainty. The results show three key observations. Firstly, many studies focus on short-term ESG performance, which aligns with calls to focus more on long-term performance frameworks. Secondly, emerging market studies have a significant evidence gap, especially in Southeast Asia. Thirdly, there is evidence in the literature of burgeoning scholarly attention in converging interdisciplinary approaches to sustainability risks and long-term value generation. The SLR offers valuable contributions for researchers, practitioners, and policy-makers whoare equipped with knowledge to increase resilience, link governance and sustainability objectives, and fortify risk management strategies in driving sustainable finance.

Keywords - Sustainable Finance, Long-Term Performance, Enterprise Risk Management, Financial Resilience