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ESG Risk Ratings: A Protective Instrument Amid Economic Shocks

Analyzing the Effect of ESG Risk Scores on Firms' Financial Performance in the US Market

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Executive Summary

The notable number of US assets under professional management allocated to sustainable investing strategies coupled with substantial market volatility driven by major global events in the past several years prompts important questions about the role of ESG risk management, particularly during periods of market stress, and how these strategies can adapt to changing market conditions. To address these questions, we examine the effect of Morningstar Sustainalytics' ESG Risk Ratings on US firms' financial performance over the course of seven years, with a focus on three periods: the covid-19 outbreak, the start of the Russia-Ukraine conflict, and the most recent introduction of US tariffs. We uncover that, on average, low ESG risk scores have a positive yet modest effect on stock excess returns (also commonly known as alpha). The direction and size of the effect varies across the three periods, signaling a nuanced relationship between ESG Risk Ratings and financial performance and the importance of scenario-specific analysis.

Building on these findings, we propose a target-based, benchmark-driven investment approach that systematically incorporates ESG risk categories into portfolio construction. We set up five portfolios by sorting firms into their respective ESG risk categories using a value-weighted methodology: Negligible ESG Risk Portfolio, Low ESG Risk Portfolio, Medium ESG Risk Portfolio, High ESG Risk Portfolio, and Severe ESG Risk Portfolio. Using the Low ESG Risk Portfolio as the benchmark, we compare the portfolios' financial performance based on monthly cumulative excess returns. The Low ESG Risk Portfolio consistently shows strong performance, delivering sustained positive adjusted excess returns, including during periods of heightened market volatility. An important implication of this finding is that investors' preferences for low ESG risk may play a significant role in shaping investment decisions, driving increased capital allocation toward firms with lower ESG risk.

Key Takeaways

- Adopting industry-specific ESG risk integration approaches—tailored to the unique characteristics of each sector and informed by scenario analysis—is essential for developing effective investment strategies.
- ESG risk integrated benchmark portfolios guide investors to manage the trade-offs between financial performance and ESG risk.
- Firms with lower ESG risk show greater financial resilience, particularly during periods of heightened market uncertainty.[1]

- The Low ESG Risk Portfolio highlights superior risk adjusted excess returns over the seven-year period from January 2019 to April 2025.

Introduction

In 2024, approximately USD 6.5 trillion in US assets under professional management are allocated to sustainable investing strategies, representing 12% of total US assets under management.[2] Over the past seven years (2019-2025), financial markets have experienced substantial volatility, driven by major global events such as the covid-19 pandemic, the Russia-Ukraine war, and most recently, the tariffs introduced by the US in April 2025. These disruptions highlight the critical need to reassess risk management strategies, particularly during periods of market stress. Within this context, a central question emerges: Can low ESG risk ratings function as a protective instrument during market downturns by signaling superior ESG risk management practices?

To further explore this question, we examine the financial performance associated with Sustainalytics' ESG Risk Ratings from January 2019 to April 2025, while focusing on three key sub periods marked by heightened market uncertainty:

- The covid-19 outbreak from March to December 2020.
- The initial phase of the Russia-Ukraine war from February to July 2022.
- The recent US tariff introduction in April 2025.

Since the launch of the ESG Risk Ratings in September 2018, their relevance in assessing firm performance—particularly during periods of heightened uncertainty—has attracted increased attention. These market disruptions provide a natural experimental setting to evaluate the effectiveness of the ESG Risk Ratings and their link with firms' financial performance under varying market conditions.

This document contributes to the ongoing discussion on the relationship between ESG risk management and financial performance, shedding light on three key dimensions:

1. Assessing the ESG Risk Ratings' correlation with financial performance: We examine the relationship between the ESG Risk Ratings and firms' stock returns to illustrate how stronger ESG risk management practices may positively influence financial performance.
2. Highlighting investment trade-offs: We provide insights into balancing financial performance with sustainability objectives, supporting investors to make more informed decisions when applying ESG criteria.
3. Calculating investment scenario analysis: We demonstrate the value of scenario-based analysis in assessing ESG risks by examining how ESG Risk Ratings influence performance across diverse market conditions, including periods of elevated uncertainty such as the covid-19 pandemic, the Russian invasion of Ukraine, and the recent heightened tariff period.

Building on these findings, we propose a target-based, benchmark-driven investment approach that systematically incorporates ESG risk categories into portfolio construction. This framework accounts for diverse sustainability preferences as outlined in Articles 6, 8, and 9 of the Sustainable Finance

Disclosure Regulation (SFDR), enabling the design of personalized benchmarks. By analyzing portfolios across varying ESG risk levels, we assess performance in terms of both risk and returns, offering a deeper understanding of how ESG risks affect investment outcomes.

Data

The Dataset Includes S&P 1500 Stocks, Covering 90% of the US Market, Along With the Chicago Board Options Exchange Market Volatility Index

We examine the US stock market, which experienced pronounced disruptions during the covid-19 pandemic, the Russian invasion of Ukraine, and the recent heightened tariff activity. Our analysis is based on data from firms included in the S&P Composite 1500, comprising three key market segments: The S&P 500 (large cap), S&P MidCap 400 (mid-cap), and S&P SmallCap 600 (small cap). Alternatively, the Morningstar US Market TR USD Index could also serve as a proxy for broad market representation. To achieve broader firm coverage in our assessment, we employ the S&P 1500 Index, which exhibits a slightly higher average market capitalization (USD 229,940.74 million) compared to that of the Morningstar US Market TR USD Index (USD 223,995.59 million). The S&P 1500 Index represents over 90% of the total US equity market capitalization, providing a comprehensive and representative foundation for evaluating ESG-related financial performance. To capture investor sentiment and market uncertainty, our analysis also incorporates the Chicago Board Options Exchange (CBOE) Market Volatility Index (VIX). Analysis of the combined dataset covers the period from January 2019 to April 2025.

Methodology and Key Measures[3]

Methodology and Key Financial Metrics

This study uses regression models and value-weighted portfolio construction methodologies to provide a comprehensive assessment of the influence of ESG Risk Ratings. To ensure analytical rigor, we use the ESG Risk Ratings and apply the Carhart four-factor model within a cross-sectional panel regression framework.

Sustainalytics' company level ESG risk score measures the degree to which a company's economic value may be at risk due to material ESG factors. The score is derived from a two-dimensional materiality framework that evaluates both a company's exposure to subindustry-specific ESG risks and its effectiveness in managing those risks. ESG risk scores are reported on a scale from 0 to 100, with higher scores indicating more severe risk. They are categorized into five levels: negligible, low, medium, high, and severe. The threshold definitions for each category are provided in the following section. As ESG risks may materialize unpredictably and at unknown future times, these scores are not intended to predict specific financial or share price impacts, nor do they imply any time horizon for such impacts.

ESG Risk Scores: A Complement to Conventional Risk Indicators

A Minimal Relationship Between the ESG Risk Ratings and Conventional Risk Measures

Examining correlations between Sustainalytics' ESG risk scores and widely used conventional risk metrics, specifically total stock return volatility and firm idiosyncratic risk, provides insights on whether the former serves as a proxy of traditional risk measures. If significant correlations exist, it suggests that the ESG risk scores overlap with volatility-based approaches or are largely influenced by traditional risk

measures. Conversely, weak or insignificant correlations would indicate that ESG risk scores capture market risks that remain unaccounted for by conventional volatility-based measures.

The ESG risk scores show minimal direct correlation with widely used traditional risk measures based on volatility. The analysis reveals a weak negative correlation of -0.003 (p-value = 0.391) between ESG risk scores and total stock return volatility, as well as a weak positive correlation of 0.032 (p-value = 0.000) between the ESG risk scores and firm idiosyncratic risk. Therefore, Sustainalytics' ESG risk scores serve as a complement to conventional risk assessments by capturing sustainability-related risk factors that may not be fully reflected in asset prices. These findings underscore the value of ESG risk considerations in providing a more comprehensive evaluation of a firm's overall risk profile.

The Positive but Modest Effect of Low ESG Risk Scores on Stock Excess Returns

ESG Risk Ratings Impact Financial Performance

We analyze the influence of the ESG risk scores on firms' financial performance using excess returns, over the seven-year period from January 2019 to April 2025. Our analysis accounts for industry-specific factors and firms' fundamental financial attributes that may influence financial performance. Excess return (commonly referred to as alpha) measures the extent to which a stock outperforms or underperforms its benchmark—essentially reflecting whether it has beaten the market or been beaten by the market. In this study, excess returns are calculated relative to the market's average performance using the Carhart four-factor model.

Our primary analysis is conducted through a firm–month level time series regression model:

$$Ret_{i,t} = \alpha + \beta\, ESG\_Risk\_Score_{i,t} + \gamma X + \varepsilon_{i,t}$$

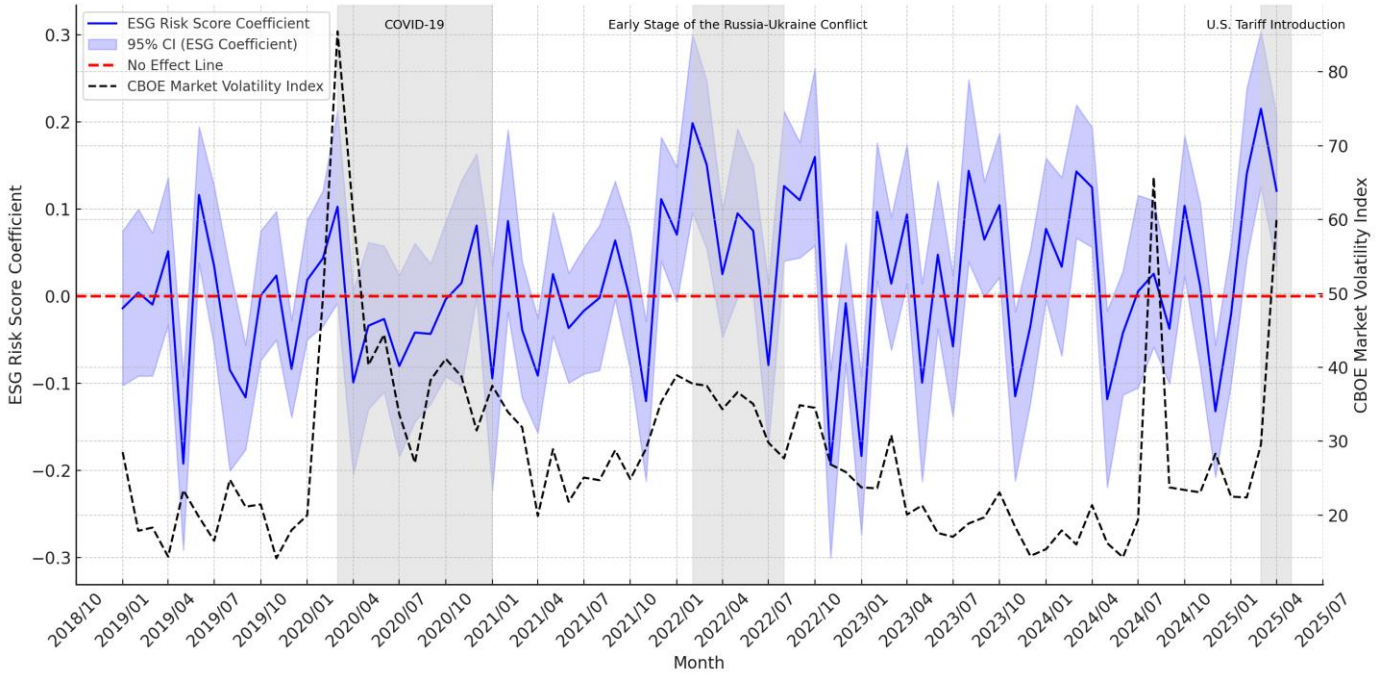
In this model, the dependent variable, $Ret_{i,t}$ represents the excess return of $Stock\_i$ in month t. The key independent variable of interest, $ESG\_Risk\_Score_{i,t}$, represents the monthly ESG risk score for each firm and serves as a proxy for the firm's ESG risk performance. The model also incorporates a vector of control variables X to account for firm and industry-level characteristics, including market capitalization, book-to-market ratio, capitalization ratio, total debt-to-equity ratio, asset turnover, ownership popularity factor, volatility factor, Morningstar risk, relative risk, and other key financial indicators.[4]

The regression analysis incorporates 104,059 observations from 1,488 firms in the S&P 1500 index, covering the period from January 2019 to April 2025. Each observation represents a unique firm–month pair.

Exhibit 1 below presents the coefficients of ESG Risk Rating scores for firms in the S&P 1500 index, along with 95% confidence intervals. The average coefficient for ESG risk scores is -0.016, which is statistically significant (t = -3.223, p = 0.001), but close to zero. This suggests that, on average, lower ESG risk scores have a positive but marginal effect on stock excess returns. Specifically, a five-point decrease in the ESG risk score is associated with an annual increase of 0.990% in excess returns. While lower ESG risk is

associated with improved stock financial performance, the effect size remains relatively small, suggesting that ESG risk may not yet be fully priced into the market.

Exhibit 1 ESG Risk Rating Score Coefficient Trend Alongside Market Volatility



Source: Morningstar Sustainalytics, Morningstar Direct, and CBOE Global Market Data. Data as of April 2nd 2025.

Exhibit 1 illustrates three distinct periods of economic shock: the outbreak of covid-19, the first six months following the Russian invasion of Ukraine, and the recent heightened tariff period. This elevated uncertainty is reflected in the CBOE Market Volatility Index (VIX-CBO)—represented by the dashed black line—spanning the period from January 2019 to April 2025.

The VIX-CBO spiked sharply in March 2020, coinciding with the onset of the covid-19 pandemic, and remained highly volatile throughout that year, signaling sustained investor anxiety. During the pandemic, the coefficients of the ESG risk score (represented by the blue line in Exhibit 1) remained consistently negative for eight consecutive months, from April to December 2020. During this time, the average coefficient is -0.042 ($t = -2.171$, $p = 0.030$), which is significantly lower than the overall average of -0.016. This pattern suggests that firms with higher ESG risk scores underperformed financially, indicating that investors placed greater emphasis on ESG risk considerations amid crisis conditions. The observed association between negative ESG risk score coefficients and elevated market volatility implies that ESG risk may play a more prominent role in investor decision making during periods of market stress. Interestingly, this effect appeared to weaken following the widespread deployment of covid-19 vaccines, pointing to a potential reduction in investor concern over ESG-related risks. Overall, these findings suggest that in times of elevated uncertainty, investors may seek to enhance portfolio resilience by favoring firms with lower ESG risk exposure.

In contrast, during the early phase of the Russian invasion of Ukraine (i.e., February 2022), the ESG risk score coefficients are significantly positive over the first five months. During this period, the average coefficient is 0.082 ($t = 4.066$, $p = 0.000$), which is substantially higher than the overall average of -0.016. This suggests that firms with lower ESG risk underperformed companies with higher ESG risk. One explanation for the disparate outcomes under these two distinct events—the pandemic and the Russian invasion of Ukraine—is highlighted by the energy sector. Russia's designation as one of the largest global exporters of fossil fuels (e.g., coal, crude oil and natural gas) meant the supply disruptions and subsequent sanctions following the invasion of Ukraine had an outsized impact on global energy markets. Severe supply side imbalances and the rearranging of global trade flows artificially created a shortage of fossil fuels, thereby further reinforcing the upward trajectory of fossil fuel prices alongside market uncertainty. Firms within the energy sector and those within higher ESG risk categories outperformed others, experiencing a temporary financial advantage and lifted investor sentiment as commodity prices surged. Although fossil fuel prices declined significantly from their 2022 peak by early 2023—particularly in the case of natural gas—they remained elevated relative to pre-pandemic levels. While this trend did not continue across our broader company universe, it highlights the importance of considering industry and event-specific contexts when evaluating ESG performance.

Following the recent introduction of US tariffs in April 2025, we observe heightened market volatility and a declining trend in the coefficient of the ESG risk score compared to the previous month, although the coefficient remains positive. Given that supply chain–related firms are likely to be heavily affected by the new tariff policies, investors may show a preference for firms with lower ESG risk, as they are perceived to be more resilient under high tariff conditions. The ESG-related performance in the upcoming months will need to be monitored closely to assess whether this trend continues.

Overall, these findings highlight the nuanced relationship between ESG Risk Ratings and financial performance. While lower ESG risk scores are associated with a positive but modest effect on stock excess returns on average, their effectiveness depends heavily on the specific market context. Scenario-specific analysis—accounting for industry dynamics and the nature of major market events—is essential for the meaningful integration of ESG considerations into investment strategies. The contrasting outcomes across the three economic shocks further underscore the importance of contextual interpretation when applying ESG Risk Ratings in financial analysis. Building on these insights, the next section demonstrates how investors can translate ESG risk assessments into a practical portfolio construction framework that aligns risk, return, and sustainability objectives.

Construction Benchmark Portfolios by ESG Risk Category

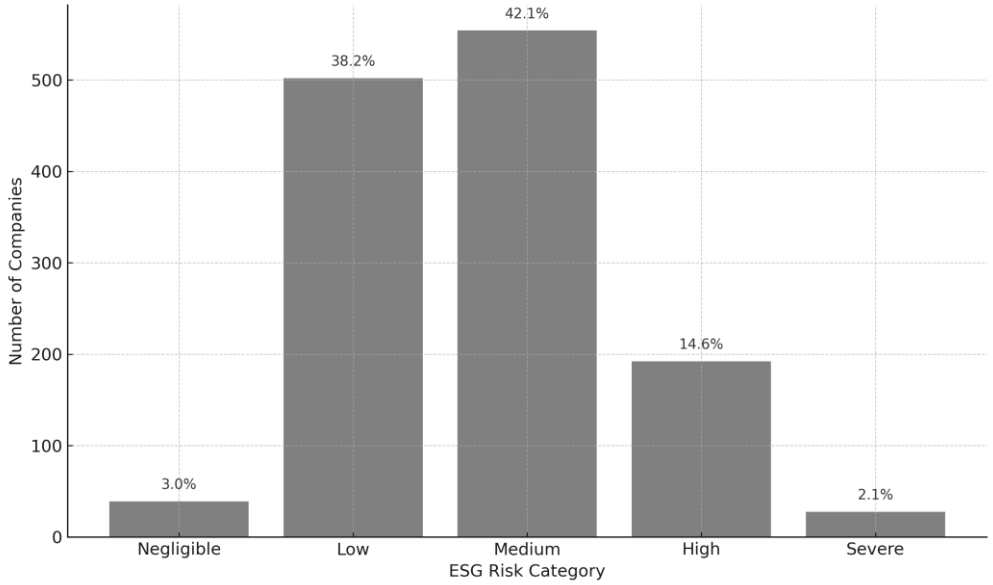
Sample Firm Distributions by ESG Risk Categories

To ensure a clear and consistent framework for comparing ESG risks across firms and industries, we constructed portfolios by sorting firms into their respective ESG risk categories using a value-weighted methodology.[5] Specifically, the weight assigned to each firm within a portfolio is proportional to its market capitalization, relative to the total market capitalization of all firms in the same ESG risk category. This approach ensures that larger firms, which play a more significant role in financial markets, have a correspondingly greater influence on the portfolio's performance, reflecting real world

investment practices. The excess returns of these ESG risk category-based portfolios are analyzed over the seven-year period from January 2019 to April 2025.

Exhibit 2 illustrates the distribution of S&P 1500 companies across various ESG risk categories, showing an approximately normal distribution across the ESG risk spectrum, with 80% of firms in the sample concentrated in the low and medium risk categories.

Exhibit 2 Distribution of S&P 1500 Firms Across ESG Risk Categories



Source: Morningstar Sustainalytics. Data as of April 2nd 2025

Sustainalytics' ESG Risk Ratings framework allows us to establish a standardized measure of ESG risk, where each point of risk is consistent across industries and firms. This absolute risk categorization ensures that a high risk assessment reflects the same degree of ESG risk regardless of the industry or issue it pertains to. Individual risk points are aggregated across ESG issues to calculate an overall score for each firm.

The ESG risk categories are defined as follows:

- **Negligible ESG Risk (Score ⩽ 10)**: Indicates minimal unmanaged ESG risk, reflecting strong sustainability practices and limited exposure to ESG-related controversies or operational disruptions.
- **Low Risk (10 < Score ⩽ 20)**: Suggests a low level of material ESG risk that is generally well managed within the context of the company's industry.
- **Medium Risk (20 < Score ⩽ 30)**: Reflects a moderate level of ESG-related risk, with exposure to potentially material issues that may not be fully mitigated.
- **High Risk (30 < Score ⩽ 40)**: Implies significant ESG concerns that could adversely affect the company's long-term financial or operational performance.

- **Severe Risk (Score > 40)**: Signals substantial unmanaged ESG risks, potentially associated with major controversies or weak governance structures, which may materially impact stakeholder value.

Building on the portfolio construction methodology outlined above, we set up five portfolios corresponding to the following ESG risk categories: Negligible ESG Risk Portfolio, Low ESG Risk Portfolio, Medium ESG Risk Portfolio, High ESG Risk Portfolio, and Severe ESG Risk Portfolio.

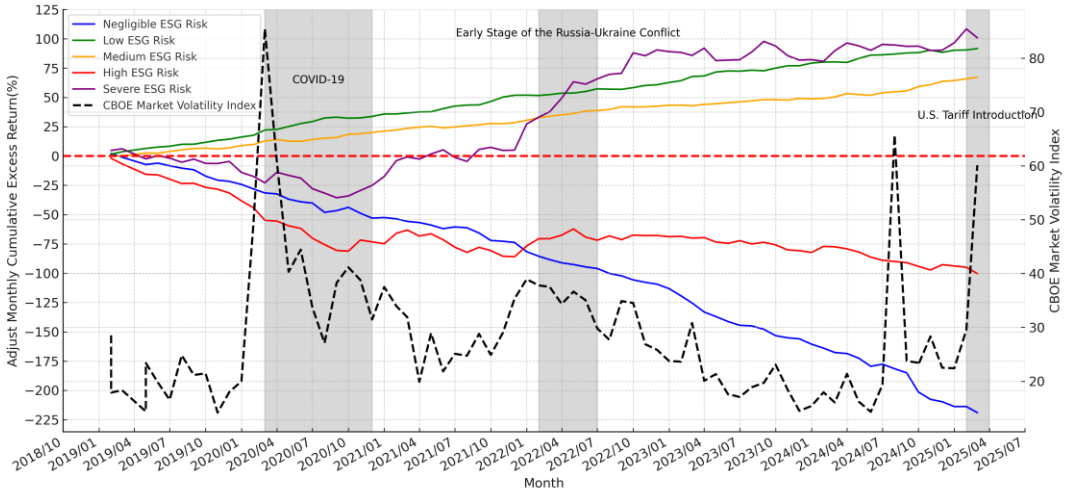
Comparison of ESG Risk Integrated Benchmark Portfolios

ESG Risk Integrated Portfolios' Financial Performance

Low ESG Risk Portfolio serve as a benchmark to evaluate the performance of portfolios across other ESG risk categories—including negligible, medium, high, and severe—by comparing their financial performance based on monthly cumulative excess returns.

Exhibit 3 below illustrates the cumulative trend of adjusted monthly excess returns for portfolios categorized by ESG risk level, based on constituents of the S&P 1500 index over the analysis period. This visualization provides a comparative perspective on how portfolios with varying ESG risk profiles have evolved over time.[6] Notably, the Low ESG Risk Portfolio consistently shows strong performance, delivering sustained, positive adjusted excess returns. Over the full investment horizon, it outperforms portfolios with higher ESG risk levels, underscoring the potential long-term benefits of lower ESG exposure in portfolio construction.

Exhibit 3 Cumulative Trend of Adjusted Monthly Excess Return by ESG Risk Categories



Source: Morningstar Sustainalytics, Morningstar Direct, and CBOE Global Market Data. Data as of April 2nd 2025.

Exhibit 4 presents financial metrics for portfolios across various ESG risk categories, including adjusted Sharpe ratios, maximum drawdowns, and the correlations between their excess returns and market volatility, as proxied by the VIX-CBO. The Low ESG Risk Portfolio demonstrates the strongest overall

financial performance, outperforming portfolios in other ESG risk categories based on the adjusted Sharpe ratio. Notably, during periods of heightened market volatility—such as the covid-19 pandemic, the Russia-Ukraine war, and the recent introduction of US tariffs—the Low ESG Risk Portfolio sustains relatively stable and positive excess returns. In contrast, portfolios classified as negligible, high, or severe ESG risk exhibit significantly lower adjusted Sharpe ratios and larger maximum drawdowns, emphasizing the potential resilience of portfolios with lower ESG risk.

Exhibit 4 ESG Risk Portfolio Performance and Market Volatility Correlation

Portfolio by ESG Risk	Volatility	Adjusted Sharpe Ratio	Maximum Drawdown (%)	Correlation with Market Volatility
Negligible	2.486	-1.159	-89.64%	0.016 (P = 0.889)
Low	1.18	1.022	-1.90%	0.1 (P = 0.392)
Medium	0.921	0.961	-1.43%	0.276 (P = 0.016)
High	3.866	-0.341	-65.58%	-0.048 (P = 0.678)
Severe	6.193	0.214	-35.58%	0.064 (P = 0.580)

Source: Source: Morningstar Sustainalytics, Morningstar Direct, and CBOE Global Market Data. Data as of April 2nd 2025

Among the ESG risk portfolios, the Severe ESG Risk Portfolio exhibits the highest volatility in excess returns. Interestingly, it also achieves a higher adjusted Sharpe ratio compared to the High and Negligible ESG Risk Portfolios. These findings suggest a notable divergence in investors' expectations and preferences with respect to ESG performance, particularly between portfolios with low and severe ESG risk profiles.

An important implication of the consistent outperformance of the Low ESG Risk Portfolio (relative to the market average) is that investors' preferences for low ESG risk may play a significant role in shaping investment decisions. Such preferences can drive increased capital allocation toward firms with lower ESG risk, especially during periods of economic shock. Over time, this behavior may further reinforce investors' expectations of the superior financial performance of low ESG risk investments.

However, the growing emphasis on ESG performance also raises concerns about greenwashing—a practice in which companies portray themselves as more sustainable than they truly are, to attract ESG-conscious investors and consumers without making substantive improvements. This underscores the critical role of ESG analysts and the need for rigorous ESG evaluation methodologies to mitigate greenwashing risks and preserve the credibility of ESG-driven investment strategies.

In addition, the ESG risk-based portfolios developed in this study can serve as benchmark portfolios to inform investment decisions, offering reference points that incorporate both financial and ESG risk considerations. Building on this foundation, we propose a transition from category-based ESG benchmarks to target-based, personalized, ESG integrated benchmarks. These customized benchmarks—tailored to individual investment objectives, risk tolerance, and sustainability values—provide a more nuanced approach to reflecting diverse investors' preferences. Furthermore, integrating broader elements such as market indexes, industry standards, and regional performance metrics into benchmark construction enhances alignment with comprehensive ESG integrated investment strategies.

Conclusion

Our research systematically investigates the effect of ESG Risk Ratings on firms' financial performance over the past seven years, with a particular focus on three periods of economic shock: the covid-19 outbreak, the Russia-Ukraine war, and the recent introduction of US tariffs. The findings suggest that incorporating ESG Risk Ratings from Sustainalytics provides a strategic advantage. Integrating ESG risk considerations into investment decision making supports the alignment of sustainability objectives with effective risk management, while also contributing to the preservation of financial performance. Additionally, scenario analysis plays a critical role in refining investment strategies and decision-making processes.

These results underscore the critical importance of effective ESG risk management and the trade-offs that come with incorporating ESG considerations into investment strategies. Investors are encouraged to assess the balance between sustainability characteristics—such as ESG integration strategies, degrees of integration, risk levels—and traditional financial factors, including management costs and expected returns.

By leveraging the ESG risk integrated benchmark portfolios constructed in this study, investors can more effectively align their investment decisions with both financial objectives and sustainability preferences.

Endnotes

1 According to Morningstar, resilience refers to the capacity of portfolios to withstand negative shocks resulting from changes in economic conditions.

2 For more information on U.S. Sustainable Investing Trends 2024, please refer to the following link: US Sustainable Investing Trends 2024/2025 | US SIF.

3 The following key measures are employed:

- **ESG Risk Ratings**: Measured using Morningstar Sustainalytics ESG Risk Ratings. For more information, please refer to relevant Morningstar product documentation.
- **Return**: The actual price return of the stock.
- **Excess Return**: Calculated as the difference between the realized return (minus the risk-free rate) and the sum of the products of model-predicted coefficients and realized factor returns from the Carhart four factor model. A positive excess return indicates that the stock outperforms the average market performance, while a negative excess return suggests underperformance.
- **Total Volatility:** The standard deviation of the realized returns of the underlying security, representing overall return variability.
- **Idiosyncratic Volatility**: Calculated following the methodology outlined in The Cross-Section of Volatility and Expected Returns (Ang et al., 2006), this metric captures the volatility of residuals—the difference between realized and expected returns—derived from risk models such as the Fama-French three factor model.
- **Coefficient of ESG Risk Ratings**: The estimated coefficient of ESG Risk Ratings from the cross-sectional panel data regression model on stock returns. A positive coefficient indicates that higher ESG Risk Ratings enhance firm financial performance, whereas a negative coefficient suggests the opposite.
- **Carhart four-factor model**: In portfolio management, the Carhart four factor model is an extra factor addition in the Fama–French three-factor model, proposed by Mark Carhart. The Fama-French model, developed in the 1990, argued most stock market returns are explained by three factors: Risk, price (value stocks tending to outperform) and company size (smaller company stocks tending to outperform). Carhart added a momentum factor for asset pricing of stocks. The Four Factor Model is also known in the industry as the Monthly Momentum Factor (MOM). Momentum is the speed or velocity of price changes in a stock, security, or tradable instrument. For more information, please refer to the following link: https://en.wikipedia.org/wiki/Carhart_four-factor_model.

4 The control variables include market capitalization, book-to-market ratio, enterprise value multiplier, total debt-to-invested-capital ratio, capitalization ratio, inventory-to-current-assets ratio, total debt-to-equity ratio, asset turnover, sales-to-working-capital ratio, labor expenses-to-sales ratio, ownership popularity factor, volatility factor, Morningstar risk, and relative risk.

5 To ensure the robustness of our findings, we extend our analysis beyond excess returns by also examining actual returns and total returns (including dividends) of the constructed portfolios. Additionally, we exclude firms in the high-tech industry, which tend to have relatively lower average ESG risk scores and could potentially inflate the financial performance of the low ESG risk portfolio. The results remain consistent and robust across these alternative measures, reinforcing the validity of our conclusions.

6 To enhance clarity and facilitate comparison, all portfolios' abnormal returns are normalized to zero as of January 2019.

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings, and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects. For more information, visit www.sustainalytics.com.