**DOES BEING GREEN CREATE A SOCIAL IMPACT? A STUDY ON CAPITAL INVESTMENT**

The manuscript explores the profound realm of sustainable investing, aiming to uncover its potential to catalyze real social impact. In a swiftly evolving global landscape marked by pressing concerns such as the climate crisis and socioeconomic disparities, the concept of "sustainable investing" has surged to prominence in financial deliberations. This study takes on the important role of closely looking at how a company's environmental dedication, known as "greenness," connects with its capital investment decisions.

The study derives its theoretical framework from Pastor, Stambaugh, and Taylor's (2021) pioneering work, which proposes that firms exhibiting higher levels of greenness are more inclined to allocate more resources into capital investment initiatives. Building on this foundation, the research formulates two distinct yet interconnected hypotheses. The first hypothesis posits that firms characterized by more greenness, as reflected in their Environmental Score, tend to allocate a larger share of their resources to real capital investments. The second hypothesis, an innovative extension of the theoretical model, delves into the nuanced dynamics between green and brown firms in terms of their capital investment strategies, particularly investigating how these strategies diverge across varying levels of capital intensity.

Employing a rigorous empirical approach, the study employs the dynamic panel and quantile regression methodologies. Drawing on an extensive dataset encompassing NYSE-listed firms from 2002 to 2021, the study carefully analyzes the complex relationship between green practices and decisions regarding capital investments. The findings notably underscore the positive correlation between firm greenness and capital investment, aligning harmoniously with the theoretical conjectures proposed by Pastor et al. (2021). This strengthens the idea that environmentally conscious firms are inherently inclined to allocate resources towards real capital projects. This tendency may stem from their advantageous cost of capital, alignment with sustainability-focused investor preferences, and overall dedication to social responsibility.

However, the research reveals a level of complexity when examining the highest levels of capital investment intensity. In this context, the association between green practices and investment assumes a unique nature, uncovering a potential saturation point where increased greenness might not result in a straightforward rise in capital investment. This aspect adds an interesting layer to the existing story, proposing the presence of diminishing returns in terms of capital investment benefits for firms that have reached the peak of greenness.

In summation, "Does Being Green Create a Social Impact? A Study on Capital Investment" illumines the multifaceted dynamics governing sustainable investing's real social impact. Through a thorough exploration of the complex relationship between greenness and decisions about capital investments, the study provides a comprehensive view of the intricate balance, motivations, and limitations that firms encounter. This research enhances our understanding of the real societal consequences embedded in sustainable investing, encouraging further investigation into refining measures of sustainability and unraveling the delicate equilibrium between financial goals and environmentally conscious behaviors.