State University of Trade and Economics
Scientific and practical student round table

ACCOUNTING SUPPORT FOR ESG-SUSTAINABLE INVESTING

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RELEVANCE OF THE RESEARCH TOPIC

In today's world, where issues of sustainability and a responsible approach to business are becoming increasingly important, ESG accounting is becoming a necessary component for investors and companies seeking to achieve sustainable development and be socially responsible.

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MEANING OF ESG AND ESG INVESTING

1. ESG factors are non-financial criteria used to assess a company's sustainability and ethical practices.
2. ESG investing prioritizes environmental, social, and governance factors for sustainable and responsible investment.
3. ESG accounting involves collecting and analyzing data on these aspects for reporting.
4. Investors rely on ESG information to align their investments with sustainability and responsibility goals.

ENVIRONMENTAL ASPECTS

- ESG's environmental factors cover emissions, resource use, and waste treatment.
- Companies can report on environmental initiatives and reduction efforts.
- Investors seek green initiatives, environmental compliance, and eco-friendly strategies.
- Environmentally conscious companies are more attractive to investors.

SOCIAL ASPECTS

- Social aspects encompass employee, customer, and societal relationships.
- Topics include working conditions, safety, social packages, and community engagement.
- Companies report on these through corporate social responsibility and related initiatives.

GOVERNANCE ASPECTS

- Governance involves corporate governance quality, management structure, ethics, and anti-corruption measures.
- Companies earning trust emphasize corporate responsibility in these areas.
- Accounting includes data on governance structure, conduct norms, and anti-corruption policies.

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“ESG METRICS ARE NOT COMMONLY PART OF MANDATORY FINANCIAL REPORTING, THOUGH COMPANIES ARE INCREASINGLY MAKING DISCLOSURES IN THEIR ANNUAL REPORT OR IN A STANDALONE SUSTAINABILITY REPORT.”

URL: HTTPS://WWW.CFAINSTITUTE.ORG/EN/RPC-OVERVIEW/ESG-INVESTING

THIS INVESTMENT PARADIGM GOES BEYOND TRADITIONAL FINANCIAL INDICATORS AND TAKES INTO ACCOUNT A WIDER RANGE OF FACTORS THAT AFFECT THE SUCCESS OF COMPANIES AND THEIR ROLE IN SOCIETY. THE ASSESSMENT OF ESG FACTORS HELPS INVESTORS UNDERSTAND HOW STABLE AND SUSTAINABLE A COMPANY IS IN THE LONG TERM.

THE ROLE OF ACCOUNTING IN ESG INVESTING

The role of accounting in ESG investing is that companies must keep records and report on their activities in accordance with ESG criteria. This means that companies must collect and regularly report data and information related to their environmental impact, social responsibility and corporate governance.

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WHERE WE CAN LEARN ABOUT ESG INDICATORS OF THE COMPANY?

ANNUAL REPORTS

publish sections or subsections devoted to ESG indicators

SEPARATE SUSTAINABILITY REPORTS

all aspects of ESG are considered in detail

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CONCLUSION

ESG accounting provides balanced information for informed investment decisions. It reduces risks and promotes sustainability and responsible behavior. ESG accounting adds extra factors and indicators for assessing environmental and social aspects. ESG investing offers new opportunities for investors and encourages corporate responsibility. Sustainable investing contributes to sustainable development, environmental preservation, and societal improvement.

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