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THE IMPACT OF ESG REPORTING ON CORPORATE TRANSPARENCY AND INVESTOR TRUST

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Abstract

This article analyzes the significance of ESG (Environmental, Social, Governance) reporting in corporate governance systems and its impact on corporate transparency and investor trust. In the modern economy, ESG reporting has become a strategic instrument that reflects a company's responsibility in environmental, social, and governance dimensions. The study highlights the role of ESG reports in enhancing transparency, ensuring financial stability, and building strong trust-based relationships with investors by drawing on international and national practices. The article also examines the current state and prospects of implementing ESG reporting in the corporate sector of Uzbekistan.

Keywords: ESG reporting, corporate transparency, investor trust, sustainable development, corporate governance, accountability.

Introduction

Global demand for sustainable development and responsible corporate practices is growing rapidly. ESG-based reporting systems are emerging as essential criteria for evaluating corporate performance in environmental, social, and governance areas. ESG reporting not only ensures internal transparency and accountability within companies but also strengthens trust among external stakeholders, including investors, government bodies, and the public.

The role of ESG reporting in ensuring corporate transparency is significant, as it reveals the company's sustainable development strategy, efficient resource



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management, level of social responsibility, and the openness of its governance structure. For investors, ESG reports indicate not only financial stability but also a company's commitment to ethical and sustainable business practices.

In international practice, ESG reporting is regarded as an effective tool for building trust in capital markets, reducing investment risks, and improving corporate reputation. From this perspective, implementing ESG standards in Uzbekistan's corporate governance system is of strategic importance for ensuring sustainable and competitive national economic development.

1. The Role and Importance of ESG Reporting in Corporate Governance

ESG reporting constitutes an integral part of modern corporate governance by systematically reflecting company performance in the context of sustainable development. These reports present reliable data on environmental impact, social engagement, and governance effectiveness.

In international corporate practice, ESG reporting serves as a strategic component affecting business reputation, market position, and investor trust. By improving transparency, ESG reporting facilitates constructive relations with key stakeholders, including shareholders, investors, society, and government institutions.

Traditional corporate governance models mainly focused on financial outcomes. The introduction of ESG principles expands this focus to include non-financial indicators, linking corporate performance with long-term sustainable development goals.

2. The Relationship Between ESG Reporting and Corporate Transparency

Corporate transparency refers to the availability, accuracy, and accessibility of information regarding a company's activities. ESG reporting directly serves this purpose. Through such reports, stakeholders gain insight into strategic priorities, social and environmental responsibilities, and governance processes.

ESG reporting strengthens accountability and transparency while fostering a culture of responsible corporate behavior. Reports prepared according to international standards such as GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) serve as credible information sources for investors.



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Table 1. Key Areas of ESG Reporting in Ensuring Corporate Transparency

Nº	Area	Description
1	Environmental (E)	Information on resource efficiency, waste reduction, and energy-saving policies
2	Social (S)	Reflects employee rights, working conditions, community relations, and corporate social responsibility activities
3	Governance (G)	Indicates governance structure, ethical standards, and transparency of decision-making processes

3. The Relationship Between ESG Reporting and Investor Trust

Investor trust is a key factor in investment decision-making. ESG reporting provides investors with insights not only into financial stability, but also into how companies address environmental and social risks.

Research indicates that companies regularly publishing ESG reports tend to have higher market valuations and lower investment risks. Investors are more likely to commit long-term capital to companies with strong ESG performance.

Table 2. Key ESG Reporting Factors Influencing Investor Trust

Nº	Factor	Impact of ESG Reporting
1	Reliability of Information	Audit-verified ESG reports increase investor confidence
2	Alignment with International Standards	Compliance with GRI, IFRS, or SASB raises report credibility
3	Consistency and Frequency	Regular reporting signals sustainable corporate performance
4	Depth of Analysis	Reports with analytical insights strengthen investor trust

4. Prospects for Implementing ESG Reporting in Uzbekistan's Corporate Sector

Although ESG reporting is still developing in Uzbekistan, notable progress has been made in recent years, particularly among large state-owned enterprises. Implementing ESG reporting in Uzbekistan would strengthen corporate culture and play a key role in attracting foreign investment.

To ensure effective ESG implementation, the following steps are necessary:

Improving the Legal Framework: Establishing clear standards, requirements, and accountability measures for ESG reporting in national legislation.



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Developing Institutional Infrastructure: Creating ESG research centers, national standard-setting agencies, and independent rating institutions.

Enhancing Information Systems: Implementing digital ESG platforms and open data portals to ensure transparency and accessibility.

Strengthening Corporate Culture: Promoting sustainability values, integrating ESG principles into corporate codes, and conducting training programs.

International cooperation and capacity-building will also play an important role in adapting ESG models to national conditions and strengthening corporate stability.

Conclusion

Effective ESG reporting enhances accountability, transparency, investor trust, and sustainable corporate development. In the context of Uzbekistan, the systematized implementation of ESG reporting will improve public and investor confidence, strengthen the investment climate, and support sustainable national economic growth.

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