

FROM CORPORATE SOCIAL RESPONSIBILITY TO ENVIRONMENTAL, SOCIAL, GOVERNANCE INVESTING: NON-FINANCIAL REPORTING - BENEFITS AND LEGISLATIVE IMPLICATIONS

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Abstract

The main objective of the paper is to highlight the importance of ESG (Environment, Social, Governance) investing for companies, while also elaborating its relation to better financial performance. Furthermore, the article conducts a literature review by analysing the already existing scientific papers (mainly from Google Scholar, Web of Science and ScienceDirect) to demonstrate how the relative importance of each of the ESG dimensions: Environmental, Social and Governance, may vary depending on different factors.

The article highlights the value of non-financial reporting, its advantages, and the resulting legal ramifications. Investors and executors have recognized the importance of the ESG framework in recent years, which has helped it earn a lot of respect. The framework is said to serve several benefits, such as offering business sustainability, financial stability, and better financial performance, to a given economic entity. Similarly, the paper presents practical implications for the businesses, as it leads to their better understanding of the concept, from an investor's perspective.

Keywords

ESG, environmental, social, governance, non-financial reporting, CSR, business sustainability.

JEL Classification

G30, G41, M14, Q50, Q56

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