

A NEW CHALLENGE IN THE RISK MANAGEMENT: SUSTAINABILITY RISKS

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Abstract

Sustainability risk management has become increasingly pertinent in the modern corporate landscape. It recognizes that environmental, social, and governance (ESG) factors are pivotal in shaping a company's long-term viability. Sustainability risks encompass a broad spectrum of issues, ranging from climate change and resource scarcity to labor practices and supply chain disruptions. These risks can have a significant impact on a company's financial performance, reputation, and stakeholder relationships. This paper examines the fundamental concepts and methodologies related to sustainability risk management, offering a structured framework for identifying, assessing, and mitigating such risks effectively. This process involves evaluating both existing and potential sustainability risks that could affect the company in the future. Additionally, the paper explores the potential role of accounting professionals in these efforts. Accounting professionals bring a unique skill set that can be instrumental in sustainability risk management. Their expertise in financial reporting, data analysis, and compliance is critical for ESG reporting and risk evaluation. They can aid in developing key performance indicators (KPIs) aligned with sustainability goals and assist in crafting comprehensive sustainability reports for stakeholders. Their involvement is essential for ensuring transparent and accurate ESG reporting, thereby bolstering the company's credibility and attractiveness to responsible investors. In summary, sustainability risk management is a crucial aspect of contemporary corporate strategy, addressing the growing impact of ESG factors on business success. Engaging accounting professionals in sustainability risk management is a strategic move that can drive long-term value and contribute to a more sustainable and equitable future for businesses and society as a whole.

Keywords

sustainability risks, sustainability risk management, general frameworks for sustainability risk management, accounting professionals.

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