

risk security is an investment that generates a fixed amount of income over a certain period of time (for example, investments in short-term US government bonds).

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CORPORATE GOVERNANCE AND ITS ROLE IN ESG INITIATIVES

Corporate governance is a crucial component of a company's sustainable development, playing a key role in shaping ESG (Environmental, Social, and Governance) initiatives. Modern trends in corporate management highlight the growing importance of integrating ESG approaches to achieve sustainable business practices, enhance corporate reputation, and mitigate risks. This topic is particularly relevant in the context of globalization and the increasing impact of climate and social challenges [1-2].

According to MSCI research in 2023, companies with high ESG ratings saw a 10% reduction in capital costs compared to their competitors, indicating their attractiveness to investors. Moreover, PwC's study shows that 79% of executives believe that effective corporate governance contributes to sustainable development. This underscores the need to integrate ESG factors into corporate governance strategies, enabling risk minimization and maximizing long-term shareholder value [3- 4].

Corporate governance refers to the system of relationships between company management, shareholders, and other stakeholders, ensuring effective resource management to achieve long-term goals. Over the years, corporate governance has evolved from traditional shareholder management to a more comprehensive approach that includes the interests of employees, consumers, partners, and society at large.

With the increasing focus on ESG initiatives, companies are now compelled to pay greater attention to their environmental impact, social responsibility, and ethical

aspects of corporate governance. ESG initiatives encompass environmental, social, and governance factors that define a company's efforts toward sustainable development. Implementing ESG standards helps businesses reduce their negative environmental impact, improve relations with employees and consumers, and enhance transparency in governance processes.

Modern companies that actively adopt ESG initiatives are more likely to attract investors, as these standards help reduce risks and increase financial stability in the long term. In the current corporate environment, Ukrainian companies are actively integrating ESG initiatives into their management strategies. One such company is Myronivsky Hliboproduct (MHP), a leader in Ukraine's agricultural sector. MHP implements environmental standards by reducing CO₂ emissions and improving production energy efficiency. In the social domain, the company runs community support programs in areas where its production facilities are located. Additionally, MHP is enhancing corporate governance by ensuring transparency and adherence to ethical principles.

Among international companies actively adopting ESG principles, Unilever and Tesla stand out. Unilever focuses on sustainable development by reducing plastic usage and investing in energy-saving technologies. The company also aims to improve employee well-being and working conditions throughout its supply chains. Tesla, in turn, significantly contributes to the global transition to clean energy by innovating in electric transportation and renewable energy. Both companies demonstrate the importance of ESG standards for improving economic efficiency and environmental sustainability [5].

The success of ESG initiatives is directly influenced by management processes and decisions. Effective corporate governance should strike a balance between business profitability and social and environmental responsibility. To achieve this, company leadership must develop strategies aimed at reducing emissions, increasing employment, and ensuring transparency and accountability in management.

In particular, supervisory boards play a vital role in overseeing the implementation of ESG policies. They must develop long-term strategies that consider the interests of all stakeholders, including shareholders, employees, and the communities in which the company operates [6].

Integrating ESG approaches into corporate governance faces several challenges. Key issues include the lack of unified ESG standards, low awareness among executives about the benefits of sustainable development, and difficulties in aligning long-term ESG goals with short-term financial interests.

However, the prospects for ESG initiatives are promising. Each year, more investors prioritize companies with high ESG ratings, driving businesses to adapt to new conditions. Additionally, regulatory bodies in many countries, particularly in the EU, are already implementing stringent ESG reporting requirements.

The EU and the U.S. are leaders in implementing ESG initiatives. In the European Union, ESG regulation is becoming mandatory, forcing companies to adapt their management processes to new standards. For example, the European Green Deal

is one of the most ambitious projects aimed at reducing greenhouse gas emissions, impacting the operations of large corporations.

In the U.S., while there is no unified legislative framework, many companies voluntarily integrate ESG approaches into their strategies to enhance competitiveness and reduce risks associated with social and environmental factors.

Thus, corporate governance plays a critical role in the implementation of ESG initiatives, as management processes determine the possibility of integrating sustainable practices into a company's business model. Effective governance enables the combination of financial stability with responsibility toward society and the environment. Despite the challenges, the prospects for ESG development in corporate governance appear promising, especially given the growing interest of investors and regulators in these aspects.

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