



Lecture 2

English for Financial Sector

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University of Oum El Bouaghi-Algeria

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Section 02 **Sustainability in accounting**

ESG reporting

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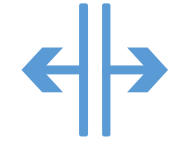
how cultural values and societal expectations influence ESG practices in Algeria

the link between sustainability and ESG reporting



the link between sustainability and ESG reporting

Sustainability is the overarching concept that drives the need for responsible, long-term practices in business. ESG reporting is the mechanism that enables companies to measure, disclose, and improve their sustainability efforts across environmental, social, and governance dimensions. Together, they help create a more transparent, accountable, and responsible business environment, fostering long-term growth and stability for companies and their stakeholders.

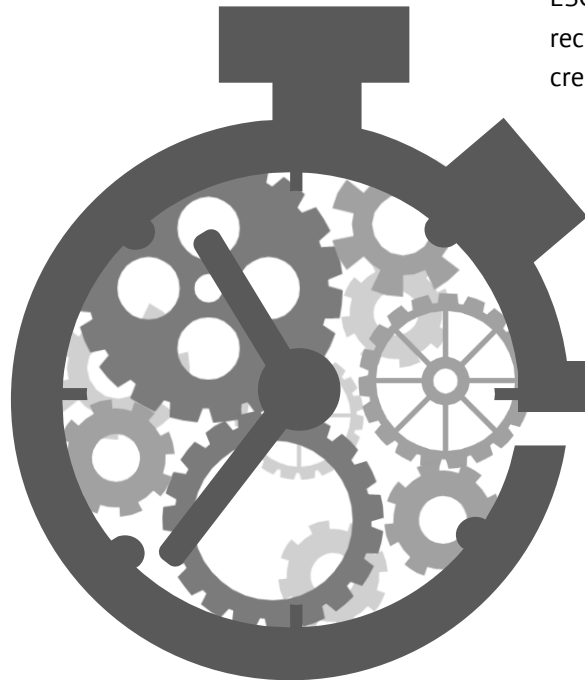


Why is ESG becoming increasingly important for businesses?

due to several key factors:

- ✓ **Ethical Investments:** Investors are increasingly seeking to align their investments with their ethical values. ESG factors provide a framework for evaluating companies' commitment to sustainability and social responsibility.
- ✓ **Financial Performance:** Studies have shown that companies with strong ESG practices often outperform their peers financially. Investors recognize that addressing ESG issues can lead to long-term value creation.

- ✓ **Government Mandates:** Governments worldwide are introducing stricter regulations related to environmental protection, labor rights, and corporate governance. Businesses must comply with these regulations to avoid penalties and maintain their operating licenses.
- ✓ **Industry Standards:** Many industries are developing voluntary ESG standards and reporting frameworks. Adherence to these standards can enhance a company's credibility and attract investors.



Investor Pressure

Consumer Demand

Regulatory Requirements

- ✓ **Ethical Consumption:** Consumers are becoming more aware of the environmental and social impact of their purchases. They are increasingly demanding products and services from companies that prioritize sustainability and ethical practices.
- ✓ **Brand Reputation:** Companies with strong ESG reputations are more likely to attract and retain customers, enhancing their brand value and market position.





- ✓ **Environmental Risks:** Climate change, resource scarcity, and pollution pose significant risks to businesses. Addressing ESG issues can help companies mitigate these risks and ensure long-term sustainability.
- ✓ **Social and Governance Risks:** Poor labor practices, ethical lapses, and governance failures can damage a company's reputation and lead to financial losses. Strong ESG practices can help prevent such risks.

Risk Management

Talent Attraction and Retention

- ✓ **Purpose-Driven Work:** Employees are increasingly seeking meaningful work that aligns with their values. Companies with strong ESG commitments are more likely to attract and retain top talent.
- ✓ **Employee Engagement:** A positive work environment and commitment to social responsibility can boost employee morale, productivity, and loyalty.





**the potential benefits and risks
of implementing ESG practices**



Potential Benefits of

Implementing ESG Practices

01.

Enhanced Financial Performance:

Studies have shown that companies with strong ESG practices often outperform their peers financially. This can be attributed to factors such as improved risk management, increased operational efficiency, and stronger relationships with stakeholders.

02.

Improved Brand Reputation:

Consumers are increasingly demanding products and services from companies that prioritize sustainability and ethical practices. A strong ESG reputation can enhance a company's brand value and attract more customers.

03.

Enhanced Risk Management:

Addressing ESG issues can help companies mitigate risks related to climate change, resource scarcity, labor disputes, and regulatory non-compliance.



04.

Increased Access to Capital:

Investors are increasingly seeking to align their investments with their ethical values. Companies with strong ESG practices may have easier access to capital, including loans, bonds, and equity financing.

05.

Improved Talent Attraction and Retention:

Employees are increasingly seeking meaningful work that aligns with their values. Companies with strong ESG commitments are more likely to attract and retain top talent.

06.

Enhanced Stakeholder Relationships:

ESG practices can strengthen relationships with customers, suppliers, employees, communities, and investors.

07.

Contribution to a Sustainable Future:

By implementing ESG practices, companies can contribute to a more sustainable and equitable future for society.

• Potential Risks of Implementing ESG Practices:



01

Increased Costs:

Implementing ESG practices may require investments in new technologies, training, and infrastructure. These costs can be significant, especially for smaller businesses.

02

Short-Term Financial Pressure:

In some cases, prioritizing ESG initiatives may lead to short-term financial sacrifices. For example, investing in renewable energy or improving working conditions can increase costs in the short term.

03

Greenwashing:

Some companies may engage in "greenwashing" by making misleading claims about their ESG practices. This can damage a company's reputation and erode trust with stakeholders.

04

Regulatory Uncertainty:

The regulatory landscape for ESG is constantly evolving. Companies may face challenges in keeping up with new regulations and standards.

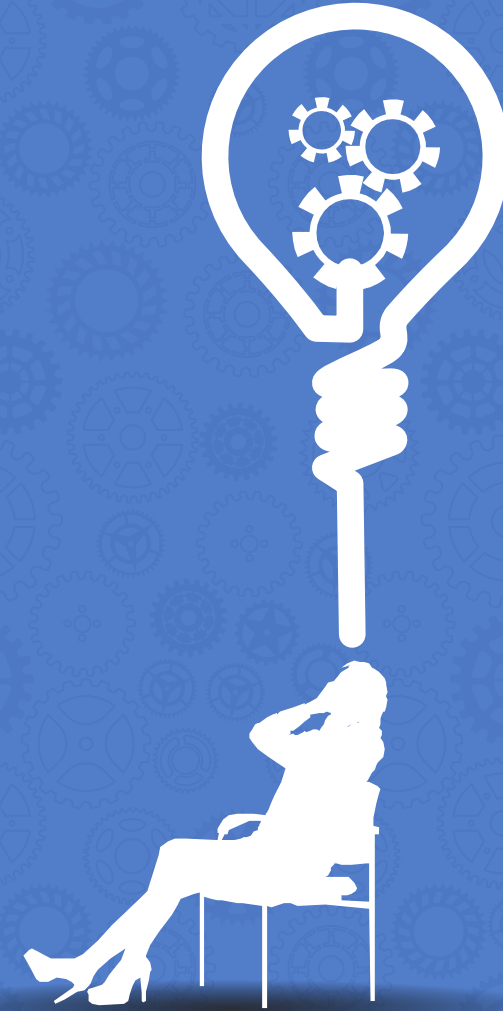
05

Lack of Standardization:

There is no universally agreed-upon definition or framework for ESG. This can make it difficult for companies to measure and report on their performance.

Question

how do cultural values and societal expectations influence ESG practices in Algeria?



Islamic Values

01

Zakat (Charity):

Islam emphasizes giving back to the community through charitable acts. This aligns with the social pillar of ESG, encouraging businesses to contribute to the well-being of their communities.

02

Environmental Stewardship:

Islamic teachings stress the importance of preserving the environment and natural resources. This aligns with the environmental pillar of ESG, promoting sustainable practices and resource conservation.

03

Justice and Fairness:

Islamic principles emphasize justice, fairness, and equality. This aligns with the governance pillar of ESG, encouraging businesses to adopt ethical practices and respect human rights.

Cultural Values

01

Family and Community:

Algerian society places a strong emphasis on family and community ties. Businesses are expected to prioritize the well-being of their employees and contribute to the development of their communities.

Hospitality:

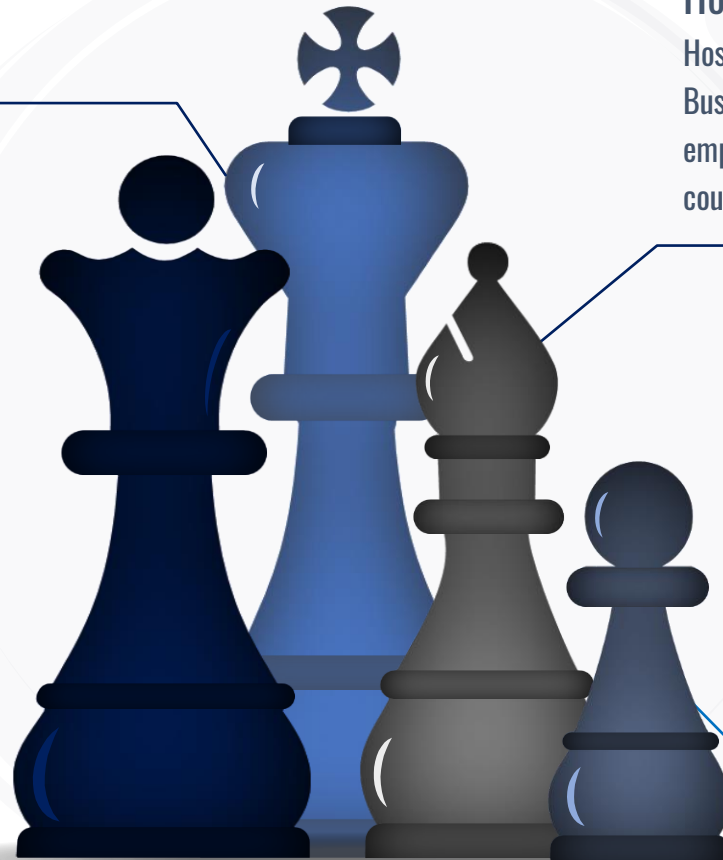
Hospitality is a core value in Algerian culture. Businesses are expected to treat their customers, employees, and partners with respect and courtesy.

02

Patience and Perseverance:

Algerians are known for their patience and perseverance. This can influence businesses to adopt a long-term perspective and invest in sustainable practices.

03





Societal Expectations:

01

Government Role:

The Algerian government plays a significant role in shaping societal expectations. Government policies and regulations can influence businesses' approach to ESG practices.

02

Social Responsibility:

There is a growing expectation for businesses to be socially responsible and contribute to the development of the country. This includes addressing issues such as poverty, unemployment, and education.

03

Environmental Awareness:

While environmental awareness is increasing, it may still be a developing area compared to other countries. However, there is a growing recognition of the importance of preserving the environment.

Q&A

◆ **Thanks For Your Attention**

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