

Sustainable Finance and ESG Integration: Transforming Modern Investment Decision-Making

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Abstract: This paper aims to analyse the increased role of Environmental, Social, and Governance (ESG) criteria in determining how investment decisions are made. Here lies the shift in perspective where sustainability is no longer seen as a niche endeavor but an integral part of business strategy because of investors' need for ethical investments. Inconsistencies in ESG ratings and their influence on asset pricing remain as key challenges. This paper is more focused on the role of rating agencies of ESG regarding corporate transparency and responsible practice. The argument here would be that the integration of ESG criteria promotes sustainable growth because it aligns the financial goals with societal values, and thus it will attract socially conscious investors who further enhance long-term investment performance. In addition, some discussion would be done over the requirement of higher standards and accountability in ESG reporting in order to fill some gaps of the integration process.

Keywords: Sustainable Finance, ESG Criteria, Investment Strategies, Corporate Governance, Ethical Investments, Transparency, Responsible Investment

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