


Chapter 2


Digital ESG in Action: Transforming Environmental, Social, and Governance Practices

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ABSTRACT

Companies are incorporating digital technology to advance their ethical standards, transparency and accountability. They are transforming the implementation of sustainability through Digital ESG. Companies are focussing on achieving a good market picture through making a change in society by digitalizing their ESG efforts in order to reach the target audience, fulfil social responsibilities and achieve the company's aim. The purpose of this study is to investigate the Digital ESG concept, its potential for the future, and its shortcomings. A SWOT analysis with the help of a review of various academic and professional studies has been conducted in order to comprehend the concept and its need. The discoveries of this paper can be utilized by specialists, professionals, and the general public for additional exploration.

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1.0 INTRODUCTION

Since the 1990s, the Indian financial system has experienced numerous changes. Economic development consistently comes up with creative solutions to meet system requirements. Many important components emerged in the financial sector due to a dynamic necessity. The current era's blend of sustainability and technology is significantly changing how advancement was previously perceived. Integrating sustainability into corporate processes can lead to sustainable development, which is currently the centre of interest (Ozili, 2022). In accordance with the Sustainable Development Goals, which are designed to address the problems affecting global networks, the term “*sustainability*” is becoming increasingly popular (Chungyalpa, 2021). Businesses are embracing sustainability due to the increasing need for environmentally sustainable goods and services (Rehman et al., 2021).

A firm must consider several inter-related factors in order to be considered sustainable and accountable to the economy. The demands of society for a solid economic position, social fairness and welfare and a clean and green environment can all be accomplished by using strategies and tactics that lead to the accomplishment of long-term goals (Migliorelli, 2021). Stated differently, the focus is on a developing system that shields the ecosystem from detrimental impacts. Businesses are concentrating on Environmental, Social and Governance (ESG) standards to ensure that social and environmental repercussions align (Chand & Kour, 2025; Kopnina, 2015).

The idea of ESG will offer a framework to help business fulfil their social responsibilities. Measuring the firm's financial and non-financial performance in a new paradigm in the finance industry. To project a positive image in the eyes of socially conscious investors and other stakeholders, it focusses on integrating Environmental, Social and Governance aspects into their business operations (Bergquist, 2017).

Adopting practices that have been shown to be environmentally friendly is what is meant by environmentally conscious. These practices' primary goal is to maximise energy efficiency and minimize the wastage of natural resources. This element actually aids a company in achieving its objectives despite changing environmental conditions (Li et al., 2021).

The company's efforts to safeguard the rights of consumers, employees and the general public make up its social aspect. It includes monitoring the company's diversity and inclusion programs, safety procedures and labour standards. It simply involves ensuring that a company properly fulfil its social obligations to various populations (Ruan & Liu, 2021).

The direction and management of a corporation are the main topics of ESG governance. This include assessing the efficacy of internal controls, executive compensation and the diversity and membership of the board. Transparent reporting

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