

Indicators of Sustainable Development in the Current Economic Situation

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Abstract. The concept of sustainable development, the paradigm of assessing the risks and opportunities associated with climate change, the innovation of attitudes towards the environment, the observance of human rights and the solution of problems of society and local communities formed the basis of this article. The unwillingness to sacrifice the quality of growth in the name of its pace, the desire to ensure the priority of sustainable development have become global trends in the intellectual tradition of postmodernity. It is they who will determine the economic and financial agenda in the near future. Sustainable development is understood as such growth of national economies and companies that meets the needs of the present without prejudice to future generations, the ability to create value in the long term. To assess sustainability, countries, companies, regions and local communities use an assessment of three development vectors: the impact on the environment, actions to solve social problems and the effective management of the organization itself (ESG criteria, from the English Environmental, Social, Governance).

1 Introduction

Appeared in the middle of the XX century. ideas of corporate social responsibility eventually transformed into the concept of sustainable development [1-2]. In this aspect, 2015 became a landmark year for the formation and implementation of international policy in the field of sustainable development [4], since the Sustainable Development Goals (SDGs) were formulated and documented. From this moment on, the SDGs are beginning to be actively integrated into the development strategies of both states and the corporate sector. In addition, they are increasingly being adopted and applied in financial markets as environmental, social and governance (ESG) and impact investments become more popular⁶. The desire of states and corporations to achieve these goals is beginning to act as an integral element of their policies, due to which a market for “sustainable” investments is being formed [5]. Changes in international politics in recent years have given impetus to the link between investment and the achievement of the SDGs in global capital markets. The overall goal of the sustainable bond market is to promote and enhance the important role

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that financial markets can play in addressing environmental and social issues through responsible investment – by locking in social and environmentally friendly projects to which investor financial returns are allocated, and thereby financing social and environmental investments. According to RBC Global Asset Management, the volume of sustainable investment assets (responsible investment capital) is increasing annually - for 2016-2020. it grew by 55% and reached \$35.3 trillion [6].

Despite the rudimentary stage of development of responsible investment in Russia, this approach to raising capital to finance environmental and social projects can also be applied in domestic practice. The purpose of this work is to summarize international and domestic studies of the ESG concept and to provide an expert assessment of its role in achieving sustainable development goals in Russia and the world. The report examines in detail each of the ESG components, the levels of development of the modern ESG agenda, and assesses the current trends in its development [7]. The approaches of foreign and Russian commercial companies to the preparation of reports on sustainable development and the formation of their own strategies for achieving the SDGs were analyzed (based on foreign studies, the experience of foreign companies was considered, as well as our own study of non-financial reporting of the largest Russian companies, in which its significant shortcomings were identified), prospects for the use of “sustainable” financial instruments in public administration.

2 Research Methodology

The United Nations Framework Convention on Climate Change entered into force in 1994. The purpose of this convention is to achieve “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic impact on the climate system”. In the future, UN conferences on climate change were held almost annually, the last of which took place in 2021 in Glasgow [8]. The topic of transition to low-carbon energy, “decarbonization” of the economy and achieving carbon neutrality (the balance between anthropogenic emissions of greenhouse gases and their absorption) has become a key one in the environmental component of the ESG (E-agenda). In 2019, the European Commission presented a document called the European Green Deal, which set the goal of completely halting greenhouse gas emissions by 2050 and making Europe the first climate neutral continent. In 2020, Xi Jinping announced his intention to achieve carbon neutrality of the Chinese economy by 2060 [9].

The transition to low-carbon development is also outlined in a number of strategic documents approved in Russia: “Strategies for the socio-economic development of the Russian Federation with low greenhouse gas emissions until 2050 .”, “Energy Strategy of the Russian Federation for the period up to 2035”, “Concepts for the development of hydrogen energy in the Russian Federation”. This agenda is also mentioned in the Sectoral Plan for Adaptation to Climate Change in the Industrial Complex and Foreign Trade and a number of other regulatory legal acts [10]. The main areas on which the environmental component is based include reducing greenhouse gas emissions, as well as a general reduction in environmental damage caused by human activities, maintaining the availability of drinking water for the population, reducing water and air pollution (in particular, sulfur and nitrogen oxides) , as well as the reduction of municipal solid waste and the transition to a circular economy.

3 Results and Discussions

In the report of the World Economic Forum, which contains updated recommendations for companies on disclosing ESG information, in terms of the environmental component, it is proposed to report on the following indicators [11]: the volume of greenhouse gas

emissions; the number and area of sites of economic activity in protected natural areas, in key areas for biodiversity, as well as in adjacent areas; the volume of water intake and water consumption in areas with water shortages; area of land used for agriculture, forestry and mining; the proportion of lands mentioned above that are covered by sustainable development standards or certification programs, together with information about said standards or programs; level of impact on land use and ecosystems; the level of air pollution by nitrogen and sulfur oxides, as well as other significant pollutants in populated areas and areas adjacent to them; - the amount of nitrogen, phosphorus and potassium in the fertilizers used; assessment of the level of water pollution by excess fertilizers, heavy metals and other toxins; volume of consumed single-use plastic; the volume of produced municipal solid waste; the proportion of materials that are recycled ("index circular risk assessment of the use of child or forced labor by partners or suppliers; labor safety indicators (the number and level of deaths and injuries in the workplace, as well as their main causes, working hours, information on the level of access to medical care for employees); the average number of hours allocated per employee (including for men and women, workers of various categories); the number of cases of discrimination or harassment, measures taken against them; the amount of financial losses due to violations of the law or discrimination in hiring the number of employees with whom collective agreements and agreements on labor protection are concluded the ratio of salaries of employees and subcontractors to the subsistence level the proportion of employees involved in the "best practices" of health and social support programs; the amount of investment in employee training and information about the effectiveness of such investments [12]. The main areas on which the Prosperity component of the S Agenda is based include employment and economic wealth generation, innovative development to improve goods and services, community development and social vitality.

It is proposed to consider the following metrics recommended for measuring the achievement of success in this area in reporting [13]: the number and proportion of newly hired employees, the income of employees for the reporting period (by gender, age groups, diversity indicators and regions); direct economic effect from the production and distribution of economic benefits (revenue, operating expenses, salaries and benefits of employees, payments from capital providers, payments to the government, investments in the local community); capital costs less depreciation R&D costs; information about investments in infrastructure and support for the service sector, their impact on communities and the local economy; assessment of the indirect economic impact of the organization; the share of income aimed at creating specific social benefits and countering the challenges of sustainable development; the volume of investments aimed at the implementation of the ESG S-agenda; the amount of additional tax revenues as a result of the company's activities from other taxpayers (including VAT and taxes levied on employees); the total amount of taxes paid (including additional) in specific countries. In conditions of significant political and economic uncertainty, achieving progress in the strategic goal of corporate governance can cause significant difficulties, since ESG approaches to corporate governance are determined by investors who are ready to invest in long-term growth at the expense of short-term income, considering business as an element of a broad social systems. The instability of the business climate directs the top management of corporations to continue the policy of maximizing the short-term value of assets in the interests of shareholders [14]. The strong negative impact of external factors on companies is unlikely to be changed even by government directives requiring directors to take into account the principles of sustainability and long-term interests of business, government and civil society in corporate governance.

4 Conclusions

Today, there are many standards and rating systems that are used to evaluate companies: they characterize their financial stability, adherence to the values of the green economy or the racial diversity of its employees. However, none of them is comprehensive and comprehensive. Data sources used within the ESG paradigm, voluntarily published company sustainability reports and/or survey data. Voluntary reporting allows for such customization of data that presents the company in an exceptionally advantageous light. The ability of companies to manipulate the disclosure process is not limited in any way. Unlike financial statements used for investment analysis, public ESG statements are not audited, which creates additional incentives for companies to try to adapt to the rating methodology and present the company in a good light.

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