

THE IMPACT OF ESG PRINCIPLES ON THE COMPANY'S PROFIT

O IMPACTO DOS PRINCÍPIOS ESG NO LUCRO DA EMPRESA

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Resumo. O objetivo principal deste estudo é avaliar a eficácia da inclusão de fatores ESG em estratégias que apoiam o desenvolvimento sustentável. O estudo procura determinar as ligações entre o desempenho ESG no meio ambiente, na sociedade e na governança corporativa e lucratividade. Um elemento essencial descoberto no artigo é a investigação da causalidade desta ligação. O artigo concentra-se em refinar a avaliação do link acima mencionado. O artigo examina o impacto dos investimentos ESG, considerando o uso crescente em todo o mundo de práticas de investimento responsável, iniciativas de sustentabilidade e métodos de produção seguros. Eles não apenas estabelecem a base teórica para o seu estudo, mas também ilustram as conclusões com dados concretos provenientes dos relatórios da empresa examinada. São utilizadas análises teóricas de métodos científicos envolvendo análise, síntese e generalização da literatura existente. Além disso, foram utilizados métodos quantitativos, que abrangeram a análise estatística dos dados derivados dos relatórios final e anual da PJSC Tatneft. Os resultados do estudo fornecem informações valiosas, indicando que a adesão aos princípios ESG influencia diretamente as receitas de uma empresa, especialmente para empresas envolvidas em atividades lucrativas, mas ambientalmente perigosas.

Palavras-chave: Impacto financeiro ESG, integração ESG, desenvolvimento sustentável, responsabilidade social corporativa, sustentabilidade corporativa.

Abstract. The primary aim of this study is to evaluate the efficacy of including ESG factors in strategies that support sustainable development. The study seeks to determine the links between ESG performance in the environment, society, and corporate governance and profitability. An essential element uncovered in the article is the investigation into the causality of this connection. The paper focuses on refining the assessment of the aforementioned link. The article examines the impact of ESG investments, considering the increasing worldwide usage of responsible investment practices, sustainability initiatives, and safe production methods. They not only establish the theoretical foundation for their study but also illustrate the conclusions with concrete data sourced from the reports of the examined company. Theoretical analysis of scientific methods involving analysis, synthesis, and generalization of existing literature are utilized. Additionally, quantitative methods were utilized, which encompassed statistical analysis of data derived from the final and annual reports of PJSC Tatneft. The study results provide invaluable insights indicating that adhering to ESG principles directly influences a company's revenue, particularly for enterprises engaged in profitable yet environmentally hazardous activities.

Keywords: ESG financial impact, ESG integration, sustainable development, corporate social responsibility, corporate sustainability.

INTRODUCTION

In recent years, the most important driving force behind business changes towards greater environmental friendliness has been international and national legislation limiting greenhouse gas emissions: the Kyoto Protocol, the Paris Agreement, the adoption of the EU Green Taxonomy and the introduction of a European tax on imports of goods with a carbon footprint.

The rising significance of companies' non-monetary reporting components leads to an increased necessity for dependable and comprehensive approaches to assess the impact of various ESG aspects on business performance (Aras et al., 2010).

Investors are a powerful incentive for companies to integrate the principles of sustainable development into their strategies and business processes. The count of funds that structure their portfolios around ESG criteria is on the rise. According to the Morgan Stanley Institute for Sustainable Development, the number of these funds will have increased 3.5 times by 2020, with a total amount of assets under their administration exceeding \$153 billion.

Advanced investors often consider environmental, social and ESG aspects as well as corporate governing aspects as decisive in their decision-making. Environmental aspects include climate change, carbon emissions, air and water pollution. Social aspects include occupational health and safety, human rights, labour standards, and employee engagement.

Corporate governance issues entail digital business transformation, management remuneration, board composition, and anti-corruption strategies (Bataeva, 2018; Korableva et al., 2020a,b).

Over the last few decades, numerous frameworks have been created to address the design, arrangement and disclosure of non-financial information necessary for financial and investment decisions (Blagov, 2010).

For companies which have opted to adhere to ESG principles, it is crucial to formulate policies and reporting frameworks that facilitate the attainment of precise goals under the ESG pillars. For companies which have opted to adhere to ESG principles, it is crucial to formulate policies and reporting frameworks that facilitate the attainment of precise goals under the ESG pillars (De Villiers, et al., 2011). It is the requirements of foreign counterparties that become an incentive for large businesses interested in foreign investors, lenders, product buyers and their own, to adopt ESG practices. More than 3,000 institutional investors with assets under management totaling more than \$100 trillion have signed the UN Principles of Responsible Investment (UN PRI), which includes, among other things, a partial refusal to invest in companies with poor ESG characteristics. This may complicate the lives of Russian companies whose shares are traded on world exchanges and those who rely on foreign capital. This is a stick, and an example of a "carrot" can be new credit products tied to the ESG. Thus, the disclosure of ESG indicators is a tool by which an ethical and socially responsible company improves its reputation by responding to the growing expectations of creditors, investors, customers, authorities, local communities, as well as other stakeholders.

LITERATURE REVIEW

A significant number of foreign studies have shown that the higher the level of ESG disclosure, the higher the ROE. Thus, having studied the activities of American companies, the authors revealed the existence of a relationship between the quality of voluntary disclosure of environmental information and the cost of the company's equity, as well as expected future cash flows (Plumlee et al., 2015).

In addition, it also shows the positive impact of the disclosure of ESG indicators on the return on equity of the company (159 Indonesian companies were evaluated in the sample for the period from 2012 to 2016) and on the profitability coefficients (ROA and ROE) (Alareeni & Hamdan, 2020). Similarly, these results revealed a positive relationship between the sustainability of Indian

Moreover, conducting the study of the Chinese financial sector, the relationship between ROE, ROA and ESG factors was also revealed (Liu et al., 2021).

Speaking about the impact of individual components of the ESG criteria on financial performance, we can refer to research on the example of companies in the financial and non-financial sectors of Pakistan. The authors demonstrated a positive linear relationship between the ESG component (corporate governance indicators) and financial indicators (Shabbir et al., 2020).

Nevertheless, several studies suggest that ESG disclosure might have a neutral or even adverse effect on financial indicators like Return on Equity (ROE) and Return on Assets (ROA) (Crisóstomo et al., 2011).

However, using the example of the American market, researchers discovered that the level of non-financial information disclosure based on ESG criteria significantly influences the future capitalization of a company. They concluded that "investors consider ESG factors in their valuation models to ascertain the fundamental value of the company (Vashakmadze, 2013).

It is worth mentioning that as a result of studying the impact of social investments in human capital, which are included in the ESG indicators, on the company's market value indicate, there is a trend that suggests that not all social investments affect the performance of companies and their capitalization (Vashakmadze, 2013, Pogosyan, 2021; Dudukalov et al., 2022; Gabdulkhakov et al., 2021).

The impact of non-financial information on the financial performance of Russian public companies - the weighted average cost of capital and the average annual return on shares - revealed the presence of a statistically significant positive relationship between the index of social information disclosure and stock returns (with statistically significant regressions in general information) (Vashakmadze, 2013).

The study of the impact of CSR on the financial efficiency of the company on the example of the emerging Russian market led to the conclusion that in this market, which is characterized by low transparency and efficiency, data on CSR costs do not have a statistically significant relationship with financial efficiency indicators (Plumlee et al., 2015).

Based on an analysis of fundamental indicators of model portfolios formed in the Bloomberg system for 20 companies from 2013 to 2021, it is demonstrated that the ESG-oriented portfolio outperforms the

ESG-neutral portfolio during the COVID19 pandemic crisis. Furthermore, the survey found that small and medium-sized businesses had a neutral attitude regarding ESG in terms of capitalisation. These businesses prioritize active investments in their growth and development over ESG considerations. Companies, according to the authors, tend to change their investment focus toward ESG-related criteria after they reach a particular size and level of stability (Efimova et al., 2021).

Thus, research on issues of interest to us often contains contradictory results. In addition, in the works devoted to the relationship between the level of disclosure of information about ESG factors and financial indicators, the question of how this relationship changes depending on a number of characteristics of companies (for example, on their industry affiliation, size and other parameters) is not sufficiently considered.

MATERIALS AND METHODS

The study was conducted on the basis of data for 2019-2022 of PJSC Tatneft. It is one of the major Russian oil businesses, gradually increasing oil and gas production, oil refining, petrochemistry, a tire complex, a network of gas stations, and a block of service structures.

Although Tatneft started implementing ESG in 2015, earlier than 2019, information on ESG was not reflected in the company's annual reports, which clearly demonstrates an example of the fact that the provision of non-financial information is largely voluntary.

The research employed a combination of methodologies, including theoretical analysis of scientific publications involving analysis, synthesis, and generalization of existing literature. Additionally, quantitative methods were utilized, which encompassed statistical analysis of data derived from the final and annual reports of PJSC Tatneft.

RESULTS

Drawing from the findings of the aforementioned articles, we will conduct an analysis of the influence of ESG factors on the revenue of PJSC Tatneft, a prominent Russian oil company engaged in continuous expansion within oil and gas production, refining, petrochemistry, the tire complex, a network of gas stations, and various service structures. To do this, consider three main directions: "Environmental", "Social", "Governmental". Tatneft started implementing the ESG policy in 2015, but began to reflect the indicators and results in its annual reports only in 2019.

The company, PJSC Tatneft, has demonstrated a consistent commitment to incorporating sustainable development principles across various aspects of its current strategy. A special emphasis is placed on environmental preservation and reducing the effects of climate change. Furthermore, the organization places a high value on tackling social issues. Corporate accountability and security are key to the company's core values.

In order to achieve sustainable development, the organization employs a thorough planning method that includes assessing both risks and possibilities. These factors are incorporated smoothly throughout the value chain, including project development, investment plans, and the whole life cycle of their projects, goods, and services.

Furthermore, the organization effectively incorporates sustainable development aspects into its day-to-day activities at the management decision-making level, demonstrating a strong commitment to responsible business practices.

“We are aware of the importance of ESG aspects for the sustainability of our business model both in the strategic perspective and at the current stages of activity (Efimova et al., 2021).”

Sustainable development issues are important in the deliberations of PJSC Tatneft's Board of Directors within the strategy framework. This includes a thorough examination of key trends in the oil and gas industry, the expansion of business segments, innovation policies, socially responsible programs, environmental concerns, personnel management, and a variety of other domains that contribute to the stability of the Tatneft Group's progression.

Direct engagement of senior management in assuring the internal elements of sustainable development across the organization's operations promotes the construction of a strong ESG-aspects management system, enabling an effective and well-coordinated approach to sustainable practices.

Furthermore, prioritising the implementation of ESG strategies has become a key concern for the majority of oil and gas companies. With a high probability, this trend is expected to persist as the industry expands and advances because the public, government and investors will insist on tangible measures

regarding ESG matters. Failure to address the ESG agenda will put oil and gas and energy companies at a disadvantage in terms of competition and, as a consequence, the absence of the ESG strategy will ultimately have an impact on the company's ability to secure public and private funding.

Environmental sector

The company's environmental principles serve as a reflection of its commitment to environmental care and its efforts to minimize the adverse impact it has on the environment. These principles encompass various strategies and actions aimed at reducing environmental damage and promoting responsible and sustainable practices. Companies may think about waste-free production and separate garbage collection at their factory, or, for example, completely abandon plastic bags if we are talking about retail. The main purpose of these measures is to preserve or improve the environment.

The company diligently evaluates all its projects concerning ESG risks and their contribution to fostering a sustainable energy future. Among its ongoing developments, the company is actively working on promising technologies that involve the capture, purification, and conversion of CO₂ into marketable products.

To ensure the successful execution of its technological endeavors, the company emphasizes the integration of technologies across its various business directions. This approach fosters a synergetic effect by combining complex technological developments with innovative IT solutions. A notable illustration of this is evident in the reservoir pressure maintenance system, where the incorporation of integrated modeling, energy-efficient equipment, and other innovative solutions has led to a substantial reduction in electricity consumption by 2 times, greenhouse gas emissions by 6.5 times, and pipeline construction costs by 30%.

Furthermore, the organization has built a solid system for developing intellectual values, which spans from concept conception through manufacturing execution, security documentation, and marketing. As a result, this system has generated over 5 thousand scientific and technical ideas, further reinforcing the company's commitment to innovation and intellectual advancement.

To analyze the indicators in this sector, we will take as a basis the water intake dynamics in 2019-2022 (Figure 1) and rational use of associated petroleum gas: the volume of APG production, APG usage and APG flaring volume, million m³ and the dynamics of the level of APG utilization rate in 2019-2022 (Figure 2).

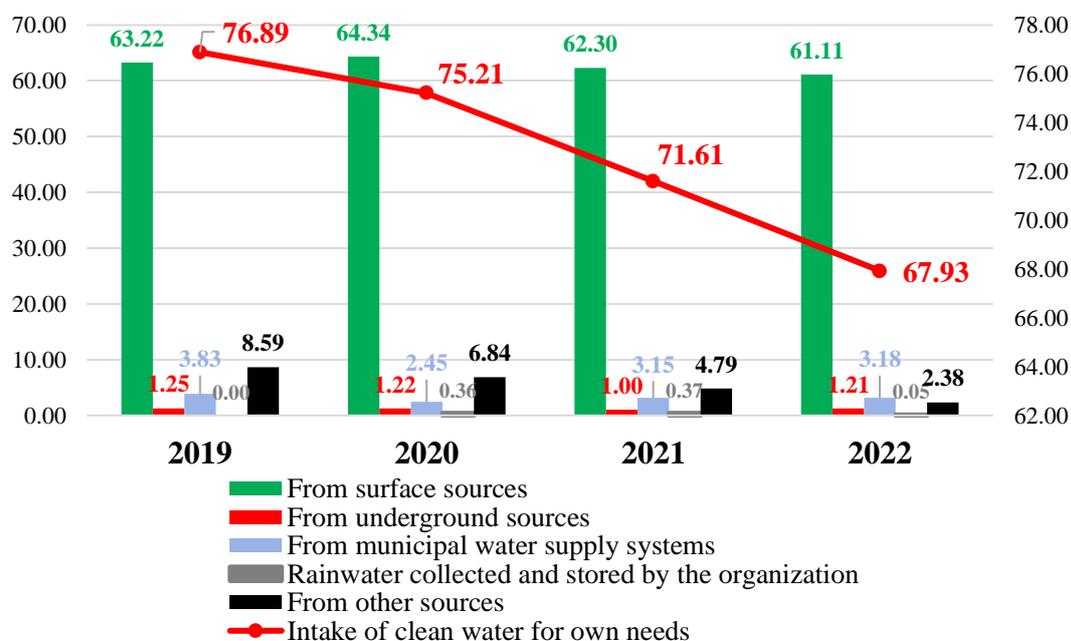


Figure 1. Water intake dynamics, million m³, 2019-2022. Source: compiled by the author on the basis of annual reports 2019-2022 (Official website of PJSC Tatneft)

A wise and conscientious approach to ecosystem conservation with access to clean water resources is a critical pillar of sustainable development. Addressing the rational use of water is primarily achieved by the Tatneft Group enhancing the efficiency of wastewater treatment, utilising recycled and re-supplied water systems and reducing the use of water from natural sources.

In Russia, the company's water consumption and access to water facilities properly conform to Russian Federation regulations. This includes adhering to water usage agreements, decisions controlling the provision of water facilities for use, groundwater extraction licenses, and local government rules. Such compliance protects local residents and the natural environment from the dangers of water shortage.

The business obtains water from a variety of sources, including both subterranean and surface bodies of water. The Kuibyshev reservoir, Volga, Kama, Steppe Zai rivers, Yamashka, Sterlya, and Shabiz are among the primary sources of water input. Furthermore, water supply arrangements are carried out through third-party agreements, and the corporation actively engages in coordinated collecting activities for melt and storm runoff from its industrial zones. This all-encompassing strategy demonstrates the company's dedication to appropriate water management and environmental responsibility.

The Tatneft Group saw a considerable decrease in water use of 5% by 2022. This noteworthy accomplishment is attributed to the firm's methodical implementation of diverse measures and investment projects intended for curtailing water usage and enhancing hygienic norms. The marked decrease in water consumption corroborates the enterprise's proactive stance towards rational water resource usage and its commitment to lessening its environmental footprint.

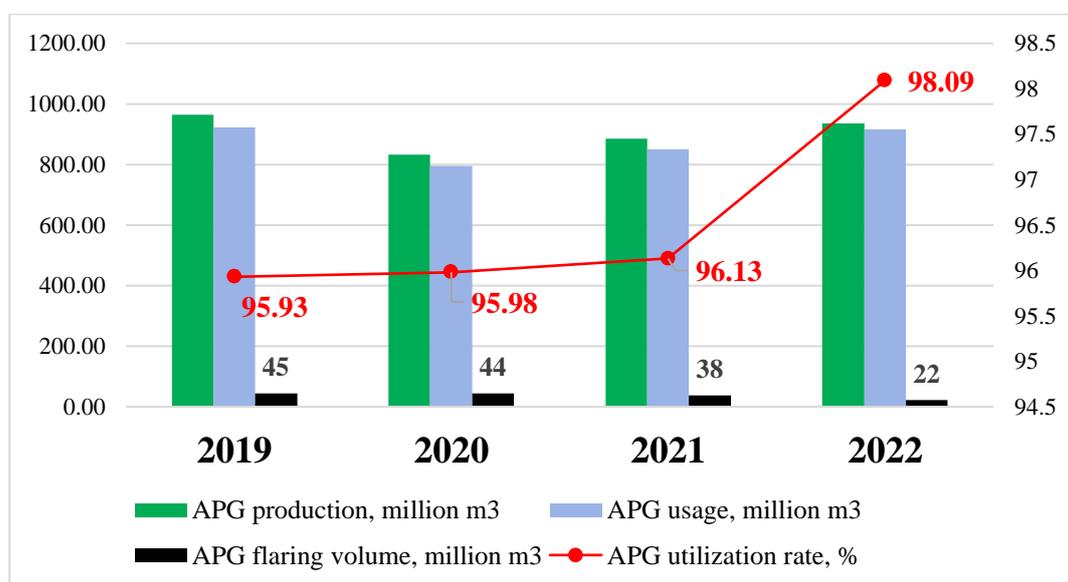


Figure 2. The volume of APG production, APG usage and APG flaring volume, million m³ and the dynamics of the level of APG utilization in 2019-2022. Source: compiled by the author on the basis of annual reports 2019-2022 (Official website of PJSC Tatneft)

The Company has launched a comprehensive initiative to improve the efficiency of associated petroleum gas (APG) consumption, with a focus on encouraging its processing into high-value products while simultaneously limiting its environmental and climatic effect. The amount of APG combustion has reduced by 52% between 2019 and 2022.

The Company attained an exceptional APG usage rate of 98.09% as of 2022. Various strategies have been introduced in order to better optimize the useful use of related petroleum gas. Connecting separation points to the gas collection system, managing multiphase transportation of well products, and utilizing gas for the company's own technical purposes are examples of these. By adopting such initiatives, the Company reinforces its commitment to sustainable practices and minimizing the environmental consequences associated with APG utilization.

In 2022, the cost of environmental protection totaled 15.6 billion rubles (inclusive of depreciations for TATNEFT Group fixed assets for environmental protection), marking a 32.2% increase compared to 2020. And this rise in expenses can largely be attributed to a significant increase in investments for improving environmental protection measures and effective resource management. The Company has channeled substantial funds into upgrading and establishing fixed assets geared towards sustainable

practices and minimizing the environmental impact of its operations. This data illustrates the company's intention to use natural resources in a sustainable manner, in line with the environmental principles that form an integral part of the ESG approach.

As we can see from the figures 1 and 2, these indicators have positive dynamics, which indicates the responsibility with which Tatneft approaches ESG policy in general and environmental protection in particular. Speaking about the Company's revenue, it is difficult to note a positive correlation with the environmental sector, since in 2020 revenue fell by 14.64% compared to 2019, in 2021 it increased by 51.45% to 1 205 267 million rubles compared to 2020 and in 2022 it also increased by 18.41% to 1 427 147 million rubles compared to 2021.

Social sector

The company's social principles are a reflection of its approach towards its workforce, suppliers, customers, partners, and consumers. Adhering to these principles necessitates a focus on enhancing working conditions, promoting gender balance, and investing in social projects.

PJSC Tatneft serves as the Tatneft Group's corporate headquarters, efficiently managing the activities of the many firms that comprise the Group's business lines and sectors. In this capacity, the corporation creates methods to promote interaction among its managed enterprises, recognizing them as fundamental players in the Tatneft Group's corporate environment. This method is an important strategic management tool since it allows control over critical business actions in these managed firms.

The Company prioritizes the establishment of common corporate standards to provide consistent corporate governance principles and transparency throughout all Tatneft Group activities. These standards seek to successfully implement the company strategy, increase shareholder value, and promote the Tatneft Group's successful development as a cohesive and integrated system.

PJSC Tatneft is currently working on the construction of a comprehensive corporate information platform that will assist effective administration of its owned enterprises as part of its continuous efforts. This program intends to simplify operations and improve collaboration among Tatneft Group companies.

Furthermore, the Company is extending the integration of consistent corporate standards throughout all Tatneft Group entities. These standards cover a wide variety of topics, including ESG practices, and are intended to help organizations work together to achieve the goals of sustainable development. This unified strategy highlights the Company's commitment to ethical and sustainable business practices, while also linking its actions with the larger goals of sustainable development.

To understand the dependence of revenue on the ESG social sector, consider the following indicators: Employees, person; Labor productivity, million rubles/person; Employee training costs, million rubles; Average monthly salary of Company employees, rubles (Figures 3-8).

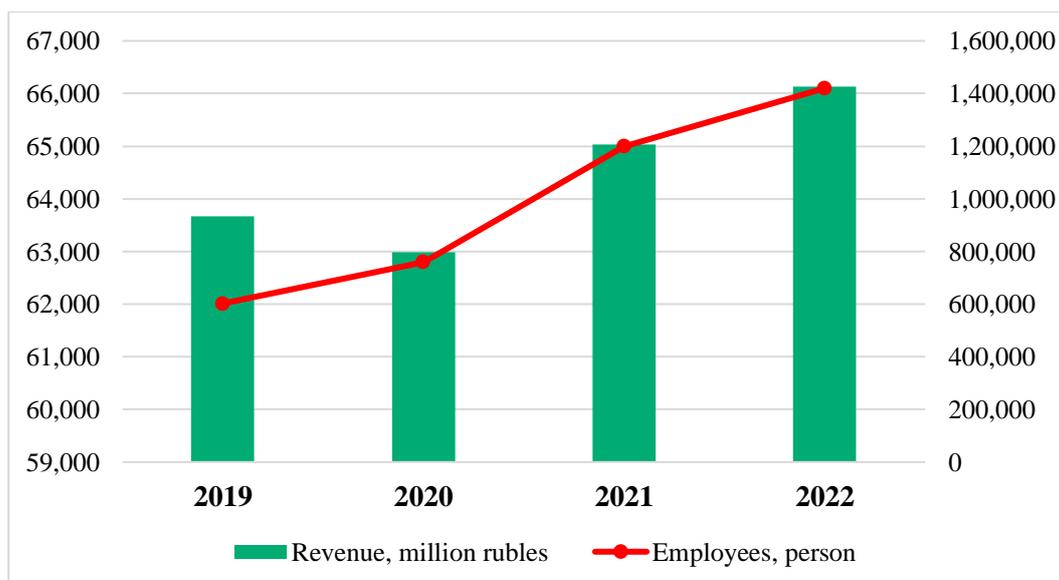


Figure 3. Connection of Revenue, million rubles and quantity of employees, person, 2019-2022. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS 2019-2022 (Official website of PJSC Tatneft)

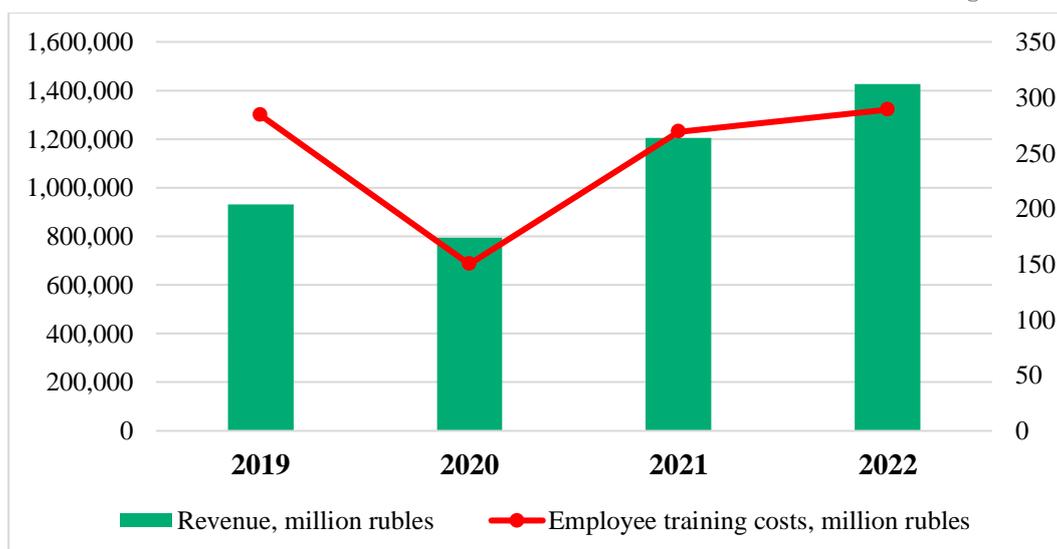


Figure 4. Connection of Revenue, million rubles and Employee training costs, million rubles, 2019-2022. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS and annual reports 2019-2022 (Official website of PJSC Tatneft)

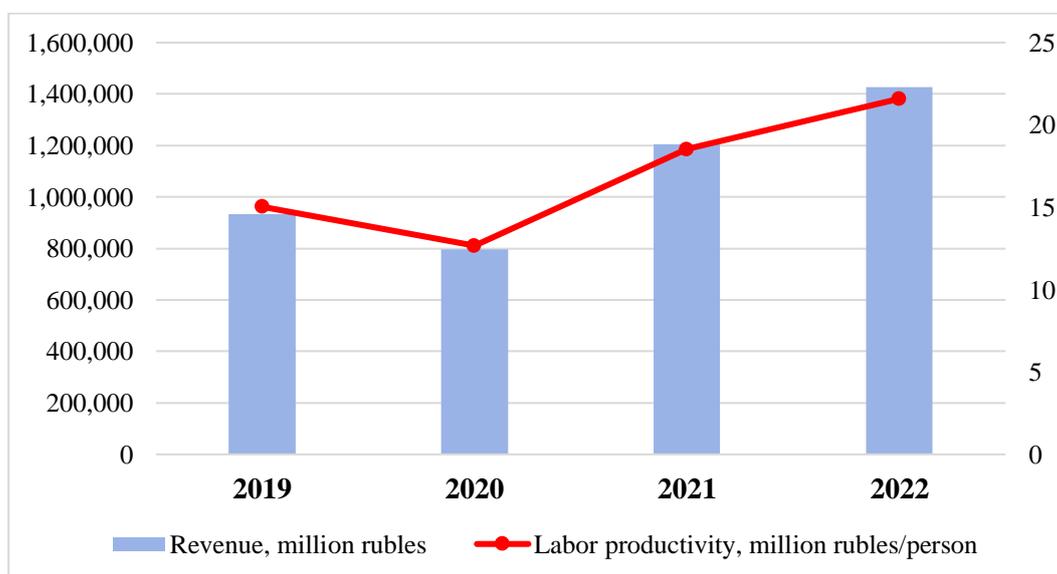


Figure 5. Connection of Revenue, million rubles and Labor productivity, million rubles/person, 2019-2022. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS and annual reports 2019-2022 (Official website of PJSC Tatneft)

Analyzing the data, we can conclude that the company's revenue is directly dependent on the social aspects of ESG policy. It is directly worth noting a noticeable drop in Labor productivity, million rubles/person and Employee training costs, million rubles in 2020 compared to 2019 by 14.71% and 47.18%, respectively, and a drop in revenue by 14.64% to 795 815 million rubles. We also see a significant increase in the same indicators in 2021 compared to 2020: Labor productivity increased by 46.33%, Employee training costs by 79.33% and revenue by 51.45%; as well as in 2022 compared to 2021: Labor productivity increased by 16.44%, Employee training costs by 7.43% and revenue by 18.41%.

Tatneft, of course, does a lot for the development of Tatarstan as a whole. But the company still remains among the lagging stocks on the stock market. Since the beginning of the year, the oil giant's securities have fallen by 4.3%. This is due to two factors. The first is that Tatneft was forced to reduce oil production by 20% from May 1, 2020 as a result of the OPEC+ deal. The second is that in October 2020, tax incentives for ultra-viscous oil were canceled, which led to an increase in the company's tax burden. It is also worth noting that 2020 was a difficult year for the economy of the whole world and due to the COVID-19 pandemic. Stock markets behaved irrationally, productivity declined, most cross-border supplies were canceled or reduced, the labor sector and social policies of many countries suffered. And as

can be seen from the presented articles of the social sector, all these factors combined had an extremely negative impact on revenue and profit share, but this was successfully adjusted in 2021.

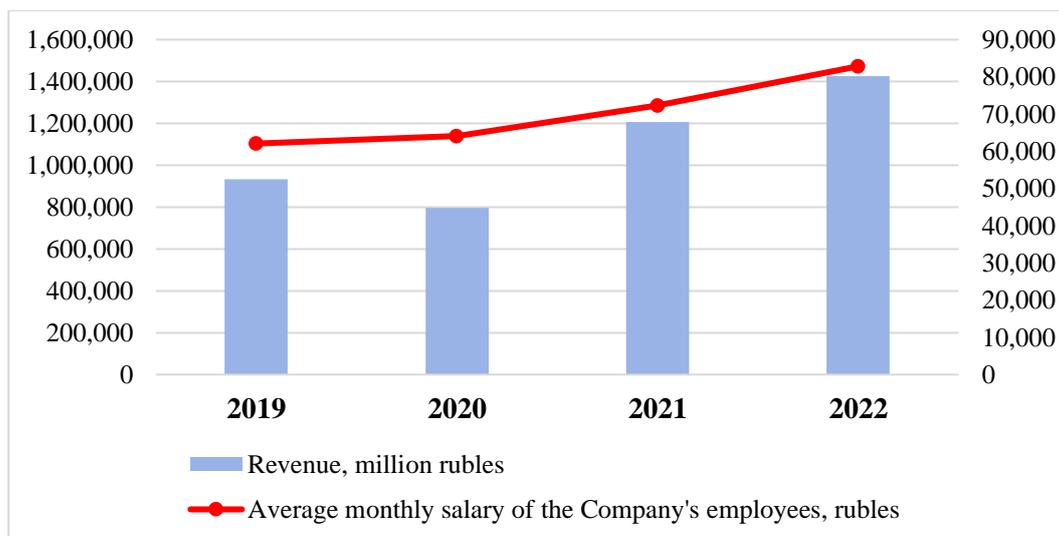


Figure 6. Connection of Revenue, million rubles and Average monthly salary of the Company's employees, rubles, 2019-2022. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS and annual reports 2019-2022 (Official website of PJSC Tatneft)

Moreover, in 2022 the embargo on energy supplies from Russia is currently being actively discussed by Europe and the United States. Some countries have already expressed their intention to stop buying oil from Russian companies, which may affect not only the economy of our country, the stock prices of oil-producing companies, but also cause an increase in social tension not only in Russia, but also abroad. Another problem caused by the events of 2022 is the outflow of Western investors from Russian projects of oil companies.

Fortunately, the situation with irrational market behavior in 2022 against the background of changes in geopolitical and economic aspects did not have a particularly strong negative effect on oil production, which increased by 4.56% to 29.1 million tons of oil, as well as on revenue, which increased by 18.41%.

GOVERNANCE SECTOR

Management principles affect the quality of company management. Investors are looking at this component. The group of factors that relate to Management is called "non-financial". "Non-financial factors" include transparency of reporting, anti-corruption policy within the company and relations with shareholders.

Instilling trust in its shareholders and investors about the efficacy of their investments, as well as guaranteeing long-term and consistent increase of shareholder value, are important principles of Tatneft's corporate practice.

The company prioritises responsible management and readily accessible key staff to facilitate positive communication with shareholders and investors. This requires liaising on numerous subjects including voting rights, developmental objectives, the Company's performance outcomes, and ESG issues with different groups of people: shareholders, depositors, stock market analysts, and institutional investors advisers.

To ensure its Board members are well informed, the Company utilises contemporary information and technological resources, including specialised software in both British English and Russian. These resources offer comprehensive analyses of current affairs related to the economy, politics, ESG, as well as the oil and associated sectors.

The Group actively invests in the knowledge and understanding of ESG matters within its management. A noteworthy instance is the ESG Transformation Education Programme held in December 2021, jointly organised by Sberbank and Beber University. This programme proved to investors, competitors, and partners alike that the company values a culture of continuous learning and development. The programme included a panel discussion, which showcased practical solutions for ESG

transformation. The panel consisted of a fund manager from East Capital, the vertically integrated oil and gas company MOL Group (VINK) from Hungary, and an industry consulting firm called VYGON Consulting. This commitment to ESG education reinforces the Company's dedication to responsible and sustainable practices.

Tatneft created the Committee on Sustainable Creation and Corporate Governance to aid the Board of Directors in developing and enhancing the corporation's governance structure and practices. As a standing committee, its primary responsibility is to ensure the consistent prioritisation of these vital components. This Committee investigates initial corporate governance concerns that fall under the scope of the Board of Directors' responsibilities. It also deals with the governance of relationships among shareholders, the Board of Directors, and the Executive Bodies of the Company whilst managing contacts with legal entities owned by the Company and other key stakeholders.

The Committee members possess a range of specialised expertise and the relevant competencies in the various scientific and practical spheres. Their extensive expertise encompasses such fields as the corporate law, the adherence to the stock market regulators' requirements for the issuers in the securities market, the socially responsible investment, the global corporate governance standards, the ESG practices and the UN Global Compact's Sustainable Development Goals. This diverse and well-rounded expertise enables the Committee to effectively guide and advise the Company in matters related to sustainable development, corporate governance, and responsible business practices.

In addition, the Governing Council for Sustainable Development was established in 2022 to improve the quality of management and coordination of actions on ESG aspects at the operational level, a set of internal regulations governing activities in the field of sustainable development was implemented, and a system of regular monitoring of the achievement of sustainable development goals and assessment of the sufficiency of measures for them was built.

To determine the fact of the impact of this aspect on the revenue of PJSC Tatneft, consider the number of meetings of the Committee on Sustainable Development and Corporate Governance and the number of employees trained in anti-corruption.

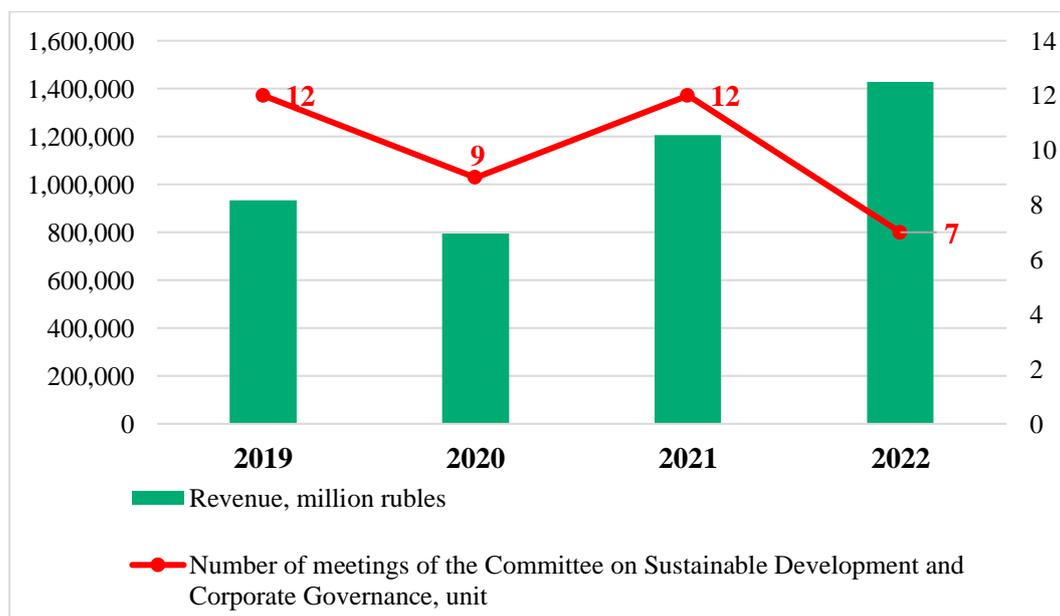


Figure 7. Connection of Revenue, million rubles and Number of meetings of the Committee on Sustainable Development and Corporate Governance, unit, 2019-2022. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS and annual reports 2019-2022 (Official website of PJSC Tatneft)

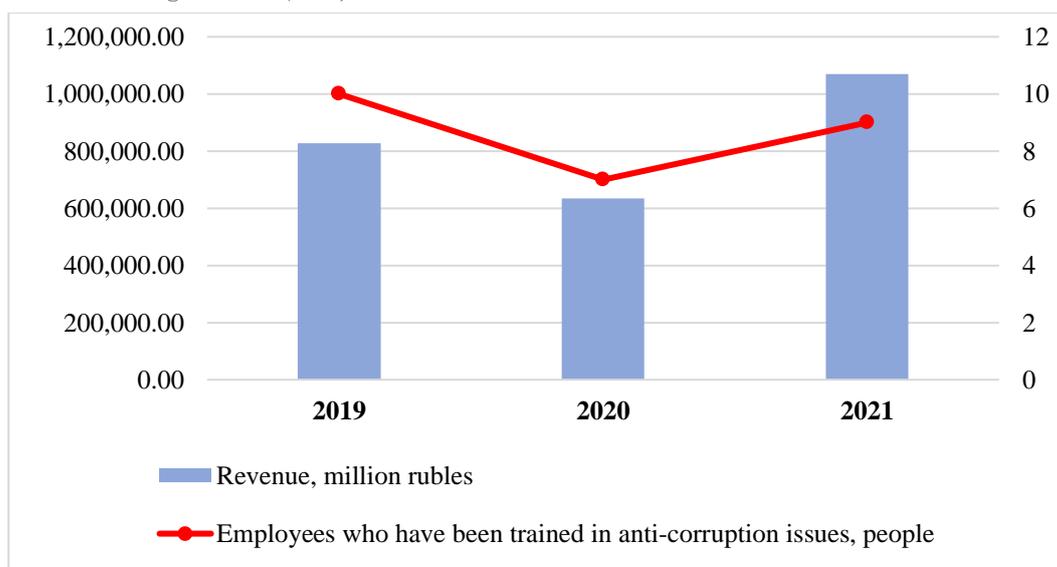


Figure 8. Connection of Revenue, million rubles and Employees who have been trained in anti-corruption issues, people, 2019-2021. Source: compiled by the author on the basis of consolidated financial statements in accordance with IFRS and annual reports 2019-2021 (Official website of PJSC Tatneft)

It is logical to believe that the number of committee meetings will affect the degree of organization and structuring of the production process, as well as the direction of the company's development. However, we do not see a clear relationship between revenue and the number of Committee meetings, since only 7 meetings were held in 2022, which is 5 less than in 2021, and 2 less than in 2020. Moreover, looking at the number of employees who have been trained in anti-corruption issues, we do not see a clear dependence of revenue on this aspect, but investors pay attention to these indicators, since the ESG policy is gaining more and more weight every year when determining investment priorities.

In addition, the projects implemented by the company in the management sector, the development of intelligent technologies, the participation of employees in the development of new projects and ideas, as well as joint training with leading companies in Russia and abroad collectively showed positive dynamics in the social sector of the Company's ESG policy and, as one of many factors, led to an increase in revenue and, accordingly, the company's profits.

DISCUSSION

Summing up the discussions in this article, it should be noted that the results of the analysis of scientific articles by Russian and foreign authors are ambiguous. In the securities market, the influence of ESG is often not as significant as, for example, the profitability and volatility of financial instruments. But investments in companies applying the sustainable development policy are growing, which indicates a change of orientation from the capitalist "more profit" to a reasonable and balanced attitude to production processes around the world, which increases the likelihood of investing in companies applying the ESG policy.

Based on the statistical analysis of the data of PJSC Tatneft for 2019-2022, we can see a direct linear dependence of most factors in the field of ESG, which confirms the fact that revenue depends on the impact of ESG. 2020 is the year of the reduction of oil production and the COVID-19 pandemic clearly demonstrates that the decrease in the workforce, the degree of involvement of managers in solving sustainable development, as well as the consumption of energy and heat resources led to a decrease in revenue and, accordingly, profit. Also, 2022 is the year of serious changes in the world markets as a result of increased geopolitical tensions and the introduction of extensive restrictive measures against Russia, which led to an increase in energy prices and the redistribution of supplies between sales markets. However, we did not observe a positive correlation between environmental sector indicators and revenue indicators, which suggests the idea of voluntary implementation of ESG policy in the company's sustainable development processes. We can probably assume that these projects will have a positive impact on the company's reputation among investors and on attracting third-party investments in the future.

As a result, it is necessary to note the importance of the influence of ESG on the profitability of the company's production and recommendations for the continuation of the implementation of ESG in the company's policy.

CONCLUSION

It is evident from the article analysis that investors who opt to invest in ESG companies and funds are influenced by basic analysis findings along with their personal views on the significance of ESG principles. The alignment of personal values with ESG principles plays a crucial role in shaping investment decisions, indicating a growing trend of ethical and socially responsible investment. Such investors commonly give priority to businesses that exhibit a solid allegiance to sustainable practices, environmental responsibility, and ethical concerns.

According to the authors' and our own research, the diverse ESG investment strategies are currently employed by various sections of the investment community, resulting in distinct ESG investment selection methods. These range from investing in employee training on sustainable development, lean manufacturing, and anti-corruption to investing in recent high-tech advances. The research undertaken advances the idea of ESG integration and adds to the conclusion that adhering to ESG principles is one of the elements directly impacting the revenues of organizations, particularly those connected with ecologically unclean and risky, but profitable, manufacturing.

It should be noted that 2020 was a turning point in many areas of business around the world. Using the example of Tatneft, we see that the COVID-19 pandemic has affected all aspects of the company's life, including production volumes, the number of employees involved, wages, and the activities of the Sustainable Development Committee, which directly determines the directions and degree of implementation of ESG aspects in the company's production life cycle. These factors combined, as a result, negatively affected the revenue and profit of PJSC Tatneft.

Definitely, the impact of ESG indicators in the future will affect not only investment decisions, but also the direction of development of companies, their profitability, profitability of production and their overall competitiveness. The focus on ESG development, originated in America and Europe, is gradually being introduced into Russia, which indicates the correctness and prospects for the development of this trend, which investors and partner companies will pay attention to in cooperation.

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