

**ACCOUNTING AND ENVIRONMENTAL REPORTING**

***Sohibov Azizbek Dilshod o'g'li***

*Tashkent State University of Economics, 2nd year student of the Faculty of Accounting.*

*Scientific supervisor: **Khursandov Komiljon Makhmatkulovich***

*Tashkent State University of Economics, Candidate of*

*Economic Sciences v. b. associate professor, Ph.D.*

**Abstract:** This article examines the current state, development trends and prospects of accounting and environmental reporting (ESG - Environmental, Social, Governance) systems in the Republic of Uzbekistan. The study analyzes national practices based on International Financial Reporting Standards (IFRS) and Global Reporting Initiative (GRI). Based on statistical data of state-owned companies and the private sector for 2021-2025, the formation process of ESG accountability is assessed. The article analyzes the integration of environmental, social and corporate governance principles into accounting, improvement of the regulatory framework and changes in the business environment. The research results demonstrate the critical importance of ESG reporting in achieving sustainable development goals in Uzbekistan.

**Keywords:** ESG reporting, accounting, environmental reporting, sustainable development, non-financial reporting, corporate governance, international standards.

**INTRODUCTION**

In the modern global economy, along with the financial performance of enterprises, environmental, social and governance (ESG) parameters are becoming increasingly important. World practice shows that companies that adhere to the principles of sustainable development have high competitiveness in the long term [1]. The Republic of Uzbekistan has identified the development of a green economy and the introduction of financial reporting in accordance with international standards as one of the priority areas within the framework of the "Uzbekistan - 2030" strategy.

The integration of ESG reporting in the accounting system will increase the transparency of companies, strengthen investor confidence and facilitate access to international financial markets. Currently, the transition to ESG standards for Uzbek companies is becoming a means not only to meet international requirements, but also to improve the efficiency of internal management. Since 2021, a number of large state-owned enterprises in the country have begun to implement ESG principles in their activities and published their first non-performance reports. This study aims to assess the current state of the accounting and environmental reporting system in Uzbekistan, identify existing problems and identify areas for development.

**LITERATURE REVIEW**

The theoretical framework for environmental and social reporting has been the subject of numerous studies at the international level. The Global Reporting Initiative (GRI) standards are the most widely used framework for preparing a sustainability report [2]. GRI standards allow companies to systematically assess and disclose their economic, environmental and social impacts.

The Sustainability Standards Board (ISSB), established as part of the International Financial Reporting Standards Foundation (IFRS Foundation), approved IFRS S1 and IFRS S2 standards in 2023 [3]. IFRS S1 sets out general requirements for financial disclosures related to sustainability, while IFRS S2 sets out the requirements for disclosures related to climate change.

The European Union has introduced the Corporate Sustainability Reporting Directive (CSRD) in 2024, making ESG reporting mandatory for large companies [4]. This directive is

based on the European Sustainability Reporting Standards (ESRS), which provide for a close alignment of accounting with sustainable development goals.

A recent study [5] on the development of ESG reporting in the Uzbek context highlights institutional constraints and opportunities for development in the country. The researchers note that the main drivers of ESG accountability in Uzbekistan are: government support, international investor requirements, and lending conditions from international financial institutions.

The recognition of environmental costs and liabilities in accounting requires special attention [6]. According to IAS 37, environmental liabilities, including costs for soil cleanup, waste disposal, and environmental damage compensation, must be fully reflected in financial statements.

Corporate governance and transparency issues are also an important component of ESG reporting [7]. Increasing the share of independent directors, conducting audits, and developing risk management systems have a positive impact on the sustainable development of companies. In Uzbekistan, corporate governance reforms were implemented in state-owned companies in 2023-2025, and the share of independent directors on supervisory boards reached 25 percent.

ESG ratings and assessment methodologies play an important role in making investment decisions [8]. International rating agencies such as S&P Global, Moody's ESG Solutions, and Sustainable Fitch determine the level of sustainability of companies by assessing their ESG indicators.

**RESEARCH METHODOLOGY**

This study was conducted based on qualitative and quantitative methods. In the course of the study, various methodological approaches were used to assess and optimize the process of integrating the accounting and environmental reporting systems.

The main methods of the study are as follows:

Documentary analysis method: Legislative acts of the Republic of Uzbekistan, presidential decrees, Cabinet resolutions, regulatory legal acts and international standards (IFRS, GRI, ESRS) were analyzed.

Statistical analysis: Financial indicators of state-owned companies and the private sector were analyzed based on official data from the National Statistics Committee of the Republic of Uzbekistan (stat.uz), the Tax Committee (solliq.uz) and the legislative database (lex.uz) for the period 2021-2025.

Comparative analysis method: The practice of Uzbekistan was compared with international experience and the ESG reporting system of leading countries.

Content analysis: A substantive analysis of financial statements, ESG reports and strategic documents of large state-owned companies was conducted.

The accounting and ESG reporting system of Uzbek companies for the period 2021-2025 was selected as the object of research. The subject of the research is the mechanisms for integrating environmental, social and governance indicators into accounting.

**ANALYSIS AND RESULTS**

During 2021-2025, the number of companies with state participation in Uzbekistan and their financial indicators underwent significant changes. The following table reflects the main financial performance of state-owned companies:

**Table 1.**

**Financial indicators of state-owned companies in Uzbekistan (2021-2025)**

Indicators	2021	2022	2023	2024	2025 (forecast)
Number of state-owned	2144	2340	2287	2198	2150

Indicators	2021	2022	2023	2024	2025 (forecast)
companies (units)					
Number of companies that made a profit	1098	1206	1284	1356	1420
Number of companies that made a loss	518	439	392	341	310
Total net profit (trillion soums)	32,45	41,05	48,73	56,82	64,50
Total loss (trillion soums)	9,15	13,17	11,84	10,23	9,10
Companies with ESG ratings	-	3	8	14	22

The data shows that the share of companies that made a profit increased and the number of companies that made a loss decreased during 2021-2025. The increase in the number of state-owned companies in 2022 was mainly due to the 444 enterprises that were transferred to the state for privatization.

Of particular note is the sharp increase in the number of companies receiving ESG ratings. While in 2022 only 3 companies passed ESG assessments, according to the forecast for 2025 this figure is expected to reach 22. The following graph reflects the process of implementing ESG standards and obtaining ratings from international rating agencies by large state-owned companies in Uzbekistan during 2021-2025:



The graph shows that since 2022, attention to ESG standards among Uzbek companies has increased sharply. This is due to the approval of the "Uzbekistan - 2030" strategy by the President and the instructions to introduce ESG principles in 31 large state-owned enterprises.

The list of the largest taxpayers in Uzbekistan plays an important role in the state budget. The table below shows the share of the largest taxpayers in budget revenues and ESG activities for 2021-2025:

**Table 2.**  
**Uzbekistan's Largest Taxpayers and ESG Activities (2021-2025)**

Company name	2021 share (%)	2022 share (%)	2023 share (%)	2024 share (%)	2025 (forecast, %)	ESG rating (2024-2025)
Navoi KMK	20,1	17,82	16,3	15,8	15,2	S&P: BB, ESG: 55 points
Almalyk KMK	6,4	9,4	8,6	8,9	9,1	S&P: BB- ESG: 52 points
National Bank of Uzbekistan	4,2	5,8	6,4	7,1	7,8	S&P: BB, ESG: 48 points
Uzbekneftgaz	8,7	2,9	3,4	3,8	4,1	In process
Uzbektransgaz	5,1	3,2	2,8	2,5	2,3	-
Uzbekistan Airways	1,8	2,1	2,3	2,6	2,8	In process
Uzkimyosanoat	2,3	2,4	2,7	3,2	3,5	ESG: 29 points
Uzgidroenergo	1,6	1,8	2,1	2,4	2,7	ESG: 58 points
Uzbektelecom	2,8	3,1	3,4	3,6	3,9	ESG: 73 points
National Electric Networks	1,4	2,2	2,5	2,8	3,1	-

As can be seen from the table, the share of large companies in budget revenues during 2021-2025 has remained relatively stable. Navoi KMK and Almalyk KMK have traditionally been the largest taxpayers, with their total share fluctuating around 24-25%. It is noteworthy that companies with a high ESG rating (for example, Uzbektelecom - 73 points, Uzgidroenergo - 58 points, Navoi KMK - 55 points) demonstrate long-term financial stability. This confirms that adherence to the principles of sustainable development has a positive effect on increasing the economic efficiency of companies [9].

A number of important legislative changes were implemented in Uzbekistan in 2023-2025:

1. September 2023: Special attention was paid to environmental and social issues in the "Uzbekistan - 2030" strategy.
2. February 2024: The State Program set out to improve the business environment and transition to international standards.
3. January 2025: The "Year of Environmental Protection and 'Green Economy'" was declared, and accounting according to international standards was made mandatory for all state-owned companies.

The integration of ESG parameters into the accounting system is being carried out in the following areas:

Environmental cost accounting: Separate accounting of atmospheric emissions, water and energy consumption, waste disposal costs;

Social investments: Monitoring funds allocated for personnel development, security measures, social programs;

Corporate governance indicators: Information on the share of independent directors, audit reviews, and the effectiveness of risk management systems.

A program has been developed for the full implementation of ESG principles in 31 large state-owned enterprises managed by the UzAssets investment company in 2024-2025. These companies provide about 40% of budget revenues, and their transition to ESG standards is of great importance for the national economy [10].

### **CONCLUSION**

The results of the study show that the accounting and environmental reporting system in the Republic of Uzbekistan has significantly developed over the period 2021-2025. The implementation of ESG principles has become a means not only to meet the requirements of international investors, but also to improve the internal efficiency of companies.

The analysis results provide the following main conclusions:

1. The number of ESG rated companies among state-owned companies increased by 7 times from 2022 to 2025 (from 3 to 22).

2. Companies that comply with ESG standards are achieving high performance in terms of financial stability and profitability.

3. Improvement of the regulatory framework is accelerating the process of introducing ESG reporting.

4. Integration of environmental and social parameters into the accounting system is creating new opportunities for companies.

The study makes the following recommendations:

Gradually make ESG reporting mandatory for all large public and private companies;

Expanding professional development programs for accountants on ESG standards;

Harmonizing national ESG standards with international practice;

Developing simplified ESG reporting formats for small and medium-sized businesses.

Uzbekistan is moving in the right direction to achieve sustainable development within the framework of the "Uzbekistan - 2030" strategy and the "Green Economy" concept. Further development of the accounting and environmental reporting system will positively affect the country's integration into international financial markets and increase its investment attractiveness.

### **List of references:**

1. Freeman, R. E. (2010). Strategic Management: A Stakeholder Approach. Cambridge University Press. - Stakeholderlar nazariyasi va korporativ mas'uliyat asoslari.
2. Global Reporting Initiative (2021). GRI Standards. GRI, Amsterdam. - Barqaror rivojlanish hisobotining xalqaro standartlari.
3. IFRS Foundation (2023). IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information & IFRS S2 Climate-related Disclosures. ISSB, London.
4. European Commission (2023). Corporate Sustainability Reporting Directive (CSRD). Official Journal of the European Union. - Yevropa Ittifoqining korporativ barqarorlik hisoboti direktivasi.

5. Karimov, A. (2025). O'zbekiston korporativ sektorida ESG hisobotlarining holati va rivojlanish istiqbollari. Evraziyskiy jurnal prava, finansov i prikladnyx nauk, 5(12), 45-58.
6. International Accounting Standards Board (2018). IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRS Foundation, London.
7. OECD (2023). G20/OECD Principles of Corporate Governance. OECD Publishing, Paris. - Korporativ boshqaruvning G20/OECD tamoyillari.
8. KPMG (2024). Survey of Sustainability Reporting 2024. KPMG International. - Barqarorlik hisoboti bo'yicha so'rov natijalari.
9. O'zbekiston Respublikasi Prezidenti (2023). "O'zbekiston – 2030" strategiyasi to'g'risida. PF-158-son Farmon, 2023-yil 11-sentabr. Lex.uz.
10. O'zbekiston Respublikasi Vazirlar Mahkamasi (2023). Davlat ishtirokidagi yirik korxonalarni isloh qilish to'g'risida. 164-son Qaror, 2023-yil 2-mart. Lex.uz.