

ASSOCIATING DIGITAL TRANSFORMATION AND ESG IN COMPANIES

ABSTRACT

This article examines the interaction between digital transformation and ESG (Environmental, Social, and Governance) principles in light of the theoretical foundations and corporate practices of sustainability. The study initially emphasizes the multidimensional nature of sustainability—which includes the efficient use of natural resources, ecological balance, social justice, and the integration of economic development—and highlights the importance of evaluating corporate sustainability through the Triple Bottom Line approach.

In subsequent sections, the ESG concept is elaborated by examining the critical role of environmental, social, and governance factors in companies' risk management, competitive advantage, and long-term value creation processes. Detailed discussions on ESG factors, scoring, and criteria address subtopics such as energy efficiency, waste management, human rights, social impact, transparency, and management quality, with an evaluation of how these criteria affect financial performance and corporate reputation.

Within the context of ESG reporting in Turkey, the article illustrates the alignment of local dynamics with global trends through an analysis of Borsa Istanbul's Sustainability Index and related ESG practices. It reviews reporting standards, voluntary participation, and sustainability ratings used by companies in adopting ESG practices, and discusses findings from various studies on the relationship between financial performance and ESG practices.

In its final section, the focus shifts to the integration of digital transformation with ESG applications. It is emphasized that, through innovative solutions provided by digital technologies in data collection, analysis, modeling, and evidence-based decision-making, companies can more effectively measure their environmental and social performance, while enhancing transparency and accountability to achieve long-term sustainability goals. In this context, digital transformation and ESG are seen as complementary strategic elements that not only boost operational efficiency but also play a critical role in establishing corporate frameworks that prioritize societal benefits.

Keywords: Digital Transformation, ESG, Sustainability

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