

# **The Effect of CSR on Cost of Capital and Financial Risk Reduction**

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**Abstract:** *Corporate Social Responsibility (CSR) has gained prominence as an essential factor influencing corporate financial performance. This paper examines the relationship between CSR initiatives and their impact on the cost of capital and financial risk reduction. Using empirical studies and theoretical frameworks, this review highlights how CSR initiatives contribute to lowering financial risk, reducing the cost of debt and equity, and improving firm valuation. The findings suggest that CSR-driven firms enjoy lower capital costs, enhanced stakeholder trust, and better risk management strategies*

**Keywords:** Corporate Social Responsibility, Cost of Capital, Financial Risk, Stakeholder Trust, Firm Valuation

