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CORPORATE SUSTAINABILITY AND ESG FACTORS IN GREECE AND CYPRUS: COMPLIANCE, LAWS AND BUSINESS PRACTICES, TOWARDS A HOLISTIC APPROACH

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ABSTRACT

E, S, and G: Environmental, Social, and Governance is a framework regarding the sustainability of legal entities. The EU through Regulations and Directives by setting a minimum mandatory threshold for environmental protection, climate change, green deal, social responsibility, and corporate governance aims to unify the rules in member states towards a holistic approach relating to economic growth and social fairness. In that regard, Greece and Cyprus hold obligations to adopt the EU legislation and policies. This paper focuses on two objectives, i.e., the analysis of compliance in terms of Greek and Cypriot laws and the broader response of business practices to embrace the EU and national laws and policies for ESG investments, operations, and growth. The paper uses two main methods, i.e., a review the of literature and qualitative methods of legal and comparative analysis under a holistic approach. As a conclusion of the findings of this paper, it is stated that the ESG factors regarding corporate sustainability are now a general framework of guiding principles in the EU and both in Greece and Cyprus both at legislative and practical levels under a broader, holistic approach. This approach further guides the interconnection of environmental protection, climate change issues, social responsibility, and corporate governance as key factors for sustainability, growth, and wealth for the future in the EU, in Greece and Cyprus.

KEYWORDS: *Corporate sustainability, ESG factors, Greece, Cyprus, environmental protection, climate change, social responsibility, corporate governance, compliance, business practices, holistic approach*

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1. INTRODUCTION: THE GROWING IMPORTANCE OF ESG FACTORS IN THE CONTEXT OF CORPORATE SUSTAINABILITY

Environmental, social, and governance ('ESG') factors refer to corporate sustainability[1]. Sustainability factors mean environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters according to article 2 number 24 of Regulation 2019/2088[2] in force since March 2021.

ESG factors regarding corporate sustainability[3] are not just a trend[4] in the EU. It is at the core of a new approach, *a holistic approach*[5], to the EU laws and policies[6] and worldwide. Such an approach establishes the idea of an alternate philosophy for simultaneous multiple factors towards an alternate analysis for moral[7] growth, fair wealth, and green prosperity of the next generations of

1 The internal market works for the sustainable development of Europe (article 3(3) TEU) based on balanced economic growth and a high level of protection of the environment (Preamble of Regulation (EU) 2020/852, par. 1).

2 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, OJ L 317, 9.12.2019, p. 1-16.

3 Wilson, M.: *Corporate sustainability: What is it and where does it come from?* Ivey Business Journal, [https://iveybusinessjournal.com/publication/corporate-sustainability-what-is-it-and-where-does-it-come-from/]-accessed on 11/11/2022, March-April 2003, p. 1: "A review of the literature suggests that the concept of corporate sustainability borrows elements from four more established concepts: 1) sustainable development, 2) corporate social responsibility, 3) stakeholder theory, and 4) corporate accountability theory."

4 Pietrancosta, A., Marraud des Grottes, A.: *Trends-What the boards of all companies should know about ESG regulatory trends in Europe*, Harvard Law School, [https://corpgov.law.harvard.edu/2022/11/01/esg-trends-what-the-boards-of-all-companies-should-know-about-esg-regulatory-trends-in-europe/] Draft August 2022.

5 For the holistic analysis of law see Stamelos, H.: *A holistic analysis of law as a general theory and its application to private law in civil law and mixed law systems (by reference to examples)*, International Journal of Legal Studies and Research, 9(2) 2020, p. 89. Stamelos, H.: *Universal solutions to global problems, A holistic analysis of law, connecting theory and practice,* Cambridge Scholar, 2023 (*forthcoming*). Stamelos, H.: *The holistic analysis as a scientific method*, Athenian Academic Periodical, 1(1) 2021, p. 75.

6 Peterdy, K.: *What is ESG (Environmental, Social and Governance)?* Corporate Finance Institute, [https://corporatefinanceinstitute.com/resources/esg/esg-environmental-social-governance/]-accessed on 11/11/2022, 26 October 2022: "ESG takes the *holistic* view that sustainability extends beyond just environmental issues."

7 Pietrancosta, id: "The evolution of capitalism is not driven by a scientific or utilitarian conviction that companies with a good ESG rating perform better financially. Nor is it inspired by a political agenda that could be attributed to the left/right or conservative/progressive wing. The

European societies regarding the everyday life and practices of the businesses against the traditional analysis of profit maximization. The good news is that such an approach grows also in the United States and worldwide. ESG factors refer either to specific obligations of large companies or indicative activities of smaller companies. For example, there are provisions for financial products and ESG data reports of companies. Recently, many companies now operate ESG departments to comply with all soft law international rules and EU hard rules, hereinafter mentioned Regulations and Directives[8].

Significant literature on corporate sustainability includes, inter alia, Sjåfjell, B., Bruner, C. (eds): The Cambridge Handbook of Corporate Law, Corporate Governance and Sustainability, Cambridge University Press, 2020.

In this paper, we shall explain the specific laws in Greece and Cyprus. In specific, we shall argue that the specific laws as they stand in Greece and Cyprus fully embody the EU legislation. Thus, we shall review the specific laws as they have been published in Greek and Cypriot official governmental documents and the relevant literature, such as Lazarakou, V.: *Adoption of ESG criteria poses a big opportunity,* [https://www.businessdaily.gr/english-edition/54160_v-lazarakou-adoption-esg-criteria-poses-big-opportunity]-accessed on 11/11/2022, 10 December 2021 for Greece, and Choutris, P.: *ESG Transition,* EY Cyprus, ESG Cyprus Forum, 12/05/2022, Louropoulou, E.: *ESG considerations in sustainable finance and the role of climate change*, ESG Cyprus Forum, 12/05/2022 for Cyprus.

In Greece[9], there are laws and policies which prove that this member state complies with the EU rules and regulations. Similarly, businesses in Greece adopt this *holistic* approach by operating ESG departments in their organizations. In parallel, Cyprus is also a member state which adopts both the public level and the private sector ESG factors, laws, regulations, and business practices.

The message against fear for the future is now hope for the future: in a green Europe based on choices that improve the lives of *all* Europeans simultaneously.

Green deal for Europe is a very ambitious project and is well founded on principles, rules, and regulations and also on the will of businesses to adopt such good practices for the protection of the environment, in parallel to the realization of the social responsibility and the good democratic, open and fair corporate governance.

major driving force is a moral one and a conviction that capitalism must evolve responsibly". The writers use the term 'responsible capitalism' to describe a part of the idea of a *holistic* approach.

8 See Chapter 2 hereinafter.

9 For example, for France see Pietrancosta, id.

Europe is once again at the forefront of a peaceful project for green prosperity which may become a paradigm[10] for other jurisdictions.

The main purpose of this paper is the analysis of the measure of compliance in Greece and Cyprus. The methodology applied here is a review of the literature and the qualitative method of legal analysis in the context of a *holistic* approach. References are made to bibliographies, scientific papers, and other documents published on the internet[11].

The qualitative method of legal analysis refers to the legal compliance of Greece and Cyprus regarding the EU laws and at the same time, the comparison of the compliance between Greece and Cyprus refers not only to national laws but also to business practices in both member states of the EU to conclude that in these two member states the harmonization of EU laws and policies grows steadily under the light of a general, *holistic* approach.

2. ESG FACTORS IN THE EU: CORPORATE SUSTAINABILITY

In the European Union, the idea of ESG factors in corporate sustainability has grown gradually since 2003[12].

The approach is now *holistic*: it is not just about adding different factors, it is about taking into deep consideration the simultaneous combination of all these significant factors to establish fair, just, green, and social economic growth through the democratic process. In the past, if anyone talked about the 'green economy', the others would simply laugh at him or her. Even today, some people disagree with the idea of a green economy. However, it is now the official policy of the EU to go for a green deal. A sustainable world needs sustainable finance.

[10] Wilson, M., *as above*: "Corporate sustainability can be viewed as a new and evolving corporate management paradigm. The term 'paradigm' is used deliberately, in that corporate sustainability is an alternative to the traditional growth and profit-maximization model."

[11] Many resources are published in the internet as it is a very modern subject which attracts the attention of the public increasingly as the 'next big thing' of the 2020 decade (following digitalization of the 2010s and globalization of the 2000s). See 'The Trends of Next Decade, The ESG Factors' in the presentation by Iliopoulos, G.: *The new framework and the necessity of a holistic ESG strategy*, Cyprus ESG Forum 2022, 12 May 2022, p. 2 [in Greek].

[12] Wilson, M., *as above*: "In recent years there has been significant discussion in the business, academic, and popular press about "corporate sustainability." This term is often used in conjunction with, and in some cases as a synonym for, other terms such as "sustainable development" and "corporate social responsibility." But what is corporate sustainability, how does it relate to these other terms, and why is it important? This paper addresses these questions". Much later, in 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development. The first paragraph of the Preamble of Regulation (EU) 2019/2088 refers to this UN 2030 Agenda.

At a global scale, investors incorporate ESG. The estimated asset growth in ESG funds by 2025 is $20 trillion[13].

After the war in Ukraine in early 2022, the urgent need for a green economy is now obvious to all. This is why the EU shall move forward faster to a *holistic* approach to growth and wealth. More specifically, the legal entities of the EU must embrace, and actually have already embraced to a great extent, the idea of ESG factors regarding corporate sustainability. This includes the everyday operation of almost every company, even the small or medium-sized companies, and the investments, the projects, the processes, the human resources management, the materials, and the buildings used, the paying back to society, and the democratic and transparent operation of corporations.

ESG is a major theme and a clear strategic priority for investors.

Apart from the Commission's Proposal Directive for a Corporate Sustainability Reporting Directive ('CSRD')[14] and Directive 2014/95[15], the EU has implemented three related hard law instruments, namely:

(a) Regulation (EU) 2019/2088, also known as the 'Sustainable Finance Disclosure Regulation'[16], ['SFDR']

(b) Regulation (EU) 2019/2089, also known as the 'Climate Benchmarks Regulation'[17],

(c) Regulation (EU) 2020/852, also known as the 'Taxonomy Regulation'[18].

[13] Choutris, P.: *ESG Transition,* EY Cyprus, ESG Cyprus Forum, 12/05/2022, p. 4.

[14] Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) 537/2014, as regards corporate sustainability reporting, COM2021/189 final.

[15] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, OJ L 330, 15.11.2014, p. 1. In Greece: Law 4403/2016. In Cyprus: Law 3/2017 amending Chapter 113 for companies.

[16] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, OJ L 317, 9.12.2019, p. 1-16. The Regulation purports "to re-orient capital flows towards sustainable investments by increasing transparency by financial market participants and advisers on sustainability risks, whilst ensuring a more uniform protection of end investors.". Euronext, *Guide to the latest ESG EU Regulatory initiatives,* [https://www.euronext.com/en/news/esg-laws-regulation] -accessed on 11/11/2022, 04/08/2022, p. 1.

[17] Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for Benchmarks, OJ L 317, 9.12.2019, p. 17-27.

[18] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Reg-

Under paragraph 14 of the Preamble of Regulation 2019/2088: "A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment, as specified in sectoral legislation, in particular in Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97, (EU) 2016/2341, or delegated acts and regulatory technical standards adopted pursuant to them".

Effective from March 2021, the SFDR requires EU investment funds and asset managers to disclose on their websites how they factor "sustainability risks" into their investment decision-making process. Large financial market participants (more than 500 employees) are legally required to publish and keep on their websites a statement on their due diligence policies concerning the principal adverse impacts of investment decisions on sustainability factors.

In the context of the European Commission's Action Plan on Financing Sustainable Growth and the EU Green Deal, Directive (EU) 2017/593 was set. Commission Delegated Directive (EU) 2021/1269 amended the previous Directive by adding paragraph 5 to article 1 of the 593 Directive. Now, paragraph 5 provides as follows: "' sustainability factors' means sustainability factors as defined in article 2, point (24) of Regulation (EU) 2019/2088". The amended articles include articles 9(9), 9(11), 9(13), 9(14), 10(2), and 10(5) (by adding 'sustainability factors of financial instruments', and 'products and services of investment firms shall be compatible with any sustainability objectives').

Article 2(24) of Regulation (EU) 2019/2088 provides that sustainability factors mean environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters ['ESG'].

Thus, ESG factors are related to hard law obligations of companies (e.g., the publication of an ESG annual report[19] by large companies in principle) and the avoidance of ESG risks. Further, ESG risks may affect negatively the value of an investment and the related reporting standards[20]. The EU, apart from

ulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13-43. Gortsos, Ch.V.: *The EU Taxonomy Regulation: more important than just an element of the Capital Markets Union*, in Busch, D., Ferrarini, G. and S. Grünewald (eds): *Sustainable Finance in Europe: Corporate Governance, Financial Stability and Financial Markets*, Palgrave Macmillan, Cham – Switzerland, 2021, Chapter 11, p. 351-395.

[19] Each member state sets rules for large, medium or small companies to publish such reports. Similar rules apply for other obligations relating to ESG regarding, for example, investments and finance products. For large companies (500 or more employees) there are specific obligations for publishing ESG data and reports in all EU member states. CSRD provides for further obligations of all listed companies.

[20] According to the Commission [CSRD Preamble]: "There are a number of important international initiatives in place. Their aim is to help to achieve the worldwide convergence and

the *holistic* approach, connects the ESG factors directly to the possible negative economic impact on investments. In that regard, ESG factors shall be taken into consideration not only for the protection of the environment itself, the society, or the corporation but also for the economic efficiency of investments in parallel to the protection of the investors. Thus, a *holistic* approach includes economic, social, environmental, and democratic elements of the fair operation of businesses in the new era of the green deal. Indeed, in the effort to protect the environment, people and capital are significant for a sustainable future of the EU, the member states, the corporations, the citizens, and their assets. Leaders are deeply integrated with ESG culturally embedded in their companies. Common characteristics include ESG analysis as part of the portfolio manager and analyst research[21]. Firms adapt to a constantly evolving regulatory framework, such as Regulation (EU) 2019/2088.

In specific, article 1 of Regulation (EU) 2019/2088 provides the following:

> "This Regulation lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products."

Regulation 2019/2088 provides for transparency of sustainability in risk policies[22], transparency of the promotion of environmental or social characteristics, and sustainable investments on websites and in reports[23], and it has been applied since 10 March 2021.

Regulation (EU) 2020/852 (taxonomy) provides for the establishment of a framework to facilitate sustainable investment by establishing a 'green list', a classification system ("taxonomy") for sustainable economic activities, which

harmonisation of sustainability reporting standards. The EU fully supports this ambition. EU companies and investors that operate globally will benefit from such convergence and harmonisation. The Commission supports initiatives by the G20, the G7, the Financial Stability Board and others to generate international commitment to develop a baseline of global sustainability reporting standards that would build on the work of the Task Force on Climate-related Financial Disclosures. The proposals of the International Financial Reporting Standards Foundation to create a new Sustainability Standards Board are especially relevant in this context, as is the work already carried out by established initiatives including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the International Integrated Reporting Council (IIRC), the Climate Disclosure Standards Board (CDSB) and CDP (formerly the Carbon Disclosure Project)."

21 Choutris, *id*., p. 3.

22 Ibid, article 3.

23 Ibid, articles 9 and 10.

requires large companies to disclose the extent to which their sales, investments and/or expenditures are linked to activities defined in the EU taxonomy[24]. The Preamble of the Regulation refers to the 2030 Agenda of the UN[25] for sustainable development[26] and the three dimensions of sustainability: economic, social, and environmental and also refers to the Paris Agreement[27] for low greenhouse gas emissions, climate-resilient development, a climate-neutral Union by 2050 based on the European Green Deal[28].

ESG factors for sustainable corporate regard both public authorities, the member states, and the EU itself and private individuals, mostly legal entities and corporations as to investing.

While the term ESG is often used in the context of investing, stakeholders include not just the investment community but also both natural persons and legal entities, customers, suppliers, and employees. *All* of them are increasingly interested in how sustainable an organization's operations are[29]. Again, it is about a *holistic* approach concerning everyone.

Under EU legislation, large listed corporations (more than 500 employees) are required from January 1, 2022, to disclose, gradually, data on the manner and extent to which their activities are related to environmentally sustainable economic activities. Moreover, under the Proposed Directive on Corporate Sustainability Reporting [CSRD] large EU corporations and all listed firms (apart from listed small companies) will be required to report based on standard reporting and external auditing standards. On the contrary, the draft Directive

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24 See Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852, OJ L 443, 10.12.2021, p. 9.

25 For Cyprus and Greece see UN, *Sustainable Development Goals, Knowledge Platform, Cyprus 2021*, [https://sustainabledevelopment.un.org/memberstates/cyprus]-accessed on 11/11/2022. UN, *Sustainable Development Goals, Knowledge Platform, Greece 2021*, [https://sustainabledevelopment.un.org/memberstates/greece]-accessed on 11/11/2022.

26 Par. 2 of the Preamble of Regulation 2020/852.

27 The United Nations Framework Convention on Climate Change was approved by the EU on 5 October 2016. Decision (EU) 2016/1841 of the Council of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, OJ L 282, 19.10.2016, p. 1. Bodansky, D.: *The Legal Character of the Paris Agreement*, Review of European, Comparative, and International Environmental Law (2016).

28 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal, COM/2019/640 final.

29 Peterdy, id.

[CSRD][30] provides for the later application of the listed small and medium size enterprises in relation to ESG issues. Today, the sustainability standards for smaller firms seem to be simpler[31].

ESG is related to climate change, EU taxonomy[32], compliance, internal auditing, financial and non-financial reporting, materiality, and risks.

Environmental issues include climate change, greenhouse gas emissions, energy, and water resources, social responsibility matters include human rights, equality, data protection, quality of products, health, safety, and social welfare, and governance issues include ethics, transparency, intellectual property, anti-corruption and anti-bribery, regulatory framework, and sustainable policies and strategies[33].

Further, the European Commission adopted a proposal of a Directive of the European Parliament and the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937[34] (regarding the duty of care).

The explanatory note of this proposed Directive starts with a clear view in its first paragraph depicting the *holistic* approach of the Commission and the EU by reference to the Green Deal of the EU and the UN Sustainable Development Goals[35]:

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[30] Commission [CSRD]: "The proposal's legal basis rests on Articles 50 and 114 of the Treaty on the Functioning of the European Union (TFEU). Article 50 of the TFEU is the legal basis for adopting EU measures aimed at attaining the right of establishment in the single market in company law. It is also the legal basis for Directives 2013/34/EU, 2006/43/EC, 91/674/EEC, 86/635/EEC, and t is part of the legal basis for Directive 2004/109/EC. Article 50 of the TFEU mandates the European Parliament and the Council to act by means of directives. In addition, Article 114 of the TFEU is a general legal act with the objective of establishing or ensuring the functioning of the single market – in this case, the free movement of capital. Article 114 of the TFEU is included as the legal basis for this directive amending Directive 2004/109/EC."

[31] Lazarakou, V.: *Adoption of ESG criteria poses a big opportunity,* [https://www.business-daily.gr/english-edition/54160_v-lazarakou-adoption-esg-criteria-poses-big-opportunity] accessed on 11/11/2022, 10 December 2021.

[32] Gortsos, Ch.V.: *The EU Taxonomy Regulation: more important than just an element of the Capital Markets Union*, in Busch, D., Ferrarini, G. and S. Grünewald (eds): *Sustainable Finance in Europe: Corporate Governance, Financial Stability and Financial Markets*, Palgrave Macmillan, Cham – Switzerland, 2021, Chapter 11, p. 351-395.

[33] Louropoulou, E.: *ESG considerations in sustainable finance and the role of climate change*, ESG Cyprus Forum, 12/05/2022, p. 4.

[34] Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, COM 2022/71 final.

[35] For Cyprus and Greece see UN, *Sustainable Development Goals, Knowledge Platform, Cyprus 2021*, [https://sustainabledevelopment.un.org/memberstates/cyprus]-accessed on 11/11/2022. UN, *Sustainable Development Goals, Knowledge Platform, Greece 2021*, [https://sustainabledevelopment.un.org/memberstates/greece]-accessed on 11/11/2022.

> "The behaviour of companies across all sectors of the economy is key to succeed in the Union's transition to a climate-neutral and green economy in line with the European Green Deal and in delivering on the UN Sustainable Development Goals, including on its human rights- and environment-related objectives. This requires implementing comprehensive mitigation processes for adverse human rights and environmental impacts in their value chains, integrating sustainability into corporate governance and management systems, and framing business decisions in terms of human rights, climate, and environmental impact, as well as in terms of the company's resilience in the longer term"[36].

Human rights, climate, and environmental impact, and corporate governance are recognized by the EU institutions as established and widely accepted ESG factors for corporate sustainability in the context of the proposed Directive on corporate sustainability due diligence.

The purpose of the EU Directive is to promote and establish sustainable and responsible corporate practices and to ensure that human rights and environmental issues are significant elements in corporate governance. The new rules may safeguard and enforce that businesses address adverse effects of their behavior, including in their value chains inside and outside Europe[37].

The benefits for citizens of these new rules, under the view of a *holistic* approach of the Commission, shall be the better protection of human rights, including labor rights, a healthier environment for present and future generations, increased trust in corporations, increased transparency enabling informed choices, and better access to justice for victims of wrongdoings or criminal acts[38]. The proposal will proceed to the European Parliament and the Council for approval. If it is adopted, then EU member states shall have a period of two years to embody the settled Directive into their domestic legal orders and further inform the Commission respectively.

Corporate sustainability is not a vague notion; it is understood under a *holistic* approach including the ESG factors in the EU applied by the EU hard law legislation for the benefit of companies and citizens[39].

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[36] First paragraph of the explanatory note of the proposed Directive

[37] European Commission, *Corporate Sustainability Due Diligence,* [https://ec.europa.eu/info/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en], accessed on 11/11/2022.

[38] Ibid. There also benefits for corporations and for third (developing) countries including the improvement of living conditions for people (this is an obvious *holistic* approach under the sense that it relates green economic growth with the people of third countries outside the EU).

[39] For example, see Directive 2019/944, article 9(1) for the environmentally sustainable market for electricity and Annex I(5) for the information to the customers regarding the environ-

The member states should harmonize their laws in the EU in that framework of sustainable corporate and at the same time businesses should embrace such EU initiatives for ESG factors affecting corporations. Both Greece and Cyprus have positively responded to these challenges at the public and private level. The laws of Greece and Cyprus have embodied the EU rules and regulations and in parallel, the Greek and Cypriot businesses pay much attention to the ESG factors regarding corporate sustainability by operating specific ESG departments within their organizations as it is argued in the two following chapters.

3. ESG FACTORS IN GREECE: COMPLIANCE AND BUSINESS PRACTICES

3.1. CORPORATE SUSTAINABILITY, ESG FACTORS: COMPLIANCE IN GREECE

Greece is a member state of the EC since 1981 and a founding member state of the EU since 1993. Thus, Greece follows EU laws. Many member states on some occasions fail to comply with the EU Directives. Greece is no exception and does not comply with EU law rarely. However, as regards corporate sustainability and ESG factors and relevant EU laws, Greece has fully complied with such EU laws, Directives, and Regulations[40].

The aforementioned Directives 2009/65/EC[41], 2009/138/EC[42], 2011/61/EU[43], 2013/36/EU[44], 2014/65/EU[45], (EU) 2016/97[46], (EU) 2016/2341[47], (EU) 2019/1937[48] have incorporated into the Greek legal order, whilst the aforementioned Regulations (EU) 2019/2088, 2019/2089, 2020/852 have direct applicability to all legal orders of member states, thus to the Greek legal order.

mental impact (at least for CO2 emissions). Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity, OJ L158, 14.6.2019, p. 125.

40 See also Regulations 2021/2139, 2021/12566, 2021/12577.

41 Law 4099/2012, Official Gazette ('FEK') A' 250, 20.12.2012, as amended and in force. In Cyprus: 78(I)/2012 as amended and in force.

42 Law 4364/2016, FEK A' 13, 05.02.2016, as amended and in force. In Cyprus: Law 38(I)/2016, as amended and in force.

43 Law 4209/2013, FEK A' 253, 21.11.2013, as amended and in force.

44 Law 4261/2014, FEK A' 107/05.05.2014, as amended and in force. In Cyprus: Law 38(I)/2017.

45 Law 4514/2018, FEK A' 14, 30.01.2018, as amended and in force.

46 Law 4583/2018, FEK A' 212, 18.12.2018, as amended and in force.

47 Law 4680/2020, FEK A' 72, 23.03.2020, and Law 4921/2022, FEK A' 75, 18.04.2022.

48 Law 4920/2022, FEK A' 74, 15.04.2022, as amended and in force.

The Proposed Directive on Corporate Sustainability Reporting is not yet settled law. However, if this becomes official legislation of the EU, Greece is expected to incorporate it into its legal order. This prediction is based on the history of the incorporation of EU legislation in Greece and also on the fact that enterprises, corporations, firms, and companies constantly follow practices harmonized with EU laws, rules, and regulations regarding corporate sustainability and ESG factors.

Further, article 14 of Law 4892/2022[49] provides for a new public entity aiming at the exploitation of the public property of the Greek social insurance fund that:

"By a Regulation approved by the General Assembly, the rules and procedures are decided concerning, in particular:

(i) The sustainability development policy of the company, if needed, according to criteria Environmental, Social, Governance (ESG)[50]".

To this company which is public and run according to private law rules the laws for corporate governance (Law 4548/2018 and Law 4706/2020) apply.

Moreover, article 5(2)(f) of Law 4972/2022[51] for the corporate governance of SA companies controlled by the Greek government provides that in the statement of purpose and special obligations of the companies with the supervision of the Ministry of Finance, there is also a statement for the sustainable development policy of each company taking into consideration the ESG criteria.

Article 7(4) of Law 4864/2021[52] for private investments provides that proposed investment plans and projects shall include a sustainable development strategy based on ESG criteria and file annually sustainability report based on GRI standards.

Article 32 of Law 4706/2020[53] on corporate governance incorporates article 3g of Directive 2017/828 by repeating the wording of article 3g:

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[49] Law 4892/2022, FEK A' 28, 22.02.2022, as amended and in force.

[50] The Greek text is followed by the English words "Environmental, Social, Governance (ESG)". It is not usual for Greek laws to include English words as the only official language in Greece is Greek. However, this article of law includes these terms in English.

[51] Law 4972/2022, FEK A' 181, 23.09.2022, as amended and in force. Law 4986/2022, FEK A' 204, 28.10.2022, incorporated Directive (EU) 2019/944 on electricity markets and citizen energy communities (article 2).

[52] Law 4864/2021, FEK A' 237, 02.12.2021, as amended and in force.

[53] Law 4706/2020, FEK A' 136, 17.07.2020, as amended and in force.

> "Institutional investors and asset managers shall develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. The policy shall describe how they monitor investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, and corporate governance [...]".

Article 151 of Law 4548/2018[54] on the new rules for SA companies provides that companies with more than 500 employees are obligated to prepare an annual report on issues regarding the environment, social responsibility, corporate governance, human rights issues, anti-corruption, and anti-bribery matters.

Greece has followed Directive (EU) 2021/1269[55].

Greece also supports many international initiatives for green growth, such as the Green Shipping Challenge proposed by the United States in cooperation with Canada, Korea, Norway, the United Kingdom ('Green Shipping Corridors'), and other nations[56].

As is argued hereinbelow, in Greece there is a corporate culture fully aligned with European standards of ESG in corporate sustainability. Business practices, investments, and departments of companies dedicated to ESG show that in Greece the future of ESG is the only way for the private sector to grow green and under social fairness and democratic values.

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54 Law 4548/2018, FEK A' 104, 13.06.2018, as amended and in force.

55 Hellenic Capital Markets Authority, *Decision* 3/960/4.8.2022, FEK B' 812, 23.08.2022. See also Kyriazis, D.: *Law of sustainable finance, a new concept, new issues*, Etaireia Dioikitikon Meleton, Climate Crisis and Law, 2022, p. 129 [in Greek].

56 US Department of State, *Green Shipping Challenge*, [https://www.state.gov/u-s-announcements-under-the-green-shipping-challenge-at-cop27/]-accessed on 11/11/2022, November 7, 2022. "Greenhouse gas emissions from the shipping sector are significant, increasing, and on a trajectory that is not compatible with the goals of the Paris Agreement. To help place the sector on a pathway to align with the goal to limit global temperature rise to 1.5 degrees Celsius, the United States and Norway organized the Green Shipping Challenge at COP27. The Challenge encouraged governments, ports, and companies to prepare commitments to spur the transition to green shipping. On November 7, Norwegian Prime Minister Jonas Gahr Støre and US Special Presidential Envoy for Climate John Kerry chaired the launch of the Green Shipping Challenge during the World Leaders Summit of COP27. Countries, ports, and companies made more than 40 major announcements addressing innovations for ships, expansion in low- or zero-emission fuels, and policies to help promote the uptake of next-generation vessels. The United States is leading the transition to zero-emission shipping as part of our commitment to tackle the climate crisis at home and internationally."

3.2. CORPORATE SUSTAINABILITY, ESG FACTORS: BUSINESS PRACTICES IN GREECE

In Greece, apart from the aforementioned hard law, there are soft law instruments to encourage the application of ESG factors in business practices.

One such instrument is the Greek Code of Sustainability ('Ellinikos Kodikas Viosimotitas'). There are twenty criteria for each business in Greece according to the Greek Code of Sustainability. There are four classes of companies. To class A belong all companies that have more than 500 employees. Such companies are listed on the stock exchange and they are either Greek or foreign companies which have activities in Greece. These companies must fully comply with the sustainability criteria in the sense that the level of compliance is the highest and they have to publish an annual report regarding their sustainability policies on goals and value chains and KPIs (key performance indicators) for sustainability, and the use of renewable energy resources. Only these companies must also report on the degree of involvement of the directors in the sustainability policies of the companies and the interrelation between innovative products and sustainability policies based on ESG factors. Class B is for companies that are listed on the stock exchange and have less than 500 employees. These companies must also report annually on their sustainability policies on goals and value chains and KPIs (*key performance indicators*) for sustainability and the use of renewable energy resources. Class C includes small (10-49 employees), medium (50-249 employees), or big enterprises (250-499 employees) which are not listed on the stock exchange. These companies must also report on their sustainability policies on goals and value chains and KPIs (key performance indicators) for sustainability and the use of renewable energy resources. Class D includes very small businesses which have no obligation to report on sustainability issues, but they want on a voluntary basis to follow sustainability standards to improve their image and activities.

Apart from soft law instruments, businesses in Greece adopt ESG practices in the context of sustainable corporate.

Many Greek companies operate a special ESG department. They participate in ESG forums and they invest in a green economy, they take into consideration human rights and set rules for fair corporate governance.

The specific examples presented hereinafter include Enterprise Greece, Mytilineos, Motor Oil, Alpha Bank and Eurobank, and the ESG Forum.

For example, Mr. Georgios Filiopoulos, CEO at *Enterprise Greece*, pointed out in ESG Greece Conference on the 1st of December, 2021: "In recent years, ESG standards have become key in business decision-making worldwide. The need to adopt ESG standards has become imperative in the last two years, as global community faces the urgent need of accelerating climate change. Now, in the aftermath of the COVID-19 pandemic breakout, there is renewed international commitment to green, sustainable and inclusive growth."[57]

Mytilineos[58] is included in the "list of Industry Top Rated Companies by the international ESG rating agency Sustainalytics, as a result of its very good performance in the ESG and Sustainable Development criteria for 2021.

According to *Sustainalytics*, which is one of the world's leading ESG rating agencies, the Industry Top Rated Companies badge is awarded to "Strong outperformers in their respective industries out of the Sustainalytics comprehensive coverage universe". Mytilineos ranks 2nd in a total of 114 Companies in the "Industrial Conglomerates" category; this performance displays the Company's commitment to integrating and developing the ESG culture across all its activities.

Sustainalytics assesses companies based on their ability to manage ESG risks. Depending on the field of activity, each organization is exposed to ESG risks of different types and intensities. Mytilineos is assessed at the highest and most demanding level (comprehensive) in 11 different ESG thematic areas, including: Corporate Governance, Climate Change & Environmental Management, Health & Safety, Human Rights, Business Ethics, which also constitute the maximum number of ESG thematic areas for which a Company can be rated. According to Sustainalytics, Mytilineos effectively manages 70% of the ESG risks faced; such a performance is above the average of the companies within the Industrial Conglomates category. As stated by Mr. Dimitris Papadopoulos, Mytilineos' General Manager of Corporate Governance & Sustainable Development: "We are very pleased with the continuous improvement in our performance in the assessment of one of the most important ESG rating agencies such as Sustainalytics, where we have achieved an overall improvement of 56% since 2019. At Mytilineos the ESG criteria are set as an integral part of their business strategy and operations, thus contributing to strong returns for their shareholders, as well as attracting investors, customers, and talented employees."[59]

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[57] Enterprise Greece and Eurobank, *ESG* [https://www.eurobank.gr/en/group/grafeio-tupou/deltio-tupou-03-12-21]-accessed on 11/11/2022.

[58] (RIC: MYTr.AT, Bloomberg: MYTIL.GA, ADR: MYTHY US).

[59] Mytilineos, *ESG* [www.mytilineos.gr/news/press-releases/mytilineos-on-the-list-of-industry-top-rated-companies-by-sustainalytics/]-accessed on 11/11/2022, [www.mytilineos.gr/news/sustainable-development/net-zero-action-the-1st-virtual-summit-powered-by-mytilineos-focusing-on-environmental-social-and-governance-criteria-esg/]-accessed on 11/11/2022.

In her message the Head of the ESG Department of Motor Oil notes:

> "2021 was the year that the global economy recovered strongly, supported by unprecedented fiscal and monetary stimulus in major economies, pent-up demand, and increased public and private investments. The large-scale vaccination campaigns that took place during the year put the pandemic in relative check since new variants forced governments, on several occasions, to implement restrictive measures to limit contagion.
>
> Furthermore, early 2022 brought new uncertainties and challenges: The dramatic Russian – Ukraine conflict, apart from leading to intolerable loss of human life, has put the world at a significant risk of an energy crisis and associated economic costs. Indeed, the energy crisis has curbed some of the momentum behind sustainability in the interest of energy security but the direction for Motor Oil Group remains the same: As the world faces new challenges, we must not lose sight of the significance of taking clear action on climate change and designing a sustainable energy transition.
>
> In light of the above, *Motor Oil Group* has developed an effective strategy, to support *sustainable development*."

The manager of the Motor Oil ESG Department further notes that "We implement a *holistic* approach to sustainable development, with specific targets, goals, action plans, goal alignments, and related impacts. Our energy transition strategy is based on resilience and sustainable growth."[60]

> "We continue to operate our refinery while making investments aiming to improve operational efficiency and flexibility as we implement digital transformation projects and assess carbon capture and storage investments.
>
> We continue to invest in E-Mobility by developing strategic partnerships and equipping our retail gas stations with EV charging points – we expect almost 1,000 EV charging points by 2023 and 4,000 in the longer term. We continue to diversify in Renewable Energy Sector through a series of acquisitions in RES leading to an expanded energy portfolio. In this context, in 2021 MORE owned a RES operating portfolio of 279MW. The total energy production from RES resulted in 585 GWh with CO2 avoidance of 360,000 tons of CO2e while our portfolio in 2030 is expected to exceed 2GW.
>
> Finally, the Group is working to enhance its value proposition by expanding its product offering and manufacturing processes into the area of alternative energy sources where we invest in the field of natural gas, with

[60] The actual wording of the manager of ESG Department of this company "a holistic approach" actually strongly indicates that the ESG policies apply in the context or under the philosophical trend of a holistic analysis. For the holistic analysis of law see Stamelos, id, footnote 5.

the construction of a CCGT plant in Komotini and we continue with the development of a floating storage and regasification unit (FSRU).

Furthermore, Motor Oil Group is paving the way in investing and operating in the renewable and alternative fuels sector and circular economy through the utilization of bio-based products, and waste products to produce energy and more environmentally friendly fuels. Moreover, we are planning an integrated large-scale hydrogen project while we will establish the Hellenic Hydrogen SA, (JV with PPC) with the main objective of the production and storage of green Hydrogen.

Our energy transition strategy as briefly described above is inextricably linked with our decarbonization targets which aim for absolute GHG emissions reduction (Scope 1&2) by 2030 and support a net zero target by 2050 (vs. 2021).

In Motor Oil Group we believe that this is the path to a sustainable energy transition, and we pivot our efforts towards a future that embrace both sustainability and a shared value for all stakeholders."[61]

Alpha Bank and *Eurobank* grant 'green' loans to their customers in Greece[62].

The aforementioned reveals that ESG policies according to international and European laws and policies are widely followed by business practices under a *holistic* approach in Greece.

[61] Motor Oil, *ESG* [www.moh.gr/en/environment-society/esg-and-sustainability/]-accessed on 11/11/2022.

[62] Alpha Bank, *Recovery and resilience facility (RRF) loans* [www.alpha.gr/en/business/recovery-and-resilience-facility-rrf-loans] -accessed on 11/11/2022, [www.sustainable-greece2020.com/en/sdgevent2022] -accessed on 11/11/2022. E-ON integration provides services for ESG reports in Greece, E-ON, *ESG* [www.e-on.gr/ribia-esg?gclid=EAIaIQobCh-MIjbf-y8Pw9gIV2eR3Ch1vsQnQEAAYAyAAEgIBT_D_BwE]-accessed on 11/11/2022. See also Enterprise Greece and Eurobank, *ESG* [https://www.eurobank.gr/en/group/grafeio-tupou/deltio-tupou-03-12-21]-accessed on 11/11/2022.

4. ESG FACTORS IN CYPRUS: COMPLIANCE AND BUSINESS PRACTICES

4.1. CORPORATE SUSTAINABILITY, ESG FACTORS: COMPLIANCE IN CYPRUS

Cyprus[63] is a member state of the EU since 2004. Thus, Cyprus follows EU laws. Many member states on some occasions fail to comply with the EU Directives. Cyprus is no exception and rarely fails to comply with EU law. However, as regards corporate sustainability and ESG factors and relevant EU laws, Greece has fully complied with such EU laws, Directives, and Regulations.

The aforementioned Directives 2009/65/EC[64], 2009/138/EC[65], 2011/61/EU[66], 2013/36/EU[67], 2014/65/EU (known as MiFID II)[68], (EU) 2016/97[69], (EU) 2016/2341[70], have incorporated into the Cypriot legal order, whilst the aforementioned Regulations (EU) 2019/2088, 2019/2089, 2020/852 have direct applicability to all legal orders of member states, thus to the Cypriot legal order. Directive's (EU) 2019/1937 incorporation is pending[71].

The Proposed Directive on Corporate Sustainability Reporting is not yet settled law. However, if this becomes official legislation of the EU, Cyprus is expected to incorporate it into its legal order. This prediction is based on the

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63 The Republic of Cyprus is the only legitimate government for Cyprus. The administration is mainly Greek-Cypriot. The Turkish Cypriot community is not recognized as a state by the UN or other countries apart from Turkey. Nicosia is a divided city by the presence of UN forces. The ongoing negotiations for a united Cyprus since 1974 have not led to a solution. The Greek-Cypriot propose a federation, the Turkish-Cypriot propose two sovereign states and a divided island. Moreover, the English sovereign bases operate in South (Greek) Cyprus. After Brexit these bases are not EU territory and there is a special appendix in the official text for Brexit regarding the relations between Cyprus and the English bases. The UN resolutions recognize the illegal invasion of Turkey against Cyprus since 1974 and set the rules for negotiations and peaceful resolution of the Cyprus Problem. For all UN resolutions on Cyprus see [https://unficyp.unmissions.org/resolutions]-accessed on 11/11/2022 and [https://en.wikipedia.org/wiki/List_of_United_Nations_Security_Council_resolutions_concerning_Cyprus]-accessed on 11/11/2022.

64 Law 78(I)/2012 as amended and in force.

65 Law 38(I)/2016, as amended and in force.

66 Law 56(I)/2013, as amended and in force.

67 Law 38(I)/2017, as amended and in force.

68 Law 87(I)/2017, as amended and in force.

69 Law 38(I)/2016, as amended and in force.

70 Law 10(I)/2020, as amended and in force.

71 Law under review and public consultation until 02.12.2022.

history of the incorporation of EU legislation in Cyprus and also on the fact that enterprises, corporations, firms, and companies constantly follow practices harmonized with EU laws, rules, and regulations regarding corporate sustainability and ESG factors.

Cyprus has complied with Directive (EU) 2021/1269[72].

As is argued hereinbelow, in Cyprus there is a corporate culture fully aligned with European standards of ESG in corporate sustainability. Business practices, investments, and departments of companies dedicated to ESG show that in Cyprus the future of ESG is the only way for the private sector to grow green and under social fairness and democratic values.

4.2. CORPORATE SUSTAINABILITY, ESG FACTORS: BUSINESS PRACTICES IN CYPRUS

In Cyprus, apart from the aforementioned hard law, there are soft law instruments to encourage the application of ESG factors in business practices.

Apart from soft law instruments, businesses in Cyprus adopt ESG practices in the context of sustainable corporate.

The specific examples presented hereinafter include Cyprus Investment Funds Association, Bank of Cyprus, and the ESG Forum.

Cyprus Investment Funds Association's legal advisor Nicole Kallasides notes that:

> "When a trend showcases continued value extending into the future, then the trend in question becomes a norm. Such is the case with sustainable investing, or "ESG investing", as the term has evolved and used within the financial sector: The infrastructure, mechanism, and consumer demands developing around it project that it is here to stay. ESG is an umbrella term for a *broad* range of environmental, social, and governance factors against which investors can assess the behavior of the entities they are considering for investment. The environmental aspect of ESG is a measure of a company's impact on the natural environment. It takes into account factors including its carbon footprint, its impact on biodiversity, and its production of wastes and pollution. The social aspect measures how a company treats people such as employees, customers, and the communities in which it operates, while the governance aspect measures how a company operates in terms of audits, board

72 Cypriot Securities and Exchange Commission, *Directive OD87-01(A)*/4.8.2022, EE Par. III(I) 576/295, 22.07.2022.

diversity, internal controls, and shareholder rights. These factors enable investors and other stakeholders to measure the performance and ensure the accountability of companies. Hence, one crucial aspect of ESG is that it is not simply about seeking compliance with current regulations but rather, it focuses on the potential for a company to have a more positive impact alongside seeking to make a financial return.

ESG's rise in importance has been driven by several key factors. First, there has been a rise in public concern for the environment and social equity. This has been reflected in an increasing desire to see that investments are ethically placed. Millennial investors, for instance, are more likely to invest in companies targeting social or environmental goals. Moreover, the growth of the ESG agenda has been influenced by several key organizations and regulator drivers, including the UN Principles for Responsible Investment (UNPRI) and the package of EU sustainable Regulations which seeks to integrate ESG considerations into the investment and advisory process in a consistent manner across sectors. Last but not least, and simply put, the driver amongst many people working in the sector to *simply do the right thing*.

Given the substantial attention towards sustainability and its relative immaturity as an investment trend, ESG is having a fast-growing impact on the investment funds sector on a worldwide basis. At a national level, and in light of the newly enforced Sustainable Finance Disclosures Regulation (EU) 2019/2088 ("SFDR" or "Disclosure Regulation"), the Cyprus Securities and Exchange Commission ("CySEC") has recently reinstated in a recent announcement its commitment and focus to fostering compliance with sustainable finance standards. The Disclosure Regulation has imposed harmonized transparency and disclosure requirements on financial market participants and financial advisers and requires firms within scope to consider how sustainability risks are incorporated into the investment decision-making process and even how the remuneration of individuals is consistent with sustainability issues. As such, the SFDR is expected to affect a large proportion of the financial services industry in Cyprus."[73]

Bank of Cyprus notes that "it has already covered the considerable distance in our ESG journey. We have an 'A' rating from MSCI, which is the global benchmark on ESG. The company has also started a few years ago shifting towards a more mature model in our charitable work. We are now focused on generating Social Capital through long term partnerships and structured cooperation with

[73] Cyprus Investments Funds Association, *ESG* [www.cifacyprus.org/en/news/esg-moves-into-the-mainstream-how-the-esg-revolution-is-shaping-the-fund-industry] - accessed on 11/11/2022.

other organizations-including businesses, customers, NGOs, and the state" [74]. Bank of Cyprus having a sustainability committee in its organization grants green loans to its customers in Cyprus.

The aforementioned reveal that ESG policies according to international and European laws and policies are widely followed by business practices under a *holistic* approach in Cyprus.

5. CONCLUSION: ESG FACTORS, TOWARDS A HOLISTIC APPROACH REGARDING CORPORATE SUSTAINABILITY

Despite the questioning of the validity of ESG factors for corporate sustainability[75], it is today a fact that the EU and its member states (including Greece and Cyprus) accept a *holistic* approach both at the public level (public authorities, laws, and regulations) and at the private level (corporations) considering ESG factors necessary for corporate sustainability.

ESG is not only an established department under this name in many companies, but it is also taught as a seminar. Institutes, such as the Corporate Governance Institute[76], offer diplomas in ESG for any interested person and directors of companies.

The implementation of ESG standards is leading to the gradual establishment of an ecosystem with a significant increase in the number of people dedicated to ESG in companies and a concentration of the non-financial rating market, with the ESG analysis and investment recommendation market growing exponentially[77].

It seems that in the next years, ESG factors will affect under a *holistic* approach corporate sustainability, reporting standards, investments, corporate

74 Bank of Cyprus, *ESG* [www.bankofcyprus.com.cy/en-gb/group/news-archive/cyprus-4.0-bank-of-cyprus-forges-ahead-with-esg-policy-and-products/]-accessed on 11/11/2022.

75 Arguments against ESG include that ESG is a distraction, is not feasible, is not meaningful for financial performance, or is not measurable. These arguments are proposed by the economic approach and ignore the fact that ESG is based on a *holistic* approach including economic, environmental, social and democratic elements of businesses and growth. For more on the arguments against ESG see Perez L, et al, *Does ESG really matter -and why?* McKinsey, August 10, 2022, p. 4.

76 The Corporate Governance Institute is a global educational technology company specializing in training and certifying the next generation of company directors and board members. Corporate Governance Institute, *Diploma in ESG, ESG for Directors,* [https://www.thecorporategovernanceinstitute.com/esg-for-directors/]-accessed on 11/11/2022.

77 Pietrancosta, id.

governance, and green economic growth, and last but not least, the everyday[78] choices of *all* people[79], in the EU and worldwide.

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[78] Both in the framework of the EU hard law and the UN soft law. For example, for Cyprus and Greece see UN, *Sustainable Development Goals, Knowledge Platform, Cyprus 2021*, [https://sustainabledevelopment.un.org/memberstates/cyprus]-accessed on 11/11/2022. UN, *Sustainable Development Goals, Knowledge Platform, Greece 2021*, [https://sustainabledevelopment.un.org/memberstates/greece]-accessed on 11/11/2022.

[79] Pietrancosta, id: "it remains important to understand that, if managers generally take the initiative to move in a new direction, it is generally under pressure from their customers, employees and even shareholders. In reality, the consumer is a "consumer-actor" who demands that carbon emissions, pollution, diversity, and disability issues be addressed within the company. The shareholders themselves understand this necessary evolution that are imposed on the company by its stakeholders and sometimes even amplify them. The State itself is under media pressure in its spending choices (orders or public aid) and consideration for the society and the environment. More than a mere choice, ESG has become an issue that is imposed on *all* actors, even beyond companies, since the matter concerns us *all*, from individuals to States". A *holistic* approach refers both to the broad analysis and to the fact that the matter concerns us *all*.

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