

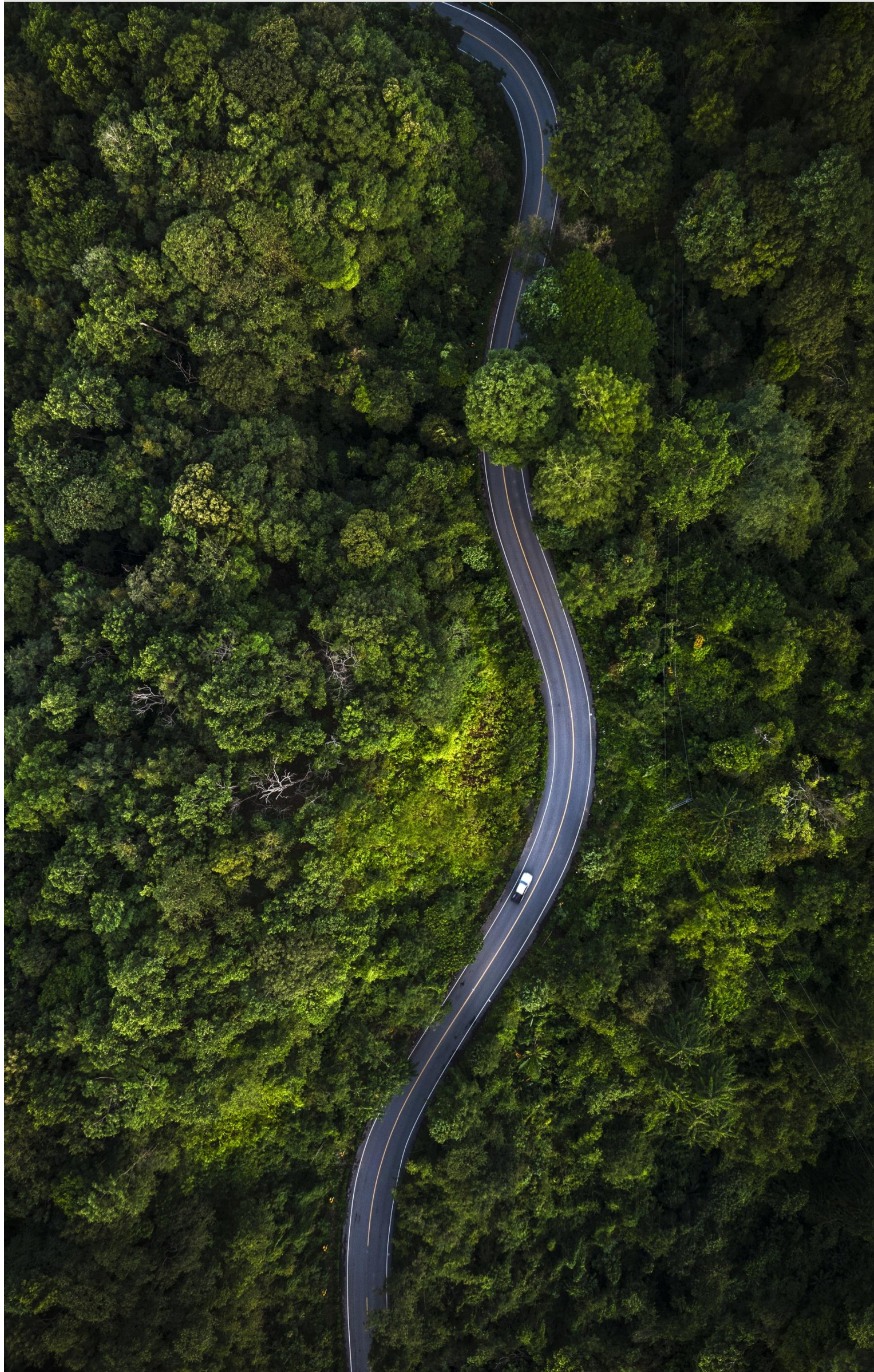
Can we-still-overlook ESG?



Maria El. Stefanaki

Attorney-at-Law, LL.M. Cambridge/ESG Officer (ISO/IEC 17024), MSc (c) in Sustainability Management

mstefanaki@fdmalaw.com [LinkedIn](#)



What are we discussing?

- Reporting Standards,
- The Dilemma after Omnibus,
- Business Benefits from Reporting
- ESG in...Pure Numbers,
- Distinction between Strategy (DO)/ Reporting (DISCLOSE)
- Final remarks



1. Speaking the same language

- **CSRD** provided **unified Reporting Standards (ESRS)**, for **ALL Companies OPERATING** within EE.
- Companies would “**speak the same language when telling their sustainability stories**”
- Stakeholders would easily compare the different sustainability reports and take their business decisions.



2. Omnibus Proposal: Turning back to Mandatory Reporting

Too Complicated Legislation, Beaucroatic Overload,
Excessive Cost LEAD to Omnibus Proposal.

DEMAND FOR: SIMPLIFICATION.

The Omnibus Proposal, sets a **turning back** to mandatory reporting:

- a. **Postponement – by 2 years** – for large companies and listed SMEs,
- b. **Limitation of scope by 80%**, namely only to:
 - Large Corporations with more than 1.000 employees and
 - Either a turnover of over 50 million euros or
 - A balance sheet above 25 million.
- c. **A new path: the VSME** (proposed, simplified, structured alternative for companies no longer under CSRD).



3. Dilemma for Companies: Adhere to Sustainability (voluntary) Reports or not?

Definitely YES due to Market Imperatives.



4. Crucial Business Reasons

- a. ESG Risks = Major Business Risks,
- b. ESG due diligence findings = Deal Stoppers,
- c. Investors demand Transparency,
- d. Supply chain requires ESG data,
- e. Cost Efficiency through Sustainable Practices
- f. Attract /Retain Top Talent
- g. Riing Consumer demand

Based on solid, tangible evidence, by recent surveys & reports.

a. ESG risks are still business risks.

ESG issues tied directly to business performance and resilience:

I. Global Risks Report 2024 of World Economic Forum:

- Extreme weather
- Biodiversity loss
- Ecosystem collapse
- Critical change to earth systems

TOP GLOBAL RISKS, likely to present a material crisis on a global scale.



II. Mc Kinsey –Global Supply Chain Leader Survey 2024:

- **90%** of respondents experienced supply **chain challenges**:
- Extreme Weather Events, leading to delay shipments, damage infrastructure, disrupt production cycles.
- Droughts limiting agricultural output.
- Hurricanes closing major ports.
- Rising Temperatures straining energy resources.

These Disruptions **MAJOR BUSINESS RISKS**.

Thus, even if reporting obligations shift, ESG risks still remain... top business risks.



b. ESG due diligence findings are “deal stoppers”.

II. An important KPMG ESG Due Diligence Survey 2024:

- 45% of dealmakers encounter a significant deal implication, as a result of a material ESG Due Diligence finding.
- more than half of the findings lead to "Deal Stopping".

Thus, ignoring ESG risks could lead to serious deal implication



c. Investors still demand ESG transparency.

Investors prioritise sustainability – linked investments.

Companies with strong ESG performance:

- attract more capital,
- enjoy better loan terms and
- achieve higher valuations.

I. 2024 Report of Morgan Stanley Institute for Sustainable Investing:

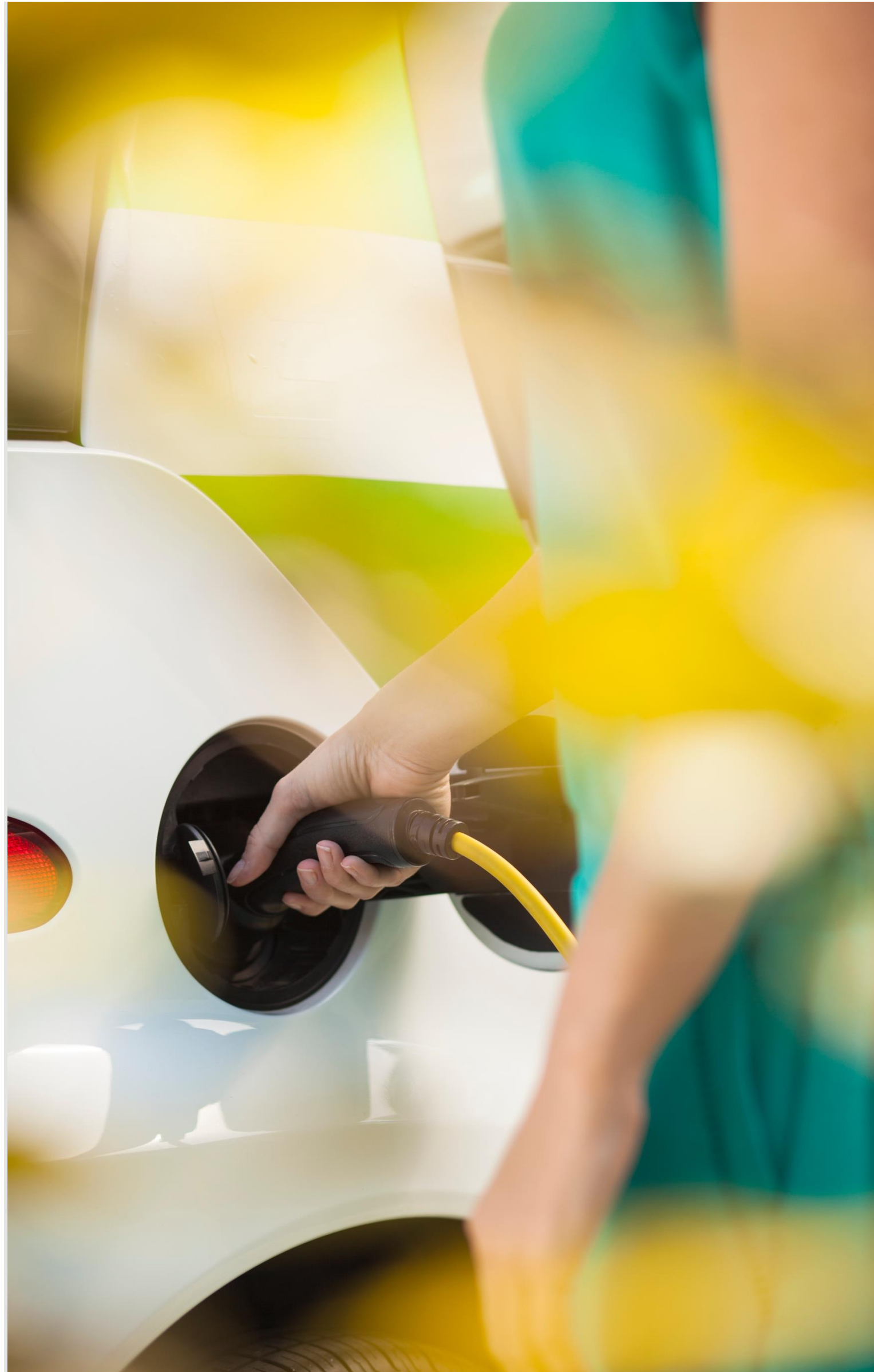
- 80% of global investors: environmental reporting a key factor in decision making.
- 85% of individual investors : interested in impact or sustainable investing.
- Sustainable Assets expected to highly increase next 2 years

II. A 2024 Survey by Stanford University - MSCI Sustainability Institute:

- ESG organised, structured data, remains a top priority matter,
- 76% of institutional investors believe that governance quality impacts investment performance.

ESG monitoring and reporting offers 2 crucial qualities:

- maturity and
- governance readiness.



d. Supply chain buyers still require ESG data.

Large chain buyers under pressure to disclose the ESG performance of their **ENTIRE** value chain.

- Therefore asking suppliers for ESG data – regardless of regulatory obligations (even if the suppliers fall outside CSRD scope).
- This "**trickle – down effect**" : mid – market companies must still provide sustainability disclosure to **maintain business relationships**.
- Companies not provide this information, replaced by competitors who can.

A 2024 Global Trade Report by Thomson Reuters Institute:

- 34% of companies collecting supplier ESG data, as primary reason requirements from significant customers.
- These Customers enforce ESG disclosures to their suppliers to stay in their OWN supply chains.

Voluntary ESG reporting assists mid – market companies providing crucial information to customers and remain within their value chain.



e. Technological innovation leads to cost efficiency.

Innovation in sustainable technologies rapidly accelerating.

I. A 2024 analysis of International Energy Agency (IEA):

- Investments in clean energy technologies will reach \$ 4 trillion by 2030.

This innovation driven by a collaborative ecosystem of:

- Technology providers
- Startups,
- NGO's
- Academia

II. A 2022 Research of Capgemini Research Institute:

- 67% of Organisations have seen Reduction in Carbon Emissions, due to implementation of sustainable strategies.
- 73% have seen improvement in revenue growth

Thus, the implementation of sustainable strategies through technology leads to cost efficiency.



III. A breakthrough Research of May 2025 of National Bank of Greece among 600 SMEs:

- 1/3 of businesses with ESG strategies, recognise tangible operational benefits,
- 2/3 report satisfaction.
- Concrete, measurable, positive effect on profitability.

Thus, companies integrate sustainability practices in their strategy, have cost efficiency and enhanced profitability.



f. Attracting/retaining top talent is critical.

Shift in workforce values (millennials and Gen Z professionals).

- Not only a pay check.
- Purpose – driven workplaces.

I. Deloitte's 2023 Global Millennial and Gen Z Survey:

- 40% of millennials and Gen Z workers prefer to work for companies with strong sustainability credentials.

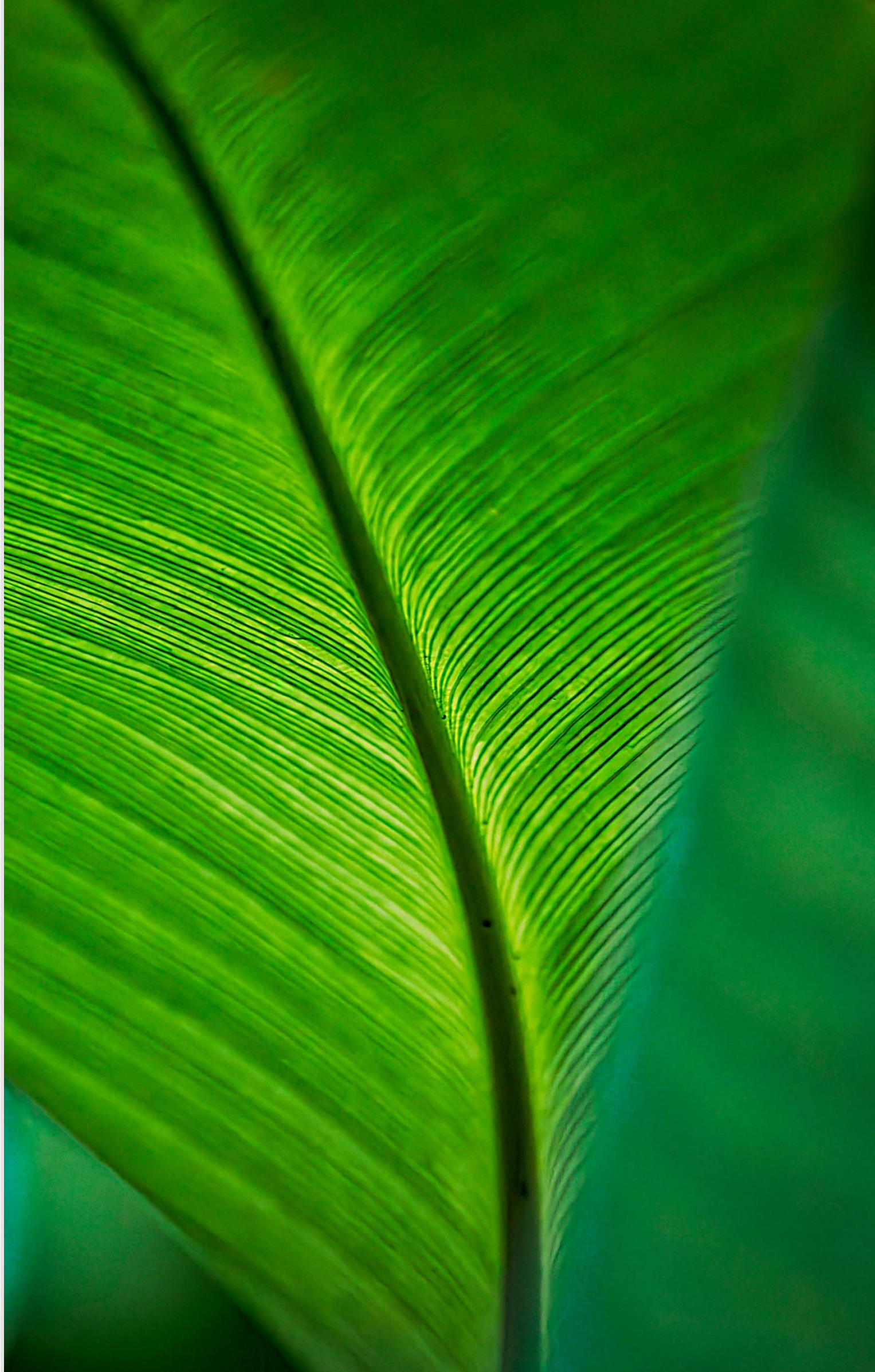
II. A 2024 Study by Harvard Business Review:

- Companies with strong sustainability programs, 25% higher likelihood of attracting top talent.
- ESG initiatives, crucial role in enhancing employee engagement and loyalty.

III. A 2024 Report by McKinsey & Company:

- Robust ESG commitments directly linked to higher job satisfaction.
- Sense of belonging and purpose reduces turnover rates and fosters culture of loyalty and productivity.

Thus, companies integrate ESG attract, engage and retain top talent, gaining significant competitive edge in recruitment.



h. Rising consumer demand.

Consumers increasingly prioritising eco – friendly products/ services.

A 2023 Study by Harvard Business Review shows:

- 70% of consumers avoid purchasing from companies regard unethical
- Millennials and GenZ leading this trend
- Demand sustainability from the brands they support



5. Tools quantifying ESG

New Platforms quantifying ESG:

- **quantify the impact of ESG** Risks and Opportunities (ex. climate change, pollution, business conduct)
- **on key financial metrics** (including revenue, operating profit, company assets, liabilities, cash flow movements)

Ignoring ESG Risks is translated into tangible financial metrics.



6. Rating agencies recognising ESG factors

Rating agencies, only focused on financial fundamentals, have expanded their methodologies to recognise the direct impact of ESG factors on credit default risk.

Ignoring ESG Risks increasingly seen as credit misjudgment.

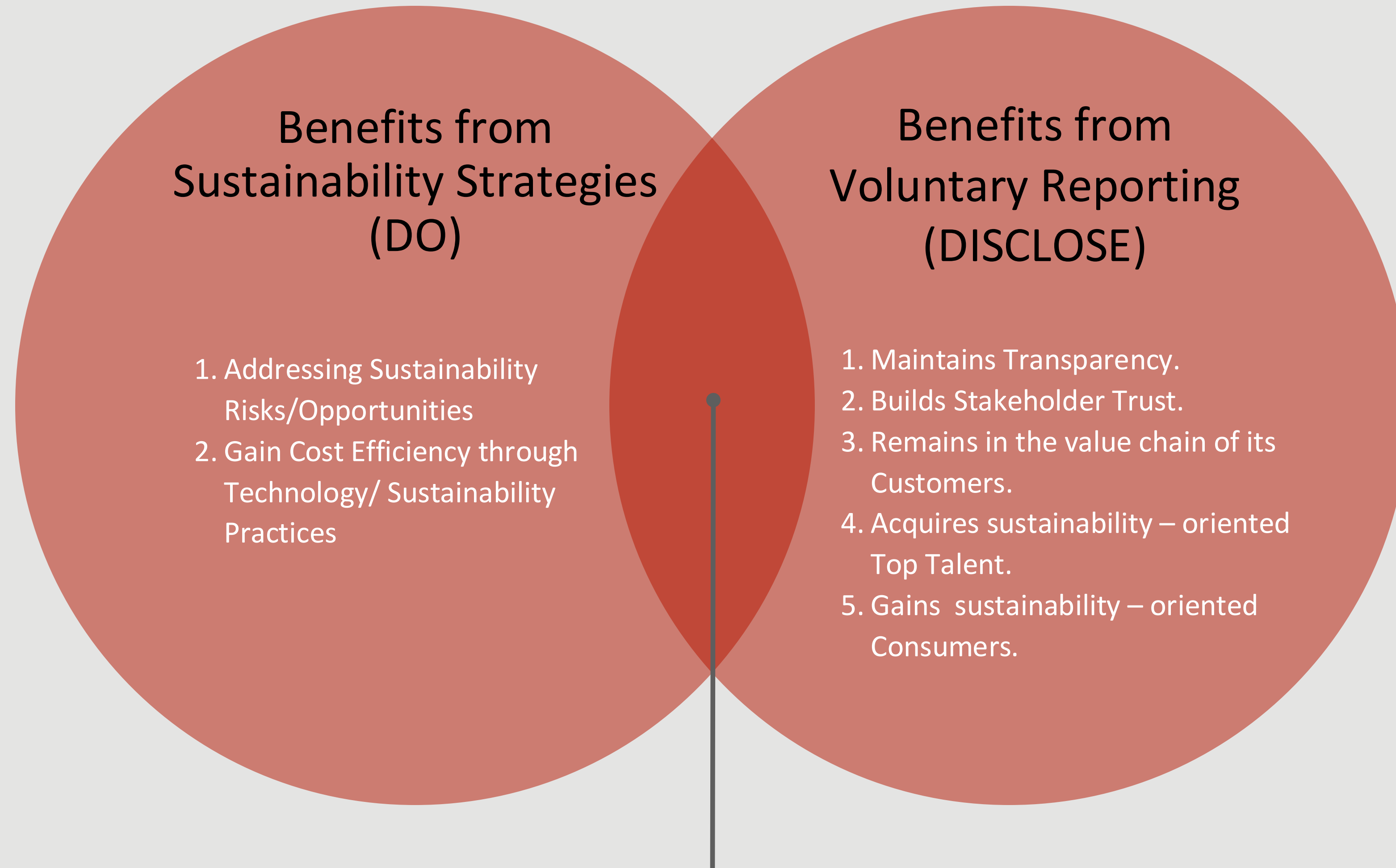


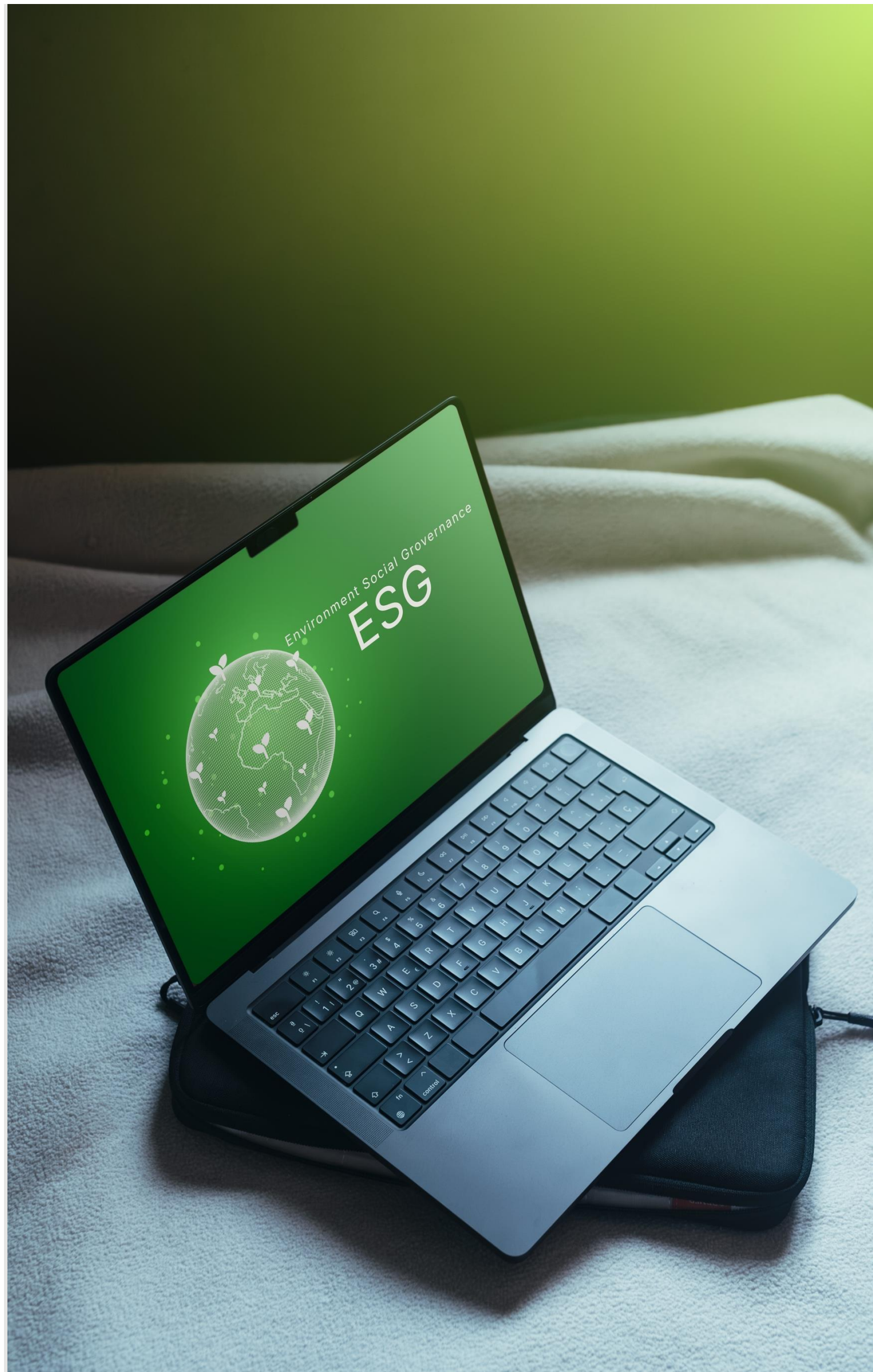
7. What should a company do after the Omnibus era?

Shift to Voluntary Reporting.

VSMEs: Proposed, Simplified, Structured Alternative for companies no longer under CSRD.

Helps Companies: focus on material topics, reduce complexity, without the heavy burden of full CSRD.





8. Final Remarks

a. Major Distinction between:

- What should Companies **DO**
- What should Companies **DISCLOSE**

Firstly, Companies should **DO THE WORK** for their Sustainability Transformation.

Secondly, **INFORM THEIR STAKEHOLDERS (through Reporting)..**

b. By latest tools (Surveys, Platforms, Ratings) shown:

- **ESG issues NOT just qualitative concerns BUT,**
- **Translated into Tangible, Financial Metrics**
- **with Serious Business Implications.**

c. Sustainability Reporting:

- **Reflects Readiness** of Companies towards Sustainability Challenges

- **NOT** simple "theoretical compliance exercise"
- **BUT** valuable **STRATEGIC TOOL** for **RISK MANAGEMENT** and **BUSINESS VALUE CREATION.**

• **ESRS V VSRS :**

- **Since VSME & ESRS are aligned,** businesses can start by the VSME and **step up to the CSRD later,** if requirements or stakeholders demand so.



8. Final Remarks

As underlined by a 2025 Paper published by the University of Cambridge's Institute for Sustainable Leaders:

*"there are actually the... physical forces (physics, chemistry, biology), interlinked with the extreme phenomena of climate change (storms, fires, rise of sea levels), that are – in reality – driving the economy. And "this is science – and **SCIENCE IS SCIENCE, WHETHER YOU... BELIEVE IT... OR NOT**"!!!*

"By 2035, sustainable industries won't be the exception – they will be the dominant forces driving the global markets. In every sector, from energy to finance, to food production, those who led the transition will... be thriving, while laggards will be marginalized or extinct".



Conclusion:

ESG Challenges :

“PURE BUSINESS DRIVEN BY... PURE SCIENCE”

And the Combination is... simply UNBEATABLE!!!

Thank you for your attention!