

GUEST COMMENTARY

by Daniel Lucien Bühr

Are sustainability goals a beautiful utopia of the past? Not at all!

In politics and business, the sustainability goals are currently facing a stiff headwind – and there are things that can be improved. But without the goals, we will not be able to master our epochal tasks.

November 23, 2024, 9:45 p.m. ⌚ 3 minutes



Exhaust fumes and traffic noise are only known from history books: charging station in Shenzhen, China, where almost only electric cars are used.

Shell / X80001

ESG stands for Environmental, Social and Governance. ESG refers to goals, measurement methods and measures that ensure that all organizations are sustainable and preserve the

earth's non-renewable resources. Achieving ESG goals involves a lot of effort for all organizations, but especially for companies. There is therefore increasing criticism of the bureaucracy associated with climate reporting or due diligence and reporting obligations with regard to supply chains. The opinion has been expressed on various occasions that ESG has passed its peak, and is at an end.

A misjudgment! The international roadmap that has been set over the last 20 years (for example the Paris climate goals of 2015, the United Nations' 2030 sustainability goals, the EU's Green Deal of 2019) is only now being implemented - with gradually increasing impact. And the standards that apply to states and companies are not only very high, they are also binding. The global ESG framework will last at least another 20 years, because that is how long it takes for legal regulations to be evaluated, adapted and, if necessary, replaced.

Nor will the real impacts of climate change and social development deficits allow ESG to be removed from the global agenda in the short term. Given the importance of ESG to young people, it is not clear how companies could deprioritize it. After all, how are they going to attract the best talent if they are not doing their part on ESG?

The goal of sustainability will remain the most pressing issue in the long term, which has to do with the failure to achieve the goals of environmental protection, social development and good governance: In order for future generations to survive, global warming should not exceed 2 degrees Celsius. The warming of the oceans must be slowed down and the remaining biodiversity must be preserved.

We are already at the point where entire branches of the tree of life are threatened with death: one million species are threatened with extinction in the next few decades. This development is also putting social structures and the rule of law under pressure globally. Whole regions and countries are suffering from drought, floods, power shortages and food shortages. Countries like Zambia, as the President of the Law Association recently announced, are struggling with only a few hours of electricity per day and food shortages as a result of global warming: the reservoirs are empty because of drought, and the main source of protein, sardines, has become unaffordable. How are poor countries supposed to develop under these conditions?

To achieve the ESG goals, global consumption of non-renewable resources must decrease by a third. The so-called Earth Overshoot Day is on August 1st. From this date, non-renewable resources of future generations will be consumed. And to achieve the climate goals, greenhouse gas emissions must decrease by 43 percent by 2030 compared to 2019.

The good news is that humanity can handle these existential challenges and rapid progress is possible. In the innovative Chinese region of Shenzhen, with its 20 million inhabitants, almost all of the vehicles on the roads are electric. Exhaust fumes and traffic noise are now only known from history books.

The concept for such a transformation is called ESG. The means for this are investments and innovations that make sustainable economic growth possible. ESG is therefore also associated with enormous opportunities.

However, criticism is justified regarding the way in which ESG is implemented by law. The current approach needs to be reconsidered; it is heavily driven by numbers and audits and ultimately bureaucratic. A primarily qualitative approach that focuses on governance and, in particular, demands meaningful, transparent and responsible leadership of all states and companies would be better. In the long term, good governance is likely to be more effective than pure number-crunching. The guidelines for this good governance are being developed, among other things, with new standards for so-called *purpose-driven organizations*, i.e. organizations that are geared towards the long-term well-being of all people and our planet.

We humans have mastered the greatest challenges with our intelligence and as social beings. With ESG and responsible leadership, we can also succeed in mastering these epochal challenges.

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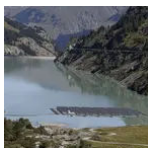
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Green investments are stagnating – but banks are still marketing them

For the first time, more money is flowing into conventional than sustainable investments. Nevertheless, more and more banks are removing conventional funds from their range altogether.

Albert Steck November 4, 2024 ⌚ 4 minutes



Easy prey for greenwashing: Most Swiss private investors are ESG illiterate

While sustainably invested financial assets have reached the \$4 trillion mark according to Black Rock, most private investors still do not know what sustainable financial products are, according to a study by ETH and the University of Zurich.

Lorenz Honegger February 11, 2022



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by Rainer Hank

Everything has its price, including morality – when even capitalism becomes woke

The zeitgeist is also blowing through the economy. There, wokeness causes high costs but little proven economic benefit.

September 7, 2024 ⌚ 6 minutes



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