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ESG PRINCIPLES, CHALLENGES AND OPPORTUNITIES

ESG princípios, desafios e oportunidades

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ABSTRACT

No doubt our civilization is living now at critical times and this is something that remind us of the John F. Keenedy historical campain speeches in the earliest 60s when very opptimistically he used to say that *In the Chinese language, the word "crisis" (weiji) is composed of two characters, one representing danger (wei) and the other, opportunit y(ji),* although actually the second part (ji) means more something that we are calling now Tipping Point. As we could follow on the daily news today we are now going through a Cathastrofic Convergence of heavy impacts processes related to delicate sanitary, climate and geopolitical risks. All these representing heavy challlenges, at local and global levels, for which we are not well prepared, and may take great efforts to somehow jointly learn to overcome, particularly at these deglobalization times, and where we observe an increasing concentration of wealth and well-being and particularly a lack of care concerning social and enviromental issues. So on this paper we focus on the fact that some proposals that have being going alone globally speaking for some time like the UNSDG or the regional EU Green Deal and more particular the more recent Enviromental Social Governance ESG, that this paper is dealing, may hopefully represent an appropiate way to move ahead at this Tipping Point overcoming main challenges. The paper basically consists in three parts: Principles, Challenges and Opportunities.

Key words: Sustainability, ESG, Circular Economy, Climate Changes.

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ESG principles, challenges and opportunities

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RESUMO

Sem dúvida, nossa civilização está vivendo agora em tempos críticos e isso é algo que lembra os discursos da campanha histórica de John F. Keenedy no início dos anos 60, quando ele costumava dizer com muito otimismo que na língua chinesa, a palavra "crise" (weiji) é composto por dois caracteres, um representando perigo (wei) e o outro, oportunidade y(ji), embora na verdade a segunda parte (ji) signifique algo mais, o que estamos chamando agora de Tipping Point. Como pudemos acompanhar no noticiário diário de hoje, estamos passando por uma Convergência Catastrófica de processos de fortes impactos relacionados a delicados riscos sanitários, climáticos e geopolíticos. Tudo isto representa pesados desafios, a nível local e global, para os quais não estamos bem preparados, e que podem exigir grandes esforços para de alguma forma se aprender a ultrapassar em conjunto, sobretudo nestes tempos de desglobalização, e onde se observa uma crescente concentração de riqueza e bem-estar e, principalmente, a falta de cuidado com as questões sociais e ambientais. Portanto, neste artigo, focamos no fato de que algumas propostas que estão acontecendo sozinhas globalmente há algum tempo, como o UNSDG ou o Acordo Verde da UE regional e, mais particularmente, o mais recente ESG de Governança Social Ambiental, de que este documento está tratando, podem esperançosamente representar uma forma adequada de avançar neste Tipping Point superando os principais desafios. O trabalho consiste basicamente em três partes: Princípios, Desafios e Oportunidades.

Palavras-chave: Sustentabilidade, ESG, Economia Circular, Mudanças Climáticas.

INTRODUCTION

After two years of a pandemic scenario, there is a space for other relevant discussions. In the universe of corporations, concepts such as ESG synthesize ways to think about a more sustainable future, dominating the agenda of executives around the globe.

The recent war in Eastern Europe has sparked a movement to demonstrate ESG practice. Global brands – from the technology, oil and automobile sectors, among others – are positioning themselves against Russia's invasion of Ukraine, giving up businesses that would reach billions of dollars (CAUSE, 2022; Beltrão, 2022). This is more than a marketing strategy, it is a way for organizations to play the role of agents of social transformation, using their power of influence to promote the changes that the world demands.

Social responsibility grows at an accelerated pace, as there is no business possible in the face of climate change and so many social inequalities. Business leaders must take responsibility for promoting environmental, social and governance changes that will transform corporate culture, rebuild the future of the planet and conscious capitalism.

The following environmental, social and governance practices indicate whether a company is ESG (Jokura, 2021):

In the environmental field:
– Reduction and compensation of greenhouse gas emissions;
– Not related to illegal deforestation;
– Responsible consumption of water;
- Waste Management;
– Energy efficiency;
– Promotion and preservation of biodiversity.

In the social sphere:
– Promotion of inclusion and diversity policies;
– Respect for human rights;
– Compliance with labor laws;
– Collaboration for the development of the communities in which they are installed;
– Combating child and slavery-like labor;
– Privacy and data protection management.

Within the scope of governance:
– Combating tax evasion;
– Clear criteria on remuneration and career plans;
– Establishment of anti-corruption policies;
– Promotion of transparency and ethics;
– Independence and diversity in the choice of board members;
– Maintenance of reliable audits.

ESG criteria focus on quantitative results that help investors make better decisions about the risks and ethics of particular companies. ESG reporting also helps consumers decide which businesses to support, and which not to, by giving them an indication if a company's practices and actions align with their own values. ESG metrics have quantitative performance indicators aligned to particular ESG criteria (ANTEAGROUP). The question yet is to what extent on the reports there is enough transparency and behind have an ethical Approach in the process.

1 ESG its Principles and History

The story of ESG investing began in January 2004 when the UN Secretary General Kofi Annan, with a joint support from the UN Global Compact, the International Fibance Corporation and the Swiss Goverment, was inspired to invite a group of 50 CEO from maior financial institutions for a meeting to integrate the Principles of Enviromental Social Governance ESG into capital markets, These initative led to the classical report *Who Cares*

Win of Ivo Knoepfel, as well as the *Freshfiel Report* that jointly represented a Mindset Shift that ended up developing the Principles of Responsible Invesment PRI as well as the Sustainable Stock Exchange Initiative (SSEI), from which hopefully a new age for a more responsável Stock Exchange was started. (Kell, 2018)

All this somewhat remind us that even before that time in 1997 the Great Futurist Hazel Henderson (Brutoco, 2022), who died very recently, had already published his book "Building a Win-Win World: Life Beyond Global Economic Warfare" where she was already making a call to waken-up for a new era with more Socio-Economical principles that lead us to what is now known as a Green Economy.

Actually 40 years ago Henderson had already published another "The Politics of the Solar Alternative to Economics*"*, where she was calling our attention to the systemic socio-economical impacts due to regarding the Anthropocene effects due to *the devastation of our natural environment, the persistence of poverty along with progress even in the richest countries.* Inspired by all these growing negative externalities situation *s*he ended up writing a very importante, inspired and tipping point book *Ethical Markets: Growing The Green Economy* already in 2007, and decided to start her extraordinary organization Ethical Markets on this aera, as well as developing the Green Transition Scoreboard (GTS) that focuses on market-based, private finance, tracking significant growth in green bonds as new financial models emerge to transition away from the distortions, mis-pricing and mal-investments and the influences of incumbent 19^{th} and 20^{th} century fossilized sectors.

Moreover all the inspired leaderships already mentioned the one that representes more the spark that moved the Sustainablility Revolution was no doubt John Elkington (Loviscek, 2021) that in the earlier 90´s mencioned the term Triple Bottom Line TBL related to People Planet and Profit, that eventulay was extended to the 5 drivers of the SDG by including Peace and Partenship. In any case is importante to remmember that previous to that, in 1987 already the *UN Brundtland Report* released As Our Common Future, had already considered the 3 pillars of Sustainable development as Economic Growth, Enviormental Protection and Social Equality. He was actually considered at that time as "*a true green business guru*", and "*an evangelist for corporate social and environmental responsibility".*

In any case it was the great sucess of Elkington et al (1988) book "The Green Consumer Guide" that actually help mobilize consumers to put pressure on business about environmental issues and started a kind of Market Revolution that focused seven áreas: Markets, Revolution 1 will be driven by competition, largely through markets; Values, revolution 2 is driven by the worldwide shift in human and societal values; Transparency, Revolution 3 is well under way, is being fuelled by growing international transparency and will accelerate; Life-cycle technology, Revolution 4 is driven by and – in turn – is driving the transparency revolution; Partners, Revolution 5 will dramatically accelerate the rate at which new forms of partnership spring up between companies, and between companies and other organizations – including some leading campaigning groups; Time, Revolution 6 and start by thinking that time is short and is Money, but driven by the sustainability agenda will promote a profound shift in the way that we understand and manage time; Corporate governance, Revolution 7 is driven by each of the other revolutions and is also resulting in particular in the energetic corporate governance debate.

Moreover, very recently Elkington (2020) published his great paradigm-shifting innovation breakthroughs publishing his new book "Green Swans: The Coming Boom in Regenerative Capitalism" that comes to guide us into a New Exponential Renaissance towards a Regenerative Future. Moreover more recently he was a Founder & Chief Pollinator of the Volans the Bussines of Bussines change group that includes a Green Swans Observatory, that gathers and communicates market intelligence on the rapidly evolving Regenerative Economy and helps business leaders open their minds to new possibilities, relationships and business models, and start investing in regeneration overcoming Anthropocene effects.

Responsible investing is widely understood as the integration of environmental, social and governance (ESG) factors into investment processes and decision-making. ESG factors cover a wide spectrum of issues that traditionally are not part of financial analysis, yet may have financial relevance. This might include how corporations respond to climate change, how good they are with water management, how effective their health and safety policies are in the protection against accidents, how they manage their supply chains, how they treat their workers and whether they have a corporate culture that builds trust and fosters innovation.

As mentioned before the term ESG was first coined in 2005 in a landmark study entitled "Who Cares Wins." Today, ESG investing is estimated at over $20 trillion in AUM or around a quarter of all professionally managed assets around the world, and its rapid growth builds on the Socially Responsible Investment (SRI) movement that has been around much longer. But unlike SRI, which is based on ethical and moral criteria and uses mostly negative screens, such as not investing in alcohol, tobacco or firearms, ESG investing is based on the assumption that ESG factors have financial relevance. So already in 2018, thousands of professionals from around the world hold the job title "ESG Analyst"; and ESG investing is the subject of news articles in the financial pages of the world's leading newspapers. Many investors recognize that ESG information about corporations is vital to understand corporate purpose, strategy and management quality of companies. It is now, quite literally, big business. But what explains the remarkable rise of ESG investing and what does this mean for the future? (Kell, 2018)

Today, the UN-backed PRI is a thriving global initiative with over 1,600 members representing over $70 trillion assets under management. PRI's role is to advance the integration of ESG into analysis and decision-making through thought leadership and the creation of tools, guidance and engagement. The SSEI, supported by the Geneva-based UNCTAD, has grown over the years with many exchanges now mandating ESG disclosure for listed companies or providing guidance on how to report on ESG issues. However, despite its rapid growth into the mainstream, the rise of ESG investing has been neither smooth nor linear.

In June 2022, the Tang Foundation announced the winner of the 2022 Tang Prize in Sustainable Development, Professor Jeffrey D. Sachs. The Tang Prize is an international academic award set up to create a better world for all of humanity. He is awarded for *"leading transdisciplinary sustainability science and creating the multilateral movement for its applications from village to nation and to the world",* according to the selection committee's citation. Professor Sachs, one of the world's leading experts on economic development, global macroeconomics, and the fight against poverty, has advised many heads of states and governments on complex economic challenges. (SDSN, 2022).

Sachs contributies to the field and practice of sustainable development as humankind is confronted with many tough challenges, including environmental pollution; extreme weather events; the energy crisis; shocks to our physical, social, and economic wellbeing caused by the COVID-19 pandemic; and food shortages and raging inflation exacerbated by regional confrontations. As an eminent economist of international distinction, Prof. Sachs, that may be considered now as a new kind of hero of Sustainabiity has conducted ground-breaking research in many areas, such as debt crises, hyperinflations, transition from central planning to market economies, and eradication of extreme poverty. Moreover, when addressing complex issues related to global sustainable development, he has combined the fields of global economics, public health, equity, and sustainability to pioneer a multidisciplinary approach to solving these problems, transforming sustainable development into an integrated systemic field of study and practice.

– Clear criteria on remuneration and career plans;
– Establishment of anti-corruption policies;
– Promotion of transparency and ethics;
– Independence and diversity in the choice of board members; and,
– Maintenance of reliable audits.

ESG criteria focus on quantitative results that help investors make better decisions about the risks and ethics of particular companies. ESG reporting also helps consumers decide which businesses to support, and which not to, by giving them an indication if a company's practices and actions align with their own values. ESG metrics have quantitative performance indicators aligned to particular ESG criteria (ANTEA Group). The question yet is to what extent on the reports there is enough transparency and behind have an ethical Approach in the process.

2 ESG Challenges

Considering necessities in helping businesses, financial firms and governments to navigate the ever-changing global landscape, nowdays are emerging companies that can offer in particular data to governments and companies around de world to think of future strategies to improve ESG rankings.

However, access to data is not facilitated, being available to governments and companies for a large sum of money, favoring a small elite, and still counting on the uncertainty of the available data being comprehensive enough, due to the lack of access to the methodology used by these companies.

According to information released by Environment Leader, a survey conducted by ISN in early 2021 found that while 60% of companies had invested in environmental management systems, only 7% actively monitored their impacts.

EIU Economic Intelligence Unit is the research and analysis division of The Economist Group, the sister company to The Economist newspaper. Was started in 1946, the company has 75 years' experience in helping businesses, financial firms and governments to navigate the ever-changing global landscape. True to their forecasting mission, they examine forward-looking scenarios for events that could reshape the global geopolitical, economic and business landscape.

EIU works with clients to help them navigate the increasingly complex global environment, to analyse political and economic developments, forecast economic trends, and understand country specific regulations and business practices. (EIU, 2022)

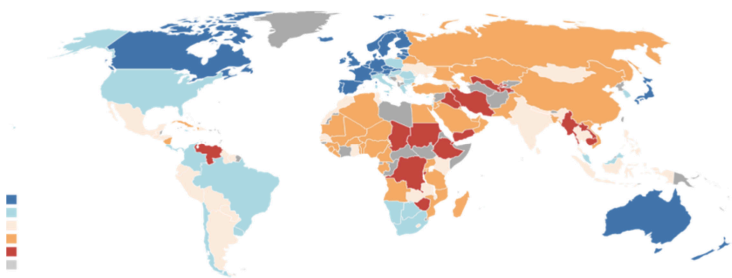
Expert analysis at the intersection of economics and politics. The integrated approach to macroeconomic analysis ensures that we can evaluate how changes may impact strategic plans, business operations or investment decisions. This expertise provides country specific short, medium and long-term forecasts covering economic growth, trade, politics, commodities and exchange rates, as well as proprietary ratings on the business environment and regulatory analysis in the key markets for doing business.

Actionable intelligence to win in the world's markets. EIU helps corporates, the financial sector, governments and academic institutions to understand how the world is changing and how that creates opportunities to be seized and risks to be managed. EIU´s clients use their solutions to:

- Developments – providing a holistic view to enable comparisons of performance and market conditions.
- Forecast future macro events – helping you understand how these might impact asset valuations and investment attractiveness.
- Measure risk – anticipating potential challenges to economies, and their impact on supply chains, overseas operations, commodity prices and markets.
- Identify market entry strategies and explore business opportunities – enabling you to make informed business decisions.

More recently in April 6 2022 EIU launched its ESG Rating Service that essentialy asses how Goverments, Society and Bussines impact a Country´s Sustainablity. The EIU's new solution goes beyond the headlines to measure the true impact that governments, businesses and society have on sustainability. Drawing on a comprehensive model with 90 indicators across nine different categories, from environmental stewardship to civil rights and corporate governance, ESG Rating Service provides a transparent and comparable assessment of ESG factors across 150 countries offering underlying ESG scores for 90 indicators and a Quarterly analysis of key ESG trends and developments shaping the sustainability agenda; and on their site regarding Measuring Environmental, Social and Governance risks they consider country risks from the environmental, social and governance (ESG) environment rating based on qualitative indicators and extensive official data; in particular they show maps for each one of the 3 Categories: Enviroment (E), Social(S) and Goverance (G) besides an Overall one(O) that in particular is presented in the next Figure 1.

Figure 1 - ESG Overall Assesment(O)
The rankings risks going from very low (deep blue) to low (blue), moderate (yellow), high (orange) and very high(red); being the last one with no data (gray)

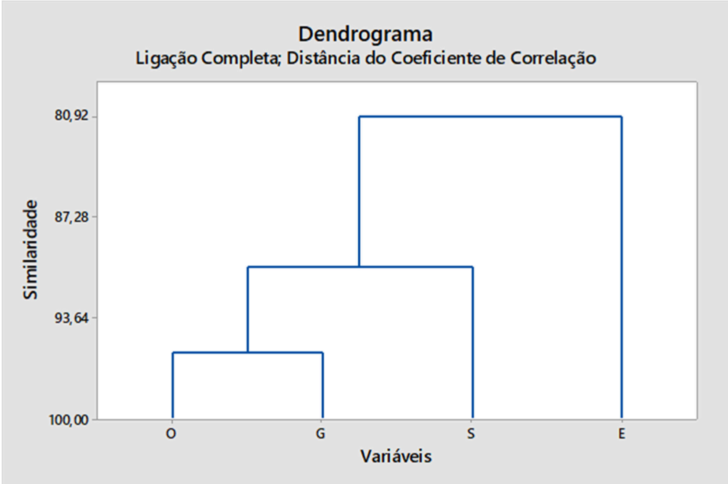


Source: EIU, march 2022

Regarding the basic Categories and simply considering Very low as 1, Low as 2, Moderate as 3,High as 4 and Very High as 5 as shown in Figure 2 that these Overall Assesment (O) is mostly related to the Governance one (G) as shown in Figure 2

Figure 2 - Relationships among the Scores

The level of Similarity clearly shows that the Overall Assesment(O) ranking is more Similar to the Goverance One (G)



Moreover one may also try to find out, by means of a Linear Regression, to find out the final kind of weights that may have each one of the componentes regading the overall score (O) that clearly shows that Goverance (G) weights as much as the other two (E, S) together, something that somehow makes some sense :

$O = -0{,}131 + 0{,}1979\,E + 0{,}3028\,S + 0{,}5196\,G$

(R^2 = 88%, and all the $p < 0.000$)

Based on this kind of more qualitative kind of information we tried to found out, to what extent oe may found some similarity among the countries based on a Cluster Analyses considering the Overall Assesment. These lead us to the following Figure 3 that clearly show 3 Clusters of Countries by Similarity (G1 The Green, G2 The Red and G3 The Green); and the list of the counries by group is shown on Table 1.

Figure 3 - Clustering of Countries

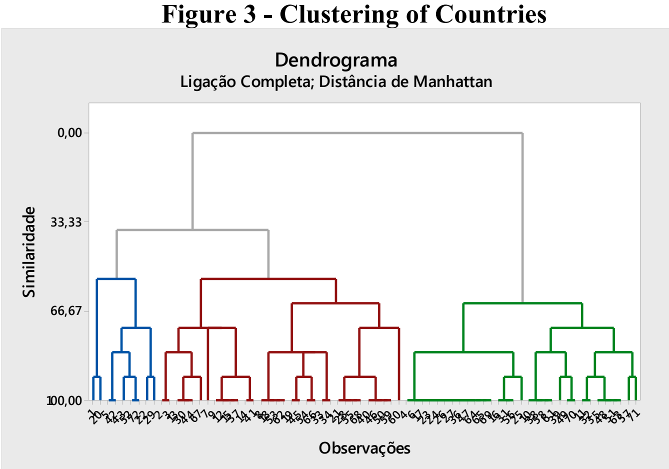


Table 1 - List of Countries by Group (Regions are AMER representing countries from the American Continent, AVECO representing Advanced Economies countries, and OTHER othe rcountries being considered)

G1	Country	Region	G2	Country	Region	G2	Country	Region	G3	Country	Region	G3	Country	Region
1	Algeria	OTHER	2	Guinea	OTHER	2	Ukraine	OTHER	3	China	OTHER	3	Ethiopia	OTHER
1	Honduras	AMER	2	Bulgaria	OTHER	2	Finland	AVECO	3	Romania	OTHER	3	Switzerland	AVECO
1	Pakistan	OTHER	2	South Africa	AVECO	2	France	AVECO	3	Denmark	AVECO	3	Estonia	OTHER
1	Turkey	OTHER	2	US	AMER	2	Poland	OTHER	3	Iceland	OTHER	3	Mali	OTHER
1	India	AVECO	2	Canada	AMER	2	Slovakia	OTHER	3	Egypt	OTHER	3	Australia	AVECO
1	Hungary	OTHER	2	Iran	OTHER	2	Sweden	AVECO	3	Mauritius	OTHER	3	Ecuador	AMER
1	Japan	AVECO	2	Portugal	AMER	2	Russia	OTHER	3	Vietnam	OTHER	3	El Salvador	AMER
1	Bolivia	AMER	2	UK	AVECO	2	Colombia	AMER	3	Argentina	AMER	3	Indonesia	OTHER
1	Spain	AVECO	2	Bangladesh	OTHER	2	Costa Rica	AMER	3	Botswana	OTHER	3	Mexico	AMER
			2	Mozambique	OTHER	2	Domin. Rep.	AMER	3	Brazil	AMER	3	Uruguay	AMER
			2	Nigeria	OTHER	2	Israel	AVECO	3	Chile	AMER	3	Austria	AVECO
			2	Saudi Arabia	OTHER	2	Malaysia	OTHER	3	Kenya	OTHER	3	Czech Rep.	OTHER
			2	Guatemala	AMER	2	Panama	AMER	3	Mongolia	OTHER	3	Netherlands	AVECO
			2	Italy	AVECO	2	Germany	AVECO	3	Peru	AMER	3	New Zealand	AVECO
			2	Nicaragua	AMER	2	Greece	AVECO	3	Thailand	AVECO	3	Norway	AVECO
			2	Paraguay	AMER	2	Ireland	OTHER	3	Belgium	AVECO			

Using ANOVA to compare these 3 Groups (G1, G2 and G) clearly show a great difference among them as shown in Figure 4 and Table 2.

Figure 4 - Comparing levels of the 3 Groups using ANOVA

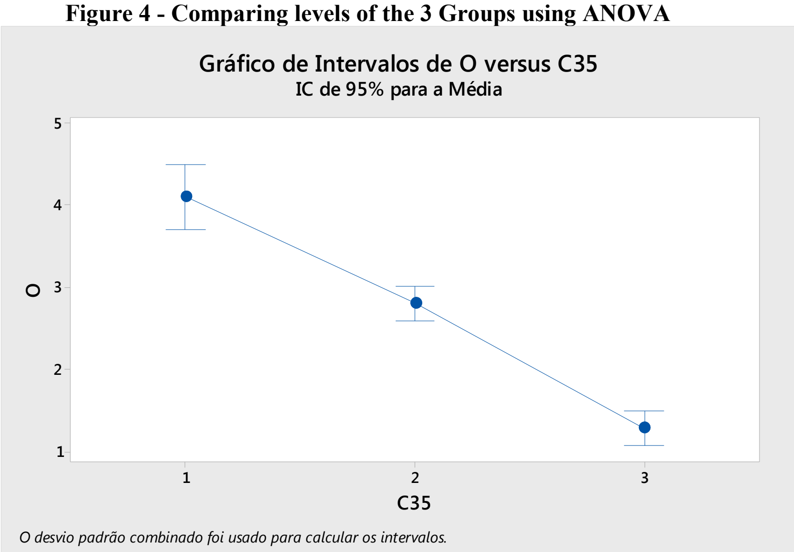


Table 2 - ANOVA Comparing the means of the O Ranking

Group	N	Means	St dev	CI (95%)
1	9	4,111	0,333	(3,718; 4,505)
2	**32**	**2,813**	**0,738**	**(2,604; 3,021)**
3	31	1,2903	0,4614	(1,0783; 1,5023)

(F=99.28, p<0,000)

Sustainability hence seems to be transforming financial markets at an unprecedented rate. However, this transition will fail without better data,transparency (ESGbook) and Ethical Principles. In the case of Brazil for example ESG is the main subject of the e-book "Inovação: O Motor do ESG", launched by Fundação Dom Cabral, which explores aspects such as the financial market and the role of companies in the environmental agenda and has a partnership and collaboration with the Cescon office Barrieu Lawyers; although it's still hard to say to what extent they may overcome Greenwashing kind of effects. As a matter of fact a very recent issue of The Economist mentions that ESG won´t save the planet since in most of the world ESG is deeply flawed (THE ECONOMIST, 2022a), and hence should be boiled down to one simple measure: Emissions. Environmental, social and governance investing is one of the hottest trends in finance. Companies are eager to tout their ESG credentials; investors who want to save the world buy ESG funds; asset managers charge higher fees for them.

Yet the measure is incoherent, lumping together a dizzying array of objectives and offering no guide to trade-offs (THE ECONOMIST, 2022b).

Increasingly, environmental, social and governance data are being demanded by investors. Investment funds and the capital market have paid more attention to the issue, which has become a fundamental point in decision-making, but it is not a simple matter. The definitions and main differences in the concept of the sustainability market, the sustainability market's view of sustainability, the role of sustainability companies in the environmental agenda, social innovation practices and governance as the basis of ESG, are the study of companies financial resources for the demand, the skilled workforce and a job that this segment demands. (FDC, 2022).

SDSN 2022 emphasized the urgency to reform the global financial system to restore SDG progress and channel funds to countries that need it the most including Least Developed Countries and countries particularly vulnerable to the climate crisis and other crises such as Small Islands Developing States (SIDS). In a context of multiple and simultaneous crises, speakers discussed the role of Official Development Assistance (ODA) but also the need to rethink credit rating systems, the role of Multilateral Development Banks and new instruments to mobilize private sector financing including SDG bonds. (Voil, 2022)

The ESG Book mentioned before combines cutting edge technology and proprietary research to fix a fundamental problem; markets need clearer ESG information to allocate finance efficiently to more sustainable outcomes. Solutions need to make sustainability data more widely available and comparable for all Market stakeholders. These may enable companies to be custodians of their own data, provide framework-neutral ESG information in real-time, and promote transparecy through our ditigal plataforma. (ESGbook)

According to Prof Carlos Arruda (2022) from FDC, the new requirements brought about by the environmental agenda are a new source of innovation for companies. “Open innovation” processes are collaborative processes, which stand out for the exchange of knowledge across organizational boundaries. However, recent studies draw attention to the fact that open innovation may help to reduce uncertainties, but it is also the source of a series of tensions and uncertainties. According to McGahan et al. (2021 apud Arruda, 2022), “*in more general terms, open innovation is commonly related to tensions between value creation and capture*”.

The term 'innovability' is used by Arruda (2022) to refer to innovation practices associated with the challenges and objectives of sustainability, focusing on ESG guidelines, especially on the environmental agenda. Also according to Arruda (2022), we enter the universe of innovation in the development of technologies, processes, services, products and businesses that are new or significantly improved, with regard to their characteristics or intended uses, or, also, the implementation of new or significantly improved methods or processes of production, generation and use of energy, distribution, or organizational, including practices that generate environmental impact, preservation and/or recovery of biodiversity and the environment, circular economy, which must generated considering their sustainability and recyclability in the process (Navarro and Flores, 2021).

According to Claudia Furini (2022), in 2020, when the new coronavirus pandemic paralyzed global economic activity, carbon dioxide emissions fell by about 7%, according to data from the Global Carbon Project (GCP). This fall, however, was momentary. When the lockdown and the most severe restrictions of the pandemic ended, greenhouse gas emissions returned to their normal scale. Climate change is still an abstract and distant existential threat for many, despite mounting evidence of the changes. The most recent IPCC report showed that scientists' predictions are coming true, including in Brazil. (IPCC, 2022)

Climate issues are intertwined with social and economic issues, and countries need to present stronger GHG emission reduction targets for 2030. Central Banks around the world have been discussing regulations to insert climate risk analysis alongside credit risk. In Brazil, the Central Bank, in September 2021, established new resolutions, considering the additional risks from a socio-environmental point of view, expanding the requirements for granting credit and instituting monitoring instruments, such as the Risk and Social Opportunities Report, Environmental and Climate Changes (GRSAC Report). The ESG lens establishes the prerequisites for generating long-term shared value with stakeholders, integrating the company into society. (Murasawa, 2022)

3 ESG Opportunities

3.1 Governance

CEOs are understanding that the planning and execution of agendas with environmental and social issues depend on a commitment by organizations to good corporate governance practices. A good example for these is the fact of a very well known Sustainability leader Fabio Barbosa was called very recently to become the CEO of Natura considered a reference in Brazil on ESG (Adachi, Viri, 2022; Adachi, 2021).

Thus, ESG is being incorporated systemically into the Vision, Mission and Values of companies, becoming one of the pillars of corporate strategy, as ESG positioning is becoming a minimum standard required by the world market; and hence basic for a good image and market value. As a matter of fact at least in Brazil companies with good ESG practices had fewer losses during the Covid pandemic and those that had been exercising good governance practices with a high degree of social responsibility showed , in general, greater resourcefulness to deal with the crisis. (Melo, 2022).

As was to be expected companies are evaluating the impacts of joining the ESG to outline the medium and long-term corporate strategy. Companies are evaluating the impacts of joining the ESG to outline the medium and long-term corporate strategy. The disclosure of information about ESG practices is increasingly required, as they reveal the positioning and practices of companies. Transparent communication, with clarity and well-defined frequency, allows analyzing corporations' engagement with sustainability and helps investors, partners and customers to escape greenwashing, disclosure of environmentally correct measures that are not being complied with.

A good example of the tracking consumer perception of ESG performance is Swayable (SWAYABLE, 2022), which daily collects surveys from thousands of people across the US to see what they think about how brands impact the environment and society. The questions are about ESG, purchase intent and brand favorability, and the results can be dynamically segmented to hone in on the most important audiences.

Moreover the present day Climate crises we are living and the COP26 makes every day more clear that climate change is demanding new corporate governance practices, and the Global Risks Report 2021 brought environmental issues to the top of the risks to be faced in the next ten years for the first time. As a matter of fact, Larry Fink's annual letter to the CEOs of the companies invested by Blackrock (2022) followed these kinds of ideas. Climate change, the expansion of social inequality and technological innovations, among other factors, have imposed changes in the life of organizations, an expanded view of the role of organizations and their impact on society and the environment.

Hence the environmental impact has now becoming an urgent decisive factor for the realization of new investments. According to Brammer (2021), new players in the financial market are rigorously evaluating the positioning of companies in relation to environmental impact, using information on the metrics of the ESG area as a basis. More over recent studies shows a continued momentum towards ESG. As with 2021, more than a quarter of global investors say ESG is central to their investment approach (26% vs. 28% in 2021). But a higher proportion alrready in 2022 show ESG stance as one of "acceptance" (34% vs. 32%) and "compliance" (29% vs. 24%) (Ground, 2022).

As ESG bonds expand across different countries and industries, their sustainable objectives are broadening beyond the environmental sphere. This growth has been supported by new taxonomies and frameworks to improve transparency and disclosures. However investing in ESG bonds can be a complex and arduous undertaking particularly due to a lack of robust data that is regarded as the biggest adoption barrier. But data difficulties manifest throughout the investment process. Difficulties with the quality and robustness of data and inconsistent scores are hampering the ability of investors to adopt, incorporate and implement ESG. Overcoming the lack of consistency in ESG scores, cited by half (50%) of investors, remains the biggest headache when incorporating ESG data, ratings and research into the investment decision-making process.

3.2 Circular Economy and Regenerative Agriculture

At the Social Economic Forum-2021 the four main pillars that will accelerate the circular economy were discussed, namely: financing, scalable innovations, inclusion and political alignment. These principles are directly linked to ESG and the circular economy, both fundamental for companies and countries to grow favoring the environment and society.

The circular economy has a basic principle of rethinking and redesigning the way it is produced, incorporating different levels of a business. In the circular economy, companies must transform products into services. Well-formulated projects can transform the supply chain at all levels, connecting with ESG objectives.

As a matter of fact the circular economy considers environmental impacts and seeks to create a restructuring capable of building long-term resilience with multiple benefits for society as a whole. This includes new economic and foreign investment opportunities, improving the company's image vis-à-vis consumers, suppliers and employees, and above all a positive impact on the environment and social issues. The European Union, as an example, rewards cities that invest in sustainable actions, generating a socially welcoming space, reducing environmental impact and growing economically. In 2020, the city of Lisbon, capital of Portugal, was the first city in southern Europe to be named European Green Capital. Lisbon received a title and distinction, and a prize of 350 thousand euros from the European Commission as a financial incentive to continue carrying out actions of this kind. (Brammer, 2021)

As a matter of fact in particular Cosmetics and fashion companies are increasingly aware that they need to be sustainable, be engaged against the slave labor that surrounds this branch and encourage social actions for the inclusion of ethnic and racial minorities. Companies in this field have seen their shares rise on the stock market, their brands being valued on social networks and the sale of products increase even in the midst of the economic crisis. Large companies around the world are fighting for sustainability and awareness that profits can be a consequence of caring for the environment and society.

Examples such as Lisbon and cosmetics and fashion companies are working towards ESG and circular economy goals. After all, in the new economic order, investment in a project that formulates ways to reuse material resources, more transparent policies and investment in social actions is essential. (CORESABE, 2021)

On the other hand also the advance of climate change is raising awareness of the importance of regenerative agriculture, aimed at maintaining healthy soils on a global scale, protecting and not depleting natural soil resources, eliminating the use of pesticides and pesticides and creating a sustainable environment for food cultivation. The ESG agenda is offering agribusiness a horizon of solutions and best practices, such as (CANAL AGRO):

- the establishment of the environmental issue as an asset: the main markets that receive Brazilian commodities demand this from the country; Europeans are an example, so strengthening ties with these buyers involves creating good environmental practices, which makes caring for the environment an asset rather than a problem;
- the application of transparent and inclusive governance: the gender issue exemplifies the transformation of the field; more women are taking on management positions and leading teams, demonstrating the individual competence of professionals and companies, which are beginning to create practices for absorbing women into decision-making spaces; and,
- the professionalization of agribusiness management: properties usually grow, but are still managed in a family way, which can be an obstacle to the development of the sector and the country itself; the ESG agenda can offer best practices from urban markets to the countryside, with cost management, organizational control, investment attraction, brand strengthening and attention to the relationship with the public.

3.3 Social Well-Being

Considering that ESG includes the Social Aspects is importante to mention that The Business Roundtable, an association that brings together the largest corporations in the United States, launched already in 2019 a manifesto signed by 181 CEOs of large American companies reaffirming these companies' commitment to stakeholders and social well-being. This corporate responsibility purpose, according to the document, should be more important than profit itself. (IDEIA Sustentável, 2019).

Moreover the 2021 edition of the “Best For The World” ranking (AMBIPAR, 2021), which recognizes companies around the world with good ESG practices, brought together 750 companies that offer, in addition to financial returns, positive impacts for society and the environment. . The ranking took into account five criteria:

community, customers, environment, governance and workers. Among the participating companies, thirty-nine companies are Brazilian, such as Natura and YouGreen.

Natura stood out for its sustainable initiatives in the Amazon, in which the company contributes to the conservation of two million hectares of the Amazon Forest, with sustainable initiatives for waste management, while YouGreen represents a cooperative of waste pickers that scored highly in practices for both employees and the environment, and for the democratic management in which all cooperative members own the business. These initiatives seek to inspire other companies to do the same and encourage collaboration among them, emphasizing social, ecological and governance efforts in the corporate world.

3.4 Stock Exchange and the Corporate Sustainability Index

Large Brazilian companies are looking to learn about B3's ISE (Rovani, 2021). The ISE (Corporate Sustainability Index) was created in 2015 and works as an indicator of corporate sustainability performance that aims to promote the adoption of ESG practices by companies. B3 is the official stock exchange of Brazil, headquartered in the city of São Paulo. In 2017, it was the fifth largest capital and financial market in the world, with assets of 13 billion dollars. In January 2022, released the result of the ranking that offers the stock exchange investor a better understanding of the evolution of the sustainability indicators of the companies that make up the ISE. The mining company Vale do Rio Doce, which has been the protagonist of environmental disasters in the last decade, and Petrobras, the target of environmentalist criticism, were not part of the list. The top of the ranking are EDP, Renner, Telefônica, CPFL, Natura, Klabin, Itaú, Ambipar, Suzano and Engie. (Ripardo, 2022).

The Corporate Sustainability Index (ISE B3) is the result of a theoretical portfolio of assets, prepared in accordance with criteria established in this methodology. B3's indices use procedures and rules contained in the B3 Indices Definitions and Procedures Manual; and aims to be the indicator of the average performance of the quotations of the assets of companies selected for their recognized commitment to corporate sustainability; an in this way supports investors in making investment decisions and inducing companies to adopt the best sustainability practices, since ESG (Environmental, Social and Corporate Governance) practices contribute to the perpetuity of the business. Moreover counts with an ESG Workplace Platform to help users strategize from an ESG perspective based on scores and data related to ISE B3. Access is via the website, upon registration, the information is visualized in tables and dashboards (comparative panels).

CONCLUSION

As mentioned at the begining the paper, the ESG proposals started a couple of decades ago when leaders like the UN Secretary General Kofi Annan made a call to involve most important financial institutions to assume more responsability regarding implementing Principles of Enviromental Social Governance ESG into capital markets. These seeds of a more consciousness global develpment started leading to a global mind shift when great leaders like Hazel Henderson start talking about Win-Win proposals to overcome Economic Warfare principles, and John Elkington start talking about the Triple Bottom Line. As a matter of fact these areas were already mentioned at the UN Bruntland Report of 1987 talking about "Our Common Future", that finally moved the UN to organize a process for a Global Involvement through the SDG Agenda; that now seem to start being assumed globally but more concretly in certain more advanced regions like was the case of the European Green Deal (SWITCH2GREEN, 2022) aiming to *"boost the efficient use of resources by moving to a clean, circular economy and stop climate change, revert biodiversity loss and cut pollution"*.

Moreover one may observe that most of the time what it seems to be calling attentions by the groups involved with private or public organizations regarding ESG is to be protecting or improving its own image, and mostly for marketing purposes regarding Enviroment (ESGWashing) the feels more exposed. Moreover no doubt that there is a great concern due to the fact that climate extreme events are becoming more extreme and more common latetelly, that lead the IPCC to publish the "Climate Change 2022: Mitigation of Climate Change".

In fact, perhaps because it is easier and clearer to assess something like the emissions of organizations than people's quality of life, the biggest concern is more in the environmental area than in the social area, which appears in evidence when the EIU ESG risks between the Social (S) and the Environmental (E) of 72 countries conditions are compared that shows being the mean of the Social 2.22 while the one corresponding to the Environment being 2.819 which is a statistically higher (ANOVA test difference $F= 9.35$, $p=0.003$).

So we are actually living at very critical and delicate times due to complex dynamics conditions from the local to the global level related to geopolitical, climate and sanitary problems; as well as the lack of better and more consciosous leaderships to lead the way. Moroever, time is also making a difference; so we would need to do our best to be better prepared and become more Resilient together as soon as possible regarding ESG, already considering the present and particularly the future generations and already thinking in an Integral Ecology based on the idea of an intergrated whole of which we are part, need and most to take care as recommended by Pope Francisco seven years ago, on his very famous "Laudato Si" (Papa Francisco, 2016).

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