The Overview of ESG Doctrine application in Business Management in Europe and Asia

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Abstract: The article's value is the overview of ESG doctrine application in business management in Europe and Asia. The main research question was about the readiness and commitment of chosen European and Asian companies to implement ESG. The article uses qualitative research methods: companies annual reports for 2022-2023, studying literature and legal acts, business cases of European and Asian companies, analysis and synthesis, the descriptive method, and deductive inference. In conclusion, European business owners and investors perceive the ESG Doctrine as a concern and a result of restrictive environmental politics from the European Commission side business-wise, and they are not eager to sacrifice their profits to ESG. In the case of Asian companies, ESG may turn out to be unfeasible. An important finding is that the United Nations with The Black Rock through open cooperation with the European Commission can influence the effects of implementing the ESG Doctrine worldwide.

Keywords: ESG Doctrine, PRI, The Black Rock, SDGs, CBAM, greenwashing

JEL Classification codes: Q01; O40; E02

INTRODUCTION

ESG (Environmental, Social and Governance) is a set of standards used by investors and companies to measure the impact on climate change and society. The word doctrine used in the title (Greek analogue: katēchēsis) refers to the meaning of the instruction and principles in a belief of ESG concept.

This word has the meaning also of the indoctrination. From the perspective of economic theory, the ESG Doctrine can be referred to John Elkington who 30 years coined the phrase "Tripple Bottom Line (TBL)" which put stress on the business that should focus as much on the social and environmental aspects as on the profit. Hence, there are three bottom lines: people, profit and planet (Elkington, 2018).

The article evaluated the impact of ESG doctrine on chosen companies in Europe and Asia. The findings cannot be generalized, but they show how ESG can be implemented in those countries and its effects. As ESG doctrine is linked to the Sustainable Development Goals (SDGs) of Agenda 2030 not only European and Asian countries had problems meeting these goals.

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1 LITERATURE REVIEW

Although the literature regarding ESG is vast there is rather limited research that can be found on the effects of ESG doctrine on international business management in Europe and Asia. There are some comparisons of ESG implementation in India and The European Union. The authors underlined that the EU was much more advanced in legislation and implementation of ESG than India (Gupta and Rangaswamy, 2021). The recent development of ESG non-financial reporting requirements made a discussion regarding the aim of that. Many companies tried to implement and adjust to ESG doctrine changing their model of business and reporting systems (Tylec, 2022). Many authors underlined the important concept of ESG which refers to the environment, society and governance (Domańska-Szaruga, 2011; Boffo and Patalano, 2020; Mgbame et al., 2021; Żychlewicz, 2015; Stecko, 2012; Abad-Segura et al., 2019) but there is minimal information about the real effects ESG doctrine has on European and Asian companies. One of the research regarding the Polish energy sector confronted ESG norms with the impact on the corporate financial performance (CFP) of the chosen energy companies. The authors did not confirm a direct effect of ESG (Baran et al, 2022).

From the literature, it is known that ESG was implemented in accounting practice that linked the business strategy with the environment to inform the stakeholders about the effects of the business on the environment and society (Esch et al., 2019; Thomson, 2015; Erkens et al., 2015; Casonato et al., 2019). Some authors analyzed the association between ESG and the performance of the business by applying different measures such as return on assets, the market value of equity, and market-to-book value. In many cases, for countries such as India, China, Norway and Germany the association result was positive (Giannopoulos et al, 2022). The obligation of ESG non-financial reporting made by Directive 2014/95/EU caused the change in financial reporting standards of Polish companies without a clear methodology, standards and rules.

It could be treated as a challenge or state-of-the-art of the new reporting ESG doctrine. In 2021 the European Commission improved the standards of ESG non-financial reporting to sustainable reporting by issuing the Corporate Sustainable Reporting Directive (CSRD) which linked ESG doctrine with SDGs of the UN (Agenda 2030) and Green Deal. That complicated not only the reporting aspects but also put a lot of pressure on the government of Poland to fulfil the EC's requirements regarding the "Fit for 55 packages". Interestingly enough, a voice claims that climate crisis does not exist. The Nobel Laureate in physics from 2022 Dr John Clauser claimed that during Quantum Korea 2023 Seoul on June 26, 2023. Even though he is recognized as a climate change sceptic he became a member of the board of directors for CO2 Coalition. More authors criticized global institutions and governments for not having efficient policies regarding the climate crisis (Somerville, 2020; Kamarck 2019) and problems for scientists with the accurate scenario for the real effects of climate change in future (Crist, 2007). Considering so far literature on ESG Doctrine there is a lack of interoperability aspects between Poland and India and indication of the areas where those two countries can learn from each other. There are also no studies regarding which part of ESG reporting and measures are the most crucial, particularly for Poland and India. It is worth noting that due to the country-specific India has its own SDG Index so the ESG Doctrine should also take it into account. As the topic is still very important and hot, new research will be published. In the literature, there are no ESG benchmarks yet as it is still too early to develop the standards of ESG for different companies and sectors as the obligation for ESG reporting for the big enterprises starts from 2024.

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2 METHODOLOGY

The methodology is based on empirical research of existing literature using the *Mendeley.com* tool and accessible data for the impact of the ESG Doctrine on international business management on the chosen businesses in Europe and Asia. Important ESG strategy factors were used to evaluate the impact on the leading ESG companies: the net-zero year, ESG reporting regime type, the main sectors impacted, and the key transition strategies of business for ESG. The main research question was about the direct impact of ESG doctrine on the readiness and the commitment of chosen European and Asian companies to implement it. The ESG Doctrine's impact on the business was done upon the analysis of the annual sustainability reports for 2022-2023 of those companies especially from the ESG implementation perspective. The authors also reviewed existing publicly accessible government and business documents relevant to the subject. There is not enough data as the subject is new, but the research is based on reports published by private businesses and governmental authorities. There are different estimations of the ESG Doctrine's impact on business management outcomes in Europe and Asia. The observations of business management change regarding the implementation of ESG are quite interesting for the conclusions and interpretations of the presented data. This is also valid for the identification of research gaps and possibilities for future research. The financial impact on business was not evaluated as the entire ESG reporting obligations for the business is still new and at the first stage, the large companies are obliged to provide such ESG reports.

3 RESULTS AND DISCUSSION

3.1 ESG Doctrine’s impact on European companies

The EU’s Corporate Sustainability Reporting Directive (CSRD) which was enforced in January 2023, requires almost 50,000 large companies and listed SMEs to report on and audit a broad range of ESG indicators (EC, 2023). The European Commission plans to reach net zero in 2050. Besides EU 27 countries obliged to follow the EC’s directives some countries like Norway, Switzerland, and the UK, were chosen as interesting examples from the perspective of the ESG implementation advancement and comparison to EU countries (Poland, The Czech Republic and Hungary). The main findings are presented in Table 1 below.

Table 1. Important ESG factors for businesses in Europe overview, 2022-2023

Country	Net-Zero emission year	ESG reporting	Main sectors impacted by ESG	Most advanced companies in ESG	Key transition strategies of business for ESG
Switzerland	2050	Mandatory	Finance & Banking, FMCG, Fashion	Nikin, Migros	Swiss Code of Best Practice for Corporate Governance (SCBC) The Swiss Climate Scores The Science Based Targets Initiative (SBTi)

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Norway	2050	Mandatory	Maritime, Energy	Hydro, Scatec	Norway's Green Shipping Program
UK	2050	Mandatory	Energy, Finance, Health care	Sonnedix, Cera Care, Vergin Mobile O2,	Sustainability Disclosure Requirements (SDRs) The Task Force on Climate-related Financial Disclosures (TCFD) recommendations UK Green Financial Strategy
Poland	2050	Mandatory	Mining, Petrochemical, Energy, Transport (railway)	PKP, KGHM, Orlen, BASF Polska	CSRD, European Sustainable Reporting Standards (ESRS)
Czech Republic	2050	Mandatory	Mining, Energy, Automotive, Finance & Banking	ČEZ Group, ČSOB, Komerční Banka, ŠKODA AUTO	CSRD, European Sustainable Reporting Standards (ESRS) National Action Plan for Corporate Social Responsibility
Hungary	2050	Mandatory	Energy, Finance & Banking, Telecom	MOL, Magyar Telecom (T-Mobile Group), OTP Bank,	CSRD, European Sustainable Reporting Standards (ESRS)

Source: based on the sources given in 3.1

Table 1 compares different countries in Europe regarding the application of ESG Doctrine in business management showing the main sectors affected and also the key transition strategies of business for ESG. The table shows the findings for the most advanced countries in ESG in Europe like Switzerland, Norway, and the UK and also countries from The CEE region to see the difference in approach and strategy of implementing ESG in the business.

Switzerland implemented 6 ESG measures: gas emissions, exposure to fossil fuels, global warming, verified commitment to net zero, credible climate dialogue, and management in favour of net zero. The number of companies that have committed to the Science-Based Target initiative (SBTi) has more than tripled in 2021, compared to 2020, outpacing the global increase. Switzerland is the number 4 worldwide in ESG performance (Wörner, 2022). The ESG strategy of the companies consists of 8 steps: conduct a comprehensive diagnostic, define ambitions and measurable targets, merge business and sustainability strategies, sketch out the whole transformation path, set up an effective governance system, gather and foster the right talent and skills, build useful partnerships, ensure transparent communication. In 2022 there were 84 companies with SBTi commitments or targets. Nikin, a Swiss fashion company offering clothing and accessories, manufactures its products from materials such as upcycled

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plastic waste or sustainably sourced linen and other fibres. Nikin has committed to planting a tree for each item sold. Migros will reduce greenhouse gas emissions by 80% by 2030 across its entire in-house operations and logistics (Swiss Climate Scores, 2022).

In Norway even though the advancement of ESG levels in business is high only several of the listed companies reported ESG activities every year for the past ten years. Hydro's ambition is to contribute to creating a fair society and circular economy by producing and sourcing responsibly, offering zero-carbon aluminum, circular solutions, and more renewable energy. Scatec is committed to operating in line with the Equator Principles and IFC's Environmental and Social Performance Standards to ensure consistent practices across all projects 100% of Scatec's revenue is derived from eligible activities that are aligned with the Taxonomy. Scatec developed a tool for estimating lifetime environmental and climate impacts in the planning of potential projects, based on procurement data for materials and components as well as habitat data (Scatec, 2022).

In The UK the public sector is more confident in the ESG Doctrine than the private business. Based on the Virgin Media report in 2023 it is common that the majority of the business leaders either have gaps in or lack entirely, access to clear and reliable information about the carbon footprint of the products and technologies their organizations use (Vergin Media, 2023). There are high-profile ESG companies like Sonnedix which focus on areas of education, environment and communities. Sonnedix planted 12,000 trees in 2022 and supported three organizations in Poland that directly helped Ukrainian refugees (Sonnedix, 2022). Another UK ESG leading company is Cera Care which operates also in Germany, delivering care, nursing, telehealth and prescription delivery services in the home supported by technology, a model that is around 10-fold more affordable than a patient receiving care in a hospital. Cera's digital-first home healthcare frees up much-needed hospital beds by supporting the NHS to discharge healthy patients sooner and enabling them to live independently in their own homes for longer. Virgin Mobile introduced a carbon calculator for their business solution, and it was also verified by the Carbon Trust in the UK. This solution helped the partners limit the carbon footprint of working with Virgin Mobile and its technology.

In Poland, there are no leaders in ESG compared to the Western companies in the UK, Switzerland, and Norway. According to CSRD Directive ESG refers to the biggest companies and by 2028 will include all companies. Poland's economy is mainly based on SMEs so the real impact can be evaluated after 2028. As of now, it can be seen only in the big companies. One of the state-owned railway companies PKP SA in their ESG strategy for 2024-28 wants to invest, innovate, and educate the transport market in management (Kolejowy Portal, 2023). Orlen started the biggest green energy project in Central Europe the Baltic Power, the first Poland offshore wind farm (Orlen, 2023). Polish companies like Orlen, PKP or KGHM which are involved in ESG Doctrine implementation build their strategy on several pillars like climate, environment, employees, communities, and governance and link them with SDGs of Agenda 2030. KGHM the copper producer and mining company, focuses on the green energy transformation process, and it formed in the organizational structure of the Council for Sustainable Development (Rada) (KGHM, 2022). BASF Polska used recycling tyres and processed them into pyrolysis oil. This was part of a larger chemical recycling project called ChemCycling™, created in 2018. Besides that, BASF Polska also introduced to the Polish market a biodegradable foil, used in field vegetable production. This foil is biodegradable.

In the Czech Republic in general ESG doctrine's implementation by businesses is in the very initial stage. ČSOB seems to be very active in the use of geothermal heat or recycling and limiting water consumption, but it is still the question regarding such an approach of other branches and if the water usage is well managed. Komerční Banka has set up detailed monitoring in the field of energy consumption and social responsibility. ŠKODA AUTO already uses 30% of its electricity from renewable sources, and by 2030 all energy used for the

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production of cars and components should be CO2-neutral. ČEZ Group has VISION 2030 – Clean Energy Tomorrow, which is in line with ESG principles (Spolecenskaodpovednost, 2023)

In Hungary among listed companies, only a few businesses and institutions provide adequate ESG data, and the scope and quality are very different. MOL launched a program to simplify the process of collecting used oil from households. As part of this program, used oil can be dropped off at designated MOL service stations. Collecting used cooking oil across the service station network represents a unique solution to a widespread problem. The cooking oil collected at the stations is converted into biomotor fuel. MOL has its sustainable support activities in Asia as well. It planted 2,400 olive trees in Karak, Pakistan as this country is the first largest importer of edible oil (MOL, 2022). OTP Bank adopted active ESG risk management practices in its banking activity. It introduced Green Finance & Responsible Lending by issuing "green bonds" and investing 16 bn HUF in household energy efficiency. The bank developed also a methodology to measure emissions of its supply chain (OTP Group, 2022). Magyar Telecom as part of T-Mobile Group follows the German approach to ESG so it gained the attention of socially responsible investors. In 2023, Magyar Telekom received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment (Magyar Telecom, 2022).

3.2 ESG Doctrine's impact on Asian companies

Asian companies due to cultural and regulatory factors are not as advanced in implementing ESG standards and reporting as European businesses. India declared to be Net-zero emission in 2070, China in 2060 while the EU wants it in 2050. The important factors are gathered in Table 2 below. Net-Zero emission year was taken from the PwC Net Zero Economy Index 2023 (PwC, 2023)

Table 2. Important ESG factors for businesses in Asia overview, 2022-2023

Country	Net-Zero emission year	ESG reporting	Main sectors impacted by ESG	Most advanced companies in ESG	Key transition strategies of business for ESG
China	2060	Not mandatory	Automotive, mining, energy	Vitasoy Xinyi Solar Holdings Ltd Beijing Enterprises Water Group (BEWG)	Governmental policy guidelines: Green Financial System
India	2070	Mandatory – 1000 big companies	Automotive, IT services, heavy industry, mining, energy	Mahindra&Mahindra Tata Motors Wipro Hindustan Unilever	Materiality assessment to identify ESG factors relevant to the business and investors, long-term value creation
Japan	2050	Mandatory	Automotive, energy, IT services, FMCG, Real estate	NTT KAO Corp. Eisai Co Ltd	Task Force on Climate-related Financial

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					Disclosures (TCFD) Green Transformation (GX)
Malaysia	2050	Mandatory	Energy	Tenaga Nasional Berhard	Phased approach
Singapore	2050	Mandatory	Energy, Real Estate	CapitaLand City Development Ltd. StarHub	Task Force on Climate-related Financial Disclosures (TCFD)
South Korea	2050	Not mandatory	Energy, IT, heavy industry	Samsung Hyundai Motor KB Financial Group Inc	Establishing preemptive strategies to brace for the growing calls to pursue ESG management practices

Source: Source: based on the sources specified in 3.2

In general, Asian companies struggle with gathering reliable data on environmental impact, social performance, and governance practices due to diverse data sources, limited historical data, and variations in data collection methods.

In China, the ESG framework is managed centrally, and all Chinese companies must follow the rules. The fact that China produces 30% of CO2 globally requires the government's introduction of ESG policies for businesses to follow. Chinese companies still have different priorities than European companies regarding climate change and board diversity. For Chinese companies in the MSCI World Index, women represented 15% of board directors, compared with the global level of 31%. The governance area regarding transparency and the share of independent board members requires significant improvement. In China, regulations require that at least one-third of the directors on boards of listed companies are independent. Only 1.6% of companies are governed by a board with an independent majority (more than 50% independence) (van Kemenade, et al, 2023). Those priorities are rather put for future actions. Product sales and work safety are still the most important aspects for many Chinese companies. The low quality of ESG reports the lack of standards and the possibility of data verification put Chinese ESG in question. China ranked 120th out of 150 countries in The Economist Intelligence Unit's 2023 ESG index (The Economist, 2023). There is a challenge for those Chinese companies that export goods to the EU because they will also need to begin reporting their emissions for the EU's Carbon Border Adjustment Mechanism (CBAM) which imposes a tariff on carbon-intensive products imported by EU companies. There are a few examples of Chinese companies which took ESG as the priority in business. Vitasoy International Holding invested in water-efficient equipment and technology that also uses green energy. It tracks waste mix in all production plants, with a target of zero manufacturing waste to landfill by 2025/26. Xinyi Solar Holding has successfully developed and mass-produced more efficient and cost-competitive solar glass products (thin glass, large-format glass) to support the realization of SDGs. This company was ranked 12th out of 100 top Sustainable Companies ranking by Corporate Knights Global 2023. BEWG company has set a series of ESG management targets regarding water conservation, energy conservation,

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emission reduction, quality, and safety. One of the projects managed by BEWG solved the problem of sludge treatment in Qinhuangdao. It improved the urban ecology and further promoted coordinated and sustainable economic and social development in Qinhuangdao. BEWG developed the integrated industry-education-research cooperation model and realizes the transformation from closed innovation of a single enterprise to collaborative innovation of the whole water industry chain. According to the Material ESG Issue Matrix, there are three top areas for BEWG to focus on anti-corruption (social), corporate governance (governance) and water management (environment) (BEWG, 2022).

In India, companies use alternative energy sources (solar power) to reduce the emission of CO2. This is the case of Tata Motors, Wipro and Tech Mahindra. Some other Indian companies like ITC used reforestation projects to compensate for CO2 emissions and Infosys used a special building design to lower the use of electricity per capita. Hindustan Unilever introduced the policy of zero-net waste initiative to reuse the waste and send zero waste to landfills. In the area of social aspects, Indian companies like Tata Group or ITC introduced education programs for adults in rural areas regarding agricultural support and rural development. In the governance dimension, the key role is played by the Securities and Exchange Board of India (SEBI) which introduced the Board diversity, transparency of business and the obligation of ESG reporting for 1000 listed companies in India. Companies like Wipro or Tata Motors appointed women to their management boards and disclosed comprehensive ESG-related information in their annual reports, providing stakeholders with a clear view of their sustainability initiatives. In India, companies treat ESG as an investor incentive tool, but if it is not standardized soon, it may impact the reasoning for ESG implementation (Agrawal, 2023).

In Japan, companies are advanced in identifying ESG material issues and linking them with the SDGs of Agenda 2030. In Japan, some companies in ESG Doctrine besides environmental, social and governance also indicate business one. In NTT company, the most important thing to business is offering social infrastructure and category-specific solutions based on advanced technologies and stable management.

In social areas securing and developing IT resources and promoting diversity and inclusion are of high importance. In the environmental dimension responding to climate change is of high priority for NTT and in the governance, part is to respond to disaster risks and ensure compliance. In KAO Corporation ESG is fulfilled by the Kirei Lifestyle Plan (KLP) which means enriching the customers' lives to make it beautiful inside and out. KAO has set up three main objectives in ESG: (1) become an essential company in a sustainable world, (2) transform to build a robust business through investment, and (3) maximize the power and potential of employees. In the matrix of materiality, KAO indicated that sustainable raw materials procurement, recycling system development and product innovation are most important for KAO and the stakeholders. Besides that, KAO believes that implementing the KLP strategy can make the world healthier and cleaner (KAO,2023). Eisai company has formulated ESG indicators, targets, and results. As the materiality index for 2023 Eisai company indicated a realization of social good in global health focusing on developing medicines and maximizing their value for customers to fight dementia and cancer as the top illnesses in Japan. Other priorities are to increase corporate and financial values through solutions and innovations reaching RoE 25% for the shareholders by 2030 (Eisai, 2023).

In Malaysia, the ESG ambition is supported by five pillars deploying renewable energy (RE) managing carbon emissions, water, and waste; driving the development of sustainable cities; and accelerating the green economy. Malaysia aims to deliver 31% of Renewable Energy in the national capacity mix by 2025, and 40% by 2035. According to the Institute of Corporate Directors Malaysia (ICDM), the Malaysian Corporate Governance Code is more aligned with sustainability than that of most Asian countries. Tenaga Nasional Berhad is a company which

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is a good example of ESG implementation in Malaysia. It has issued sustainability reports since 2017. The company results for 2022 were impressive (Krishnan, 2023).

In Singapore**,** CapitaLand company introduced the Sustainability Master Plan 2030 which was based on three pillars: build portfolio resilience and resource efficiency, enable thriving and future-adaptive communities and steward responsible business conduct and governance. CapitaLand has received numerous accolades in recognition of its sustainability leadership such as the Global 100 Most Sustainable Corporations in the World Index and Dow Jones Sustainability World Index for the 11th year and achieving a 5-star rating from GRESB for seven years. Another well-recognized company in the effort of ESG implementation is StarHub (Scott, 2023). Its approach to sustainability is in line with several international standards and frameworks, such as the Global Reporting Initiative, the Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosure, the Ten Principles of the United Nations Global Compact, and the United Nations Sustainable Development Goals (Birch, 2022).

In South Korea**,** Samsung's ESG strategies draw attention from foreign businesspeople. It has become more important for Samsung to establish preemptive strategies to brace for the growing calls to pursue ESG management practices. In March 2022, Hyundai Motor Group launched a new sustainability vision: 'The Right Move for the Right Future', outlining 15 focus areas, in three categories: 'planet', which covers environment and circular economy strategies; 'people', which includes safety, diversity and growth; and 'community', which addresses the company's impact on customers and suppliers (Samsung, 2023).

Table 3 below shows the ESG doctrine application influence on the business management for chosen European and Asian companies.

Table 3. The management impact of ESG Doctrine's implementation on business in Europe and Asia

Region and countries	Companies	Management impact evaluation
Europe: Switzerland, Norway, UK, Poland, Czech Republic, Hungary	Nikin, Migros, Hydro, Scatec, Sonnedix, Cear Care, Virgin Mobile, PKP, KGHM, Orlen, BASF Polska, ČEZ Group, ČSOB, Komerční Banka, ŠKODA AUTO, MOL, Magyar Telecom, OTP Bank	increase engagement with key suppliers to share strategy, improve data quality, and new roles and positions in organizational structure (Compliance Officer), ESG energy transformation projects, increased cost of ESG consulting, the increase of competition among the companies, lower profits related to higher ESG costs,
Asia: China, India, Japan, Malaysia, Singapore, South Korea	Vitasoy, Xinyi Solar Holdings Ltd, BEWG, Mahindra & Mahindra, Tata Motors, Wipro, Hindustan Unilever, NTT, KAO Corp., Eisai Co Ltd, Tenaga Nasional Berhad, CapitaLand, City Development Ltd., StarHub, Samsung, Hyundai Motor, KB Financial Group Inc	Lower corruption, increase usage of renewable energy sources by businesses for daily operations, increase the foreign investment in Asian businesses, promotion of Asian sustainable products in other countries

Source: author's research findings on the presented information in 3.1 and 3.2

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Asian and European businesses perceive ESG Doctrine as important but the meaning of that and the way they implement it differs. It relates to the culture and ethics understanding in Europe and Asia. There are some major challenges on the way to net zero, for example, the necessity to determine a precise baseline for emissions in the institutions' lending and other financed portfolios and to start an intensive dialogue with key customers. ESG makes it difficult for businesses in Europe to navigate multiple requirements — especially the divergence between different markets applying different models such as slow fashion, veggie food, and circular business models.

It can be also quite difficult for consumers both in Europe and Asia to get the information needed to form an opinion on the sustainability of a product and, there is a risk for the companies to be exposed to greenwashing. Although the ESG measures in Europe are more restrictive than in Asia it can be also a bigger challenge for companies in Europe to implement the required changes in organizational structure and investment decisions. Asian businesses are more flexible in the requirements of ESG requirements than European businesses, especially concerning EU countries such as Poland, Czech Republic, and Hungary, which are less developed than Western countries such as Norway, Switzerland, and the UK.

The main engines of Asia, namely China and India, build their net-zero strategy based on their approach related to the geoeconomic changes in the long-term international competitive perspective. China and India want to be on the safe side by declaring a net-zero year much later than Europe. It can be understood as the approach "the first does not mean the best." Businesses in Europe perceive the ESG Doctrine as an important incentive for investors and additional marketing for many types of rankings. Besides that, the general idea of business in Europe is to be the first because the first is the best. This is the risk for all businesses in Europe that focus so deeply on ESG Doctrine implementation and want to have satisfactory results in the short term. It also generates high consultancy costs. That may explain why in Norway, there are not so many highly profiled ESG companies among the stock-listed ones. This risk puts European companies in a challenging position regarding facing global competition with Asian companies, which are much more flexible in ESG regimes. Additionally, the current situation in the global economy is demanding due to the war in Ukraine and Israel.

Linking ESG's Doctrine with Sustainable Development Goals (SDGs) by the United Nations and the help of The Black Rock (one of the biggest in the world asset management company) obliged European and Asian companies to ESG reporting. Probably businesses cannot step out from this process, but Asian companies are more flexible with the ESG measures modification, and adjustments compared to European ones. In the UK 55% of companies treat ESG as critical to business and how it operates (Investec, 2023). There is also the second side of ESG.

There is a problem for many companies in Asia and Europe to excel in three pillars environment, social and governance at the same time. It is similar to the project management dilemma of how to optimize the three main constraints budget, time, and resources. In 2023 UK Prime Minister Rishi Sunak in his speech about a new approach to net zero said that the proposed net zero legislation was a governmental overreach that threatened the rights of the British people (GOV UK, 2023).

In Eastern European countries like Poland ESG Doctrine could be ineffective concerning the energy sector due to its structure, history, and strong ties with politics (Baran et al, 2022). There are no leading companies in Poland regarding the ESG Doctrine's implementation because there is a lack of clarity regarding which way it should be implemented so as not to affect the business negatively. Polish companies are not interested in sacrificing their profit for ESG as the costs for implementing and auditing ESG are very high up to 0.5 bn EUR annually (Olko, 2023).

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The situation in the Czech Republic regarding ESG is less advanced than in Poland. The Czech Republic does not yet have a comprehensive ESG policy. However, this does not mean that there is no interest in sustainable development practices. There are Czech companies that are already implementing their initiatives. It can be assumed that many Czech companies have not had time to respond to the increasing demands of the market and therefore are no longer at the level of leaders in the field of sustainability. The interesting fact is that Czech businesses (big and SME companies) perceive themselves positively regarding ESG development, but they differ significantly in the way how they measure direct and indirect emissions (Spoleczenskaodpovednost, 2023).

Hungary operates much better in ESG Doctrine implementation by businesses compared to the Czech Republic and Poland. The Hungarian government is trying to decarbonize transport through tax benefits and cash support for electric vehicles, and encouraging intermodal freight junctions for cities, so containers can be transported mostly by rail with road used for the last few kilometers.

CONCLUSION

Taking into consideration the above data and the material presented the main conclusion is that the ESG Doctrine's impact on Asian and European businesses is a kind of paradox because there is a dilemma between ESG and business performance. Making ESG mandatory through the link to Agenda 2030 and the Sustainable Development Goals (SDGs) left rather no choice for international business regarding the implementation of ESG concept into the business. The further questions that can be addressed for further research are: (1) is a company doing well because it implements and follows ESG Doctrine? (2) Is a company able to bear the cost of implementing ESG because is profitable?

Another important conclusion is that Asian countries like India, China, South Korea, Japan, Malaysia, and Singapore are the owners and shapers of ESG in their lands. At the same time, the EU countries must follow the European Commission CRSD directive and European Sustainable Reporting Standards (ESRS) which is also related to the high cost of implementation and audit. In the case of European rich countries like Switzerland, Norway and the UK ESG is treated as a tool for increasing their country's competitiveness on the global market and marketing for leveraging companies in the global ESG rankings. It widens the gap between those rich Western countries and the rest of the European and Asian businesses. The impact of the ESG Doctrine on the business shows how ready they are for the concept implementation. Some of companies may use ESG for their marketing and promotion to be better perceived by the customers and international business. It always helps with the international ranking of the most sustainable business, but another question is if the company is ready to implement ESG and how the business can benefit from this. Additionally, European companies operate in higher ESG regimes than Asian companies. High cost related to ESG implementation and audit creates natural discomfort for companies operating in CEE regions like Poland, The Czech Republic and Hungary. Besides, the regulations set by the European Securities and Markets Authority (ESMA, 2021) are unclear regarding ESG funds classification such as light green vs dark green ones. Those unclear regulations with their impact on the UK investment market were also criticised by the Top 20 European Law firm named Fieldfisher (Fieldfisher, 2021). Despite that, the prevailing ESG strategy of European businesses is "to be first as the first is best" which can be misleading and hurt the business. The ESG Doctrine has also a good outcome for Asian businesses because it helps to fight corruption which is one of the pains of businesses in Asia.

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