Why Contracts Need a Holistic Approach to Sustainability?[*]

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Contents

[*] I declare that, in addition to standard proofreading, I only use artificial intelligence (Grammarly and DeepL) as a language tool to support grammar, clarity, and spelling corrections.

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Abstract

The concept of sustainability—which has become central to today's legal and economic systems— is being transformed from a broad social, ecological and business-related concern into a binding legal principle that concerns and affects both public and private law. In other words, sustainability is also being transformed into a binding legal paradigm in the European Union (EU) and beyond, rather than merely a corporate aspiration. However, despite its established status and ongoing efforts, the process of integrating this relatively new concept into contract law systems remains superficial and fragmented. Sustainability obligations are still treated as a fragmented structure that cannot be clearly defined in contracts; they are mostly integrated into contracts as voluntary commitments and independent provisions, which are binding only on the contracting parties. This study argues that achieving sustainability in the literal sense is only possible through a comprehensive contractual approach that embeds and integrates environmental, social, and governance (ESG) elements into the entirety of the contractual relationship. The examination of regulations such as the EU Corporate Sustainability Due Diligence Directive (CSDDD)[1] and the Corporate Sustainability Reporting Directive (CSRD)[2] reveals that the sustainability obligations imposed on companies are inevitably transferred to private law relationships, particularly global supply chain contracts. A holistic approach could ensure that the sustainability obligations provisions may embody as binding provisions that are supported not only symbolically but also by measurable standards, audits, accountability mechanisms, and transparency.

Keywords: sustainability, EU Law, contractual relations, ESG, holistic approach

I. Introduction

The concept of sustainability[3] has become one of the central concerns in today's

[1] Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 [2024] OJ L2024/1760.

[2] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting [2022] OJ L322/15.

[3] There is no consensus in the doctrine on how to define the concept of sustainability. In reports and sources published by the UN, the concept of sustainability is defined in various ways and is described as "the least understood and applied concept from the global to the local scale." Ecehan Özmehmet, 'Dünyada ve Türkiye'de Sürdürülebilir Kalkınma Yaklaşımları (Approaches to Sustainable Development in the World and in Turkey)' (2008) 3 Yaşar Üniversitesi E-Dergisi 2; Therefore, if an environmentalist approach is adopted, the concept of sustainability can be defined as "the principle of not consuming existing resources while preventing the potential for future generations to benefit from these resources." Ahmet İçöz and Yavuz Kılınç, 'Çevre Maliyetleri Muhasebesi ve Raporlanması (Environmental Cost Accounting and Reporting*)'* (2016) 9 Uluslararası Sosyal Araştırmalar Dergisi 1521; The most common and comprehensive definition of sustainability can be described that it is "the ability of a society, ecosystem, or function-

legal and commercial environments. In this context, the question arises as to how contract law—a discipline traditionally focused on the private agreements and economic interests/profits of the parties—contributes or can contribute to sustainable development. Traditionally, contracts were seen merely as a tool to facilitate the performance and enforcement of the transactions entered by the contracting parties. However, it can be said that contracts are no longer just such a tool for enforcing private transactions. They can be seen as having far-reaching effects on the environment and society, and in this respect, can either be a crucial tool that can bring about positive change by preventing practices that are not considered sustainable or a crucial tool that can perpetuate such practices.[4] In other words, "contracts are not only neutral; they are powerful tools that shape sustainable or unsustainable practices."[5] It is clearly evident that the short-term economic interest goals prioritized by a narrow perspective are insufficient in addressing urgent issues such as the rapid depletion of resources, the intensity of climate change, and the increasing social inequalities.[6] Also, this global push for sustainability has been supported by a number of important international agreements. One of the most important of these is the United Nations (UN) 2030 Agenda for Sustainable Development[7] and its Sustainable Development Goals, which call for environmental protection, social equity, and economic resiliency to be in line with each other whenever possible in all areas of government and business. These frameworks are not legally binding on contracts and do not impose direct contractual obligations on private law persons, still they provide a framework that significantly effects the way legal powers defining and redefining private law obligations.[8] In such a situation, it leads to the conclusion that the concept of sustainability—which is also the main subject of the study—

ing system to continue functioning for an indefinite future without being adversely affected by the depletion or overconsumption of the essential resources it requires for its continued existence." Robert Gilman, 'Sustainability' (*Context Institute*) <https://www.context.org/about/definitions/> accessed 9 October 2025. The author's definition is "sustainability refers to the ability of a society, ecosystem, or any ongoing system to continue to function into the indefinite future without being forced into decline by depletion or overload of the essential resources on which the system depends.".

[4] Jie Ouyang, 'Reconfiguring Contract Law Through Sustainability' (*Transformative Private Law Blog*, 2024) <https://transformativeprivatelaw.com/reconfiguring-contract-law-through-sustainability/> accessed 9 October 2025.

[5] 'Contract Law → Term' (*Sustainability Directory,* 11 March 2025) <https://sustainability-directory.com/term/contract-law/> accessed 9 October 2025.

[6] Rana Cevahir, 'Anonim Şirket Yönetim Kurulu Üyelerinin Sürdürülebilirlik Raporlarından Doğan Hukuki Sorumluluğu (Legal Liability of the Members of the Board of Directors of Joint Stock Companies Arising from Sustainability Reports)', (Bilkent University 2025) 5 <https://repository.bilkent.edu.tr/server/api/core/bitstreams/0a0beac2-9c3e-4462-b112-520f9609fd94/content> accessed 9 October 2025.

[7] GA. Res. 70/1, 21 October 2015.

[8] Ekaterina Pannebakker, 'Sustainable Development Clauses in International Contracts through the Lens of the UNIDROIT Principles' (2024) 29 Uniform Law Review 355, 359-361.

requires a holistic approach in contract law. A holistic approach in the context of contract law can be defined for the purposes of this study as integrating environmental and social conditions collectively and in the long term, along with economic objectives into contracts. First, the concept of the holistic approach will be explained, followed by a demonstration of how the ESG dimensions are interconnected with sustainability. Subsequently, the approach will be examined in the context of legal regulations, with a particular focus on its reflection in European Union (EU) legislation. The EU treaty principles, regulations, and directives that have incorporated sustainability as a 'recognized' concept in contracts will also be analysed. Although the term 'holistic approach' may not be explicitly stated in the legislation, attention will be drawn to provisions that can effectively be interpreted with a sustainability-focused perspective. Subsequently, examples of court decisions and recent developments that tend toward a holistic sustainability approach will be provided. For instance, court rulings will be discussed in terms of how both environmental and social responsibilities are addressed in contract interpretation, and how certain laws mandate sustainability practices that companies must comply with in supply chains. In conclusion, it will be argued that adopting a holistic approach in contracts transforms them from mere documents serving the immediate interest of the parties as private law instruments into tools that contribute to achieving ecological and social goals for the benefit of future generations. This study examines how a holistic approach to sustainability can be understood in contract law and why such an approach is essential to contractual relations.

II. The concept of holistic approach

The relationship between nature and humans has long oscillated between two distinct perspectives: anthropocentrism, which views nature as a resource to be utilized for the benefit of humans, and ecocentrism, which holds that nature is valuable in its own right, regardless of whether it benefits humans.[9] Besides these approaches, a new approach also emerged: the holistic approach. As mentioned above, there is a change in ethical thinking, as a result of which the holistic approach is increasingly observed.[10] The need for a holistic approach, arising from the clear inadequacy of the traditional resource management based largely on sectoral foundations to meet future challenges, has begun to be recognized and gained momentum since the 1980s.[11] A holistic approach combines environmental integrity, economic efficiency, and social justice as complementary

[9] Tim Hayward, 'Anthropocentrism A Misunderstood Problem' (1997) 6 Environmental Values 49, 60; Jan G. Laitos, 'The Problem of Government Regulation: The Emerging Shift from Anthropocentric to Ecocentric Nonuse Laws', in *The Right of Nonuse*, (OUP 2012) 188.

[10] Orsolya Johanna Zsigmond-Sziebig, *ECOCIDE – An Evolving Legislative Concept in the Light of Care for Creation* (L'Harmattan 2025) 47.

[11] Fraoukje Maria Platjouw, *Environmental Law and the Ecosystem Approach: Maintaining Ecological Integrity Through Consistency in Law* (Routledge 2016) 19.

dimensions. In other words, the holistic approach addresses sustainability not merely as an environmental or economic issue; instead, it emphasises the mutual interaction between humans, law, and nature. While the anthropocentric approach centres on humans, and the ecocentric approach centres on nature, the holistic approach evaluates both perspectives harmoniously.[12]

1. A Holistic Approach to Sustainability

Adopting a holistic approach to the concept of sustainability actually requires that sustainability goals be addressed in an integrated and detailed manner as a whole. In other words, the ESG elements are not considered separately but rather as parts of a whole. This trinity is often referred to as "planet, people and profit" in EU and international frameworks. ESG can be referred as "a set of standards used to measure an organization's environmental and social impact".[13] Although it is still unclear which topics are included in the ESG concept today, it can be said that ESG is an "umbrella term".[14] Despite this uncertainty, the ESG concept—which is accepted to be at the centre of corporate governance and investment issues—encompasses matters such as corporate tax policy, human rights, climate change, and cybersecurity.[15] From the perspective of contracts, a holistic approach acknowledges that social welfare and the ecological system, that is nature, are connected to economic activities, and contractual agreements aim for "contributing to the long-term sustainability of these systems rather than undermining them."[16] However, contract law also often treats sustainability as a secondary (ancillary) element, or in other words, as an 'additional clause'. In fact, with this fragmented structure, each actor in the contract fulfils only their narrow obligation. Adopting such an approach acknowledges that ESG dimensions are directly related to each other; therefore, contracts, corporate governance, and state policies must reflect this interdependence together. In practical terms, this perspective involves not only viewing contracts as transactions aimed at financial gain but also—by thinking more broadly—integrating ESG elements into the entire process, from negotiating and drafting the contract to its execu-

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[12] Desta Mebratu, 'Sustainability and Sustainable Development: Historical and Conceptual Review' (1998) 18 Environmental Impact Assessment Review 498, 513-514.

[13] 'ESG Explained a Beginners Guide to Environmental, Social and Governance Criteria' (*Eco-Active,* 2024) <https://ecoactivetech.com/esg-explained-a-beginners-guide-to-environmental-social-and-governance-criteria/> accessed 12 October 2025.

[14] Josephine Sandler Nelson, 'The Future of Corporate Criminal Liability: Watching the ESG Space' (*University of Pittsburgh Legal Studies Research Paper*, 2022) 5, <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4057736> accessed 12 October 2025.

[15] Thomas M. Madden and Gerlinde Berger-Walliser, 'Making Sense of ESG with the SEC', (2023) 25 University of Pennsylvania Journal of Business Law 932; Cevahir (n 6) 12.

[16] "It demands a holistic approach that acknowledges the interconnectedness of economic activity with ecological and social systems, aiming to ensure that contractual agreements contribute to, rather than undermine, the long-term sustainability of these systems." Sustainability Directory under the section 'Meaning'.

tion and implementation.[17] In this way, it is possible to structure contracts so that they better align with sustainability goals at every stage. Formun ÜstüThe truth is, it can be interpreted as the ESG concept was created to emphasize a holistic perspective and to give equal importance to all elements. In short, a holistic understanding of sustainability can ensure the combined evaluation of environmental protection/reduction of negative environmental impacts, social justice, promotion of human rights, and economic development elements. In this way, it is also aimed to achieve long-term economic sustainability.[18]

2. The Adoption of a Holistic Sustainability Approach in Contractual Perspective

The adoption of a holistic approach to sustainability in contracts is not merely a preference but a path that addresses the concrete needs of current society and future generations, as well as the challenges that may arise. First of all, since environmental, social, and economic issues are concepts that feed into each other, treating these concepts separately may lead to undesirable outcomes. For example, a profit-driven supply agreement focused solely on speed or cost criteria will very likely overlook pollution generated during production or the poor conditions workers may be exposed to. However, a contract integrating a holistic approach will include guarantees both for the environment and the welfare of the workers. From the perspective of both parties, indeed, directing contracts toward "long-term ecological and social well-being" will help ensure the stable progress of economic activities.[19] In other words, planning will be done in a way that does not jeopardize companies' profit assurance while also ensuring the fulfilment of ESG factors. Secondly, another noteworthy point is that businesses are legally required to increasingly consider their environmental and social impacts. Especially in the EU, provisions are being adopted that require large-scale companies to identify environmental risks and human rights violations in

[17] Sustainability Directory under the section 'Meaning'; Türkiye Teknoloji Geliştirme Vakfı, 'Sorumlu Yatırımcılık / ESG Perspektifinden Sürdürülebilirlik ve Kuruluşlar İçin Genel Bir Çerçeve (Responsible Investing/ Sustainability from an ESG Perspective and a General Framework for Organizations)' (*TTGV,* 2022) 5 <https://ttgv.org.tr/media/2024/03/6255588633f00.pdf> accessed 12 October 2025.

[18] Aria Huys, 'Embracing Sustainability in Value Chains Through EU Legislation: The Labour Rights Perspective' (*Global Workplace Law & Policy,* 2024) <https://legalblogs.wolterskluwer.com/global-workplace-law-and-policy/embracing-sustainability-in-value-chains-through-eu-legislation-the-labour-rights-perspective/#:~:text=The%20term%20%E2%80%98sustainability%E2%80%99%20is%20used,making> accessed 13 October 2025.

[19] "The integration of sustainability into contract law is therefore not merely a matter of adding environmental clauses or social responsibility provisions; it requires a fundamental re-orientation of contractual principles and practices to align with long-term ecological and social well-being. This contextual shift demands a move from contracts as instruments of purely economic exchange to contracts as instruments of shared responsibility for a sustainable future." Sustainability Directory under the section 'Context'.

their supply chains and to address them.[20] Such regulations essentially require the adoption of a holistic approach in practice. To comply with these obligations, companies must include sustainability criteria in the contracts they make with both suppliers and business partners. Companies that do not include these criteria risk failing to comply with new regulations. Entering into contracts that align with sustainability criteria and goals cannot only enhance the company's reputation but also help prevent potential profit losses they may fear, potentially leading to profit increases; it will also help fulfil their ethical duties toward society and future generations. For example, in the EU, it has become a rule that during public tenders, not only price but also environmental and social criteria must be taken into account in the contract, a practice confirmed by a 2002 ruling of the European Court of Justice.[21] Lastly, integrating sustainability holistically—based on the understanding that "sustainability is a mandatory pre-requisite for long-term economic resilience"[22] —can create a "win-win" situation for all parties in the long run. Transitioning to renewable energy, regulating fair labour practices, and efficient resource use can lead to both innovation and cost savings. For example, a contract with a holistic approach can impose obligations on the supplier regarding energy efficiency, which over time will reduce costs for both the buyer and the supplier. In summary, the holistic approach recognizes that contracts do not operate in a vacuum; in other words, it allows them to see the reality beyond their current state.[23] Contract law is now seen as a powerful tool that can either sustain unsustainable practices or actively guide the transition to a more sustainable future.[24]

[20] "On 25 July 2024, the Directive on corporate sustainability due diligence (Directive 2024/1760) entered into force. The aim of this Directive is to foster sustainable and responsible corporate behavior in companies' operations and across their global value chains. The new rules will ensure that companies in scope identify and address adverse human rights and environmental impacts of their actions inside and outside Europe." Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 [2024] OJ L2024/1760.

[21] "The European Court of Justice (the ECJ) has today issued a landmark judgment (Concordia Bus Finland) that has important implications for the integration of environmental criteria in public procurement. The judgment clarifies the extent to which "secondary" criteria (i.e., criteria that are not purely economic, such as environmental or social) can be taken into account at the stage at which a public procurement contract is awarded." Wilmer Hale, 'European Court Says Environmental Criteria May Be Taken into Account in Awarding Public Contracts' (2002) <https://www.wilmerhale.com/-/media/55cfba43c1084b2d926ed6ba74ee0dd8.pdf> accessed 18 October 2025.

[22] Sustainability Directory under the section 'Economic'.

[23] Monika Zalewska, 'The New Dimension in Judicial Decisions for Acceleration of Water Resources and Biosphere Sustainability', (2025) 25 Ecohydrology & Hydrobiology 114.

[24] Ouyang (n 4) 3-4; Cristina Poncibò, 'A Contract Law for Future Generations', (2020) Journal of Legal Theory and Practice 36; Vibe Ulfbeck and Ole Hansen, 'Sustainability Clauses in an Unsustainable Contract Law?', (2022) 6 CEPRI Studies on Private Governance 11.

III. The EU law integration of holistic sustainability

One of the most obvious examples of the holistic approach to sustainability in contracts is seen in the EU's efforts in this area. It can be said that the EU treaties explicitly adopt a holistic vision of sustainability and that the directives and regulations they have issued in recent years ensure the reflection of sustainability in contracts. In this section of the study, it will also be shown how holistic sustainability is integrated into EU law. Since the founding treaties of the EU, it would not be wrong to say that one of the fundamental goals has been to integrate the concept of sustainability into practice. Art.3(3) and Art.3(6) of the Treaty on European Union (TEU)[25] states that the Union "shall work for the sustainable development of Europe", and that economic growth shall be balanced with a high level of environmental protection. At the same time, Art.9 and Art.11 of the Treaty on the Functioning of the European Union (TFEU)[26] establish an integrative principle, stating that "environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities." This expression makes it clear that both environmental and social factors need to be taken into account in EU regulations. Also, Art.191, has consolidated the areas concerning human health, environmental protection, and the sustainable management of natural resources, as well as the response to international cooperation, into a single policy framework.[27] Indeed, Art.37 of the Charter of Fundamental Rights of the European Union (CFRU)[28], which is supportive in nature, also lists sustainable development and environmental protection among the values that the EU must safeguard for the welfare of its individuals.[29] Studying these articles, we can say that the idea of integration mentioned in them, in other words, the concept of environmental integration in public law, can also be reflected in private law in terms of sustainability. It is understood that sustainability-related regulations are meant to be included in different areas

[25] "The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance." Consolidated Version of the Treaty on the European Union [2016] OJ C202/13.

[26] Consolidated Version of the Treaty on the Functioning of the European Union [2016] OJ C202/47.

[27] Art. 191. states that "Union policy on the environment shall contribute to pursuit of the following objectives: preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilization of natural resources, promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.".

[28] "A high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development." Charter of Fundamental Rights of the European Union [2016] OJ C202/389.

[29] Ouyang (n 4) para. 3.

of EU law, including some areas that may also affect contract law. In fact—these treaty provisions may be seen as part of the broader groundwork for sustainability concerns in private law relationships and rules—directing contracts to serve not only economic freedom but also environmental/social goals and to be in harmony with them. However, it should be emphasised that, unfortunately, in practice this situation is still not applied in the field of contract law and instead remains a 'wishful thinking'. Indeed, this situation has been likened to "principles left over from politicians' Sunday speeches."[30] Also, from a holistic approach, it would not be wrong to say that one of the most important developments in EU law is the adoption of the CSDDD. The directive was finalized and came into effect in 2024 as Directive (EU) 2024/1760, imposing obligations to identify and prevent both environmental damage and human rights violations throughout global value chains. With the enforcement of this directive, the EU has shifted from a voluntary corporate social responsibility perspective to a mandatory corporate accountability perspective. We can clearly understand this transition from the fact that companies are now required to "identify and address adverse impacts on human rights and the environment in their own operations and across their value chains."[31] This transition also has important legal implications for contracts, as public law due diligence obligations are often implemented through contractual clauses used in relationships with suppliers and subcontractors. Companies complying with this directive will be required to include sustainability provisions and audit obligations in the contracts they conclude with both their suppliers and subcontractors, and they will be obliged to undertake contractual commitments. In case of violation of these obligations, they will face administrative sanctions as well as legal liability towards the party experiencing harm.[32] It can be said that especially Art.5(1) and Art.10(2)(b)[33] establish a corporate responsibility understanding that directly aligns with a holistic approach. Art.5 requires companies to incorporate the duty of care regarding human rights and environmental matters into all their systems, thereby integrating sustainability goals at every stage. Art.10 further requires companies to include contractual clauses related to the duty of care in the agreements they enter into directly or indirectly with their business partners. In this way, the EU has shifted from a voluntary corporate social responsibility approach to a mandatory corporate accountability approach. At the same time, it has made it obligatory for

30 ibid.

31 Huys under the section titled 'Introduction' para. 1.

32 ibid.

33 Art. 5. states that "Member States shall ensure that companies conduct risk-based human rights and environmental due diligence as laid down in Articles 7 to 16 ('due diligence') by carrying out the following actions…"; Art. 10. (2)(b) states that "seek contractual assurances from a direct business partner that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by establishing corresponding contractual assurances from its partners, to the extent that their activities are part of the company's chain of activities; when such contractual assurances are obtained, paragraph 5 shall apply…" Directive (EU) 2024/1760.

companies within its scope to "identify and address adverse impacts on human rights and the environment in their own operations and across their value chains." It is clear, that this obligation has direct effects on contracts. If companies wish to comply, they will need to include sustainability provisions in their contracts with suppliers and subcontractors and specify their rights regarding audits. Companies will also be required to establish codes of conduct within their supply chains and enter into contractual commitments, and in case of violation of these obligations, they will face not only administrative sanctions but also legal liabilities. At the same time, the CSRD requires companies to provide comprehensive reporting on environmental, social, human rights, and governance issues. Art.19a(1) and 29a(1)[34], added by CSRD 2022/2464, mandate that businesses disclose both the impacts of their activities on the environment and people, as well as the effects of these sustainability factors on the business itself. In other words, companies are obliged to report not only their financial results but also their environmental and social impacts. Additionally, under the CSRD, companies must disclose plans and targets for aligning their strategies with the sustainable economic transition and the 1.5°C Paris Agreement goal. Also, the EU has various directives and regulations that integrate sustainability into private law obligations. This transition was initiated by the introduction of new rules between 2022 and 2024 to support consumers in the EU's green transition. Directive 2023/851 on Empowering Consumers for the Green Transition[35] has amended existing consumer protection laws to combat greenwashing[36] and to ensure that consumers receive accurate and verified information about the environmental impacts of products. According to this amendment, sellers must be transparent about the durability and reparability of a product, and false eco-la-

[34] "Article 19 (a) (1) and Article 29 (a) (1) of Directive 2013/34/EU require reporting not only on information to the extent necessary for an understanding of the undertaking's development, performance and position, but also on information necessary for an understanding of the impact of the undertaking's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. Those Articles therefore require undertakings to report both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking. That is referred to as the double materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied. It is therefore necessary to clarify that undertakings should consider each materiality perspective in its own right and should disclose information that is material from both perspectives as well as information that is material from only one perspective." Directive (EU) 2022/2464, recital 29.

[35] Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information [2024] OJ L2024/825.

[36] The term greenwashing can be defined as the act of organizations that try to appear environmentally friendly and present themselves as such, deceiving their consumers regarding their environmental practices or the environmental benefits of a product or service. *See detailed information about this term in.* Directive (EU) 2024/825.

bels or unverified carbon-neutral claims are considered misleading commercial practices and are prohibited. This prohibition clearly imposes a *de facto* obligation on companies to act honestly when providing environmental information, not only in contractual terms but also at the pre-contractual stage of consumer communication.[37] Meanwhile, the draft Green Claims Directive[38] aims to standardise how companies verify and communicate their environmental claims.[39] In this way, it seeks to ensure that contractual declarations regarding the environmental impact of products are comprehensively truthful. In addition to the specified points, the Right to Repair initiative[40], which could soon be considered a directive or regulation, can be briefly mentioned. This initiative recognizes consumers' rights and opportunities to have their products repaired and it aims to prevent a culture of waste. These measures actually aim to steer the market towards sustainable consumption, because they will guide companies to produce their products in a long-lasting manner within the framework of legal obligations, provide accurate environmental information, and avoid making harmful and misleading statements to the environment and society. The EU's stance in this area also shows that sustainability is used as a 'lever' in consumer contracts. It is clear that conscious consumers and fairly prepared contract terms will increase demand for sustainable products.[41] In the context of the sustainable products initiative, the EU has also worked in parallel on the new Ecodesign Regulation.[42] This regulation sets certain standards for products regarding energy efficiency, recyclability, and durability. In other words, both producers and sellers will be contractually required to arrange their obligations in accordance with these standards.[43] In such a case, it can be understood with a holistic approach that consumers will no longer have to choose between "unsustainable and sustainable" products, and that sustainable products will be created with a single market standard.[44] Ultimately, it will be mandatory that sales and supply contracts made through the supply chain meet sustainability criteria, and that environmental concerns will be included in contracts at every stage of production. Lastly, al-

[37] Ouyang (n 4) para. 2.

[38] 'Green Claims' (*European Commission*) <https://environment.ec.europa.eu/topics/circular-economy-topics/green-claims_en> accessed 13 October 2025.

[39] Ouyang (n 4) para. 2.

[40] 'Right to Repair: Making Repair Easier and More Appealing to Consumers' (*European Commission*, 23 April 2024) <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20590/right-to-repair-making-repair-easier-and-more-appealing-to-consumers> accessed 13 October 2025.

[41] Ouyang (n 4) para. 2.

[42] Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Regulation (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC [2024] OJ L2024/1781.

[43] Ouyang (n 4) para. 2.

[44] Ouyang (n 4) para. 2.

though public procurement, that is tenders, falls within the field of public law, it should not be overlooked that they also strongly affect private law contracts and emphasise a holistic approach. The EU Public Procurement Directives, especially Directive 2014/24/EU[45], state that public authorities can consider not only price but also environmental and social factors when awarding contracts through tenders. At the same time, it should be noted that Green Public Procurement[46] policies are also followed in the EU, and in such cases, sustainability criteria are included in public work or service contracts. For example, this could include requirements for renewable energy, fair working conditions, or the promotion of recycled materials. In this way, the obligations applicable to the contractor awarded the contract will also be reflected in private law contracts, because the main contractor is obliged to pass these criteria on to their subcontractors through the contract. In such a case, it can be said that public and private law are intertwined. In other words, developments in public law can create market demand for the performance of a sustainable contract, and in this case, the harmonisation of private law contract terms may be involved.[47] This also provides a good example of the idea that the private and public sectors should not be separate in terms of sustainability but rather should complement each other. In addition to these developments, some recent developments at the EU level demonstrate the increasing integration between private contracts and public regulation within the area of sustainability. On February 26th, 2025, the EU Commission shared the ESG Omnibus I package with the public.[48] The purpose of the package was to prepare to lift the burden of sustainability-related regulations on private enterprises while supporting the competitiveness of the EU, aiming at narrowing and simplifying the scope of existing obligations.[49] The legislation process of this package progressed really fast. The European Parliament and the Council approved a provisional text on December 9th, 2025[50] and approved the

[45] Directive (EU) 2014/24 of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC [2014] OJ L94/65.

[46] 'Green Public Procurement – Procuring goods, services and works with a reduced environmental impact throughout their life cycle' (*European Commission*) <https://green-forum.ec.europa.eu/green-business/green-public-procurement_en> accessed 13 October 2025.

[47] Huys under the section titled 'Decoding Value Chain Sustainability: The Terminology' para. 1; 'The EU Approach to the Sustainable Development Goals (SDGs) – implementation' (*European Commission*) <https://commission.europa.eu/strategy-and-policy/sustainable-development-goals/eu-approach-sdgs-implementation_en#:~:text=Commission%20commission,will%20bring%20tangible%20progress> accessed 13 October 2025.

[48] 'Omnibus Package – Commission launched simplification package in February as part of increased focus on EU competitiveness' (*European Commission,* 1 April 2025) <https://finance.ec.europa.eu/news/omnibus-package-2025-04-01_en> accessed 19 March 2026.

[49] ibid para. 2.

[50] 'Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness' (*Council of the European Union*, 9 December 2025) <https://www.consilium.europa.eu/en/press/press-releases/2025/12/09/council-and-parliament-strike-a-deal-to-simplify-sustainability-reporting-and-due-diligence-require-

final text on December 16th, 2025.[51] Subsequently, the Council adopted the directive on February 24th, 2026. Directive (EU) 2026/470 was published in the Official Journal of the EU on February 26th, 2026, and became legally binding on March 18th, 2026.[52] This directive contains various substantive amendments impacting the CSRD as it will now provide for much narrower definitions and therefore limitations to eligible companies. Effectively, the CSRD will now only apply to companies that have over 1,000 employees with more than €450 million Euro in annual net turnovers. This represents a significant deviation from the initial scope of the CSRD and will result in approximately 90% of companies previously expected to fall within the scope of the CSRD being exempt from the CSRD's compliance obligations. Companies classified as Publicly listed Small and Medium-sized Enterprises (SME) will be exempt. The CSDDD has a threshold of 5,000 employees and annual net sales of €1.5 billion with the EU; non-EU companies that generate net turnover exceeding €1.5 billion within the EU also fall under the CSDDD's parameters.[53] The EU Commission estimates that this simplification yields significant administrative cost saving as much as €6 billion annually for the involved companies and generate potential investment capacity of approximately €50 billion.[54] Beyond narrowing the scope, Directive 2026/470 also brings significant content changes. The obligation to implement climate transition plans has been removed from the CSDDD; the reporting obligation of companies that have already adopted such plans continue under the CSRD framework. In addition, the common legal liability regime to be applied across the EU in the event of violations has also been removed from the directive text; this area will continue to be regulated by each member state within the framework of its national law and judicial procedures. It is also clear that this information request directed at small businesses in supply chains has been limited. Furthermore, under the 'stop-the-clock' directive adopted as separate, some reporting obligations for second and third wave companies under the CSRD have been postponed by two years; the transposition of the CSDDD into national law and its initial implementation phase have been postponed by one year.[55] In terms of the implementation phase, member states are required to

ments-and-boost-eu-competitiveness/> accessed 28 March 2026.

[51] 'Simplified sustainability reporting and due diligence rules for businesses' (*European Parliament*, 16 December 2025) <https://www.europarl.europa.eu/news/en/press-room/20251211IPR32164/simplified-sustainability-reporting-and-due-diligence-rules-for-businesses> accessed 28 March 2026.

[52] Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directive 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements [2026] OJ L2026/470.

[53] ibid.

[54] European Commission, 'Omnibus package', para. 3.

[55] 'Simplification: Council gives final green light on the 'Stop-the-clock' mechanism to boost EU competitiveness and provide legal certainty to businesses' (*Council of the European Union,* 14

transpose the CSRD provisions into their national law by March 19th, 2027; the deadline for the transposition of the CSDDD into national law is set as July 26th, 2028, and the implementation start date is set as July 26th, 2029.

At first glance, it can be said that these changes show that the EU's sustainability approach considers the economic sustainability dimension alongside environmental and social goals, adopting a holistic approach. Thus, while ensuring that companies do not bear excessive cost burdens or face competitive disadvantages when fulfilling sustainability requirements, an effort also has been made to establish a balance between sustainable development and the needs of the business world. However, these regulations also brought criticism. It is emphasized that the new thresholds do not take sectoral differences into account and that many companies in sectors with high environmental impact will be exempt from reporting obligations. It has been stated that this situation could weaken sustainability clauses, reduce transparency, and limit the feasibility of sustainability related commitments in supply chains.[56] In this context, it is no longer easy to say that EU law is progressing in a clear direction towards sustainability, as the direction has evolved into a more complex structure based more on multiple stakeholders.

1. Comparative Reflections: The Integration of Holistic Sustainability

Laws have been enacted in some countries requiring companies to adopt a holistic approach in their contracts. First, in France, the Duty of Vigilance Law (*Devoir de Vigilance*)[57] of 2017 introduced regulations obliging large companies to prepare and implement monitoring plans both to prevent environmental damage and to prevent human rights violations within their own operations and

April 2025) <https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/simplification-council-gives-final-green-light-on-the-stop-the-clock-mechanism-to-boost-eu-competitiveness-and-provide-legal-certainty-to-businesses/> accessed 28 March 2026; Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements [2025] OJ L2025/794.

[56] Josef Baumüller, 'EU Omnibus Package on Sustainability – Something We Don't Want to Ride (Yet)? "Omnibus I", CSRD (New) and the Revised Future of Sustainability Reporting in the EU: Evidence from Austria' (2025) 12-14 <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5195189> accessed 21 March 2026; 'NGOs challenge European Commission's undemocratic Omnibus process' (*ClientEarth,* 2025) <https://www.clientearth.org/latest/press-office/press-releases/ngos-challenge-european-commission-s-undemocratic-omnibus-process/> accessed 23 March 2026; 'Lawyers condemn the Omnibus proposal – a threat to the environment and EU competitiveness' (*ClientEarth,* 2025) <https://www.clientearth.org/latest/press-office/press-releases/lawyers-condemn-the-omnibus-proposal/> accessed 23 March 2026.

[57] 'French Corporate Duty of Vigilance Law No.2017-399 of 27 March 2017 (English Translation)' (*RESPECT International,* 2016) <https://respect.international/french-corporate-duty-of-vigilance-law-english-translation/> accessed 15 October 2025.

supply chains.[58] Although this regulation does not appear to be directly related to contract law, it is understood that French companies are now required to integrate sustainability considerations into their contractual relationships.[59] Similarly, in Germany, the Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*-LkSG)[60] enacted in 2021 obliges companies to assess compliance with environmental standards in their supply chains and to conduct audits (due diligence) aimed at preventing human rights violations. Companies are required to assess risks that may arise from such situations and to take preventive measures.[61] Practically speaking, this situation includes the possibility of companies reviewing contracts and terminating them in cases of serious violations.[62] Companies subject to German law require their suppliers, through contracts, to respect human rights.[63] These commitments include the ethical rules set by the companies and also the right of the company to conduct audits. In the event of serious violations being detected if no other corrective measures remain, companies may terminate the contractual relationship. In other words, the LkSG clearly states that companies must take appropriate corrective or preventive measures in the event of environmental and human rights violations, and if these measures fail, contract termination is required as a last resort.[64] Beyond the European context, certain non-EU legal systems also reflect an explicitly holistic approach. For this reason, it is also necessary to mention China's private law reform. This private law reform can be said to present a clear example of a holistic approach. The Chinese Civil Code[65] (中华人民共和国民法典) came into effect in 2021 and contains a provision stating that private law persons and transactions should

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[58] Cleary Gottlieb, 'Supply Chain Due Diligence Obligations in Germany, France, and the EU: An Overview' under the section titled 'Obligations Under The Vigilance Law' para. 2 (*Clearly Gottlieb*, 5 March 2024) <https://www.clearygottlieb.com/news-and-insights/publication-listing/supply-chain-due-diligence-obligations-in-germany-france-and-the-eu-an-overview> accessed 15 October 2025.

[59] ibid paras. 2 and 8.

[60] 'Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz), BGBI. I 2021, 2959 (No.46)' (*German Federal Ministry of Labour and Social Affairs*) <https://www.bmas.de/SharedDocs/Downloads/DE/Publikationen/a753e-supply-chain-act.pdf> accessed 15 October 2025.

[61] 'The German Supply Chain Act: Overview and the Practical Challenges for Companies' under the section titled 'Obligations Along Supply Chain' (*Norton Rose Fulbright,* 2024) para. 1. <https://www.nortonrosefulbright.com/en/knowledge/publications/ff7c1d04/the-german-supply-chain-act> accessed 15 October 2025.

[62] Sebastian Rütz, 'Overview of the German Supply Chain Due Diligence Act' (*Taylor Wessing*, 22 May 2023) <https://www.taylorwessing.com/en/insights-and-events/insights/2021/07/overview-of-the-german-supply-chain-due-diligence-act> accessed 15 November 2025.

[63] Norton Rose Fulbright under the section titled 'Specific Due Diligence Obligations' para. 1.

[64] ibid para. 1.

[65] 'Civil Code of the People's Republic of China (adopted 28 May 2020, effective 1 January 2021, English Translation)' (*National People's Congress of the People's Republic of China*) <http://en.npc.gov.cn.cdurl.cn/pdf/civilcodeofthepeoplesrepublicofchina.pdf> accessed 15 October 2025.

contribute both to the conservation of resources and the protection of the environment. In the provision known as the 'Green Principle', found in Art.9 of the Code, it is regulated that "when conducting a civil activity, a person of the civil law shall act in a manner that facilitates conservation of resources and protection of the ecological environment." In other words, all civil activities must be carried out in a way that protects resources and preserves the ecological environment. Indeed, Chinese judges have begun to apply this principle and have started to reflect environmental concerns in private law disputes.[66] For example, courts invalidate contracts that pose a risk of environmental harm or contain content that violates environmental regulations.[67] In conclusion, it is possible to say that the aforementioned laws are actually parallel to the EU approach and that even before the EU's CSDDD and CSRD, similar regulations and obligations had been introduced at the national level.[68] It should be noted that there is a transition to a sustainability responsibility understanding that aligns with a holistic approach at the national level as well. In other words, contracts are no longer seen as entirely private in nature or separate and independent from public law. On the contrary, private law contracts are now increasingly being used to broadly implement public-interest objectives. The message given from a common perspective is clear: contracts must be in line with sustainability goals. If not, it is clear that their commercial and legal validity will be at risk. It is now seen that situations that could previously be considered political are directly within the scope of contract law, which is only possible by advancing with a holistic approach.

IV. Judicial reflections on the holistic approach

To understand why integrating a holistic approach is necessary, it may be helpful to examine judicial decisions in which sustainability concerns are reflected in contracts. The aim of this section is to examine a few important decisions and interpret rulings that demonstrate how the holistic approach has begun to find a place in legal practice. It will be seen through the selected decisions that the holistic approach is no longer merely a theoretical concept but has also become a practical tool in contractual obligations.Formun Altı It should be noted that the

[66] "As for the validity of contracts, Article 52 (4) of the contract law of China stipulates that a contract shall be null and void if it damages public interest, but it is not clear whether "public interest" here includes environmental public interest. Guided by the "Green Principle", the contract rules should clarify that violating the "Green Principle" and damaging environmental public interest shall void a contract." Tiantian Zhai and Yen-Chiang Chang, 'The Contribution of China's Civil Law to Sustainable Development: Progress and Prospects' (2019) 11 Sustainability 12.

[67] Mingzhe Zhu, 'The Ecologization of the Chinese Civil Code' (2020) 64 Pravovedenie 511.

[68] "With the German Supply Chain Due Diligence Act and the French Duty of Vigilance Law (Loi de vigilance, 'Vigilance Law') both countries have already implemented a respective regulatory framework that would be refined by a future European Corporate Sustainability Due Diligence Directive ("CS3D"), which would mandate all other Member States to implement similar laws." Cleary Gottlieb under the section titled 'Introduction'.

decisions discussed in this section have been selected not based on whether they are from national or international courts, but according to their contribution to the subject and their chronological relevance.

1. Millieudefensie et al. v. Royal Dutch Shell plc. (2021)

In this pioneering case, the Dutch court held Shell, a multinational company, directly responsible for its negative impact on climate change. Furthermore, Shell was also obliged to reduce global carbon emissions by 45% by 2030 relative to 2019 levels.[69] Another striking aspect of this decision was that the court included not only Shell's own operations but also the activities of its subsidiaries and supply chain within the scope of its carbon emission reduction obligations. It can be said that, as a first example of its kind, even though there was no contractual dispute[70], it has produced important implications to be considered in terms of contracts. The court explicitly included emissions resulting from the burning of fuel produced by Shell by its users within their responsibility, and it was effectively stated that the company's entire contractual relationships must be aligned with climate goals.[71] In light of this case, a holistic approach can be interpreted as follows: it is no longer possible for a company to view climate damage as a non-contractual matter and evade responsibility. In fact, this case shows that courts can now impose broad sustainability obligations on private law actors, and that general legal principles can be interpreted in line with global sustainability goals.[72] Moreover, it is very important that the court, in making its decision, also referred to international human rights such as the right to life and the protection of private life (European Court of Human Rights (ECtHR) Art.2 and 8) to strengthen the ruling. In this case, it can be seen that a holistic approach was manifested by the combination of human rights and corporate governance obligations with the aim of environmental protection. The interpretation of the decision is that, in economic activities, neither contractual relationships nor corporate strategies are considered separately from their environmental and social impacts.

2. Vedanta Resources plc v. Lungowe (2019)

In the Vedanta Resources Plc v Lungowe[73] case, a compensation claim was filed

[69] 'Milieudefensie et al. v. Royal Dutch Shell plc (District Court of The Hague, Case No. C/09/571932 / HA ZA 19-379)' (*Climate Case Chart*) <https://www.climatecasechart.com/non-us-case/milieudefensie-et-al-v-royal-dutch-shell-plc/> accessed 18 October 2025.

[70] This case was a climate lawsuit filed under tort law.

[71] Bengt Johannsen, Louis J. Kotzé and Chiara Macchi, 'An Empty Victory? Shell v. Milieudefensie et al 2024, the Legal Obligations of Carbon Majors, and the Prospects for Future Climate Litigation Action', (2025) 34(1) Review of European, Comparative & International Environmental Law 270.

[72] Ouyang (n 4) para. 7.

[73] 'Vedanta Resources plc and another v. Lungowe and others' (*Supreme Court of the UK*) <https://

on the grounds that toxic acids from the copper mines of Konkola Copper Mines Plc, a Zambian subsidiary of Vedanta, a UK-based parent company, polluted the local people's water sources in the Chingola region of Zambia, harming approximately 1,826 villagers. The High Court of the United Kingdom found KCM responsible for breaching its duty of care by causing harm rather than ensuring environmental standards.[74] In this case, it is evident that companies should now evaluate their environmental and social responsibilities holistically. The court has considered Vedanta's published sustainability report, environmental and health commitments, and factors such as the management contract it signed with Konkola Copper Mines as a whole.[75] For example, the contract clauses of Vedanta that include the obligation to provide employee training and environmental inspections to Konkola Copper Mines, as well as the environmental safety commitments they published, demonstrate that the parent company has assumed responsibility.[76] Such an approach also lays the groundwork for the legal significance of companies' ESG obligations. With this decision, it has been established that companies must consider environmental and social criteria within their internal policies and will be subject to legal liability if these are violated, thereby supporting a holistic understanding of sustainability.[77]

3. Gabčíkovo-Nagymaros Project (1997)

A holistic approach to sustainability necessitates the development of law in harmony with changing environmental and societal realities. We can say that this idea finds its judicial expression clearly in Gabčíkovo-Nagymaros Project case[78] decision. The International Court of Justice examined the project for the construction of a hydroelectric power plant on the Danube River; an agreement signed in 1977 between Hungary and Czechoslovakia. In 1989, Hungary unilaterally suspended the project and ceased its activities under public pressure over its environmental impacts. Czechoslovakia (later Slovakia) withdrew from the original agreement and implemented a new plan to route the project through its

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www.supremecourt.uk/cases/uksc-2017-0185> accessed 5 October 2025.

[74] Tara Van Ho, 'Vedanta Resources plc and Another v. Lungowe and Others' (2020) 114 American Journal of International Law 110.

[75] 'UK Supreme Court clarifies issues on parent company liability in Lungowe v Vedanta' (*Norton Rose Fulbright,* April 2019) <https://www.nortonrosefulbright.com/en/knowledge/publications/70fc8211/uk-supreme-court-clarifies-issues-on-parent-company-liability-in-lungowe-v-vedanta#:~:text=,shortcomings%20in%20KCM%E2%80%99s%20mining%20infrastructure> accessed 5 October 2025.

[76] ibid; 'Vedanta Resources plc v Lungowe [2019] UKSC 20' (*Siskinds LLP*, 2019) <https://www.siskinds.com/vedanta-resources-plc-v-lungowe/#:~:text=%2A%20Even%20where%20group,17> accessed 5 October 2025.

[77] 'ESG Litigation in Europe' (*Quinn Emanuel Urquhart & Sullivan, LLP*, 2021) para. 10. <https://www.quinnemanuel.com/the-firm/publications/esg-litigation-in-europe/> accessed 5 October 2025.

[78] Gabčíkovo-Nagymaros Project (Hungary/Slovakia), Judgment, I.C.J. Reports 1997, p. 7.

own territory. The ICJ ruled that the treaty remained in force and that Hungary had indeed breached its contractual obligation by halting construction. However, it should be noted that the Court, in this decision, considered economic development together with environmental and social values and concerns. Most importantly, the decision involved the use of the concept of 'sustainable development', stating that newly developing environmental standards should guide not only future contracts but also the continuation of activities initiated in the past. The ICJ interpreted the engineering contract not only technically but more broadly as a regulatory framework combining environmental, social, and legal meanings. This case serves as both an early and strong example demonstrating that the contractual obligations of the parties should not be limited solely to their economic interests but must be interpreted holistically within the perspective of evolving environmental, social, and legal responsibilities. This approach reveals that legal obligations cannot be interpreted independently of environmental and social dimensions, meaning that legal responsibility actually requires a holistic understanding.[79]

V. Conclusion

Consequently, it should be recognized that integrating a holistic approach to sustainability into contracts is both necessary and an emerging phenomenon. This approach arises from the fact that contracts, fundamental tools of economic activity, also have profound impacts on the environment and society. By adopting a holistic approach, the scope of specialized agreements will also be expanded, enabling them to consider not only the immediate interests of the parties involved in the transaction but also broader social and ecological objectives. The policies and legislation pursued by the EU regarding sustainability concretely demonstrate this change. With these developments, it will be seen that sustainability is no longer a secondary element in contract practices and will not progress optionally; on the contrary, it will take a central position and become an essential element. The adoption of a holistic approach in contract law will serve the interests of all parties in the long term. Following the doctrine, with the practical adoption of this understanding, contracts will become one of the most important tools for positive change. In fact, in a way, this change reflects the idea of accepting that even private law has a social function. However, of course, this thought does not mean relying on an abstract idea that every contract the parties enter into will solve global problems; rather, when considered collectively, if all contracts are concluded and performed by taking environmental and social impacts into account, it will create an obligation behaviour that guides and habituates sustainable conduct. As mentioned at the beginning of the study, in the face of problems such as climate change, the disruption of environmental balance, and increasing social injustice, the adoption of a holistic approach to sustainability will not only be an idealistic choice but also a neces-

[79] Zsigmond-Sziebig (n 10) 21, 24.

sary way to adapt to the requirements of the age. It should be understood in this context that a holistic approach actually represents a paradigmatic shift in understanding the function of law. In other words, it involves a transition from a purely economic and human-centred perspective to an integrated model in which the interdependence of social welfare and the environment, along with human activities, is acknowledged. Traditionally, contracts have been regarded merely as instruments serving the will and purposes of their parties; however, in today's world where individual outcomes affect global results, this view is insufficient. By integrating a holistic understanding, contractual obligations should not be accepted solely as standalone entities but rather evaluated as part of a collective chain, including their impacts on supply chains, communities, and ecosystems. The recent legislative initiatives and changes introduced by the EU clearly reveal this changing mindset. Regulations such as CSDDD and CSRD will serve as concrete examples demonstrating how the concept of sustainability has found its place within private law mechanisms. With these regulations, not only is there a transformation in corporate behaviour, but also a redefinition of the expectations from the parties to a contract, imposing an obligation on them to assess environmental and social risks when entering into agreements. As a result, the primary aim highlighted throughout this study, that sustainability ceases to be a 'voluntary ideal' and instead becomes a binding and functional principle considered in the processes of contract formation, performance, and interpretation, can be realised.