**Cambridge Judge Business School** 

## ESG & CORPORATE STRATEGY IN A CLIMATE-CONSTRAINED WORLD

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## **Developments in ESG Strategy and Reporting**

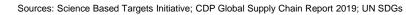
- Attention to thresholds
- Broader swath of value chain
- Orientation to world's needs



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



3 GOOD HEALTH CLEAN WATER AND SANITATION 2 ZERO HUNGER 4 QUALITY GENDER 5 6 " θ **CASCADING COMMITMENTS:** 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES SUSTAINABLE CITIES AND COMMUNITIES **Driving ambitious action through** supply chain engagement 17 PARTNERSHIPS 16 PEACE, JUSTICE AND STRONG 15 UFE ON LAND 14 LIFE BELOW WATER INSTITUTIONS





1 NO POVERTY

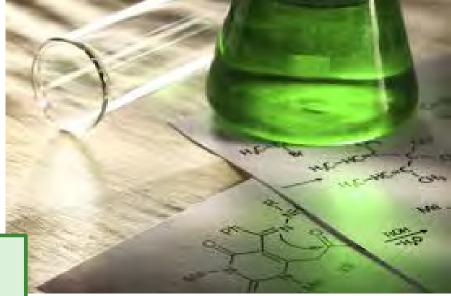
13 CLIMATE ACTION

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AFFORDABLE AND CLEAN ENERGY

## **Blind Spots in ESG Strategy and Reporting**

- "Single bad actor" focus
- Misplaced confidence in metrics and ratings



Correlation of ESG ratings from 5 prominent ratings organizations is 0.61. Correlation of credit ratings is 0.99. (Berg, Koelbel, Rigobon, 2019)



## From "Win-Win" to "Wicked Problems"



"Wicked problems" (Rittell & Weber, 1973)

Complex causality; nonlinearity

Difficult to forecast

No consensus regarding what constitutes acceptable solution

Implies need for input from many stakeholders, caution in applying fixes, and obligation to learn quickly from interventions



