

Cambridge Judge Business School

ESG & CORPORATE STRATEGY IN A CLIMATE- CONSTRAINED WORLD

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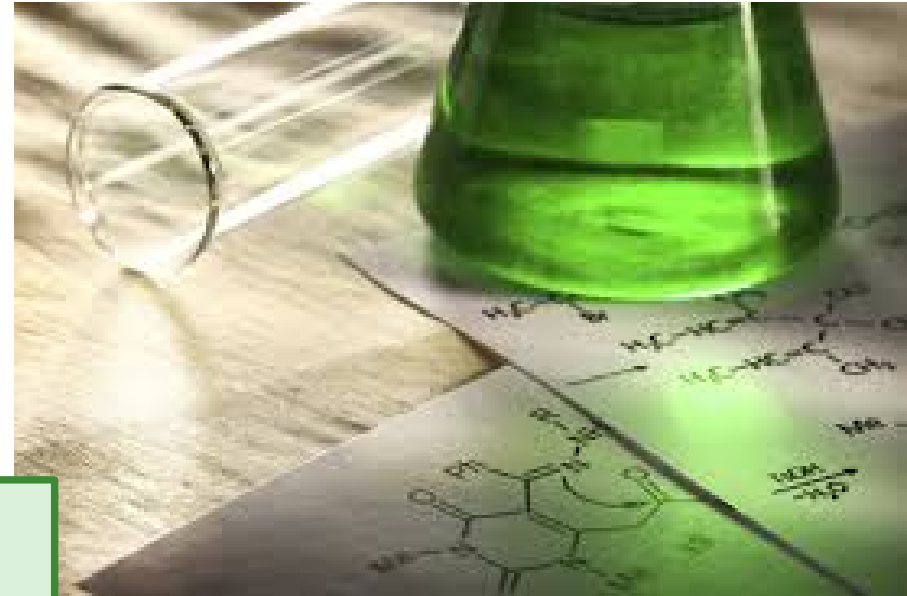
Developments in ESG Strategy and Reporting

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



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” (Rittel & 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



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