
Contents

1	Introduction: ESG and Corporate Accountability	1
	References	4
2	Emergence of ESG Principles	5
2.1	The First Initiative	5
2.2	ESG: “Who Cares Wins” Concept and Freshfield Report	8
2.3	Main ESG Stakeholder Groups	11
2.4	Conferences of the Parties (COPs)	15
	References	20
3	ESG-Related Theoretical Frameworks	23
3.1	Concept of Sustainability: The Three-Pillar Model	23
3.2	Corporate Social Responsibility (CSR)	24
3.2.1	Fundamental Concept	24
3.2.2	Carroll’s CSR Pyramid	26
3.2.3	Two-Dimensional Model of Quazi and O’Brien	30
3.2.4	Three-Domain Model by Carroll and Schwartz	32
3.2.5	Corporate Citizenship (CC)	36
3.3	Sustainable Development Goals (SDGs)	38
	References	39
4	Public Policies	41
4.1	The Role of Government	41
4.2	Economic Public Policies	42
4.3	Political Power of Private Business	46
4.4	Non-governmental Organization (NGO)	50
4.5	Social Enterprise	54
4.6	Case Study: WFTO (World Fair Trade Organization)	55
	References	56
5	Corporate Strategy	57
5.1	Corporate Strategy and Strategy Pyramid	57
5.2	Strategic Management and Strategy Triangle	60

5.3	Strategy Analysis	61
5.3.1	Internal and External Factors	61
5.3.2	PESTEL Analysis	63
5.3.3	Porter’s Five Forces	65
5.3.4	SWOT Analysis	66
5.3.5	Core Competencies Analysis	67
	References	67
6	Strategy Selection	69
6.1	Mintzberg’s Strategy Definition (5Ps Model)	69
6.2	Selection Criteria	71
6.3	Strategic Management Tools	72
6.3.1	Porter’s Generic Strategies	72
6.3.2	Ansoff Matrix	73
6.3.3	BCG Matrix	76
6.3.4	McKinsey 7-S Model	78
6.3.5	Blue Ocean Versus Red Ocean Strategy	80
6.4	Case Study: Marvels Strategy Transformation	82
	References	83
7	Strategy Implementation	85
7.1	Process of Strategy Implementation	85
7.2	Strategic Architecture	87
7.3	Balanced Scorecard (BSC)	88
7.3.1	Fundamental Concept of Balanced Scorecard (BSC)	88
7.3.2	Vision, Strategy and Performance Management	90
7.4	Change Management	91
7.4.1	Change Management Strategy	91
7.4.2	Lewin’s Change Management Model	92
7.4.3	Kotter’s Eight-Step Change Model	93
7.5	Case Study: Volkswagen Group’s Vision Statement and Sustainability Strategy	95
	References	96
8	Approach to ESG Policy	99
8.1	Challenges in Business Practice	99
8.2	McKinsey ESG Approach	99
8.2.1	The Start Point: ESG Purpose and Level of Ambition	100
8.2.2	ESG Process Cycle	104
8.3	Case Study: Lufthansa’s ESG Strategy	108
	References	112
9	ESG Stakeholders	113
9.1	The Concept of Stakeholder	113
9.1.1	Classic Stakeholder Theory	113
9.1.2	Freeman’s Stakeholder Model	114
9.1.3	Stakeholder Theory vs. Shareholder Value Approach	116
9.1.4	Internal vs. External Stakeholders	116

9.2	Stakeholder Relationships and ESG Strategy	117
9.2.1	Stakeholder Relationship Management (SRM)	117
9.2.2	Identifying Stakeholders	119
9.2.3	Prioritizing Stakeholders	121
9.2.4	Visualizing Stakeholder Community	122
9.2.5	Engaging Stakeholder: The Communication Plan	124
9.2.6	Monitoring Stakeholder Relationships	127
9.3	Case Study: LVMH Louis Vuitton Moët Hennessy SE	128
9.3.1	Art and Culture	128
9.3.2	Life 360	129
9.3.3	2025 CSR Roadmap.	130
	References.	131
10	ESG in Risk Management	133
10.1	Fundamentals of Risk Management.	133
10.2	PWC Four-Step Framework for ESG Risk Management	135
10.3	ISO 31000:2018 and ESG Risk Management	137
10.4	Case Study: Nestlé S.A.	140
	References.	144
11	ESG Reporting Rules	147
11.1	Corporate Governance	147
11.2	Globalization and ESG Reporting	148
11.3	Regulators of ESG Reporting	149
11.4	ESG Reporting Requirements in Europe	150
11.4.1	Applicable Rules and Regulations.	150
11.4.2	EU Taxonomy for Sustainable Activities.	150
11.4.3	Corporate Sustainability Reporting Directive (CSRD)	152
11.4.4	ESG Reporting Standards	153
	References.	157
12	ESG Metrics	159
12.1	Types of ESG Metrics	159
12.2	ESG Ratings.	160
12.3	ISO Standards and Certifications.	164
12.3.1	ESG-Relevant ISO Standards and Certifications.	164
12.3.2	Global Influence of ISO Standards and Certifications.	167
12.3.3	Certification Process on Example of ISO 9001: 2015	169
12.4	Case Study: The DWS Case.	172
	References.	174
13	Consumer Relationship and Sustainable Talent Management.	175
13.1	Stakeholders in Public Attentions	175
13.2	Consumer Relationship	175
13.2.1	Power of Consumer and Sustainable Consumption.	175
13.2.2	Consumer Protection	177

13.3	Sustainable Talent Management	181
13.3.1	David Ulrich Model and the Role of Talent Management.....	181
13.3.2	Talent Management Processes.....	183
13.3.3	Prioritizing Employee Experience.....	184
13.4	Case Study: Apply Inc.	189
	References.....	191
14	Sustainability Marketing	195
14.1	Marketing Strategy.....	195
14.1.1	Purpose of Marketing Strategy	195
14.1.2	Marketing Mix for Physical Products: 4Ps Model.....	198
14.1.3	Marketing Mix for Service Industry: 7Ps Model.....	198
14.2	Marketing Strategy as Driver for ESG Implementation	199
14.2.1	Transformational Marketing Concept with ESG.....	199
14.2.2	Creating Shared Value (CSV)	200
14.2.3	Cause-Related Marketing (CRM)	200
14.2.4	Transformative Marketing Concept.....	201
14.3	Case Study: Tesla and Disruption of the Automotive Industry	204
14.4	Case Study: The Walt Disney Company's ESG Concept.....	205
	References.....	207
15	Sustainable Supply Chain	211
15.1	The German Supply Chain Act	211
15.2	Supply Chain Network.....	212
15.2.1	Procurement and Supply Chain Management.....	212
15.2.2	Objectives of Supply Chain Management.....	215
15.3	Special Decisions in Supplier Management	218
15.4	ESG Issues in Supplier Management.....	219
15.4.1	The Role of ESG in Supplier Management.....	219
15.4.2	Human Rights	219
15.4.3	Environmental Protection	220
15.4.4	Fair Trade and Ethical Trading	221
15.4.5	Fair Competition	221
15.5	Case study: Aroundtown's ESG Concept for Housing Market	222
	References.....	226
16	Outlook to ESG Future Trends	227
16.1	Climate Litigation	227
16.2	Green Financing.....	228
16.3	Carbon Pricing.....	229
16.4	Consolidation of ESG Reporting Standards	229
16.5	The Challenge of Disruptive Innovations	231
	References.....	232
	Index.....	235