

Interview Guidelines for the Master Thesis “ESG – A Vehicle Towards a Bearable Society?”



Topic Area I: Salutation and Introduction

- a. Master thesis (Consumer Science TUM School of Management),
- b. factual anonymization,
- c. consent of recording

Topic Area II: General Questions on ESG / Current State of ESG

As you probably know ESG has risen to unprecedented popularity over the past 3-5 years and is quite the controversial topic. Especially in the United States it has become very political. Different kinds of professional have lots of different things to say about ESG. In your opinion: How would you describe the current state of ESG?

- a. Is ESG appreciated in your industry or something that “has to be done and dealt with”?
- b. In your own words: how would you describe the purpose and mission of ESG? Is it currently fulfilled?
- c. Is ESG “far enough” or “too far”? (Some people argue that ESG scores praise companies that they meet criteria that could be expected to be met anyways)
- d. Do you think companies can still ignore ESG?
- e. Is ESG more of a risk or an opportunity for most companies?
- f. Who is in the business of ESG? And who do you think makes the most money currently with ESG? Is that an opportunity or a problem?

Apart from the general debate around ESG, the space itself is still quite dynamic. Reporting standards are slowly emerging and rating agencies have different methodologies with regard to creating their ESG score / assessing the ESG risk. What do you think about that?

- a. Is it just part of the process, a cumbersome hindrance or a severe threat to ESG?
- b. For each pillar: what aspect do you think should have the biggest weight? And what pillar should have the biggest weight?
- c. Would you agree that “S” and “G” are coming short in the current ESG debate? If yes, why? If not, why not?
- d. Do you think ESG disclosures / reports should be mandatory for every organization?

Topic Area III: Social Responsibility, Legitimacy and Peter Drucker's Bearable Society

Another research interest of my thesis is to incorporate Peter Drucker's body of thought into the ESG debate. For this interview, two key thoughts of Drucker are relevant.

- 1) Drucker argues that the social responsibility of any business enterprise starts with being profitable. He said an unprofitable business is unlikely to be a good neighbor in any community. However, the social responsibility does not stop here. Instead, for him, social responsibility means that every organization must assume full responsibility for its impact on employees, the environment, customers, and whomever and whatever it touches. That is its social responsibility.*
- 2) Peter Drucker also knew that you can't create "Heaven on Earth" or in other words a world that is perfect for everyone. But he always called the elites to aim at creating a society that is bearable for the vast majority.*

What do you think about these two statements?

- a. What is the role of the business enterprise in our society?
- b. What do you think is the social responsibility of a business enterprise?
- c. Do you think companies will ever overcome the "profit rhetoric"? Or will it always remain a key driver for businesses?
- d. What do you think is required (a few key points are enough) that a society could be considered bearable?

Young people – especially Gen Z – are asking companies tough questions about their efforts towards the environment and what they do to foster social cohesion?

- a. Can "S" and "G" really lead towards better capitalism? And "E" towards a healthier planet? What do you think? Will young people be disappointed?
- b. Should companies represent (to a certain degree) the "common good"?
- c. Do you think sustainable (financial) performance is possible without a "social license"?
- d. Do you think business enterprises are (partly) responsible to solve society's problem?
Please explain.

Topic Area IV: Environment

Commonly, when talking about the "Environment" pillar of ESG, the discussion is focused on how companies avoid destroying the planet. Do you think that is the right way to approach the "E" pillar?

- a. If not, in your opinion: what could be alternatives?
- b. Is not further destroying our planet enough? Does that warrant praise in the form of a high ESG score?
- c. Are there too many metrics mixed into just the one pillar of E?
- d. Should companies that focus on “healing our planet” get an ESG score bonus?
- e. What do you think: will nature positive become the new net zero?
- f. Do you trust that companies can live up to their sustainable strategies / net zero targets?

Topic Area V: Social

(The WEF views the lack of social cohesion as one of the biggest threats to our global economy). Let’s talk about the social pillar of ESG. In your opinion: what are key aspects that go into the social pillar?

- a. Are we considering the right things here?
- b. Common metrics are “product safety” or “employee safety”. Would you agree that one would normally expect that these criteria are met anyways?
- c. How important do you think adequate pay is for the “Social” pillar? Especially for frontline workers? Should that be reflected more strongly in ESG scores?
- d. “S” is often considered as a measure to protect against “material” risk. Do you think there are also corporate activities that create material benefits? (optional: amazon example)
- e. Are companies responsible to tackle the social problems of the communities in which they operate?

MSCI includes “Human Capital Development” as one key issue in the social pillar of their ESG rating.

- a. Do you think companies have a responsibility to develop their workforce?
- b. How can companies provide competence for their employees? What do you think is wishful thinking and what is feasible?

Topic Area VI: Governance

The last pillar of ESG is “Governance”. Next to accounting standards, tax transparency and ownership and control rules, “G” is often concerned with business ethics, political advocacy and executive compensation. In your opinion: what is the most important aspect of “G”?

- a. Do you know the term “brand activism”? If yes, what do you think about it?
- b. Should the political stance (or the lack thereof) be reflected in an ESG score?
- c. Do you believe in the concept of corporate political responsibility”?
- d. Is executive compensation too high in most companies? If not, please explain.
- e. Should executive compensation be tied to the achievement of ESG goals?

Topic Area VII: Outlook

What do you expect for the future of ESG? Will it prevail? Will it change its name? Or will it fail? Please explain.

- a. (for consultants only: If I may ask, how do you consult for ESG? What is ESG strategy?)
- b. What do you expect from ESG in the next 5, 10 and 15 years?
- c. Is ESG truly different than CSR or the triple bottom line?
- d. Will governments and businesses develop ESG together?
- e. Will ESG change the role of the business enterprise in our society?

Topic Area VIII: Ending

- a. Thinking about the interview, is there anything that hasn't been addressed yet that you want to mention in regard to ESG and how it will impact our society? Is there anything else that you would like to add that contributes to a “bearable society?”
- b. Are there any other aspects that you would like to mention about ESG?
- c. Do you have any suggestions or criticisms for the research project?
- d. If you are interested, the research results can be shared with you.
- e. Sociodemographic data (age, education, occupation).
- f. Thank you and goodbye.