



TRANSCRIPT

Decoding Corporate Responsibility Episode #1, 2026

Guest: Georg Kell

Record Date: March 18, 2026

Posting Date: April 8, 2026

Georg Kell:

At the end of the day, I'm convinced humanity will be forced again to collaborate. We'll be forced because we will face common challenges and that logic will kick in again. So, we don't see it currently. International cooperation is at the low point, but I'm convinced it will come back.

Jane Nelson:

Welcome to "Decoding Corporate Responsibility," a production of the [Mossavar-Rahmani Center for Business and Government](#) at Harvard Kennedy School. I'm your host, [Jane Nelson](#), Director of the Center's [Corporate Responsibility Initiative](#). And through the series, I'm speaking with some of the world's leading pioneers and practitioners in the fields of responsible business and finance. We're focused on exploring lessons and insights from the past so that together we can find practical and feasible ways to improve the future. And I'm especially pleased to welcome today's guest, [Georg Kell](#). Over the past 30 years, Georg has been one of the pioneering leaders in shaping the norms, institutions, and networks for responsible business and finance around the globe. He is currently chair of [Arabesque](#), which is a technology company that uses AI and big data to assess sustainability performance for investment analysis and decision making. He is also one of the founders and the former executive director of the [United Nations Global Compact](#), which was created just over 25 years ago and is now the largest corporate sustainability initiative in the world with some 25,000 companies and organizations that are participating in it from over 160 countries, among many other networks that he has built over his career.

So, it's really wonderful to have you with us, Georg.

Georg Kell:

Great to be with you today, Jane, and looking forward to our conversation.

Jane Nelson:

Thank you. And what I'd like to do is start, Georg, with a little bit of your personal and professional journey. After growing up in Germany, studying engineering and economics, I know you spent time living in Asia and Africa, and then joining the U.N. initially in Geneva. And then within a decade, you

found yourself working in the office of the U.N. Secretary General, the late [Kofi Annan](#) at the U.N.'s iconic headquarters in New York, and having a major influence together with our late friend and colleague, [Professor John Ruggie](#) in shaping the way the entire U.N. system engages with the private sector. And so, I'd love you to start with getting just a sense of what was it that got you interested and so committed in the global role of responsible business and finance and dedicating your career to that role?

Georg Kell:

Well, initially working at the United Nations, one thing that really inspired me was '92, the [Rio Conference on Environment and Development](#). This was an amazing gathering where new ideas were launched. And for the first time, business showed some interest on U.N. agendas. That was '92. And then I was called in '97 into Kofi Annan's office to help build an engagement with the private sector. Up to that point, you need to ... And you know, Jane, the United Nations had no relationship with the private sector, with the exception of a few specialized agencies, obviously. Why? Because the legacy of the Cold War was still around. The U.N. had to be neutral. It couldn't embrace market-based concepts. It couldn't embrace communism. It had to be neutral during the Cold War. And eight years after the end of the Cold War, I strongly felt, and Kofi Annan strongly felt it's time to engage all stakeholders of the United Nations, civil society, academia, and of course the private sector.

So, I started initially doing a few speeches for Kofi Annan, making the case why a strong U.N. is good for business, global rules, stability and so forth. These were generic arguments. And then came this moment when Kofi Annan said, "look, I was at the World Economic Forum and I am supposed to go there again, but I only go there if I have really something important to say. So, can you produce me a really good talk for the World Economic Forum?" And that's what he said to me and to John. John was my boss then, John Ruggie next door. And I was his private sector guy, basically. So, I started working on the speech together with John the year before in '98, and we discovered or I randomly [did], actually while listening to Led Zeppelin, "Stairway to Heaven," may sound absurd.

And then we had this wonderful encounter, including this historic meeting where you were present, Jane in Turin at the Staff Training Center of the United Nations, when things came together all of a sudden, because it was clear the U.N. had a lot to offer in terms of norms that are relevant for the globalization debate, human rights, workers' rights, environmental stewardship, anti-corruption. So, this is where the idea for the speech Global Compact was genuinely born. And then the [speech](#) itself was hugely, hugely successful. Kofi Annan made the front pages of all papers. That was quite amazing. And I thought, and John thought, that's it. We made a good speech, and I was already on the next topic on trade issues, upcoming [Seattle battle](#). But then CEOs and Ambassadors came back and said, "Look, these are fine words, but it would be even better if we had something concrete going."

And then finally we went for a meeting in New York with CEOs and again, we thought this is our exit meeting. We declare victory. The principles are now known and then let's walk away. And that was in 2000. But then that meeting turned out to be just the beginning because that's where learning, partnerships, collaboration, dialogue became the pillars for multi-stakeholder, global, local, public-private collaboration.

And then the building efforts started, as you know, the local networks. So, that's really the story. So, you could sum it up really. And I wrote [the piece](#) for the Oxford Handbook of International [Organizations] Handbooks [sic] at some point. The background is really a utility thinking, how to make the U.N. relevant again, how to find another way to implement more effectively agreements and norms that governments in principle have all agreed to because the Universal Declaration of Human Rights, the fundamental principles of workers' rights, the Rio Declaration Environment, the Anti-Corruption Convention, in principle governments agreed to it. They actually celebrate it every other year or so, but implementation

is the issue. And asking the private sector to be part of the implementation was really the trick in this. And that's it.

Jane Nelson:

And not just a trick, but a groundbreaking change in a fundamentally new way, not just of the U.N. engaging with the private sector but mobilizing business, both individually and collectively, to take responsibility, both for managing negative impacts, but also harnessing the incredible capabilities that business has to solve global challenges in partnership.

Georg Kell:

Maybe one aspect is quite interesting because the growth of the global compact was almost linear, you can say from day one. It continued growing and growing and growing. It was quite amazing. And then only over time did we invent integrity measures and in 2005, a governance structure to put the Global Compact on a solid foundation, so not making it subject to U.N. government affairs. Then the political support, as you know, Jane, you wrote the first ever [report to the General Assembly](#) that legitimized that approach, and that report to the General Assembly helped to build the political support without which it wouldn't have worked because countries such as India, Indonesia, where initially you post, they feared interference of Western values. So, this was all a delicate balancing act, but then it took off. And then a lot of things happened once you are in this building entrepreneurial mode, like the [Who Cares Wins Initiative](#), which created the ESG movement, came in 2005, then we created [PRI \[Principles for Responsible Investment\]](#), the [Sustainable Stock Exchanges Initiative](#), the [Principles for Responsible Management Education](#), and all these are still alive, by the way, and actually going strong, which is amazing.

Jane Nelson:

It's incredible. In fact, I was just reading today that the Principles for Responsible Investment now have over 5,000 asset owners and asset managers that are signed up with close to 140 trillion US dollars under management. So, definitely, definitely still going strong. And in fact, I'd like to sort of shift to that, Georg, because you mentioned the *Who Cares Wins* Report, which I think came out in 2004 and connecting financial markets to a changing world. And I think a great example of some thought leadership that provided some of the evidence and some of the case for building, in this case, an investor movement. And obviously it was and is attributed to being the report and the project that coined the term ESG, environmental - social – governance, risks and metrics, particularly for the investor community, but also increasingly adopted by the business community. And obviously we've seen a backlash in recent years against ESG.

I'd be interested in your views, both some of the causes of that [backlash], but also is this a temporary pause or are we at the beginning of a new era for business responsibility and sustainability?

Georg Kell:

Yeah. Then let me just make one point very clear. *Who Cares Wins* and the report [Future Proof](#) in 2007, which documented the diffusion of the ESG terminology is important to also have a look at because it shows that the *Who Cares Wins* approach was exclusively focusing on materiality. And that's important because investors made it very clear that their fiduciary responsibility is to take into consideration issues that may become financially relevant. They may not yet quite be relevant, but there's a high probability. And with that mindset, PRI was created at the New York Stock Exchange. And with that mindset, the ESG terminology initially grew. It was only later on, by 2014 or 2012, when some academics, including from

Harvard, I don't want to name them now, came up with correlation implying that good ESG factor analysis on the one hand and financial valuation on the other is correlated.

And that's where everybody jumped on. Wall Street jumped on, Hong Kong exchange and everybody. And then the business community realized, oh, investors call this ESG what we call responsibility. So, let's also call it ESG so then we can better position ourselves on the rating scale. And that's where ESG became everything for everybody and it lost its initial focus, just for clarifying this historically.

The backlash on the one hand, as you all know, I want to make this very short and crisp on that point. We are already living in a new era. The old era of the [post] World War II is over. I fully concur with Mark Carney's interpretation. It's very sad, but true, and it doesn't make sense to be sentimental, but the rule-based global system has been unraveling since 2015, if not before. In my historical understanding, it started with the invasion of Iraq or the reaction to 9/11, friend or enemy.

That's where the end of history did not really end. It started all over again because friends and enemy are not on the same table. Then came the financial crisis. It really divided the world. The Western consensus, market consensus was no longer embraced by other major economies, especially China, and that's where the rifts started to show. And then the rivalry, initially competition, then rivalry. Today, we have rivalry between countries and polarization within, especially in the Western countries. Sustainability is still going very strong in Asia, ASEAN, in Brazil, in China. Green tech is booming and so forth, but here [in the US] obviously we have legislative backlash. We have a total going back to fossil fuels, for outside of the U.S. is becoming a petro state. That's the interpretation around the world. And that's the reality of today. Also in Europe, the pendulum has swung back because forces of reaction have jumped on that bandwagon to also push back.

Now, that's where we are currently in. So, mixed signals, but at the same time, they are countervailing irreversible forces which drive this agenda forward. And that's why I'm very confident that yes, currently there's backlash that actually shows up in downsizing, less activities, less exposure, not just green hushing, but actually reducing investments in certain critical areas. But rest assured, the cycle will turn around again because number one, planetary forces will ultimately force us one way or the other to react much more forcefully than we do today on the environmental side. And that's irreversible in the short run. So, that will trump ideology in business and politics. Secondly, we have so much innovation already going on in green tech. That's also irreversible. Technological change is irreversible and add to that AI, I want to talk about it in just a moment. Separately, if you connect AI with sustainability leveraging from smart everything to smart everything and innovation, wow, you're on the winning streak.

And then thirdly, quite very clearly, we know that at the end of the day, I'm convinced humanity will be forced again to collaborate. We'll be forced because we will face common challenges and that logic will kick in again. So, we don't see it currently. International cooperation is at the low point, but I'm convinced it will come back because societies will be forced. So, for corporates, it makes really sense to align with these long-term forces because they will come one way or the other. And in many parts of the world, in many regions, it's still going strong.

Jane Nelson:

And I mean, building on that a little bit, Georg, I'd love to unpick each of those a bit. So, absolutely agree with you on the planetary forces. And I think we're already seeing that in terms of insurance markets beginning to price in extreme weather events, *et cetera*. Can you say a little bit about that, how markets are responding? And then I'd like to come back to AI and some of the other points you made.

Georg Kell:

Actually, I should have made it more explicit. The way nature impacts on societies via market mechanisms is actually phenomenal and very effective, and systemic and scalable from the beginning. So, I'm totally excited about the fact that the physical impact of climate change alone now already is driving enormously insurance costs for real estate. And we still treat it as an isolated issue, but not the system behind it. Of course, extreme weather, flooding, extreme heat, and so forth, fires, they make insurance costs much more expensive. That's a direct consequence of the physical impact of human activities on the natural environment. Secondly, commodity prices, agriculture, the *Wall Street Journal* recently commented on it that it drives inflation, commodity prices, especially agriculture. And they go through a few examples, coffee, prices and so forth. Why? Because of drought. Cocoa, West Africa. Why? Because of drought. Olive oil. Why? Because of drought and extreme weather.

And there's much more to come with scientific certainty. So, inflation driving aspects through commodity prices is happening as well. In addition, a recent study showed that banks, looking at the bottom line, increasingly take into consideration the exposure to these risks. Of course. Like insurance companies now factor it in. So, in lending, bank lending, it's factoring as well. In other words, market signals increasingly convey to us the relevance of this agenda. So, not responding to it would be foolish. We just don't name it yet. Or here in this country, the *Wall Street Journal* couldn't name the systemic reason behind this, but everybody understands and knows. So, I'm actually quite optimistic, so to speak, that we will be forced one way or the other to adjust because markets are extremely efficient in conveying risks and opportunities in a more or less aggregate correct way. Sometimes with delay and arguably not sufficiently well in advance. The [tragedy of the horizon](#) is a real issue, but ultimately when it really happens, it does convey the realities.

So, I'm quite upbeat that the sustainability agenda will see a huge reboost through market signals.

Jane Nelson:

Yeah. Yeah. And as I say, it's sadly not necessarily the trajectory we want to see and the tragedy of the horizon not being the result we want. So, the more that coalitions and business leaders and thought leaders can make the case that this is what's on the horizon and we need to be adapting, I think is incredibly important.

Shifting a little bit to your point also on technology, again, it's almost impossible to have a conversation about responsible business and finance these days without discussing AI and both the opportunities and the risks of AI. I know your own company is harnessing it as a core part of its business model, but can you just share your thoughts on the implications for the sustainability agenda, both the enormous energy demands, water demands, land demands of AI infrastructure and value chains, and at the same time, the incredible opportunity to harness AI to solve sustainability challenges and create fundamentally new business models and financing models as part of that.

Georg Kell:

Yeah. Let me make first some basic principles clear when it comes to AI and technology in a wider sense. I think it's really key that we realize and recognize that technological change is irreversible. It is what it is. Once humans create knowledge and they codify it and it can be replicated, you cannot put it back into the black box. That's how it is. We have tried very hard with nuclear technology, and we still are trying very hard in Iran to contain the diffusion of bomb making capabilities, and the ultimate forces were employed to contain the spread of nuclear technologies, yet Pakistan succeeded to get it. North Korea got it. India got it. Israel got it. Now Iran is on the edge, so we try to avoid it. Yes. And the point I'm making is it's almost impossible to contain technological change, even if you put all the power of the world behind it, even then.

So, that's number one. That's why I argue we have no choice but to make the best out of AI. So, it doesn't make sense to lament about its diffusion and to predict. As with all technologies, at the end of the day, it depends for what purpose we are using it. You can use a hammer to build a house or use a hammer to kill somebody, smashing heads. And the more powerful the technology is and AI is extremely powerful, the more responsible we have to be or should be. And the more important it is also that we employ it with a purpose, for a good purpose. And there are many, many, many great, great use cases already out there that suggest we are extremely privileged to leverage AI to advance agendas and issues that are of concern to all people everywhere – on health, on environmental stewardship, on minimizing risks, on supervising from deforestation to everything else, smart grids, smart energy transmissions, smart everything. It starts here.

Yes, the downside is clearly the enormous consumption of electricity for cooling of the centers, but I believe personally, and I've seen it, or I can observe it, that ultimately this will be the boost for renewable energy to go to truly scale. And you see the progress that is made now in battery technology coming out from China and on storage management, is enormous. So soon you can have decentralized, renewable, power-driven electricity generation and you can store the power over time. As is the case already in Nigeria, Pakistan, where it's wonderful to see how electricity is brought to remote villages with actually modern technology. So, this is all in the making and we can do much more. We can green the desert, so to speak. We can really deliver all the benefits for humanity. We can deliver all the SDGs if we truly want it. So, technology is the tool to that end.

So, my argument is, yes, we need to contain the dark sides and its negative implications, how to build bombs and how to produce chemicals that destroy the water supply. You could theoretically get an agent now to do that for you, even produce it. But we need ethical guidelines, absolutely, but we also need positive applications so that humans go into it. And if I just briefly tell you what my own firm is doing, I'm in the business of asset management now. It's something I never thought I would do because money doesn't really interest me, but it's phenomenal what you can do now with AI. You can do a materiality test of your portfolio. You can actually analyze how your portfolio is affecting sustainability issues, and then the assistant will tell you why that is so and how that is so. You can ask the AI agent to construct for you a personalized, hyper customized portfolio with specific sustainability preferences you have, and then it will do that for you almost at no additional costs and highly performance oriented.

So, AI really delivers now on that front. It connects on the retail side, the individual citizen, person with the values it wants to express in its day-to-day activities, including on investing. So, there's an endless list of use cases, and I think for the sustainability movement to more explicitly embrace that dimension is really important because that is the future. The AI revolution is in full swing, and it will fundamentally reshape our lives and our industries. And if we succeed in connecting these two trends now, we probably can accomplish quite a lot.

Jane Nelson:

Yeah. And I think building on that, the potential to accomplish things at that sort of nexus or interface and convergence of AI and digital technology with life sciences technology, and materials technologies is also literally just scratching the surface on what is possible - as long as there are those principles and ethical guidelines, and obviously an element of regulation and oversight around how the use cases are actually implemented and by who.

Georg Kell:

Yeah. I want to even go a step further. So, the AI dimension is one driver for sustainability as we move forward. The other one is actually the current complicated security landscape. And you may be surprised

and wow, everybody's now investing in military equipment. Militarization is the big topic, but when we focus on energy, when we focus on material conservation, on supply chain, we see there's huge opportunity, circular economies, decarbonization by making more resilient and stronger security oriented economies, less vulnerable.

Jane Nelson:

Absolutely. Absolutely. And I think that using not just the language, but the strategies of resilience, supply chain resilience, city resilience, community resilience, as well as security and linking these. And I think we hear that with the energy trilemma, we need energy security, we also need energy affordability and access, and we need energy transition. So, you're taking a broader approach to how we frame and how we implement corporate responsibility and sustainability, I think, is the way forward. And as we come to that, Georg, I know we're getting close to being out of time, but I would love to finish with, after your 30 years of leadership in this field, I think you've touched on some of the fears and potential worries and concerns and risks as well as some of the hopes, but what would your call to action be? And for all of our listeners, but I think particularly for young leaders in business and government and civil society, in terms of how we can best harness both business and finance to help drive a more inclusive, sustainable and secure and resilient world and communities.

Georg Kell:

I think it's really important these days, but it always is important to not forget history, to try to understand where we come from, because we are now running the risk of repeating mistakes of the past. I hope we will not, but we are running a risk. And after World War II, we all understood that war is bad and trade and investment is actually good because it connects. So, one call would be to be considerate and to reflect on the past. Not that we are perfect in learning because we forget, sadly enough, but we should be able to learn, and we should aspire to do so. That's one thing. The other one is to see the positive on the imagination, on the possibility side, and to focus on it very explicitly because it gives us hope. It gives us motivation, inspiration. That's why I stressed so much the link between AI and sustainability, because creating something positive inspires people. It gives them strength. It gives them belief in the future and optimism. And I think that's really in short supply these days. So, that is my second point.

My third point would be basically it's an ethical issue down the road. In the end of the day, all questions are ethical and I'm not just saying good and bad, evil and good, but we continuously need to ask ourselves, "Is this right what you're doing or not?" So, if we lose sight of the north star of ethical behavior, we are genuinely running the risk of going down a rat hole. Humanity has been so many times, and it always tends to end up really in disaster. So, I would say having a more ethical orientation and always asking, "Is it right?" And continuously asking that question is also very important. So, with these three pointers, I hope I ...

Jane Nelson:

Yeah, no, that's one of the many ways that it brings us full circle back to the ten principles of the U.N. Global Compact, doesn't it? And so global frameworks, universal principles of fundamentally respecting human rights, including labor rights, respecting and protecting the environment, and supporting and respecting good governance, and tackling corruption. And those principles, if business and finance and leaders as individuals can adhere to those, can hopefully address some of the headwinds that we are facing in the world at the moment around equity and inclusion and sustainability.

So, thank you so much, Georg, and thank you in particular for your amazing 30 years of leadership and commitment and mentorship to so many people and for being our guest today.

Georg Kell:

Thank you, Jane. It was a real pleasure being with you today.

Jane Nelson:

And I would also like to thank our listeners and please join us for our next episode of “Decoding Corporate Responsibility” from the [Mossavar-Rahmani Center for Business and Government](#) at [Harvard Kennedy School](#). I'm your host, [Jane Nelson](#), and thank you very much for listening and being part of our community.