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# Climate Policy Uncertainty and Sustainability performance: the role of gender diversity

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## Abstract

This study examines the impact of climate policy uncertainty (CPU) on corporate environmental, social, and governance (ESG) performance. Leveraging the climate policy uncertainty index developed by Gavriilidis (2021), our findings indicate that CPU exerts a positive influence on ESG performance. Specifically, CPU is identified as a significant driver of ongoing corporate sustainability efforts, with this result holding firm across various robustness and endogeneity checks. However, the positive impact of CPU on ESG performance is moderated by the presence of female executives, who are considered as a key variable in this study. While female executive representation weakens the link between CPU and ESG performance, the direct effect of female executives on ESG practices remains positive. This research enhances our understanding of how climate policy uncertainty influences corporate ESG behavior, highlighting the intricate dynamics between policy unpredictability, corporate strategy, and executive gender diversity.

**Key words:** Uncertainty, environmental, social and governance performance, risk mitigation, Gender diversity.