Course Syllabus: ESG Analysis & Fund Strategies

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Course Goal

This course is designed to help you understand Sustainable Investment, the fundamental understanding of ESG(Environmental, Social, and Governance) performance, and ESG related fund strategies.

The learning objectives of this course are:

1. Student will understand what Sustainable investment is.
2. Student will use appropriate analytical tool to identify and analyze ESG risk and opportunity factors in various industries.
3. Student will construct the portfolio of ESG fund.

Course Introduction

We will overview major issues of sustainable Investment, various ESG standards, guidances of measuring and evaluating ESG performance, and ESG integration, and ESG fund strategies.

Class Firm Analysis Proposal/Report

1. We make a number of teams in this class. Each team consists of 3 to 4 students.
2. Each team develops a framework for evaluate ESG performance or E, S, and G performance. And also each team develops a strategy and process of selecting and constructing a model portfolio. Each team shows that the portfolio outperform against the KOSPI or other BM indices in a certain period of time. The framework and strategy can be developed by using all you will have learned through this class.
3. Each team writes how to develop the framework, strategy, and portfolio, by using all you will have learned.
4. The length of the report is no more than 10 pages. The final report is due on Dec.8(Fri.)

Grading

There are 100 total points in the class and they are distributed as follows:

- Quiz: 20%
- Firm Report and Presentation: 50%
- Class Participation: 30%

Grade Distribution

A (+,0,-) 40~60%/ B(+,0,-) 40~60%/ C: 0~20%

<24th Oct~31st Oct>

What is Sustainable Investment?

1. Introduction to Sustainable Investment
2. The Scope for investor analysis on corporate social and green impacts
3. History on Sustainable Investment
4. Sustinvest's Approach

<7th Nov>

How do investors analyze ESG Performance?

1. Goldman Sach's Approach
2. Trucost's Approach
3. Aviva's Approach
4. MSCI's Approach
5. Sustainalytics's Approach
6. Sam's Approach on ESG analysis
7. Asset Managers' various ESG Integration Strategies

<14th Nov>

Major guidelines of ESG Performances and Sustainability

<u>Global Reporting Initiatives</u>

1. Introduction
2. Defining report content, quality, and boundary
3. Standard Disclosure
4. General Reporting Notes

ISO26000

1. Introduction
2. 7 Core Subjects
3. Why is ISO26000 important?
4. How will ISO26000 help organizations?
5. What does ISO26000 contain?
6. How does ISO26000 relate to existing good work?
7. How did ISO26000 initiative come about?
8. What will ISO26000 achieve?
9. Who develop ISO26000?

Other Initiatives

1. UN Global Compact
2. Principles for Responsible Investment
3. Sustainability Accounting Standards Board
4. International Integrated Reporting Council
5. Stewardship Code

<21st Nov>

ESG Integration Strategies

- Lectured by Jiyoung BAIK, CPA and Senior Analyst, Sustinvest

<28th Nov>

Understanding of sector-specific ESG issues

1. EICC(Electronic Industry Citizenship Coalition)
2. The Construction Sector Transparency Initiative
3. The Extractive Industries Transparency Initiative

*** GRI: Sector-specific guidelines**

*** Sustainalytics: Sector Report**

<5th Dec>

Valuation of Green Technologies: Valuing Intellectual Properties, Patent Licensing, Measuring Greeness.(TBD)

- Lecture by Outside Speaker: Sungwon Ryu, Patent Lawyer)

<12th Dec>

-. Presentation (Each Group)

-. Quiz

<References>

1. Books

- 류영재(2010), 한국형 사회책임투자, 홍성사
- 넷임팩트 코리아(2007)/대표역자 류영재, 사회책임투자, 전지구적 혁명, 홍성사

-. Chris Laszlo(2008) Sustainable Value: How the World's Leading Companies Are Doing Well by Doing Good(Standford Business Books, USA

-. Mansley, M.(2000) Socially Responsible Investment: A Guide for Pension Funds and Institutional Investors(Sudbury, UK: Monitor Press)

-. Matthew J.(2009) Investing in a Sustainable World: Why Green is The New Color of Money on Wall Street(Amacom, USA)

-. Rory Sullivan and Craig Mackenzie(2006), Responsible Investment, Greenleaf Publishing

-. Rory Sullivan(2011), Valuing Corporate Responsibility, Greenleaf Publishing

-. Sparkes, R.(2002) Socially Responsible Investment: A Global Revolution(Chischester, UK: John Wiley)

2. Articles/Materials

- Gordon L. Clark(2014), From the Stockholder to the Stakeholder(How Sustainability Can Drive Financial Outperformance, Univ. of Oxford
- Tensie Whelan and Carly Fink(2016), The Comprehensive Business Case for Sustainability, HBR
- PRI(2016), A Practical Guide to ESG Integration for Equity Investing
- SASB(2016/2017), ESG Integration Insights

3. Websites

-. Sustainable Investment Forums

Asian SIF, http://asria.org
Eurosif: http://eurosif.org/
UKSIF: http://www.uksif.org/
USSIF: http://www.ussif.org

-. SRI Service Providers

Trucost: http://www.trucost.com/
Sam: http://www.sam-group.com/htmle/main.cfm
Sustainalytics: www.sustainalytics.com
MSCI: www.msci.com

-. SRI related NPO sites

GRI: www.globalreporting.org
ISO26000: http://www.iso.org/iso/iso26000
UNPRI: www.unpri.org
Socialfunds.com: www.socialfunds.com