



Environment, Sustainability, and Governance (ESG) For the Board of Directors

OVERVIEW

Organizations from all sectors have realized that they must consider sustainability issues when they make investments or desire growth. There is a realization that there is a need to define value beyond the interests of shareholders, embrace a broader fiduciary approach, and include a more comprehensive range of stakeholders, from consumers and employees to communities and society. Many corporate boardrooms and institutional investors still hold on to ingrained governance practices. ESG expectations are challenging traditional interpretations of corporate governance and the fiduciary responsibilities of Boards of Directors.

This program examines the different frameworks for incorporating ESG and responsible investing practices from investor and corporate boardroom perspectives. The various ESG investing approaches will be covered, including ESG inclusion, ESG integration, ESG engagement, and ESG screening.

COURSE CONTENT

- A historical overview of socially responsible investing
- Social purpose, sustainability, and purposeful capitalism
- Differentiating between socially focused investing, governance-focused investing, and environment-focused investing
- The size and growth of the ESG and SRI marketplace
- Global ESG assets by type of exposure.
- Defining corporate responsibilities to all stakeholders.
- Frameworks for Shareholder Stewardship
- ESG factor analysis
- ESG risk premia

Standards and Regulatory Background

- The Paris Agreement 2015, UNFCCC
- The Sustainable Development Goals
- The Coalition for Environmentally Responsible Economies (CERES)
- The Sustainability Accounting Standards Board (SASB)
- The UN Principles for Responsible Investment (PRI)
- The Green Bond, Social Bond, and Sustainable Bond Principles
- Unilever's sustainable living plan



Overview of ESG Products and Instruments

- What are green bonds, and how do they work?
- The green bond principles and climate bond initiatives
- What comes under the classification of a green bond
- Overview of the global green bond market
- Issuer and issuance statistics for green bonds
- Performance characteristics of green bonds
- How are the bond proceeds used – external verifiers
- The sovereign green bond market
- The corporate green bond market
- Green CLOs
- Future growth prospects for the green bond market
- Recent themes in green bond investing
- Overview of exclusion-based ESG investing
- Examples of large-scale exclusion-based ESG investing
- Complexities in determining an exclusionary policy
- The problems and pitfalls of negative screening
- The bandwagon effect
- What impact do exclusions have on returns
- Negative screens and tracking error considerations
- The impact of negative screens on the risk and performance of various style indices
- Approaches to implementing exclusions
- Application of screens to passive and active management
- Understanding the complexities and biases that screens introduce
- What is integration-based ESG investing
- What added value do integration-based approaches offer
- Incorporating alpha insights into an integration-based approach
- Common ESG factors that are targeted
- Fundamental ESG integration – evaluating ESG factors
- Systematic ESG integration – quantitative criteria Vs. qualitative insights
- ESG as part of a multi-factor analysis
- ESG rating improvement momentum
- Defining impact-based ESG investing
- Understanding the cause-and-effect relationship in impact investing
- Impact investing as engaged ownership
- Concessionary Vs. Non-concessionary impact investors
- Making the impact objective explicit, intentional, and measured
- mission-related investments Vs. program-related investments
- Investors' impact matrix and impact reporting and investment standards
- Is there a single way to approach impact measurement
- Why do investors choose engagement-based ESG investing
- The different tones to engagement – collaboration, hostile



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CONSULTING AND TRAINING

- The strategy for engagement – private, public
- Engagement through proxy voting