

MINOR IN ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG): METRICS, REPORTING AND SUSTAINABLE INVESTMENTS

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CBS  COPENHAGEN
BUSINESS SCHOOL
HANDELSHØJSKOLEN

DESCRIPTION

CONCEPT AND PURPOSE

CONCEPT

A minor gives you the opportunity of having a second specialization in your degree. The minor is a bundle of three to four electives that can be chosen separately but if chosen together rewards a minor. In order to gain the minor certificate on 'Environmental Social and Governance (ESG): Metrics, Reporting and Sustainable Investments' the bundle of the three courses has to be taken. The minor is available to all students enrolled in a Master's programme at CBS.

PURPOSE

This minor is designed to immerse students into the global sustainability challenges embarked upon by institutional investors, investment firms and innovative companies, to develop strategy, management systems, metrics, data quality and ESG reporting. Students will gain a sound theoretical understanding in the area of ESG accounting and reporting together with technical understanding that will equip students to understand, among other things; carbon accounting, materiality matrixes and voluntary versus mandatory ESG disclosures. Students will also gain first hand knowledge and experience in the field of sustainable and responsible investments. Still further the minor includes an applied course where students will be presented cutting edge case-studies allowing for theoretical understanding to be applied to real life cases.

STRUCTURE

The below table lists the structure and the ECTS credits of the individual courses. The course descriptions are available in the online course catalogue. Direct links are inserted in the below table.

COURSES

[ESG, Sustainable and Impact Investments \(7.5 ECTS\)](#)

[Critical Cases in Environmental, Social, and Governance \(ESG\) and Sustainable Investments \(7.5 ECTS\)](#)

[Environmental, Social, and Governance \(ESG\): Data, Accounting, and Reporting \(7.5 ECTS\)](#)

COURSE #1 ESG, SUSTAINABLE AND IMPACT INVESTMENTS

LEARNING OBJECTIVES

Describe and critically interpret the concepts and methods covered in the course readings that are relevant to appraising the relevance and applicability of different ESG metrics and approaches when developing and analysing sustainable and impact oriented investments.

Apply concepts, and theories from the course to analyze how specific sustainability considerations are applied and interpreted by the financial sector.

Critically evaluate various forms of leadership and change-management employed in the financial sector so as to adopt and design more sustainability oriented metrics, incentives and deal structures.

Critically assess methodologies employed by financial institutions when designing specific sustainability related schemes, or factoring in sustainability considerations within the deal flow.

Display a clear understanding of the tradeoffs (environmental, social and governance), financial organizations face when designing sustainability focused investments.

COURSE CONTENT, STRUCTURE AND PEDAGOGICAL APPROACH

The financial world is under increasing scrutiny to “lead” in the service of sustainability. In order to respond to such a calling, financial organizations are tasked to design new and innovative financial mechanisms, that can not only withstand heavy investment and expected returns, but also ensure #thefuturewewant.

This course is designed to immerse students into the global sustainability challenges embarked upon by institutional investors, investment firms and innovative companies, to develop strategy, management systems, metrics, and financing policies. Strongly grounded in theoretical and empirical studies from various disciplines in the field of finance, economics, development and environmental studies, this course will provide a thorough understanding of the growing field of ESG, sustainable and impact investment.

Students will explore the field of sustainable asset management, and the strategies and reporting used by many of the leading organizations in the field. Participants will similarly acquire specific competencies in carbon finance, ecosystem service financing, sustainable real estate, and green bonds. Of particular note, students will learn how to finance new economic and social challenges in a sustainable manner. In addition to the highly qualified faculty leading the class, leading experts in the field, have actively volunteered their time to also relate how experts in this field must be an active leader in the field of sustainable investments.

Students will explore the tradeoffs between equity investing with an ownership stake vs. investing without voting power. It is worth noting that students interested in this field must understand that investing in long term value creation is just as much about innovative schemes, as the fostering and development of new indices and metrics for attributing value in their financial dealings. The topic of sustainability is not only emerging as a critical component in these metrics and indices, it is viewed more and more as a competitive advantage.

COURSE #2 CRITICAL CASES IN ESG AND SUSTAINABLE INVESTMENTS

LEARNING OBJECTIVES

Refine analytical skills linked to the critical issues faced by financial organizations when applying ESG to sustainable investments.

Articulate and analyze the effectiveness of the range of impact tools and tactics currently available to impact investors. These include direct and fund investments, guarantees and credit enhancements, the role of subsidy, screening and shareholder engagement.

Understand the difficulties of financial experts to design tools that both meet fiduciary responsibilities and sustainable outcomes.

Map impact investing opportunities against existing product offerings and explore the gaps. Outline lessons and structures that can be applied from traditional capital markets to impact investing.

Reinforce active debate about the trade-offs and consequences faced when using ESG metrics and designing sustainable investments.

Articulate the full learning from the minor, by providing student teams the opportunity to create and structure their own sustainable investment vehicle that meet the sector and financial requirements of specific

COURSE CONTENT, STRUCTURE AND PEDAGOGICAL APPROACH

The purpose of this course is two-fold: (1) to provide a conceptual and theoretical foundation for corporate ESG (Environmental, Social and Governance) policies and actions and investors' preferences regarding such policies and actions and (2) how such policies and actions affect firm performance and investor reactions.

Using a blend of readings, cases, discussions, and a major research project, students will learn to critically assess the actions of investors and corporations with regard to ESG policies, including the potential motivations and resulting consequences, that is, the valuation effects and externalities.

This course is designed as a case based indepth study of both theory and practice in the field of ESG and sustainable investments. Students will design and conduct your own independent research project on behalf of a major financial institution.

Student groups will be tasked to conduct a research project into an aspect of ESG.

Examples of potential research projects of this type would be:

- a. An empirical study of the stock price reaction to an ESG event which would be expected to affect a number of firms. The analysis will include how the valuation of the firms changed after this event (i.e., how investors reacted to the event) and how firms themselves responded through any changes (or non-changes) in their ESG profile. It is expected that the first analysis would be statistical in nature while the second would be qualitative.
- b. An examination of the returns to a portfolio of firms that are screened on past ESG factors. The student will decide which factors to employ for the screening for the inclusion of firms into the portfolio and explain the motivation for the factors chosen. The returns will be analysed in a statistical analysis which will include comparison to returns on index portfolios, controlling for risk.
- c. Student groups will be tasked to design their own sustainable finance vehicle, based on the criteria and foci set out by the client.

COURSE #3 ESG: DATA, ACCOUNTING AND REPORTING

LEARNING OBJECTIVES

Demonstrate a comprehensive understanding of voluntary and mandatory standards and regulations that govern carbon accounting, ESG reporting and disclosures (including the EU Directive 2014/95/EU on non-financial reporting, Sustainable Development Goals (SDGs) and Task Force on Climate-related Financial Disclosures);

Be able to explain emerging theoretical constructs relating to ESG accounting and reporting within the literature;

Display knowledge of the most relevant ESG rating schemes and the role of for corporate reporting;

Be able to apply the tools (indicators, materiality matrix, carbon accounting etc.) covered in the course, to real life cases to prepare ESG reports and disclosures;

Be able to critically analyse environmental, social and economic responsibility of an organization and understand data, measurement, reporting challenges;

Be able to explain differences between sustainability assurance and traditional financial auditing.

COURSE CONTENT, STRUCTURE AND PEDAGOGICAL APPROACH

This course provides students with an understanding of ESG governance at a global, regional (EU) and local (Denmark) level. The course is focused on providing ESG data and data quality; accounting for ESG and, disclosure and finance in the context of sustainability and social justice. At the end of the course, reporting on ESG and ESG disclosures in Annual reports. The course will address the interlinkages between financial reporting and ESG reporting.

Students will gain a sound theoretical understanding in the area of ESG accounting and reporting together with technical understanding that will equip students to understand, among other things; carbon accounting, materiality matrixes and voluntary versus mandatory ESG disclosures.

EXAMINATION

CONTENT AND EXAMINATION

CONTENT

The minor consists of three courses that each take up key aspects of Environmental Social Governance (ESG) Metrics, Reporting and Sustainable Investments. The courses complement each other and are designed to build a comprehensive understanding of Environmental Social Governance (ESG).

EXAMINATION

The minor consists of the examinations listed below. The learning objectives and the regulations of the individual examinations are prescribed in the online course catalogue. Direct links to the individual examinations are inserted in the table below.

EXAM NAME	EXAM FORM	GRADING SCALE	INTERNAL/ EXTERNAL EXAM	ECTS
<u>ESG, Sustainable and Impact Investments</u>	Oral exam based on written product	7-point grading scale	Internal exam	7.5 ECTS
<u>Critical Cases in Environmental, Social, and Governance (ESG) and Sustainable Investments</u>	Oral exam based on written product	7-point grading scale	Internal exam	7.5 ECTS
<u>Environmental, Social, and Governance (ESG): Data, Accounting, and Reporting</u>	Written sit-in exam on CBS' computers 20%	7-point grading scale	Internal exam	7.5 ECTS
	Home assignment - written product 80%	7-point grading scale	Internal exam	

FURTHER INFORMATION

COORDINATORS

Primary coordinator: Kristjan Jespersen, kj.msc@cbs.dk, Department of Management, Society and Communication

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STUDY BOARD

Study Board for BSc and MSc in Business, Language and Culture

HOW TO SIGN UP

If you want to sign up for the minor in Environmental Social and Governance (ESG): Metrics, Reporting and Sustainable Investments you have to select CGBLM1002U when you sign up for electives. You will then subsequently be signed up for all three courses. You do not have to select all three courses individually

NOTE

Students who are interested in this minor are also encouraged for their fourth elective course to consider the following courses:

KAN-CCMVV1801U Consulting for Sustainability – Harnessing Business Models and Innovation

KAN-CCMVV1738U Achieving the SDGs: Environmental Sustainability for Organizations

