



### 1. General Information

Course Subject	FINA
Course Number	2385
Course Title	ESG in Business and Finance
Academic Years	2023-2024
Grading Method	Letter

### 2. Instructors

Mrs Long, Frederick Johnson  
Email: [dlong@hku.hk](mailto:dlong@hku.hk)  
Subclasses: 1A,2B

### 3. Teaching Assistants

Mrs Cheung, Chi Ho  
Office: Room 1026 /F K.K. Leung Building  
Email: [antonyc@hku.hk](mailto:antonyc@hku.hk)  
Office: 28578308  
Subclasses: 1A,2B

### 4. Course Description

Course Description	<p>This course is designed to introduce environmental, social and governance (ESG) topics to students of business, finance and policy.</p> <p>Students will consider the relationship of corporates to societal objectives such as environmental protection and equitable working opportunities, which may not be within their direct operational mandates. Students will be introduced to key environmental and social challenges, such as climate change, pollution, and social inequality, and evaluate the “value” that preserving nature brings to society and to corporates.</p> <p>We will review the key elements of an ESG system at the corporate level. What is required, at a minimum, and what kinds of advanced investments (beyond compliance) would serve both societal and corporate objectives? Students will apply these lessons to analyze specific company ESG programs via case studies, assessing strengths and suggesting areas of improvement.</p> <p>We will apply the principles of successful ESG management to the field of investment. Is a strategy that employs advanced ESG metrics likely to outperform traditional investment benchmarks? What are the pitfalls of employing a sustainability-focused public market or private market investment plan?</p> <p>ESG experts from Corporates and Investments will be invited to talk to our students as guest speakers. They should be helping the students to understand the current trends/practice in ESG.</p>
Prerequisites	FINA1310: Corporate Finance

#### 4. Course Description

Free Elective	Yes
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#### 5. Course Objectives

1. The course aims to provide students with a practical understanding of how to design suitable ESG strategies for corporations in light of public, worker, and regulatory expectations and to implement ESG systems that serve those strategies. Students will also have an understanding of what is impact investing relating to ESG.
2. It can be valuable to students wishing to enter corporations or policy roles in government or NGOs, or in a financial institution managing investment portfolios.
3. The further aim is to bring a level of sophistication to the question of how far corporations should go in pursuit of activities that achieve societal goals (such as reduced social inequality), and whether such beyond compliance approaches can in fact become a source of sustainable competitive advantage.

#### 6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

#### 7. Course Learning Outcomes

Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Define ESG components and explain their relevance to corporations. Identify relevant stakeholders for a corporation.	✓	✓	✓	✓		✓
CLO2. Develop tools for valuing natural resources, such as air quality, water quality, and ocean health.	✓	✓	✓	✓		
CLO3. Evaluate various systems by which corporations measure their carbon emissions, and the tools regulators use to regulate and restrict those emissions.	✓	✓	✓	✓		✓
CLO4. Outline the key elements of an effective corporate ESG architecture, and assess the resources required to implement this architecture. Assess reporting requirements for major public stock exchanges such as HKSE.	✓	✓	✓	✓		✓
CLO5. Develop critical thinking about the balance between performance and accountability; one key area is to successfully identify “greenwashing” risks.			✓	✓		
CLO6. Become a successful ESG driven investor and/or portfolio manager, and consider the relationship between ESG performance, corporate financial performance, and public market valuations.			✓	✓	✓	✓
CLO7. Consider and develop entrepreneurial ideas for addressing elements of the UN Sustainable Development Goals (SDGs)			✓	✓		✓

## 8. Course Teaching and Learning Activities

Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lectures and Guest Speakers	33	26.2
T&L2. Reading and preparation	33	26.2
T&L3. Case Study preparation (Group, in class exercise)	20	15.9
T&L4. Mid Term Written Exam preparation	20	15.9
T&L5. Final Project	20	15.8
	Total: 126	Total: 100

## 9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Classroom Participation		10%	1,2,3,4,5,6,7
A2. Case Study Presentation		25%	1,2,3,4,5,6,7
A3. Mid Term Written Exam	Written exams are intended to cover key elements of ESG systems, both for corporations and investors, and to test students' abilities to understand key issues and apply that understanding to practical real world examples.	30%	1,2,3,4,5,6,7
A4. Final Project	Projects will be assigned to develop students' ability to undertake research and interpret and holistically evaluate information for decision making, even when facing numerous uncertainties.	35%	1,2,3,4,5,6,7

## 10. Course Grade Descriptors

A+,A,A-	Demonstrate superior ability to fulfill learning outcomes and make strong contributions in class and group activities
B+,B,B-	Demonstrate strong ability to fulfil learning outcomes, apply the knowledge effectively and make solid contributions in class and group activities
C+,C,C-	Make adequate contributions in class and group activities, and demonstrate mastery of the subject, but show gaps in understanding, or inconsistent application of the learning outcomes to practical examples
D+,D	Demonstrate evidence of familiarity with ESG topics, and effort to contribute in class or group activities
F	Demonstrate limited evidence of basic familiarity with the subject and limited effort to contribute in class or group activities

## 11. Course Content and Tentative Teaching Schedule

Topic/ Session	Date	Content	Assignments	Other information
1		Defining Environment,		(I) INTRODUCTION

## 11. Course Content and Tentative Teaching Schedule

		<p>Social and Governance Issues</p> <p>Goals of the course</p> <p>Key elements of E (Environment)</p> <p>Key aspects of S (Social)</p> <p>What is G (governance) and why is it important?</p> <p>What are the UN Sustainable Development Goals (SDGs)?</p> <p>(II) ROLE OF THE CORPORATION IN SOCIETY</p>		
2		<p>2 Milton Friedman (1970) and Mark Carney (2020)</p> <p>“The Purpose of the Corporate is to Maximize Profits”</p> <p>What is a “stakeholder”? Introduction to “Values” (book by Mark Carney, Former Bank of England Governor)</p> <p>When and why should a company consider its impact on stakeholders? What responsibility does a corporation have to its employees? To the community in which it operates?</p> <p>How about its responsibilities to the supply chain from which it sources its raw materials, components?</p> <p>What do the UN SDGs imply about the future of corporations and their roles in societies in which they operate? What are the "impacts" from:</p> <ul style="list-style-type: none"> <li>-Alibaba and Taobao</li> <li>-fintech startups</li> <li>-home food delivery (Uber Eats)</li> <li>-alternative proteins (Beyond Beef)</li> </ul>		(II) ROLE OF THE CORPORATION IN SOCIETY
3		<p>3 “Tragedy of the Commons”</p> <p>Article By Garrett Hardin</p> <p>What are the global commons and how much do we depend on them for our daily well being? (atmosphere, acid rain,</p>		(III) VALUING NATURAL RESOURCES AND PROMOTING SOCIAL EQUITY

## 11. Course Content and Tentative Teaching Schedule

		<p>oceans, freshwater)</p> <p>The science of Carbon Dioxide and Methane Emissions GHG Emissions metrics and how companies report them The Kyoto Protocol and the development of “Emissions trading programs” in EU</p> <p>Creating opportunities for underserved communities</p>		
4		<p>4 Regulations and Components of a Corporate ESG System</p> <p>“Best Available Technology” (BAT) versus Market Mechanisms Asia’s evolving ESG regulations</p> <p>Corporate ESG -Policy -Oversight -Personnel -What to Measure -Data assurance and validation</p>		(IV) CORPORATE APPROACHES TO ESG MANAGEMENT
5		<p>5 Corporate ESG Performance and Reporting</p> <p>Comparison of Hong Kong Stock Exchange and US Stock Exchange Reporting Requirements A Review of Selected ESG Reports What is “greenwashing”?</p> <p>“Beyond ESG Compliance” Case Studies Student Groups to discuss different companies’ ESG strategies identifying the rationale, pros and cons and discussions on the success of such strategies. Selected companies might include: BYD Shell Standard Chartered Bank Du Pont</p>		

## 11. Course Content and Tentative Teaching Schedule

		IKEA Patagonia Samsung		
6		Midterm		
7		<p>7 Sustainable Finance Requirements: Global Transition and Adaptation</p> <p>Priorities of Emerging Markets Role of Multilateral Institutions and Concessional Finance Rise of Carbon Trading Markets Current Challenges in Carbon Markets</p> <p>8 Green Bonds and Sustainability-Linked Loans</p> <p>Rise of Green Bonds Review of Green Bonds Issuances; strengths and weaknesses Banks' Roles: sustainability-linked loans</p>		(V) SUSTAINABLE FINANCE AND ESG METRICS
8		<p>8 Green Bonds and Sustainability-Linked Loans</p> <p>Rise of Green Bonds Review of Green Bonds Issuances; strengths and weaknesses Banks' Roles: sustainability-linked loans</p>		(V) SUSTAINABLE FINANCE AND ESG METRICS
9		<p>9 Public Market Investment, Asset Managers, and Private Equity</p> <p>Exclusions ESG Ratings systems (Moody's, MSI) Greenwashing" assessments The role of NGOs and watchdogs Does ESG outperformance lead to superior financial performance and market valuations?</p>		(V) SUSTAINABLE FINANCE AND ESG METRICS
10		10 Student-Led Case		(V) SUSTAINABLE

## 11. Course Content and Tentative Teaching Schedule

		Studies on Selecting Hong Kong Companies		FINANCE AND ESG METRICS
11		11 Drive for Sustainable Finance Regulations and Harmonization  Current State of ISSB and other Standards Approach of China, India and Other Emerging Markets How Global Financial Systems Must Change		(V) SUSTAINABLE FINANCE AND ESG METRICS
12		12 Debates over the Future of Corporate ESG and Sustainable Finance		(VI) WRAP UP: ESG AS IT EVOLVES TOWARDS SUSTAINABILITY

## 12. Required/Recommended Readings & Online Materials

Reading	Package of Articles including “Purpose of the Corporation”, “Tragedy of the Commons”, “Valuation of an Amazonian Rainforest”, and HKSE ESG Reporting Guidelines  ‘Environmental Social Governance.’ Spitz et al. (Paperback)  Bill Gates, “How to Avoid a Climate Disaster.”
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## 13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in additional to SETL around the end of the semester
	Online response via Moodle site
	Others

## 14. Course Policy

As per university standard policies.

Class Conduct: Respect for different opinions is an essential element of this course.