

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) AND IMPACT INVESTING

COURSE INFORMATION

Course Number:

Term: Spring 2024

Class Day & Time: Mondays, 4:30-7:20pm

Room #: To be confirmed (TBC)

Lecturer: Shivani Patel

Office Hours: Appointment by request

Teaching Assistant: TBC

COURSE SUMMARY

This course provides an introduction to asset management and the Sustainable Investing spectrum, with an emphasis on ESG and Impact Investing. Impact investing is a strategy to generate positive, measurable social or environmental impact alongside a financial return. According to one estimate, investors now consider ESG factors across \$12 trillion of professionally managed assets, a 38 percent increase since 2016.

Exploring ESG and Impact Investing requires a basic understanding of asset management. Asset Management requires investors, whether acting as principals (investing in their own funds) or as agents (investing on behalf of others) to maximize their return on investments in most cases. The first class will lay out the investment management landscape, principally from a US perspective. Students will learn the difference between publicly held and privately held investments and various asset classes, such as equities (stocks), fixed income (debt) bonds, and alternative investments. Second, discussion of the various types of investment vehicles available: mutual funds, exchange traded funds, private funds (limited partnerships), and the regulation of these funds and their managers.

The remainder of the course will focus on the principles and techniques that underpin various models of sustainable investing, with a focus on ESG and impact investing from both the investor and the corporate perspective. The discussion will incorporate the role of public policy in facilitating sustainable investments. Students will come away with a broad understanding of the ESG and Impact Investing landscape across different asset classes such as public market investing, private equity, venture capital, and fixed income. Each week we will cover a different asset class and consider a range of topics, such as whether trade offs exist between returns and impact, the concepts of single and double materiality, the potential to solve for broad societal challenges such as climate change, health, and education, active shareholder engagement, data-driven approaches to impact measurement, and an introduction to careers in impact investing. The focus for the course will be practical, building on the instructor's experience in the ESG investing and corporate strategy fields. Classes will include guest speakers and case studies to illuminate key topics and highlight career paths.

COURSE REQUIREMENTS

Written Assignment #1	April 1	15%
Written Assignment #2	April 15	15%
Group Project	May 13	30%
Weekly Writing Prompts	Ongoing	10%
Attendance & Participation	Ongoing	30%

Written Assignment #1: Short response paper on an assigned stock and discussing its ESG strengths and weaknesses.

Written Assignment #2: Short response paper selecting a venture capital or private equity fund and discussing alignment and tradeoffs with impact investing objectives.

Group Project: Presentation and write-up of an assigned global policy and its implications and trade-offs through an ESG and impact investment lens.

Weekly Writing Prompts: Before each class, respond to a prompt to reflect on that week's reading. Weekly writing prompts are due by 5:00pm CST the Sunday evening before class on Canvas. Cite facts from the case to support your argument and limit the length of your response to 250-500 words. Your lowest scored response will be dropped.

Attendance & Participation: This course is a discussion-based class with your preparedness and participation being the most important factor for success. We have a few classroom expectations that will contribute to your Attendance & Participation grade:

- Attendance is mandatory with the exception of pre-approved absences. Please refer to the Harris attendance policies for a list of approved absences.
- Computers are discouraged during the class discussion and lecture. If instructors notice that computers are being used for reasons other than referencing the case or taking notes, you will be asked to put it away.
- Computers are prohibited during our discussions with guest speakers.
- Name tents are required to receive attendance credit.

CLASS OUTLINE

Date	Topic	Key Concepts	Required Readings
Mar. 18	Asset Management, Public and Private Markets,	<ul style="list-style-type: none"> • Introduction to major asset classes: public equities, fixed income, private equity, venture 	Yale University Investment Office: 2015 (HBS)

	Portfolio Management	<p>capital, hedge funds; Risk and return characteristics</p> <ul style="list-style-type: none"> • Legal and regulatory landscape • Public markets and private markets investment vehicles • Role of institutional investors: sovereign wealth funds, public and corporate pensions, endowments, foundations, family offices 	
Mar. 25	Origins, Definitions, and the Case for ESG and Impact Investing	<ul style="list-style-type: none"> • History of impact investing • Spectrum of Sustainable Investing strategies • Market return vs. concessionary returns across the asset class continuum <p>Guest Speaker(s): TBC</p>	Goldman Sachs: Making an Imprint in Impact Investing (HBS)
Apr. 1	Public Equity Strategies	<ul style="list-style-type: none"> • ESG toolkit: negative/positive screening, ESG integration, thematic investing, single vs. double materiality, engagement, proxy voting • Sustainable Investing and Thematic Equity Funds <p>Guest Speaker(s): TBC</p>	Generation Investment Management (HBS)
Apr. 8	Public Debt Strategies	<ul style="list-style-type: none"> • ESG Toolkit: ESG and Impact Investing strategies in public vs. private debt • Municipal financing 	TBC

		<ul style="list-style-type: none"> ● Sustainability-linked financing ● Green bonds ● Sustainable Investing and Thematic Debt Funds <p>Guest Speaker(s): TBC</p>	
Apr. 15	Private Market Strategies	<ul style="list-style-type: none"> ● ESG Toolkit: ESG and Impact Investing strategies in private equity and venture capital ● Intro to Impact Investing funds 	TowerBrook: ESG in Action (A) (B) (HBS)
Apr. 22	Public Policy	<ul style="list-style-type: none"> ● U.S. & Global Policy implications for ESG & Impact Investing ● U.S. & Global ESG Regulatory landscapes ● Voluntary disclosure standards ● Role of NGOs and investor coalitions <p>Guest Speaker(s): TBC</p>	TBC
Apr. 29	Investment Stewardship, Corporate Governance & Corporate Responsibility	<ul style="list-style-type: none"> ● Investor Engagement ● Proxy Voting ● Corporate Governance ● Chief Sustainability Officers ● ESG and Impact oversight in privately and publicly held companies <p>Guest Speaker(s): TBC</p>	Engine No.1: An Impact Investing Firm Engages with ExxonMobil (A) (B) (HBS)
May 6	Emerging Trends in Impact Investing	<ul style="list-style-type: none"> ● Impact measurement ● Place-based investment ● B Corps 	The Rise Fund: TPG Bets Big on Impact (HBS)
May 13	Climate Risk &	<ul style="list-style-type: none"> ● Net zero targets 	Driving

	Climate investing	<ul style="list-style-type: none">• Transition plans• Corporate strategy and capital expenditures <p>Guest Speaker(s): TBC</p>	Decarbonization at BMW (HBS)
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