

PPHA 36170: ESG Analytics for Investing

Thursdays, 3:30-6:20 p.m. KELL 2112

Course Description:

In the quarter century since the concept was first articulated, ESG (Environmental, Social, Corporate Governance) has grown exponentially in the investment world, as it has, more recently, in corporate management. The growth of ESG has prompted policy responses from regulators across the world and debate about its effectiveness as a way to improve investing, corporate management, and global capitalism itself.

This course takes students on a deep dive into ESG concepts, data, and analytics, addressing the most pertinent questions and controversies surrounding ESG today. In the process, students will consider policy responses to ESG, encounter the academic literature on ESG, and hone their analytical skills by working with ESG data to complete course assignments.

Class Sessions:

The class will meet on Thursdays from 3:30 pm to 6:20 pm in KELL 2112.

Class sessions will approximate this schedule:

Agenda, reflections on previous class	15 minutes
Weekly presentation/lecture	60 minutes
BREAK	15 minutes
Class participation/discussion	60 minutes
Wrap-up and preview next class	20 minutes

NOTE: Students may use tablets to take notes, but may not use laptops in class.

Course Requirements:

Detailed assignment descriptions will be made available on Canvas. Late work will be accepted only if prior arrangement is made.

ESG Data Papers (30%) - Students will use the MSCI ESG Manager database to complete **three** short papers (~750-1500 words). Each ESG Data Paper will be worth 10% of the course grade.

Group Project (25%) – Students will complete a group project that requires a group presentation and a brief individual response. Grading will comprise both individual and group assessments.

Final Memo (25%) - Students will complete one longer written assignment (~1000-1250 words), based on a prompt given in class.

Response Papers and Class Participation (10%) – Students will write **four** informal short papers (~250-500 words) responding to course topics and assigned readings. These will prove helpful to class discussion. Participation in class discussion is encouraged, appreciated, and necessary for a successful class. Feel free to ask questions at any time. Response papers, collectively, along with class participation, will be worth 10% of the course grade.

Attendance (10%) - Students are expected to attend all class sessions in their entirety, and to display their name tent. Attendance on Feb. 26 is mandatory for all students.

Attendance credit will be given as follows (after Week 1):

8 sessions attended	100%
7 sessions attended	88%
6 sessions attended	75%
<u>5 sessions attended</u>	<u>63%</u>
4 or fewer sessions attended, or absent on Feb. 26	0%

<u>Assignment Summary</u>	<u>Due Date</u>	<u>Percentage</u>
ESG Data Paper #1	Jan. 15 (12:30 pm)	10%
Response Paper #1	Jan. 22 1(2:30 pm)	*
ESG Data Paper #2	Jan. 29 (12:30 pm)	10%
Response Paper #2	Feb. 5 (12:30 pm)	*

ESG Data Paper #3	Feb. 12 (12:30 pm)	10%
Response Paper #3	Feb. 19 (12:30 pm)	*
Group Project	Feb. 26 (12:30 pm)	25%
Response Paper #4	Mar. 5 (12:30 pm)	*
Final Memo	Mar. 12 (12:30 pm)	25%
<u>Attendance</u>	<u>in-class</u>	<u>10%</u>

*Response Papers, collectively, along with class participation, comprise 10% of the course grade

Course Schedule:

1/8 Week 1 - Stage-setting

- A. **Course Intro** – ESG overview, discuss syllabus and course requirements
- B. **Key investment concepts**

1/15 Week 2 - ESG Origins and Practice

*** ESG Data Paper #1 due at 12:30pm ***

A. **Origins of ESG**

Primary Reading:

Pollman, Elizabeth, **The Making and Meaning of ESG** (October 31, 2022). U of Penn, Inst for Law & Econ Research Paper No. 22-23, European Corporate Governance Institute - Law Working Paper No. 659/2022, Harvard Business Law Review, Vol. 14, p. 403, 2024, Available at SSRN: <https://ssrn.com/abstract=4219857>Links to an external site.

Supplemental Reading:

The Global Compact, **Who Cares Wins: Connecting Financial Markets to a Changing World** (2004), Available at <https://documents1.worldbank.org/curated/pt/280911488968799581/pdf/113237-WP-WhoCaresWins-2004.pdf>Links to an external site.

Freshfields, **A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment** (October 2005) Available at: <https://www.unepfi.org/wordpress/wp-content/uploads/2022/07/Freshfields-A-legal-framework-for-the-integration-of-ESG-issues-into-institutional-investment.pdf>Links to an external site.

B. ESG Ratings Models

Primary Reading:

ESG Ratings Process, MSCI ESG Research (April 2024)

ESG Ratings Methodology, MSCI ESG Research (April 2024)

The role and rise of ESG ratings, CFA Institute

(2024) <https://www.cfainstitute.org/insights/articles/the-role-and-rise-of-esg-ratings>Links to an external site.

Guido Giese and Drashti Shah, **ESG Ratings in Global Equity Markets: A Long-term Performance Review**, *Journal of ESG and Impact Investing* 6:1, 2025 <https://www.msci.com/downloads/web/msci-com/research-and-insights/paper/msci-esg-ratings-in-global-equity-markets-a-long-term-performance-review/MSCI-ESG-Ratings-in-Global-Equity-Markets---A-Long-Term-Performance-Review--FINAL2.pdf>Links to an external site.

Yu Ishihara, **Insights on MSCI ESG Ratings and Business Performance**, MSCI ESG Research (July 2025)

Supplemental Reading:

A question of trust: How AI is addressing greenwashing concerns, CFA Institute (2024) <https://www.cfainstitute.org/insights/articles/how-ai-combats-greenwashing>Links to an external site.

How the finance industry influences ESG impact, CFA Institute (2024) <https://www.cfainstitute.org/insights/articles/finance-industry-esg-impact>Links to an external site.

Private markets funds: Putting their money where ESG is CFA Institute (2024) <https://www.cfainstitute.org/insights/articles/private-markets-funds-esg-investing>Links to an external site.

1/22 Week 3 – Environmental issues

*** Response paper #1 due at 12:30 pm ***

A. Environmental risks and opportunities amidst a changing climate

Primary Reading:

Slattery, Sinead, **Climate-related Risks and Opportunities** (Nov. 26, 2025) <https://kpmg.com/xx/en/our-insights/ifrg/2025/climate-related-risks-opportunities.html> [Links to an external site.](#)

Goshen, Zohar and Hamdani, Assaf and Raskolnikov, Alex, **Poor ESG: Regressive Effects of Climate Stewardship** (February 1, 2024). European Corporate Governance Institute - Law Working Paper No. 764/2024, Columbia Law and Economics Working Paper No. 4771137, *BYU Law Review*, forthcoming,

<https://ssrn.com/abstract=4771137> [Links to an external site.](#) or <http://dx.doi.org/10.2139/ssrn.4771137> [Links to an external site.](#)

Gasparini, Matteo and Tufano, Peter, **An Empirical Examination of Business Climate Alliances: Effective and/or Harmful?** (May 06, 2025). Harvard Business School Working Paper, No. 25-060,

<https://ssrn.com/abstract=5253936> [Links to an external site.](#) or <http://dx.doi.org/10.2139/ssrn.5253936> [Links to an external site.](#)

B. The “E” in ESG models and assessing climate risk

Exercise: Select **two large-cap** companies and read their **Climate Value-at-Risk Company Report**, MSCI Manager.

1/29 Week 4 – Social issues

*** ESG Data Paper #2 due 12:30pm ***

A. Stakeholders v. Shareholders: managing relationships with employees, customers, suppliers, communities, and the broader world

Primary Reading:

Statement on the Purpose of a Corporation, Business Roundtable (2019) <https://cdn.builder.io/o/assets%2F679146658e6d45af922aa9d9409fb683%2F862e>

[c245323b478ea8dd7765fd37115f?alt=media&token=a995c8f5-142c-4396-b054-6f1bb27164a2&apiKey=679146658e6d45af922aa9d9409fb683](https://www.businessroundtable.org/five-years-on-corporate-purpose-and-profit)Links to an external site.

Five Years On: Corporate Purpose and Profit, Business Roundtable (2024) <https://www.businessroundtable.org/five-years-on-corporate-purpose-and-profit>Links to an external site.

B. The “S” in ESG models

Primary Reading:

Zooming in on the ‘S’ in ESG, The Conference Board ESG Center, 2022?) <https://www.conference-board.org/pdfdownload.cfm?masterProductID=49543>Links to an external site.

Jim Harter, **Employee Engagement vs. Employee Satisfaction and Organizational Culture**, Gallup June 28, 2018, updated July 29, 2025 <https://www.gallup.com/workplace/236366/right-culture-not-employee-satisfaction.aspx>Links to an external site.

2/5 Week 5 – Corporate Governance

***** Response Paper #2 due at 12:30 pm *****

A. Best practices in governance; shareholder activism

Primary Reading:

Byrne, Dan, **The definitive guide to corporate governance: principles & practices**, Corporate Governance Institute, ND <https://www.thecorporategovernanceinstitute.com/insights/guides/the-definitive-guide-to-corporate-governance-principles-frameworks-and-best-practices/?srsltid=AfmBOooD4DudFoJTQja-OacyQUkCQ-ztcn3iuZSFavEP3vdOtsY3xhBH#:~:text=In%20today's%20business%20climate%2C%20w here,best%20practices%20for%20corporate%20governance>Links to an external site.

Kahn, Matthew E. and Matsusaka, John G. and Shu, Chong, **Divestment and Engagement: The Effect of Green Investors on Corporate Carbon Emissions** (January 9, 2025). USC Marshall School of Business Research Paper Sponsored by iORB, European Corporate Governance Institute – Finance Working Paper No. 993/2024

<https://ssrn.com/abstract=4592023>Links to an external site. or <http://dx.doi.org/10.2139/ssrn.4592023>Links to an external site.

Lan, Luh Luh and Lim, Ernest, **Contextualising ESG Funds' Engagement Strategies in Asia** (October 15, 2024). European Corporate Governance Institute - Law Working Paper No. 807/2024, NUS Law Working Paper No. 2024/010, <https://ssrn.com/abstract=4989840>Links to an external site. or <http://dx.doi.org/10.2139/ssrn.4989840>Links to an external site.

B. Governance in ESG models

Primary Reading:

Defining the “G” in ESG: Governance Factors at the Heart of Sustainable Business (June 2022). World Economic Forum https://www3.weforum.org/docs/WEF_Defining_the_G_in_ESG_2022.pdfLinks to an external site.

Exercise:

Select a **subindustry** and identify the **key governance issues**

2/12 Week 6 – ESG as an investment framework

***** ESG Data Paper #3 due at 12:30pm *****

A. Sustainable Investing and conventional investing

Primary Reading:

Baker, Malcolm P. and Egan, Mark and Sarkar, Suproteem, **Demand for ESG** (November 21, 2024). <https://ssrn.com/abstract=4284023>Links to an external site. or <http://dx.doi.org/10.2139/ssrn.4284023>Links to an external site.

Sustainable Reality: Sustainable fund deliver strong returns in 1H 2025 ... (Morgan Stanley Institute for Sustainable Investing, Sept. 2025) https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_ISI_Sustainable_Reality_2025_report-FINAL.pdfLinks to an external site.

Sustainable Signals: Individual Investors 2025 (Morgan Stanley Institute for Sustainable Investing, April

2025) https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/2025_Sustainable_Signals_Individual_Investors_2025_report.pdfLinks to an external site.

B. Impacts on investment performance

Primary Reading:

Curtis, Quinn and Fisch, Jill E. and Robertson, Adriana, **Do ESG Mutual Funds Deliver on Their Promises?** (June 8, 2021). Michigan Law Review, Forthcoming, U of Penn, Inst for Law & Econ Research Paper No. 21-17, European Corporate Governance Institute - Law Working Paper No. 586/2021, Available at SSRN: <https://ssrn.com/abstract=3839785>Links to an external site.

2/19 Week 7 – Policy Response

*****Response Paper #3 due at 12:30pm*****

An overview of the policy response to ESG by regulators around the world. A comparison of approaches and the concerns they reflect.

Readings TBA

2/26 Week 8 – Group Presentations

***** Individual component due at 12:30pm *****

*****Group projects presented in class*****

3/6 Week 9 – Summation (final class session)

***** Response Paper #4 due at 12:30 pm *****

After a quarter century, where stands ESG? What is its purpose? Is it fit for purpose? Where does it go from here?

Primary Reading:

Edmans, Alex, **Rational Sustainability** (February 14, 2024). Journal of Applied Corporate Finance, forthcoming, Available at SSRN: <https://ssrn.com/abstract=4701143>Links to an external site. or <http://dx.doi.org/10.2139/ssrn.4701143>Links to an external site.

3/12 *****Final Memo due at 12:30 p.m.*****