ESG AND THE ROLE OF BUSINESS
Global Collaborative Summer Program (3 Credits)
Kyung Hee University, Seoul, Korea
June 27 to July 17, 2023: 9 am to 12 Noon (Korean Time)

The course will be divided in half, Professor Williams taking the first 7 classes (online), June 27 to July 5, and Professor Jungkeun Lim taking the remaining classes (in-person), July 6 to July 17. The final grade for the course will be computed based on the final grades of Part 1 (50%) and Part 2 (50%).

The overview and objectives of the first seven classes are as follows.

OVERVIEW OF PART 1

Take one look at the smog that hangs over some of the major cities of the world and it becomes abundantly clear—globalization and economic expansion come at a price. Resource depletion, worker exploitation, pollution and corruption—this is the dark underbelly of globalization that has raised alarm bells around the world. Thankfully, more and more individuals and organizations are waking up to the environmental, social, and governance (ESG) issues of a global marketplace and are making a sound business case for a new era of moral capitalism. Leading the way in this regard is the United Nations with its groundbreaking Global Compact initiative. Launched in 2000, the UN Global Compact (UNGC) as of January 2023 had more than 15,000 businesses and 4,500 non-business participants in 160 countries around the world—making it the world’s largest voluntary corporate social responsibility project advancing ESG issues. The course will explore the meaning of sustainable development and ESG issues and how they might be realized through the UNGC and leaders in the public and private sectors.

OBJECTIVES OF PART 1

1. To introduce the student to ESG issues and to sustainable development and to the United National Global Compact and why its focus on human rights, labor rights, environmental issues and corruption is so attractive to the many stakeholders of society.

2. To develop the ability to think clearly about how one integrates environmental, social and governance issues (ESG) into corporate management.

3. To develop a sensitivity to the moral and ethical values that enable companies to restore public trust in business.

4. To understand how a number of companies are implementing ESG issues through the principles of the Global Compact by examining case studies.
5. To examine and understand the changing role of business in society.
6. To improve English speaking and writing.

READINGS FOR PART 1

All the required articles for Part 1 of the course will all be given to you electronically.

REQUIREMENTS FOR PART 1

There will be one paper by each individual student. The final grade for Part 1 will be computed on the basis of class participation (30%) and the paper (70%).

Class Participation

Besides attendance, effective class participation includes: listening skills; analysis ability; questions and comments; and last, but not least, a willingness to risk, testing new ideas.

Individual Written Paper

There is one individual written assignment which should be 5-7 pages in length, typed and double-spaced (70%).

1. Read the article, “Are the UN Principles for Responsible Investment Working?” Based on our class readings and your reflection, formulate your answer to the article. Incorporate key readings from the course. (Due via email to the TA on Monday, July 10).
COURSE OUTLINE FOR PART 1

Session 1: Tuesday, June 27—OVERVIEW OF SUSTAINABILITY, ESG ISSUES AND THE PURPOSE OF BUSINESS


2. PowerPoint presentation on Global Compact.

3. ESG for Beginners: Environmental, Social and Governance Investing


Questions: 5. CSR (p. 39) quotes as follows: “..in fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy the basic needs, and who form a particular group at the service of the whole society.” Discuss other authors in this essay who agree with this position. Disagree. What is your position?

6. What do Porter and Kramer see as the purpose of business?

Session 2: Wednesday, June 28—THE SUSTAINABILITY CHALLENGE: THE CONTEXT FOR ESG ISSUES

Reading: 1. What is ESG?

2. Five Ways That ESG Creates Value


Questions: 4. What is sustainability?

5. In your own words, what is ESG? Why is it important?

6. Why would Microsoft be interested in ESG issues?
Session 3: Thursday, June 29—SOCIAL CRITERIA: HOW A BUSINESS TREATS PEOPLE—PRINCIPLES ONE AND TWO: HUMAN RIGHTS

   5. UN Global Compact Note on Integrity Measures (4 pages)
   6. Business and Human Rights Resource Center Weekly Update (Newsletter), Google

Questions: 7. What is the connection between human rights and social issues?
   8. Discuss the UN Sustainable Development Goals, and Why Novartis would become involved in these projects.
   9. Do motives for becoming involved matter?

Session 4: Friday, June 30—SOCIAL CRITERIA CONTINUED—PRINCIPLES THREE TO SIX: LABOR

Reading: 1. Labor, p. 1

Questions: 7. Discuss: “If we are truly to take the principles of the UNGC from being an agenda of the CEO to one that is implemented organization-wide, we need to understand how to engage our employees,” SD, p. 320.
   8. Select a company that is engaged in ESG issues and discuss how it is advancing the labor principles.

Reading: 1. The Environment, pp. 1-2.

Question: 7. Discuss how the tools of environmental leadership are employed in two Global Compact learning network initiatives—Caring for Climate and the Environmental Stewardship Strategy (Reading #5)

Session 6: Tuesday, July 4—GOVERNANCE FACTORS: HOW A COMPANY IS RUN—PRINCIPLE TEN: ANTI-CORRUPTION

5. The Involvement of Boards of Directors in the UN Global Compact.

Question: 6. Discuss: “I am convinced that the greatest untapped profit opportunity available to business today is having a purpose that benefits both society and bottom line.” (Reading #3)

Session 7: Wednesday, July 5—THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

Reading: 1. “Are the UN Principles for Responsible Investment Working?”
2. “What the ESG Critic’s Are Right About—And Where They’re Misguided.”
3. Review the website for the Principles for Responsible Investment <www.unpri.org>
Question: 5. In reading #1, Catherine Howarth is critical of the Principles for Responsible Investment. That article was published in 2008. Are Howarth’s criticisms still valid today?

The overview and objectives of the second half of the course are as follows:

OVERVIEW OF PART 2
Global crises such as climate change and pandemics demand the awakening and transformation of the problems of the profit and growth-oriented capitalist system and modern civilization. Recently, ESG is establishing itself as a new global standard in the economy. Part 2 covers basic knowledge and information on ESG frameworks and major ESG evaluation systems and provides an opportunity to recognize the specific environmental and social values of ESG. Through Part 2, it is expected that students will be able to familiarize themselves with the essential elements of ESG management to mitigate climate change by transforming the current economy sustainably.

OBJECTIVES OF PART 2
Global crises such as climate change and pandemics demand the awakening and transformation of the problems of the profit and growth-oriented capitalist system and modern civilization.

- To introduce definitions and key concepts of ESG to understand the core values of ESG Issues.
- To discuss the ESG key issues and indices focusing on how they can transform the problematic economy into stakeholder capitalism and sustainable economy and how those issues and indices are interrelated.
- To introduce major ESG evaluation systems to understand how corporates’ performances are measured, evaluated, and ranked and how they can bring economic changes to sustainability.
- To introduce best and worst practices regarding ESG management by examining related articles and corporates’ ESG reports.

Session 8: Thursday, July 6—DEFINITIONS AND CONCEPTS OF ESG

- Topic 1: Definition of ESG and key concepts: Environment, Social, Governance
- Topic 2: Relationship among core concepts of ESG

Session 9: Friday, July 7—ESG AND STAKEHOLDER CAPITALISM
- Topic 1: Investor initiative and fiduciary duty
- Topic 2: Domestic and international trends on alternative capitalism

**Session 10: Monday, July 10—ESG EVALUATION SYSTEM I**

- Topic 1: ESG Evaluation Methodology
- Topic 2: Environmental Issues: Indices and Best Practices

**Session 11: Tuesday, July 11—ESG EVALUATION SYSTEM II**

- Topic 1: Social Issues: Indices and Best Practices
- Topic 2: Governance Issues: Indices and Best Practices

**Session 12: Wednesday, July 12—ESG INTEGRATED REPORTING**

- Topic 1: Integrated Reporting Framework
- Topic 2: Best Practices

**Session 13: Thursday, July 13—DARK AND BRIGHT SIDES OF ESG**

Topic 1: Greenwashing
Topic 2: MZ Generation and Climate Action

**Session 14: Friday, July 14—TRENDS OF ESG IN 2023**

Topic 1: Trends of ESG Management
Topic 2: Trends of ESG Regulations

**Session 15: Monday, July 17—ESG FOR PEOPLE, PLANET, AND PEACE**

Topic 1: A New Challenge in the Face of a Global Catastrophe
Topic 2: The Planet Beyond the Anthropocene/Capitolocene

**READINGS FOR PART 2**

All the required articles for Part 2 of the course will be given to you in class or electronically.

Some of the references which will be used in Part 2 are as follows;
5. Kate Raworth, Doughnut Economy, 2017

REQUIREMENTS FOR PART 2

There will be one paper for each student. The final grade for Part 2 will be computed based on class participation (30%) and the paper (70%).

Class Participation

Besides attendance, effective class participation includes listening skills; analysis ability; questions and comments, and a willingness to test new ideas.

Individual Written Paper

There is one individual written assignment which should be 5-7 pages in length, typed and double-spaced (70%). The details of writing the paper will be given in class.