Course Title: Fundamentals of Environmental, Social, and Governance (ESG) Principles			
Course code: MPD 149	**No. of credits:** 3	**L-T-P:**26-4-0	**Learning hours:** 30
Pre-requisite course code and title (if any): None			
Department: Department of Policy and Management Studies			
Course coordinator: Dr. Gopal K. Sarangi		**Course instructor:** Dr. Gopal K. Sarangi	
Contact details: gopal.sarangi@terisas.ac.in			
Course type: Core		**Course offered in:** Semester-2	

Course Description:

This course is an introduction to Environmental, Social, and Governance (ESG) principles and their significance in business and investing. It covers the key components of ESG, including environmental sustainability, social responsibility, and corporate governance, as well as tools and methodologies for ESG analysis and valuation. The course also explores the challenges and barriers to implementing ESG practices and provides real-world examples of companies addressing social and environmental issues effectively. Additionally, the course also covers ESG reporting and communication. By the end of the course, participants will have a foundational understanding of ESG principles and their role in creating sustainable business practices.

Course objectives

- To provide fundamentals of Environmental, Social, and Governance (ESG) principles and their significance in business and investing.
- To understand and examine the key components of ESG, including environmental sustainability, social responsibility, and corporate governance, as well as tools and methodologies for ESGanalysis and valuation.
- To analyze challenges and barriers to implementing ESG practices, along with real-world examples of companies addressing social and environmental issues effectively.
- To impart a foundational understanding of ESG principles and their role in creating sustainable business practices,
- To be able to integrate ESG factors in investment decision-making processes and effectively communicate ESG performance to stakeholders.

Course contents

Module	**Topic**	**L**	**T**	**P**
1	**Introduction to ESG Principles** Key concepts in ESG and their significance in business and investing; Integrating environmental, social, and governance factors into investment decision-making processes, differentiating ESG from impact investing, socially responsible investing (SRI), and other sustainability frameworks.	2	0	0
2	**Historical development of ESG and its current prominence** Origins and emergence of ESG, key milestones in ESG's development and the establishment of framework, impact of regulations and international agreements on ESG practices, investor demand and corporate responsibility, ESG's shift from niche to mainstream driven by materiality and financial relevance, emerging trends and the needs for continuous improvement in ESG frameworks.	4	0	0
3	**ESG and Sustainable Development** Exploring the relationship of ESG principles with SDGs, de-carbonization goals and concepts of circular economy, overlap and differences between ESG, circular economy, and CSR.	2	0	0
4	**Environmental Factors** Definition and importance of environmental sustainability, Impact of climate change on businesses and society, environmental regulations and their influence on ESG practices, natural resource management and their integration within ESG frameworks, environmental challenges and innovative solutions.	4	0	0
5	**Social Factors** Role of social responsibility in ESG, stakeholder engagement, supply chain management, fair labor practices within ESG frameworks, human rights, diversity, equity and inclusion in ESG.	4	0	0
6	**Governance Factors** Significance of corporate governance in ESG, board structure and composition for effective governance, executive compensation and	4	0	0

	accountability, business ethics and code of conduct, legal and policy environment for ESG at both national and international levels, effects of mandatory and optional legislative pronouncements on ESG practices; Institutional role played by capital market regulators such as SEBI, SEC in mandating ESG disclosure requirements for listed companies.			
7	**ESG in Different Industries** Exploring sector specific ESG considerations, challenges, and best practices in industries such as energy, finance, technology, and consumer goods, real-world case studies and examples showcasing successful ESG integration in different industries, performance and rating.	3	2	0
8	**ESG Mapping, Implementation and Reporting** Frameworks for ESG disclosures (GRI, BRSR, CDP, CSRD and others), various tools and methodologies used for analysing and evaluating ESG performance, mapping techniques and estimation of ESG, influence of ESG on risk management and financial performance.	3	2	0
	Total	**26**	**4**	**0**

Evaluation criteria:

- Assignment submission 20%
- Case Study Analysis and Presentation 30%
- ESG Report Preparation 50%

Learning outcomes:

By the end of the course, the participants will:

1. Have a comprehensive understanding of ESG and its significance in business and investing, including the key components of ESG and their relationship with sustainable development.
2. Understand the impact of environmental factors on businesses and society, including environmental sustainability and related regulations.
3. Appreciate the importance of social responsibility in ESG, including stakeholder engagement, labor practices, diversity, and inclusion.
4. Recognize the significance of corporate governance in ESG, including the board structure, executive compensation, and accountability.
5. Develop proficiency in integrating ESG in investment decision-making processes, using frameworks, reporting standards, and tools for analysis and valuation, as well as effectively communicating ESG performance to stakeholders.

Pedagogical approach:

A combination of class-room interactions, participative group discussion and presentations, tutorials and assignments.

Materials:

Suggested Readings

- Garcia, AS.; Mendes-Da-Silva, W. Orsato Renato J. (2017) Sensitive industries produce better ESG performance: Evidence from emerging markets. Journal of Cleaner Production. Vol.150, pp. 135-147 http://dx.doi.org/10.1016/j.jclepro.2017.02.180
- Gupta, A.K. and Gupta, N (2020) Effect of corporate environmental sustainability on dimensions of firm performance e Towards sustainable development: Evidence from India Journal of Cleaner Production. Vol.253. https://doi.org/10.1016/j.jclepro.2019.119948
- Bansal, S.; Khanna, M.; Jain, S. (2017) The Corporate Social Responsibility Act in India: An Early Assessment. South Asian Network for Development and Environmental Economics (SANDEE) Working Paper No. 120–17
- National Stock Exchange of India (2020). ESG Analysis on 50 Listed Companies in India. jointly published by Stakeholder Stakeholders Empowerment Services (SES) and NSE.
- Nemoto N. and Morgan, P.J. (2020) Environmental, Social, and Governance Investment
- Opportunities and Risks for Asia. Naoko Nemoto and Peter J. Morgan (eds). Asian Development Bank Institute: Japan
- Nemoto N. and Liu, L. (2020) Measuring the Effect of Environmental, Social, And Governance on Sovereign Funding Costs. ADBI Working Paper Series No. 1088. Asian Development Bank Institute
- Boffo, R., and R. Patalano (2020), "ESG Investing: Practices, Progress and Challenges", OECD Paris,
- www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf

Required text.

1. ESG Disclosure Handbook (WBSCD)

2. Values at work (Daniel C. Esty, Todd Cort)
3. SA 8000 Guidelines
4. Global Reporting Initiative
5. Report of the Committee on Business Responsibility and Sustainability Reporting
6. BRSR Format
7. Guidance Note for Business Responsibility & Sustainability Reporting Format

Websites and Links:

8. Green House Gas Protocol (www. https://ghgprotocol.org/)
9. FIJI Water and Corporate Social Responsibility - Green Makeover or Greenwashing? https://www.iveypublishing.ca/s/product/fiji-water-and-corporate-social-responsibility-green-makeover-or-greenwashing/01t5c00000Cwr4RAAR
10. ESG Metrics: Reshaping Capitalism? - https://www.hbs.edu/faculty/Pages/item.aspx?num=50871

Case Studies

Shall be recommended during the course of delivery.

Student responsibilities:

Attendance, timely feedback, discipline: as per university rules, adopt peer learning and knowledge sharing within the class.

Course reviewers:

- Prof Harpreet Kaur, National Law University, New Delhi
- Prof. Deva Prasad M., Associate Professor Humanities & Liberal Arts in Management, IIM Kozhikode

Additional information (if any):

This Course outline was prepared by Mr Ranjan Kumar Mishra and Dr Swarup Dutta and approved in the 56th Academic Council Meeting on 10th August 2023 at TERI School of Advanced Studies, New Delhi.