SUMA PS5040: ESG-Aligned Corporate Governance

Fall 2023 – Columbia University School of Professional Studies & the Earth Institute
Number of credits: 3

Class Meets: Tuesdays from 6:10-8:00 PM,
Term: Fall 2022; September 5 - December 11
Classroom: Mudd 327

Prof. Jessica Thurston (she/her), jmt2175@columbia.edu
Office hours: Thursdays 6-8 PM
Response Policy: Students should contact the professor via email and expect a response within 48 hours during the work week.

TA: Elsa Johnson (she/her), ej2470@columbia.edu
Office hours: Tuesdays 4-6 PM
Response Policy: Students should contact TA via email and expect a response within 24 hours during the work week.

Course Overview

Environmental, social, and governance (ESG) issues are moving to center stage for corporate boards and executive teams. This course complements management and operations courses by focusing on the perspective and roles of the Board and C-suite of corporations, financial institutions, and professional firms in addressing ESG risks as well as promoting and overseeing governance aligned with ESG principles.

This course is designed for those who hold or will hold positions in organizations with responsibilities for mapping and managing ESG issues for an organization. These responsibilities can vary and may include: setting and tracking against sustainability goals, communicating progress towards targets, and engaging with stakeholders, including civil society organizations, suppliers, customers, and investors.

We will cover the following topics:

- Macro forces and emerging disruptive risks driving pressures on corporations to operate more responsibly and sustainably;
- Implications of ESG issues for risk management (financial, reputational, operational) and due diligence;
- The ‘shareholder primacy’ debate and proposals for corporate governance reforms to facilitate both managing ESG risks and capturing opportunities;
- Considerations about whether to take a public stance or become a signatory to an ESG commitment;
- Change management techniques to embed ESG-related processes and decision criteria in both culture and operations;
- Engaging effectively with stakeholders, including employees, suppliers, civil society and the investment community, on ESG issues, including communications to build trust and reputation;
- Dilemmas faced when interests conflict; and
- Current practice in getting to effective and practical remedies and accountability mechanisms.
The course focuses on the interchange between the external legal, competitive, societal, environmental, and policy ecosystems that corporations face (which vary around the world) and a company’s internal structure, operations, and pressures.

We will use the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact Principles as the central frameworks to explore the concept of a corporation’s responsibility to respect and remedy human rights and environmental harms. We will also examine the Principles for Responsible Investment, the Equator Principles, and other frameworks that spell out good practices for project finance and other investment decisions, and discuss the myriad indices, supplier disclosure portals, and benchmarks that exist in this interdisciplinary field. Relevant regulations, corporate law regimes, and court cases will be discussed from the point of view of what business managers need to know. We will complement this study with an overview of ESG reporting frameworks and the development of ESG strategic frameworks to further manage communications, transparency, risk, and reputation.

While most of the course will deal with companies and firms serving global, regional or national markets, there will be opportunities to explore how the ESG ecosystem affects or offers opportunities to start-ups, governmental and nongovernmental organizations, nonprofits, and more.

In order to tie the readings to real world situations, the course will incorporate case studies, several brief discussions of ESG news, and short videos. Discussion questions will be embedded in each set of lecture materials. Several classes will include some small group discussions. We will have a discussion room in Canvas where we can add to our in-class dialogue.

This syllabus is subject to change.

Learning Objectives

The senior corporate leadership perspective in this course is valuable for professionals at all levels and in all sectors.

At the end of the course, students will be able to:

- Describe the historical and theoretical underpinnings of the emergence of ESG/responsible business/corporate sustainability as well as the strengths and weaknesses of the current corporate governance frameworks and ecosystems studied
- Introduce colleagues to the UN Guiding Principles, UN Global Compact principles, and emerging related ‘hard law’
- Identify their potential application for a given organization and situation, including good corporate governance structure and practices
- Anticipate and relate to the perspectives of different types of stakeholders, e.g., Board of Directors, C-suite, employee groups, the investor community, shareholders, non-governmental organizations, regulators, and media, none of which are monolithic groups
- Select and argue a credible point of view for reasonable action by the Board and C-suite to mitigate ESG risks, capture related opportunities, or address a crisis
- Outline the steps involved in an ESG supply chain management program
- Navigate the evolving ESG and sustainability reporting landscape, with a familiarity of the most commonly reporting frameworks
- Build a business case for ESG and sustainability for governance and financial stakeholders
- Interpret relevant disclosure rules and requirements, including those from the SEC on climate change, and apply them to individual organizations and their ESG strategies
Explain how to introduce major change initiatives and make them stick, including articulating a business case and designing a change strategy; apply them as the student’s overall skill level allows.

Prerequisites

While there are no prerequisite courses required to take this course, students should arrive with an understanding of climate change and its relevant environmental, social, and governance impacts.

Readings

A variety of sources including articles, videos, websites, and frameworks will be used during the course, all of which can be found either on Canvas or otherwise online.

In addition, we will discuss several chapters from the following books. The first two are available on Canvas from the Columbia library:


The following case studies and associated readings will be assigned and are linked from CourseWorks:


Students should subscribe to an ESG-related newsletter or social media feed; good sources include BSR.org, CSRwire.com, World Business Council for Sustainable Development (WBCSD), World Economic Forum, Earth Institute, Project Drawdown, Aspen Institute for Business & Society, Ethical Corporation, Ethical Boardroom, Diligent Corporation, UN Working Group on Business & Human Rights.

For a few class sessions, some source materials for that week’s lecture are cited as optional. These readings are not required, but students are encouraged to read them and draw from them for their work in this course.

Resources

Columbia University Library
Columbia’s extensive library system ranks in the top five academic libraries in the nation, with many of its services and resources available online: [http://library.columbia.edu/](http://library.columbia.edu/).

**SPS Academic Resources**
The Office of Student Affairs provides students with academic counseling and support services such as online tutoring and career coaching: [http://sps.columbia.edu/student-life-and-alumni-relations/academic-resources](http://sps.columbia.edu/student-life-and-alumni-relations/academic-resources).

### Course Requirements

There will be one group case study presentation and memo, two individual case memos, and a take-home final project that is due the last day of class.

### Assignments and Grading

1. **Attendance, Engagement, and Participation – 10% of grade**
   
   Active participation is critical and will be tracked. Participation does not solely include speaking in class, but rather: thoughtful engagement in Canvas “Discussions” and correspondence with classmates and course instructors. Attendance alone does not count towards a student’s grade, though students are expected to attend every class. Additionally, students should make at least one meaningful comment on each class’s Canvas discussion.

   Subscribe to at least two e-newsletters to inform in-class and online discussions.

   Another method for participating is posting an interesting article that relates to the week’s topics, with your analysis to the “Free Form Discussion Space” on Canvas. Students should cite supporting qualitative and quantitative data from the Recommended Readings.

   Students are encouraged to read their fellow students’ postings and comment; they may gain participation credit by making at least one comment per class on the forum.

2. **Individual case memos – 20% of grade each, 40% total**
   
   Students will be assigned two memos based on course readings and discussions. Each memo will focus on a specific case study, which will be provided.

   a) Point of view – did you answer the question and take a strong stance with a tone appropriate for the assignment and intended reader (45%)

   b) Supporting evidence – did you use examples from your experience, readings, current events, etc, to prove your point (45%)

   c) Writing style and grammar – is it easy for the reader to grasp your main point (10%)

3. **Group case presentation and memo - 20% of grade**
   
   Students will be assigned groups. Each group will be responsible for submitting one essay and preparing + presenting a short presentation on their submission. More details to come.

4. **Final Project - 30% of grade**
Reading Materials

Each week’s readings are listed in the “Course Schedule” section of this syllabus and can be found on Canvas>Files >WEEKLY READINGS. Online and current business, popular, and environmental press will be a supporting resource for our exploration of sustainability reporting and communication topics. You may find additional optional readings and materials (links to relevant websites, articles, reports, and videos), including some full ESG frameworks and standards, in Canvas>Files>ADDITIONAL COURSE MATERIALS.

Subscribe to at least two newsletters.

Suggestions include but are not limited to:

- [https://www.bloomberg.com/green](https://www.bloomberg.com/green)
- [http://3blmedia.com](http://3blmedia.com)
- [http://www_CSRwire.com](http://wwwCSRwire.com)
- [https://www.nytimes.com/section/climate](https://www.nytimes.com/section/climate)
- [http://www.corporateregister.com](http://wwwcorporateregister.com)
- [http://www.environmentalleader.com](http://wwwenvironmentalleader.com)
- [http://www.greenbiz.com](http://wwwgreenbiz.com)
- [http://www.grist.org](http://wwwgrist.org)
- [http://www.sustainablebrands.com](http://wwwsustainablebrands.com)
- [http://www.responsible-investor.com](http://wwwresponsible-investor.com)

Policies and Expectations

**Attendance, Late Papers, Class Behaviors, and Civility**

The class will be co-created by students through their discoveries and contributions; therefore, active participation is critical. Students are expected to arrive on time, attend all classes, and to stay until the end of class unless they have notified the instructor at the beginning of the session that they must leave early. Please refrain from drinking alcoholic beverages before or during class.

Students are responsible for all reading and homework assignments, and must post assignments on time. Late assignments will be marked down one half-grade for every day they are late.

The nature of ESG and sustainability work requires a higher level of scrutiny of one’s work and self-reflection of one’s behavior and manner of engaging with others. A commitment to integrity, thoughtfulness, discipline, and equity will inform not just the communications work students complete in class, but the communication style expected in all course-related discussions, in and out of the classroom.

**Academic Integrity**

Columbia University expects its students to act with honesty and propriety at all times and to respect the rights of others. It is fundamental University policy that academic dishonesty in any guise or personal conduct of any sort that disrupts the life of the University or denigrates or endangers members of the University community is unacceptable and will be dealt with severely. It is essential to the academic integrity and vitality of this community
that individuals do their own work and properly acknowledge the circumstances, ideas, sources, and assistance upon which that work is based. Academic honesty in class assignments and exams is expected of all students at all times.

SPS holds each member of its community responsible for understanding and abiding by the SPS Academic Integrity and Community Standards posted online here. You are required to read these standards within the first few days of class. Ignorance of the School’s policy concerning academic dishonesty shall not be a defense in any disciplinary proceedings.

**Student Handbook** – Please consult the Columbia University School of Professional Studies Student Handbook for current academic policies and procedures.

**Diversity** – It is the intent that students from all diverse backgrounds and perspectives be well-served by this course, that students’ learning needs be addressed both in and out of class, and that the diversity that the students bring to this class be viewed as a resource, strength and benefit. It is the intent to present materials and activities that are respectful of diversity: gender identity, sexuality, disability, age, socioeconomic status, ethnicity, race, nationality, religion, and culture.

**Accessibility** – Columbia is committed to providing equal access to qualified students with documented disabilities. A student’s disability status and reasonable accommodations are individually determined based upon disability documentation and related information gathered through the intake process. For more information regarding this service, please visit the University’s Health Services website.

The lecturer wants you to succeed in this course. Anyone should contact disability@columbia.edu for learning accommodations, as well as contact either instructor or the teaching assistant for additional support whenever needed or desired.

**Class Recordings** – All or portions of the class may be recorded at the discretion of the instructor to support your learning. At any point, the Instructor has the right to discontinue the recording if it is deemed to be obstructive to the learning process. If the recording is posted, it is confidential. It is prohibited to share the recording outside of the class.

**Names/Pronouns** – Students deserve to be addressed in a manner that reflects their identity. They are encouraged to share the name by which they want to be addressed and their pronouns at any time, either in person or via email.

**Discrimination** – We embrace the diversity of gender, gender identity and expression, sex, sexual orientation, race, ethnicity, national origin, age, religion, disability status, family status, socioeconomic background, and other visible and non-visible identities. Columbia University does not tolerate unlawful discrimination, discriminatory harassment, sexual assault, domestic violence, dating violence, stalking, or sexual exploitation and all such conduct is forbidden by Columbia University Policy.

**Duty to Report** – You deserve a University community free from discrimination, harassment, and gender-based misconduct including sexual harassment, sexual assault, domestic and dating violence, stalking, and sexual exploitation. It is therefore University policy to require Columbia faculty and staff to report to EOAA any instance or allegation of prohibited conduct involving any undergraduate or any graduate student that is disclosed to, observed by, or otherwise known to that employee. This requirement to report is in place to help ensure that students are provided appropriate resources and to allow the University to mitigate harm to our community.

**Confidential Resources** - There are confidential resources on campus that do not have a Duty to Report, including:

- Sexual Violence Response & Rape Crisis/Anti-Violence Support Center (SVR)
- Ombuds Office
- Medical Services
University employees working in a confidential capacity will not report information shared with them.

**Inclusion** - In the M.S. in Sustainability Management program, faculty and staff are committed to the creation and maintenance of inclusive learning spaces – classrooms and other places of learning where everyone will be treated with respect and dignity, and where all individuals are provided equitable opportunity to participate, contribute, and succeed.

All students are welcome regardless of race/ethnicity, gender identities, gender expressions, sexual orientation, socio-economic status, age, disabilities, religion, regional background, Veteran status, citizenship status, nationality and other diverse identities that we each bring to class.

**English-in-class:** SPS courses are delivered in English, and class participation is expected to be conducted in English. If you have questions about means and methods of course communications, please be in touch with the professor.

**Citation & Submission:** All written assignments must use standard citation format (e.g., MLA, APA, Chicago), cite sources, and be submitted to the course website as a PDF file. Students should include the assignment details (such as the memo number) and their last name in the file name. Students should indicate all tools used for assignments.

**Artificial Intelligence:** Students are not allowed to use AI generative or machine learning tools to complete deliverables for this course. In accordance with Columbia University’s academic integrity policy, individuals must complete their own work and properly acknowledge the circumstances, ideas, sources, and assistance upon which that work is based.

**Grading** – Final course grades will be calculated as follows:

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<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A+</td>
<td>98–100 %</td>
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<tr>
<td>A</td>
<td>93–97.9 %</td>
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<tr>
<td>A-</td>
<td>90–92.9 %</td>
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<td>B+</td>
<td>87–89.9 %</td>
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<td>B</td>
<td>83–86.9 %</td>
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<td>B-</td>
<td>80–82.9 %</td>
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<td>C+</td>
<td>77–79.9 %</td>
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<td>C</td>
<td>73–76.9 %</td>
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<td>C-</td>
<td>70–72.9 %</td>
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<td>D</td>
<td>60–69.9 %</td>
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<td>F</td>
<td>59.9% and below</td>
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<td>CLASS + DATE</td>
<td>TOPIC + CLASS ACTIVITIES</td>
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| Class 1  
September 5 | WELCOME & OVERVIEW  
The evolution of corporate governance theory and the role of the Board | Required  
1. Syllabus  
2. Friedman  
Optional  
1. PwC 2021 survey  
2. Fink's 2022 and 2023 letters  
3. BRT  
4. NYT Opinion  
5. Audit Committees article | Post a brief bio to the Canvas discussion “CLASS 1”                      |
| Class 2  
September 12 | FRAMEWORKS AND LAW  
ESG soft law is proliferating and evolving into hard law  
Emerging regulation | Required  
1. Ruggie  
2. [UNGC 10 Principles](https://www.unglobalcompact.org)  
3. [SDGs explained](https://www.un.org/sustainabledevelopment)  
Optional  
1. The Equator Principles  
2. [The Poseidon Principles](https://www.poseidonprinciples.org)  
4. France Duty of Vigilance Law  
5. SDGs 2022 report  
6. Marshall chapters 1-2 | Subscribe two at least two ESG newsletters. Name them and share why in Canvas discussion “CLASS 2” |
| Class 3  
September 19 | BUSINESS DECISION-MAKING IN FLUX  
Purpose of a corporation, shareholder primacy, and stakeholder capitalism | Required  
1. Yosifon chapter 4  
2. WEF Stakeholder Capitalism  
Optional  
1. Yosifon chapter 7  
2. Yosifon chapter 8  
3. Japan’s corporate governance code  
4. Marshall chapters 3-4 |  |
| Class 4  
September 26 | THE UN GUIDING PRINCIPLES  
Business and | Required  
1. Implementing the UNGP framework |  |
| Class 5  | October 3 | SUPPLY CHAIN ENGAGEMENT | Required  | 1. Change Management article  
2. McDonald’s article  
3. Starbucks article  
4. Lander email  
Optional  
1. EcoVadis Supplier Disclosure Portal  
2. Sedex Supply Chain Mapping  
3. UNGP Guide  
4. Marshall chapters 7-8 |
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<td>ESG threat scenarios and stakeholder perspectives</td>
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|  |  |  | Optional  
1.  
2.  
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| Class 6  | October 10 | LABOR AND ENVIRONMENTAL JUSTICE ISSUES IN SUPPLY CHAINS | Required  
1. Case Study 1  
Optional  
1. Marshall chapters 8-10 | Memo #1 |
|  |  | Case study discussion |  |  |
| Class 7  | October 17 | EVOLVING DEFINITIONS OF “S” AND “G” | Required  
1. Impact of structural racism  
2. Intersectionality  
Optional  
1. Jamie Dimon piece  
2. WEF video |  |
|  |  | The continued importance of DE&I |  |  |
| Class 8  | October 24 | FINANCE & INVESTOR RELATIONS | Required  
1. Case Study 2  
2. Human Rights Benchmarks  
Optional  
1. WEF Measuring Stakeholder Capitalism  
2. Stakeholder Capitalism McKinsey article  
3. UNGPs in Investment Polymaking  
4. Edelman Trust Barometer | Memo #2 |
<p>|  |  | Volunteer disclosure frameworks, rankers and raters, and case study discussion |  |  |</p>
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<tr>
<th>Class 9</th>
<th>GOVERNANCE REFORM PROPOSALS</th>
<th>Required</th>
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<tr>
<td>October 31</td>
<td>Reporting best practices</td>
<td>1. Strine</td>
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<td>1. TCFD guidance</td>
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<td>2. UNPRI</td>
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<td>3. SASB guidance</td>
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<td>4. Corporate Human Rights</td>
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<td>5. UK Stewardship code</td>
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<td>6. Paramount Global reports</td>
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**November 7**
Election Day: No class

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<tr>
<th>Class 10</th>
<th>GOVERNANCE REFORM</th>
<th>Required</th>
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<tr>
<td>November 14</td>
<td>Trust, reputation, and communications</td>
<td>1. SEC rules</td>
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<td>2. EU Directive</td>
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<td>1. SEC fact sheet</td>
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<td>2. Wall Street greenwashing</td>
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<td>3. Emerging Trends</td>
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<tr>
<th>Class 11</th>
<th>DILEMMAS AND CRISES</th>
<th>Required</th>
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<tr>
<td>November 21</td>
<td>Trust, reputation, and communications</td>
<td>1. Tessman chapters 1-2</td>
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<td>Optional</td>
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<td></td>
<td></td>
<td>1. Amazon oil pollution video</td>
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<td>2. PG&amp;E article</td>
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<td>3. Benjamin article</td>
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<tr>
<th>Class 12</th>
<th>GROUP PRESENTATIONS</th>
<th>Group Assignment</th>
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<tr>
<td>November 28</td>
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<tr>
<th>Class 13</th>
<th>KEY TAKEAWAYS</th>
<th>Final Assignment</th>
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<tbody>
<tr>
<td>December 5</td>
<td>Last day of class</td>
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