

## Subject Description Form

<b>Subject Code</b>	APSS4536																	
<b>Subject Title</b>	Environmental, Social and Governance Reporting and Strategy																	
<b>Credit Value</b>	3																	
<b>Level</b>	4																	
<b>Pre-requisite / Co-requisite/ Exclusion</b>	NIL																	
<b>Assessment Methods</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">100% Continuous Assessment</th> <th style="width: 33%;">Individual Assessment</th> <th style="width: 33%;">Group Assessment</th> </tr> </thead> <tbody> <tr> <td>1. Class attendance and participation</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">--</td> </tr> <tr> <td>2. Pre-class and in-class exercises</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">--</td> </tr> <tr> <td>3. Individual ESG report</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">--</td> </tr> <tr> <td>3. Group presentation</td> <td style="text-align: center;">--</td> <td style="text-align: center;">30%</td> </tr> </tbody> </table>			100% Continuous Assessment	Individual Assessment	Group Assessment	1. Class attendance and participation	15%	--	2. Pre-class and in-class exercises	30%	--	3. Individual ESG report	25%	--	3. Group presentation	--	30%
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<ul style="list-style-type: none"> <li>• The grade is calculated according to the percentage assigned;</li> <li>• The completion and submission of all component assignments are required for passing the subject; and</li> <li>• Student must pass all component(s) (standard of passing) if he/she is to pass the subject.</li> </ul>																		
<b>Objectives</b>	<p>The subject aims to:</p> <ol style="list-style-type: none"> <li>1. Introduce students with the concept of Environmental, Social and Governance (ESG) as a new practice for organizations in serving the interest of the profit, people and the planet;</li> <li>2. Familiarize students with the meaning, purpose and role of ESG, the risk-return-impact relationship, fiduciary duty of the firm, the drivers of ESG practices and its implications to organizations;</li> <li>3. Expose students to different reporting standards in relation to ESG as a mandatory and voluntary activity;</li> <li>4. Enable students to read, prepare and assess the ESG performance of an organization, the processes behind the preparation of an ESG report, and identify key material issues in relations to reporting standards;</li> <li>5. Enable students to put into practice knowledge and skills to transform ESG from a reporting (compliance) practice into a sustainable strategy.</li> </ol>																	

<b>Intended Learning Outcomes</b>	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> <li>a) Articulate essential concepts, rationales, drivers and processes of Environmental, Social and Governance (ESG) in organizations;</li> <li>b) Articulate the distinction between ESG as a voluntary and mandatory practice in organizations as well as the different regulatory standards in ESG;</li> <li>c) Analyze critical issues and opportunities in ESG in organizations;</li> <li>d) Apply ESG as a reporting practice and transform it into a sustainable strategy that serves the interest of the profit, people and the planet.</li> </ol>
<b>Subject Synopsis/ Indicative Syllabus</b>	<ol style="list-style-type: none"> <li>1. Concepts and definitions of Environmental, Social and Governance (ESG) in organizations; the rationales and incentives behind the rise of ESG in large organizations including the growing importance of sustainable development goals (SDGs).</li> <li>2. Different nature and outcomes of ESG practices in organizations: voluntary vs. mandatory, compliance vs. strategic, trade-off vs. transformation; from being a burden to a driver of growth, and moving away from CSR.</li> <li>3. Theoretical perspectives behind ESG: theory of the firm (the fiduciary duty of the firm vs its societal responsibility), ethics and justice theories, globalization and its discontents, limits to growth theory, tragedy of the commons problem, shareholder primacy vs stakeholder primacy, regenerative capacity, etc.</li> <li>4. ESG reporting preparation and assessment: mission and purpose statement, culture and values statement, reporting principles based on key reporting frameworks such as Global Reporting Initiative (GRI) and United Nations Global Compact; reporting boundary, identifying and engaging stakeholders, materiality assessment, etc.</li> <li>5. Social enterprises and Certified B Corporations as pioneers of voluntary ESG actors. GRI as a popular framework to think about mandatory ESG, alongside with the requirements for ESG by the Hong Kong stock exchange.</li> <li>6. Moving from ESG as compliance to sustainable strategy: identifying innovation and new business models to reinvent organizations to embrace ESG as a strategy to succeed while considering the interest of the profit, people and planet.</li> </ol>
<b>Teaching/Learning Methodology</b>	<p>Relevant theories and concepts will be covered through lectures, film and documentary viewing, class discussions, and class exercises. Group projects will allow students to integrate what they have learnt in the course and apply them in group project. Class exercises will help students learn the practical aspects of the course. Interactive tools will be used to enhance teaching and learning experience. Guest speakers and field visits may be offered to enhance some key parts of the course.</p>

<p><b>Assessment Methods in Alignment with Intended Learning Outcomes</b></p>	<p>Pre-class assignments are created to partially flip the classroom. The intention is to get students familiar with certain key concepts before class and hence, being ready for in-depth class discussions. In-class assignments involve written reflections and peer reviews that are completed during classes.</p> <p>An individual assignment is employed to assess individual students' learning outcomes. Group project presentation provides a platform for students to showcase their communication skills, teamwork, and leadership through oral presentation, and their creativity and analytical thinking.</p> <p><b>Individual Assignment: Assessing an ESG Report</b></p> <p>In this individual assignment, each student will evaluate a real ESG report to analyze the effectiveness and potential issues of the ESG report, and to provide recommendations to the organization for future reporting. Students will submit this assignment around the middle of the semester based on what they have learned.</p> <p>In this group project, students will work in groups of 5 members (subject to the discretion of the teacher, depending on the size of the class) to rethink of a real organization's existing ESG practices and to find ways to reinvent them in radical/new ways that create substantial value for the profit, people, and planet; and to propose a set of new ESG reporting that can be used to capture the new ESG strategy. Students will present their ESG strategy and proposed ESG reporting in the final week(s) of the semester.</p>	
<p><b>Student Study Effort Expected</b></p>	<p>Class contact:</p>	
	<ul style="list-style-type: none"> <li>▪ lectures</li> </ul>	<p>30 Hrs.</p>
	<ul style="list-style-type: none"> <li>▪ seminars</li> </ul>	<p>9 Hrs.</p>
	<p>Other student study effort:</p>	
	<ul style="list-style-type: none"> <li>▪ preparation of individual assignment</li> </ul>	<p>30 Hrs.</p>
	<ul style="list-style-type: none"> <li>▪ preparation of group project presentation</li> </ul>	<p>43 Hrs.</p>
	<p>Total student study effort</p>	<p>112 Hrs.</p>

## Reading List and References

### Essential

*ESG Matters: How to Save the Planet, Empower People, and Outperform the Competition* (by Debra Brown & David Brown, 2021).

*The 360<sup>0</sup> Corporation: From Stakeholder Trade-offs to Transformation* (by Sarah Kaplan, 2019), Stanford University Press.

*Measuring Sustainability and CSR: From Reporting to Decision-Making* (edited by Slobodan Kacanski, Dreyer Kabderian & K.J. Sund, 2023), International Publishing.

### Supplementary

[BlackRock C.E.O. Larry Fink on ESG Investing - YouTube](#)

How to Prepare an ESG Report: A Step by Step Guide to ESG Reporting (by HK Stock Exchange, 2020): [https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step\\_by\\_step.pdf?la=en](https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf?la=en)

McKinsey's Five Ways that ESG Creates Value:  
<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value>

Global Reporting Initiative (GRI) Standards:  
<https://www.globalreporting.org/>

The History of ESG Reporting:  
<https://movingworlds.org/esg-reporting-guide>

The 600 Years of the History of Social Enterprise Movement:  
<https://blog.movingworlds.org/the-600-year-history-of-the-social-enterprise-movement-and-how-the-next-6-years-are-its-most-important/>