**SUMA PS5040-002 ESG-Aligned Corporate Governance**

**Number of credits: 3**

**Instructor:** Jo Giessler Weiss, Lecturer

# Course Overview

Environmental, social and governance issues (‘ESG’) are moving to center stage for corporate boards and executive teams. This elective 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. 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 employee groups, 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’ 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 (which incorporate all aspects of ESG) 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 inter-disciplinary field. Relevant regulations, corporate law regimes and court cases will be discussed from the point of view of what business managers need to know.

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.

In order to tie the readings to real world situations, the course will incorporate case studies, several brief discussions of ESG news affecting the private sector, some short videos, and one guest speaker. Discussion questions will be embedded in each set of lecture materials and the livestreamed session will include class discussion. Several classes will include some small group discussions via the breakout room function. 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:

1. 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
2. Introduce colleagues to the UN Guiding Principles, UN Global Compact principles and emerging related ‘hard law’ and identify their potential application for a given organization and situation, including good corporate governance structure and practices
3. Anticipate and relate to the perspectives of different types of stakeholders, e.g., board, C-suite, employee groups, investors/shareholders, non-governmental organizations, regulators, media (none of which are monolithic groups)
4. 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
5. Outline the steps involved in an ESG supply chain management program
6. 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.

# 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 electronically.

In addition, we will discuss several chapters from the following books, which are available on Canvas from the Columbia library:

Yosifon, David. *Corporate Friction: How Corporate Law Impedes American Progress and What to Do About It.* Cambridge University Press (2018). ISBN-10: 1107186404

Tessman, Lisa. *When Doing the Right Thing is Impossible*. Oxford University Press (2017). ISBN 978-0-19-065758-1

The first two of the following case studies will be assigned for individual analysis, the third for group work.

*Putting the Guiding Principles into Action: Human Rights at Barrick Gold*. Harvard Business School (2015).

*Should a Pension Fund Try to Change the World? Inside GPIF’s Embrace of ESG*. Harvard Business School (2019)

*Unilever’s New Global Strategy: Competing through Sustainability*. Harvard Business School (2015).

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 ‘Reference Readings or Reference Resources.’ 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/>.

*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>.

# Course Requirements

# There will be one group case study presentation and memo, two individual case memos, two short writing assignments, and a take home final exam that is due the last day of class.

# Evaluation/Grading

The final grade will be calculated as described below:

|  |  |
| --- | --- |
| **ASSIGNMENT** | **% Weight** |
| Individual case memos (2 memos weighted 20% each) | 50% |
| Group case presentation & memo | 30% |
| Final exam | 20% |

## *Participation and Attendance*

Students are expected to attend all class sessions or view the recordings having familiarized yourself with the assigned readings. Students joining the livestreamed sessions will be expected to answer questions, raise questions and issues, and constructively assist in the class’s exploration of the topics. Those who will be relying on the recorded sessions should not hesitate to contact the instructor with any questions or comments.

## *Late work*

Work that is not submitted on the due date noted in the course syllabus will be graded down one-half letter grade (e.g., from a B+ to a B) for each 24-hour period it is late.

# School Policies

## *Copyright Policy*

Please note—Due to copyright restrictions, online access to this material is limited to instructors and students currently registered for this course. Please be advised that by clicking the link to the electronic materials in this course, you have read and accept the following:

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials. Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.

*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 at <http://sps.columbia.edu/student-life-and-alumni-relations/academic-integrity-and-community-standards>. 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.

## *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: <http://health.columbia.edu/services/ods/support>.

**Schedule Summary**

|  |  |
| --- | --- |
| Week 1: January 14  | The evolution of corporate governance theory and the role of the Board |
| Week 2: January 21  | ESG ‘soft law’ is proliferating and evolving into hard law |
| Week 3: January 28  | Business decision-making in flux: ‘Shareholder Primacy,’ Net Present Value, ‘Rationally Relevant’, ‘Stakeholder Capitalism’ |
| Week 4: February 4  | Implementing The UN Guiding Principles on Business & Human Rights |
| Week 5: February 11  | Supply chain engagement: Leading cross-sectoral change  |
| Week 6: February 18  | Case discussion: High-risk labor and environmental justice issues in supply chains**Assignment due: Individual Case Study Memo #1 (Barrick Gold).** Learning Objectives 2, 3, 4, 5, 6 |
| Week 7: February 25  | The evolving definitions of ‘S’ and ‘G’: Diversity & inclusion, privacy, digital rights, ethics, financial resilience |
| March 1-5 | Spring Break |
| Week 8: March 11  | Finance and investor relations **Assignment due: Individual Case Study Memo #2 (GPIF).** Learning Objectives 1, 2, 3 |
| Week 9: March 18  | Governance reform proposals |
| Week 10: March 25  | Trust, reputation & communication |
| Week 11: April 1 | Dilemmas & crises (Guest Speaker) |
| Week 12: April 8  | Group case presentations **Assignment due: Group Case Study Memo & Presentation (Unilever).** Learning Objectives 1, 2, 3, 5, 6 |
| Week 13: April 15  | Discuss final exam and conclusions **Assignment due: Final Exam.** Integrates all learning objectives to at least some extent with a primary focus on 2, 3 and 6. |

# Course Calendar

**Week 1: January 14**

**THE EVOLUTION OF CORPORATE GOVERNANCE THEORY AND THE ROLE OF THE BOARD**

Discussion questions:

* What are the forces driving the emergence of ESG-aligned corporate governance?
* What are the risks of not responding? Opportunities from engaging?
* What is the Board’s role vs. the CEO’s role?
* What issues do Board Members focus on? How do they view/engage on ESG issues? How should they?

Topics:

* Course Overview
* Introduction to key concepts and their historical development
* Board and CEO roles and perspectives on ESG

Reading:

* Friedman, Milton. “The Social Responsibility of Business Is to Increase Its Profits.” *The New York Times Magazine*, September 13, 1970. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>

Reference Readings:

* “Turning Crisis into Opportunity.” PwC’s 2020 Annual Corporate Directors Survey. (September 2020). <https://www.pwc.com/us/en/services/governance-insights-center/library/annual-corporate-directors-survey.html>
* “A Fundamental Reshaping of Finance.” BlackRock Chairman & CEO Larry Fink’s 2020 Letter to CEOs. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>
* “Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans.’” August 19, 2019. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>
* Marc Benioff: We Need a New Capitalism
<https://www.nytimes.com/2019/10/14/opinion/benioff-salesforce-capitalism.html?smid=nytcore-ios-share>
* Loop, Paula. “ESG: Audit Committees, Beware!” *National Association of Corporate Directors Board Talk Blog,* September 17, 2019 at <https://blog.nacdonline.org/posts/esg-audit-committees-beware>

**Week 2: January 21**

**ESG ‘SOFT LAW’ IS PROLIFERATING AND EVOLVING INTO HARD LAW**

Discussion questions:

* What is the value in voluntary frameworks for companies and/or society, if any?
* What forms have voluntary frameworks for corporate action on ESG issues taken?
* What are their strengths and weaknesses?
* How and why are legal requirements starting to emerge? What forms are they taking?

Topics:

* The development of voluntary frameworks for action and accountability, such as:
* The UN Global Compact Principles
* The UN Guiding Principles (UNGPs)
* OECD Guidelines for Multinational Enterprises
* Equator Principles
* Principles for Responsible Investment
* Multi-stakeholder initiatives
* The SDGs and the private sector
* ‘Soft law’ is turning into ‘hard law’: UK Modern Slavery Act and other legislation

Readings:

* Ruggie, John, G. “Business and Human Rights: The Evolving International Agenda.” *American Journal of International Law*, Vol. 101, Issue 4 (October 2007), pp. 819-840.
* The Ten Principles of the UN Global Compact <https://www.unglobalcompact.org/what-is-gc/mission/principles>
* “The SDGs Explained for Business.” *United Nations Global Compact* <https://www.unglobalcompact.org/sdgs/about>
* *Total Sued Under France’s New Duty of Vigilance Law* <https://ens-newswire.com/2019/10/23/total-sued-under-frances-new-duty-of-vigilance-law/>

Reference Resources:

White & Case LLP Modern Slavery Act Statement 2019

<https://www.whitecase.com/global-citizenship/statement-slavery-and-human-trafficking>

White & Case LLP UNGC Communication on Progress 2019

<https://www.whitecase.com/sites/default/files/2020-04/united-nations-global-compact-communication-on-progress.pdf>

The Equator Principles

<https://equator-principles.com/>

The Poseidon Principles

<https://www.poseidonprinciples.org/#home>

UK Modern Slavery Act

<http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

France Duty of Vigilance Law

<http://www.respect.international/french-corporate-duty-of-vigilance-law-english-translation/>

**Week 3: January 28**

**BUSINESS DECISION-MAKING IN FLUX: ‘SHAREHOLDER PRIMACY,’ NET PRESENT VALUE, ‘RATIONALLY RELATED’ AND ‘STAKEHOLDER CAPITALISM’**

Discussion questions:

* Is the concept of ‘shareholder primacy’ consistent with taking ESG considerations into account?
* Is there a difference between theory and practice?
* What are alternatives to ‘shareholder primacy’ that would be both practical and theoretically sound?
* How do businesses assess opportunities and what does that have to do with governance law and ESG?

Topics:

* The purpose of the corporation: US Delaware Corporate Law vs. Japan and European models
* ‘Rationally related’ and the business judgment rule
* How business assesses opportunities: Net Present Value

Reading:

* Yosifon Chapter 4: “The Actual Law of Corporate Purpose,” pp. 60-95

Reference Readings:

Yosifon: Chapter 7: “Foreign Models of Corporate Governance,” pp. 146-171

 Chapter 8: “A Socially Responsible Corporate Governance Standard,” pp. 172-205

Japan’s Corporate Governance Code

<https://www.jpx.co.jp/english/news/1020/b5b4pj000000jvxr-att/20180602_en.pdf>

**Week 4: February 4**

**IMPLEMENTING THE UN GUIDING PRINCIPLES ON BUSINESS & HUMAN RIGHTS**

Discussion questions:

* What types of risks and opportunities are presented to companies that choose to commit to or ignore voluntary frameworks?
* What are the implications of making a commitment to a framework like the UNGPs for corporate governance structure and management practices?
* How is accountability defined?
* What principles underlie the establishment of an appropriate remedy?

Topics:

* Guidance for implementing the UN Guiding Principles
* Human Rights Due Diligence
* Effective remedies and grievance procedures

Readings:

* Implementing the UNGP’s “Protect, Respect and Remedy” Framework. UN Office of the High Commissioner on Human Rights (2011). <https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf>

Reference resources:

Triponel, Anna. “What Do Human Rights Have to Do With Mergers and Acquisitions?” SHIFT (2016) (PDF on Canvas)

*Quantifying the Costs, Benefits and Risks of Due Diligence for Responsible Business Conduct: Framework and Assessment Tool for Companies*. OECD and Columbia SIPA. (June 2016). (PDF on Canvas)

**Week 5: February 11**

**SUPPLY CHAIN ENGAGEMENT: LEADING CROSS-SECTORAL CHANGE**

Discussion questions:

* What practices are emerging in supply chain due diligence and engagement? What are their strengths and weaknesses?
* Why are companies attempting to build the ESG-related expertise of their suppliers? Should they?
* How is supplier engagement on ESG issues consistent or inconsistent with shareholder value?

Topics:

* ESG Threat Scenarios Framework
* External stakeholders’ perspectives and motivations
* Turning a big ship: Change management theory and best practice examples
* Supply Chain Engagement: Policy, disclosure, due diligence, remediation
* Cross-Sectoral/Value Chain Collaborations
* Discussion of McDonald’s case study

Readings:

* “The Irrational Side of Change Management.” McKinsey Quarterly at <https://www.mckinsey.com/business-functions/organization/our-insights/the-irrational-side-of-change-management>
* “Inside McDonald’s Bold Decision to go Cage Free.” *Fortune*. August 18, 2016. <https://fortune.com/longform/mcdonalds-cage-free/>

Reference Resources:

EcoVadis Supplier Disclosure Portal

<https://www.ecovadis.com/>

Sedex Supplier Disclosure Portal

<https://www.sedexglobal.com/>

World Economic Forum Global Battery Alliance

<https://www.weforum.org/global-battery-alliance>

*How to use the UNGPs in Company Research and Advocacy: A Guide for Civil Society Organizations.* SOMO, CEDHA, Cividep Indi. November 2012. <http://corporatejustice.org/how-to-use-the-un-guiding-principles-on-business-and-human-rights-in-company-research-and-advocacy.pdf>

**Week 6: February 18**

**CASE STUDY DISCUSSION: HIGH-RISK LABOR AND ENVIRONMENTAL JUSTICE ISSUES IN SUPPLY CHAINS**

**Assignment Due 6:00pm February 18. Case questions will be posted on Canvas:**

Individual Case Study Memo I:

*Putting the Guiding Principles into Action: Human Rights at Barrick Gold*. Harvard Business School (2015).

**Week 7: February 25**

**THE EVOLVING DEFINITIONS OF ‘S’ AND ‘G’**

Discussion Questions:

* How are the forces we discussed in the earlier sessions driving a new mix of ‘S’ and ‘G’ issues?
* How can companies foster widespread understanding and personal action by employees in areas like DEI?
* How can society (with and through tech companies) realize the benefits of digital innovation with the least negative effects? Is the dark side inevitable?
* What is the business case for financial resilience as part of ‘G’?

Topics:

* Earlier priorities of ‘S’ & ‘G’ in corporate operations: Health & safety, freedom of association, discrimination, compliance
* The continued importance of diversity, equity & inclusion (DEI)
* Emerging areas: Privacy, digital rights, ethics, financial resilience (“fortress balance sheet”)

Readings:

* Amelia Costigan, Keshia Garnett, Emily Troiano, *The Impact of Structural Racism on Black Americans*(Catalyst, September 30, 2020). <https://www.catalyst.org/research/structural-racism-black-americans/>
* Ramos, C. & Brassel, S. (2020). *Intersectionality:* *When Identities Converge.*Catalyst. <https://www.catalyst.org/wp-content/uploads/2020/11/Catalyst-Intersectionality-When-Identities-Converge.pdf>
* “Redesigning Democracy in a Digital Age: A conversation with [Glen Weyl](https://glenweyl.com/section/microsoft/).” World Economic Forum (video; 29 minutes). 2020. <https://youtu.be/ZBM7i6jMkyk>

Reference Readings:

“The bankers that define the decades: Jamie Dimon, JPMorgan Chase.” *Euromoney*. June 10, 2019. <https://www.euromoney.com/article/b1fq6yftgm9nrv/>[the-bankers-that-define-the-decades-jamie-dimon-jpmorgan-chase](https://www.euromoney.com/article/b1fq6yftgm9nrv/the-bankers-that-define-the-decades-jamie-dimon-jpmorgan-chase)

**Week 8: March 11**

**FINANCE & INVESTOR RELATIONS**

Discussion questions:

* Are third-party ESG ratings and voluntary principles poised to play a greater role in driving ESG-aligned investment?
* What are the barriers to a widespread, comparable ESG investor disclosure framework?
* What is the outlook for asset management stewardship teams and ESG-driven investment strategies?

Topics:

* Voluntary disclosure frameworks
* Third-party benchmarks, ratings and stewardship activities
* Case study discussion

**Assignment due 6:00pm March 4. Case questions will be posted on Canvas.**

Individual Case Study Memo II:

*Should a Pension Fund Try to Change the World? Inside GPIF’s Embrace of ESG*. Harvard Business School (2019)

Readings:

* “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation.” World Economic Forum White Paper prepared in collaboration with Deloitte, EY, KPMG and PwC. September 2020. <http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf>
* “5 Climate Change Metrics for Investors in a Decarbonizing World.” Morgan Stanley Investment Management Insight. June 23, 2020. <https://www.morganstanley.com/ideas/climate-change-investing-decarbonization-metrics>

Reference Resources:

2020 Edelman Trust Barometer: Special Report—Institutional Investors. <https://www.edelman.com/sites/g/files/aatuss191/files/2020-11/Edelman%202020%20Institutional%20Investor%20Trust_FINAL.pdf>

Berg, Florian, Koelbel, Julian F., and Rigobon, Roberto. “Aggregate Confusion: The Divergence of ESG Ratings.” MIT Sloan School of Management Working Paper 5822-19. (August, 2019).

“Human Rights Benchmarks: Corporate Performance Rankings on the Rise.” White & Case, 2020, at <https://www.whitecase.com/publications/insight/bhr-benchmarks-2020/human-rights-benchmarks-corporate-performance-rankings-rise>

The Task Force on Climate-Related Financial Disclosures

<https://www.fsb-tcfd.org/>

Principles for Responsible Banking

<https://www.unepfi.org/banking/bankingprinciples/>

Sustainable Accounting Standards Board (SASB)

<https://www.sasb.org/>

Corporate Human Rights Benchmark

<https://www.corporatebenchmark.org/>

The UK Stewardship Code

[https://www.frc.org.uk/getattachment/d67933f9-ca38-4233-b603-3d24b2f62c5f/UK-Stewardship-Code-(September-2012).pdf](https://www.frc.org.uk/getattachment/d67933f9-ca38-4233-b603-3d24b2f62c5f/UK-Stewardship-Code-%28September-2012%29.pdf)

Powell, David and Funk, Karina. “ESG and the Stock-Picker’s Dilemma.” Brown Advisory. September 22, 2017. <https://www.brownadvisory.com/us/esg-and-stock-pickers-dilemma>

*Guide to Implementing the UNGPs in Investment Policymaking.* London School of Economics and Political Science Investment & Human Rights Project. (2016) <https://blogs.lse.ac.uk/investment-and-human-rights/2016/02/29/7197/>

**Week 9: March 18**

**GOVERNANCE REFORM PROPOSALS**

Discussion questions:

* What governance reforms are being debated?
* What difference would they make?
* What are best practices?

Topics:

* Proposals to improve ESG governance

Reading:

* Strine, Leo E. “Toward Fair and Sustainable Capitalism.” University of Pennsylvania Law School Institute for Law and Economics Research Paper No. 19-39. (October 2019).

Reference reading:

Address by His Excellency Thrimchi Lyonpo Tshering Wangchuk, Chief Justice of the Supreme Court of The Kingdom of Bhutan and Chairperson, Governing Council of Jigme Singye Wangchuck School of Law, at the Conference on *Public Law, Legal Orders and Governance: Regulating Globalization in Asia.* Thimphu, Bhutan. July 19, 2019. (PDF on Canvas; 7 pages)

**Week 10: March 25**

**TRUST, REPUTATION & COMMUNICATIONS**

Discussion questions:

* What is reputation? How is trust built?
* How can companies build reputation via ESG and related communications? What are the pitfalls?
* What is the Board’s role in anticipating emerging risks and preventing crises vs. management’s role?

Topics:

* Components and importance of trust
* Role of corporate leadership internally and externally
* White & Case communications case study: ‘Authentic communication’

Reading:

* Edelman Trust Barometer 2020. <https://www.edelman.com/trust/2020-trust-barometer>

Reference Resources:

Toews, Brandon & Bertels, Stephanie. *Next Generation Governance: Emerging Trends in Climate Position Statements*. Embedding Project (2019) <https://embeddingproject.org/resources/next-generation-governance-emerging-trends-in-climate-change-position-statements>

Mars Climate Action Position Statement. September 26, 2019. <https://www.mars.com/about/policies-and-practices/climate-action-position-statement>

White & Case Global Citizenship web pages and annual reports. <https://www.whitecase.com/citizenship>

**Week 11: April 1**

**DILEMMAS AND CRISES**

Guest Speaker: Justin Perras, Global Media Relations Director, White & Case; formerly JPMorgan, Credit Suisse, agency experience

Discussion questions:

* How do people make moral judgments?
* How do people/societies view conflicting moral requirements?
* How do these norms and decision/valuation processes apply to corporate ESG decisions?
* What principles should guide the response to a crisis situation?
* What are the roles of the Board and executive management in preparing for and dealing with a crisis?

Topics:

* ESG trade-offs:
* Externalities (require remedy)
* Unaffordable/too big/too disruptive (require substitution, compensation, regulation or a tipping point)
* Dilemma (“ought implies can”: debate)
* Rational vs. emotional decision-making theory
* Elements of crisis communications and best practices
* Self-driving technology case study

Readings:

* Tessman, Lisa. *When Doing the Right Thing is Impossible*. Oxford University Press (2017), Chapter 1.
* Video: Oil pollution in the Amazon (2 minutes) <https://www.aljazeera.com/video/americas/2013/10/ecuadoreans-continue-fight-against-chevron-2013101572721406178.html>

Reference readings:

* Hedstrom, Gib. “ESG Oversight Lessons from the PG&E Bankruptcy Filing.” *National Association of Corporate Directors Board Talk Blog.* February 11, 2019. <https://blog.nacdonline.org/posts/pge-lessons-oversight>
* Benjamin, Lisa. “Directors are in the Crosshairs of Corporate Climate Litigation.” *The Conversation*. July 8, 2019. <https://theconversation.com/directors-are-in-the-crosshairs-of-corporate-climate-litigation-117737>

**Week 12: April 8**

**GROUP CASE PRESENTATION PANEL**

**Activities**:

Each group will prepare and present a short power point presentation. Team members should split up the speaking so that each person presents a question or sub-question, depending on the number of team members. Each presentation should be 10 minutes at most and we will allow 5 minutes each for questions.

**Assignment due 6:00pm April 16. Case questions will be posted on Canvas.**

Group Case Memo

*Unilever’s New Global Strategy: Competing through Sustainability*. Harvard Business School (2015).

**Week 13: April 15**

**DISCUSS FINAL EXAM & CONCLUSIONS**

**Final exam due 6:00pm April 15**