



Managing ESG Enterprise Risk (TMP 191 ES)

DESCRIPTION: Increasingly business managers are challenged to address how risks posed by Environmental, Societal and Governance (ESG) issues can impact enterprise financial value. Examples abound of how improperly managed ESG risk have resulted in material, negative consequences to revenues, operating costs, profitability, reputation, and competitive standing. This course explores Enterprise Risk Management posed by ESG factors employing the “inside-out” viewpoint and considers:

- How can a longer-term lens help firms reduce negative consequences and actually uncover value-creation opportunities?
- How do environmental, social and governance realities threaten an organization’s long-term survival, business moat and capital access?

As a result, investors looking from the “outside-in” increasingly seek greater transparency. Theory is balanced with actual case study scenarios to demonstrate how course concepts are applied in the real business world.

COURSE GOALS: By the end of this course, students will:

- Gain a manager’s and investor’s practical understanding of ESG risks and opportunities;
- Learn how ESG can be incorporated into a firm’s risk management framework;
- Develop an appreciation of the changing political and regulatory ESG environment;
- Identify tools to help measure and track ESG impacts;
- Understand how an ESG vision and engagement are incorporated into a Business’ Strategy.

REQUIRED READINGS: Weekly reading consists of articles and case studies posted on Canvas.

COURSE REQUIREMENTS: Class meets twice weekly. Upper division students and all majors are welcome. This is a concept-survey course rather than one that entails quantitative analysis.

EVALUATION: Attendance and class participation are essential to optimize course benefits.

- *Class Participation (25%):* See details on grading & unexcused attendance penalties that follow;
- *Case Study Homework (25%):* Assignments that will reinforce lectures & assigned readings;
- *Case Study Team Presentation (25%):* 20-minute “Quick Pitch” as assigned;
- *FINAL (25%):* Multiple Choice and Short Answer format.

THEORY READINGS [Tuesdays]

- Instructor Lecture & Discussion
- Theory Readings Provided on Canvas
- All Students Required Reading

APPLICATION CASE STUDIES [Thursdays]

- ALL STUDENTS do Case Study Write Due Thurs @ noon
- Assigned Team A: Management Proposal to Board
- Assigned Team B: Customer & Regulatory Critique

Phase 1: FOUNDATIONAL FRAMEWORKS & SYSTEMIC SHOCK

WK1 Intro & Rules of the Game Differentiated

Phase 2: ENVIRONMENTAL (E)- RISK vs. REALITY

WK2 Physical Risk & Business Continuity Planning

WK3 Transition Risk, Clean Energy & AI Bottlenecks

Phase 3: Social (S)- RELATIONSHIP CAPITAL/NETWORKS

WK4 Supply Chain Traceability, Human Rights & Geopolitics

WK5 Digital Safety, Privacy Caps & Algorithmic Exploitation

Phase 4: GOVERNANCE (G)-OVERSIGHT CONTROL & INCENTIVE ARCHITECTURES

WK6 Executive Comp Incentives, Internal Controls & Toxic Sales Culture

WK7 Operational Oversight, Duopoly Failures & Financialization

Phase 5: SYNTHESIS, MARKETS, ADVANCED ESG & CORPORATE DYNAMICS

WK8 Final Equation-Brand Value, Protection Cost of Capital

WK9 Nefarious Technology & Evading Regulatory Conduct

WK10 Stakeholder Influence & Political Clout (Final Integration)

1 Volkswagen "Dieselgate" Emissions Case (In Class-Settled Case)

2 PG&E & California Wildfires (Ongoing Case)

3 Microsoft/Constellation Restarting 3 Mile Island (Ongoing Case)

4 Nike & Xinjiang Cotton Crisis (Settled Case)

5 Meta & Whistleblower Papers (Ongoing Case)

6 Wells Fargo Retail Banking Fraud (Settled Case)

7 Boeing Manufacturing & Safety Crises (Ongoing Case)

8 Purdue Pharma & Sackler Bankruptcy (Settled Case)

9 Uber's Early Global Expansion & the Greyball App Tactics (Ongoing Case)

10 ExxonMobil Engine No. 1 Proxy Battle (Settled Case)

EXPECTATIONS: Students who excel in this course will:

- Demonstrate commitment to inquisitive thinking and insightful reflection.
- Be open to new ideas and be supportive of those offered by fellow students.
- Take initiative to facilitate class discussions.

If at any point I sense that students are not doing their part in readings and participation, I reserve the right to modify this syllabus based on our in-class experience and to conduct pop-quizzes. These will be integrated into the course grade. Be respectful of instructor and students during discussions. There is no acceptance of late papers or presentations.

HOMEWORK & PARTICIPATION POLICY: The course begins at a brisk pace and uses that early material as a base to build your learning. Students are expected to “hit the ground running” with course readings and class participation as it will be near impossible to “slough off” at the beginning and catch up later. Students are responsible for tracking their grades and participation on Canvas and are granted 1 week “look-back” from due date to raise questions.

PARTICIPATION: Student comments receive scores of 1, 2 or 3 depending on their quality. Those who excel in this course are students willing to be discussion contributors. For those who may be shy or hesitant to speak publicly, the course will create one of the safest classroom environments available. So, this will be an excellent opportunity to stretch and challenge yourself. Here is the scoring criteria:

- ‘1’ is for short comments/questions or low quality, underdeveloped comments. Examples:
 - Recitation of case facts without development of the implications of those facts.
 - Comments that do not relate to the prior comments/discussion. A great comment at one point becomes a distraction later in the discussion.
- ‘2’ comments comprise 80-90% of the discussion in most classes. They are solid, strong comments.
- ‘3’ comments go above and beyond. Examples:
 - Presentation of an argument supported by super strong analysis of facts/data from the case, in particular quantitative analysis where appropriate.
 - Integrative summaries that add significant insight and provide direction further discussion.
 - Linkages to concepts, frameworks, and cases from prior class sessions.

If a student makes multiple comments in a class, their highest score is what gets recorded (rather than scores for multiple comments being added together). The maximum weekly participation score is 3 points.

ATTENDANCE: Considering this course’s reliance on in-class discussion as a primary learning tool, attendance is critical. For students who have an absence that is unexcused, their participation grade is cut by 5% for each such absence. Example: If a student had a 90% participation grade with one unexcused absence, their participation grade would be reduced by 4.5% (e.g. 5% of the 90%) which would result in an 85.5% for course participation.

Given that participation accounts for 50% of a student’s grade (25% Participation + 25% Team Presentation), this may not be an ideal course for students whose schedules may be uncertain due to personal reasons, travel plans or intercollegiate athletes.

DSP ACCOMMODATIONS: I gladly host DSP students. Be aware that any modifications to course requirements must be requested through and approved by the UCSB Disabled

Students Program and the course instructor. Based on the course grade being 50% dependent on in-class participation, this may not be an ideal offering for all DSP students.

TEAM PRESENTATION GRADING: Presentations will be graded on a maximum 50-point scale and will be evaluated based on the following criteria (below).

- Up to 10 points each awarded for criteria as described on the grading rubric that follows.
- That total score will then be adjusted according to the aforementioned evaluation weighting to calculate course grades.
- Individual students will be graded based on their contribution to their team's presentation.

Early presenters will receive bonus points. Instructor reserves the right to add extra credit for improvement, for addition of outside research and for complexity of topic.

Course Grade will be according to University Standards; grades are based upon the following scale:

	PERCENTAGE	GPA
A (excellent), Highest quality, exceptionally good, superior	A+ 95.00%	4.0
	A 90.00%	4.0
B (good), Above the average, complete; thorough, competent; skilled	A- 86.66%	3.7
	B+ 83.33%	3.3
	B 80.00%	3.0
C (adequate), Sufficient to satisfy a requirement or meet a need, Average	B- 76.66%	2.7
	C+ 73.33%	2.3
	C 70.00%	2.0
D (barely passing)	C- 66.66%	1.7
	D+ 63.33%	1.3
	D 60.00%	1.0
F (not passing)	D- 53.00%	0.7

UCSB POLICY ON ACADEMIC HONESTY: According to the UCSB Statement of Academic Integrity, "...materials (written or otherwise) submitted to fulfill academic requirements must represent a student's own efforts." Thus, it is expected that students are willing to bear individual responsibility for their work. Any act of academic dishonesty, such as cheating or plagiarism, will subject a person to university disciplinary action. Using or attempting to use materials, information, study aids, or commercial "research" services not authorized by the course instructor constitutes cheating.

ARTIFICIAL INTELLIGENCE (AI) USE: AI can be used for research and as a feedback resource for work students have originated themselves. It is not appropriate to use AI to:

- Originate work;
- Write or in any way author assignments for submission;

Students suspected of inappropriately using AI may be called upon in class to defend their work and risk the loss of assignment credit and further disciplinary action.

Whenever another person's written work is utilized, whether it be a single phrase or longer,

quotation marks must be used, and sources cited. Paraphrasing another's work, i.e., borrowing the ideas or concepts and putting them into one's "own" words, must also be acknowledged.

Although a person's state of mind and intention will be considered in determining the University response to an act of academic dishonesty, this in no way lessens the responsibility of the student. While students are expected to work with other students on team projects, benefiting from another's work without your own contributions will be considered cheating and subject to sanctions. (Section A.2 from: <http://www.sa.ucsb.edu/regulations>, *Student Conduct, General Standards of Conduct*)

See student FAQ guide to academic dishonesty at:

<http://judicialaffairs.sa.ucsb.edu/academicintegflyer.pdf>.

Disclaimer: *This syllabus is as accurate as possible and is subject to change at the instructor's discretion, within the bounds of UC policy.*