

<b>Module Fin-M-11 Strategic ESG-Risk Management</b>	6 ECTS / 180 h Seminar attendance time: ≈90 h Study for yourself in seminar: ≈90 h
(since SS 2024) Responsible for the module: Prof. Dr. Andreas Oehler	
<p><b>Content:</b></p> <p>Strategic ESG (Environmental, Social, and Governance)-Risk management refers to the integration of environmental, social, and governance factors into a company's overall risk management framework. It involves identifying and addressing the potential risks and opportunities associated with these (non-financial) factors, which can significantly impact a company's long-term financial performance and reputation.</p> <p>(to be continued next page)</p>	
<p><b>Learning Objectives/Competencies:</b></p> <p>Students will be able to understand in depth the context of Strategic ESG-Risk Management of companies in the context of overarching economic and financial systems. The application of economic, in particular financial, facts will be conceived in addition to lectures by the lecturer and possible guest lectures, in particular by the participants in an individually prepared portfolio and subsequent presentation by each participant in the group. The presentation will be held in groups, based on an individually prepared portfolio (same subject matter) by each participant. The focus is on Strategic ESG-Risk Management of companies including the latest scientific as well as practice-oriented findings also in the capital market context.</p> <p>Starting with introductory steps that clarify both theoretical and practical contexts, the students' ability to act and make decisions is strengthened. This includes the promotion of self-competence, social competence including communication and, if necessary, role competence as well as methodological competence. In addition, basic interdisciplinary competencies are developed, especially in the analysis of empirical results and in cause-effect relationships in finance.</p>	
<p><b>Other information:</b></p> <p><a href="http://www.uni-bamberg.de/bwl-finanz">http://www.uni-bamberg.de/bwl-finanz</a></p> <p>The number of participants is limited. If, due to capacity restrictions, it may be necessary to make a selection in accordance with the Statutes for the Determination of Criteria for the Admission of Students to Courses of Bachelor's and Master's Degree Programs with Limited Admission Capacity, a decision on admission will be made after the registration deadline.</p> <p>Please also note that registration is not the same as admission to the course or registration for the module examination.</p>	
<b>Admission requirement for taking the module:</b> none	
<b>Recommended previous knowledge:</b> none	<b>Special passing requirements:</b> none

**Content (continued):**

These are the three components of ESG-Risk Management:

- **Environmental (E):** This focuses on a company's impact on the environment and its ability to manage and mitigate environmental risks. Key areas of consideration may include energy efficiency, greenhouse gas emissions, waste management, water usage, and resource conservation. Failure to address environmental risks can lead to regulatory fines, reputational damage, and increased operational costs.
- **Social (S):** Social factors pertain to a company's interactions with its employees, customers, communities, and other stakeholders. Social-risk management includes issues such as labor practices, employee health and safety, diversity and inclusion, customer satisfaction, data privacy, and community engagement. Mishandling social issues can lead to employee dissatisfaction, consumer boycotts, and negative media attention.
- **Governance (G):** Governance involves the internal structure and practices of a company, including its leadership, board of directors, executive compensation, shareholder rights, and transparency. Strong governance practices are essential for maintaining the trust of investors and stakeholders, as poor governance can lead to conflicts of interest, unethical behavior, and increased legal and regulatory scrutiny.

Implementing Strategic ESG-Risk Management includes:

- **ESG-Risk Assessment:** Identify and evaluate the ESG factors that are most relevant to the company's industry, operations, and stakeholders. This assessment involves understanding the potential risks and opportunities associated with each factor.
- **ESG Integration:** Integrate the findings from the ESG-Risk Assessment into the company's overall risk management processes, including strategic planning, decision-making, and performance evaluation.
- **Stakeholder Engagement:** Engage with stakeholders, including investors, customers, employees, and communities, to understand their concerns and expectations regarding ESG issues. Transparent communication is crucial for building trust and credibility.
- **Metrics and Reporting:** Establish key performance indicators (KPIs) and metrics to track the company's progress on ESG initiatives. Regularly report on ESG performance to stakeholders to demonstrate accountability and progress.
- **Board and Executive Involvement:** Ensure that ESG-Risk Management is a priority at the board and executive levels. Board members and executives should actively participate in setting ESG goals and monitoring progress.
- **Integration into Corporate Culture:** Embed ESG considerations into the company's culture and values. Encourage employees at all levels to adopt sustainable practices and responsible behaviors.

Strategic ESG-Risk management not only helps companies mitigate risks but also presents opportunities for growth and innovation. By proactively managing ESG factors, companies can strengthen their resilience, attract responsible investors, enhance brand reputation, and contribute to a more sustainable future.

<b>Frequency:</b> SS, annual	<b>Recommended semester:</b> 1	<b>Module duration:</b> 1 Semester
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<b>Lectures/Courses/Modules</b>	
<p><b>Strategic ESG-Risk Management</b>  <b>Teaching formats:</b> Advanced seminar  <b>Teaching language:</b> English  <b>Frequency:</b> SS, annual</p> <hr/> <p><b>Recommended Literature:</b></p> <ul style="list-style-type: none"> <li>• Ardia, D., Bluteau, K., Boudt, K., Inghelbrecht, K., 2022, Climate Change Concerns and the Performance of Green vs. Brown Stocks. Management Science (forthcoming).</li> <li>• Baker, M., Bergstresser, D., Serafeim, G., Wurgler, J., 2018, Financing the response to climate change: The pricing and ownership of US green bonds (No. w25194), National Bureau of Economic Research.</li> <li>• Barber, B. M., Morse, A., Yasuda, A., 2021, Impact investing, Journal of Financial Economics 139(1), 162-185.</li> <li>• Berg, F., Koelbel, J., Rigobon, R., 2022, Aggregate Confusion: The Divergence of ESG Ratings. Review of Finance 26(6), 1315-1344.</li> <li>• Bolton, P., Kacperczyk, M., 2021, Do investors care about carbon risk? Journal of Financial Economics 142, 517-549.</li> <li>• Busch, T., Bassen, A., Lewandowski, S., Sump, F., 2022, Corporate carbon and financial performance revisited, Organization &amp; Environment 35(1), 154-171.</li> <li>• Cornell, B., 2021, ESG preferences, risk and return, European Financial Management 27(1), 12-19.</li> <li>• Engle, R. F., Giglio, S., Kelly, B., Lee, H., Stroebel, J., 2020, Hedging Climate Change News, Review of Financial Studies 33(3), 1184-1216.</li> <li>• Giglio, S., Kelly, B., Stroebel, J., 2021, Climate Finance, Annual Review of Financial Economics 13, 15-36.</li> <li>• Horn, M., 2023, The Influence of ESG Ratings on Idiosyncratic Stock Risk: The Unrated, the Good, the Bad, and the Sinners, Schmalenbach Journal of Business Research (forthcoming).</li> <li>• Horn, M., Oehler, A., 2022, Constructing Stock Portfolios by Sorting on ESG Ratings: Does the Rating Provider Matter?; New Frontiers in Banking and Capital Markets, December 15-16.</li> <li>• Horn, M., Oehler, A., Dabbous, A., Croutzet, A., 2023, The Relation between Environmental Awareness and Stock Returns; Future Finance and Economics Association 2nd Conference on INternational Finance; Sustainable and Climate Finance and Growth, June 18-20; 1st Conference on Sustainable Banking &amp; Finance 2023, June 18-20; Operations Research 2023, August 29 - September 1.</li> <li>• Liang, H., Renneboog, L., 2017, On the foundations of corporate social responsibility, Journal of Finance 72(2), 853-910.</li> <li>• Liang, H., Renneboog, L., 2020, Corporate Social Responsibility and Sustainable Finance: A Review of the Literature, ECGI Finance Working Paper 701.</li> <li>• Oehler, A., 2014, Überlegungen zu einem Mindeststandard für sozial-ökologische Geld-anlagen (SÖG), JVL Journal für Verbraucherschutz und Lebensmittelsicherheit 9, 2014, 251-255.</li> <li>• Oehler, A., 2023, Grundsätze ordnungsgemäßer ESG Kennzeichnung – Handlungsmaximen und Forderungen. Mangelhafte Kennzeichnung sozial-ökologischer Geldanlagen, Missbrauchsgefahr und Fehlallokation; Stellungnahme der Verbraucherkommission Baden-Württemberg, Nr. 68, Stuttgart.</li> </ul> <p>(to be continued next page)</p>	<p><b>Semester hours per week: 3</b></p>

<b>Lectures/Courses/Modules</b>	
<p><b>Strategic ESG-Risk Management</b>  <b>Teaching formats:</b> Advanced seminar  <b>Teaching language:</b> English  <b>Frequency:</b> SS, annual</p>	<p><b>Semester hours per week: 3</b></p>
<p><b>Recommended Literature (continued):</b></p> <ul style="list-style-type: none"> <li>• Oehler, A., Horn, M., 2022, Contemporaneous ESG Ratings and Idiosyncratic Stock Risk: Empirical Evidence on Measures of Market Consensus and Dispersion; 1st CINSIC Conference on International Finance; Sustainable and Climate Finance and Growth, June 12-14.</li> <li>• Oehler, A., Horn, M., Wendt, S., 2018, Why self-commitment is not enough: On a regulated minimum standard for ecologically and socially responsible financial products and services, in: Walker, T., Kibsey, S., Crichton, R. (ed.), Designing a Sustainable Financial System: Development Goals and Socio-Ecological Responsibility, 405-421.</li> <li>• Oehler, A., Schalkowski, H., Wendt, S., 2014, Umweltmanagement: Management der Umwelt oder Management in und mit der Umwelt? Überlegungen zu einem integrativen Managementansatz; in: Meyer, J.-A. (Hrsg.), KMU-Jahrbuch 2014, Josef Eul Verlag, Lohmar, 79-108.</li> <li>• Oehler, A., Wendt, S., 2016, Wirtschaftsethik praktisch: Mindeststandards für sozialökologische Geldanlagen (SÖG)?; in: Eckert, S., Trautnitz, G. (Hrsg.), Internationales Management und die Grundlagen des globalisierten Kapitalismus, Festschrift für Prof. Dr. Johann Engelhard, Springer, Berlin, 395-439.</li> <li>• Oehler, A., Wendt, S., 2017, Sozial-ökologische Ausrichtung von KMU: Herausforderungen für die Investitions- und Finanzierungspolitik; in: Müller, D. (Hrsg.), Controlling in und für KMU, 2. Aufl., De Gruyter Oldenbourg, München, 583-596.</li> <li>• Pedersen, L. H., Fitzgibbons, S., Pomorski, L., 2021, Responsible Investing: The ESG efficient Frontier, Journal of Financial Economics 142(2), 572-597.</li> <li>• Starks, L., 2021, Environmental, Social, and Governance Issues and the Financial Analysts Journal, Financial Analysts Journal 77(4), 5-21.</li> <li>• Zerbib, O., 2022, A Sustainable Capital Asset Pricing Model (S-CAPM): Evidence from Green Investing and Sin Stock Exclusion, Review of Finance 26(6), 1345-1388.</li> </ul>	

**Examination**

Individually prepared portfolio and subsequent presentation by each participant.

**Description:**

The presentation and the portfolio are two components of the same examination, the subject matter is the same and both components are related to each other. Therefore, the examination consists of an individually prepared portfolio and subsequent presentation by each participant in the group. The portfolio has a minimum length of 4 but a maximum length of 5 DIN-A-4 pages, not including the list of references (literature) and the title page. The presentation must not exceed 45 minutes and must not be shorter than 10 minutes. The submission deadlines for (a) the first draft of the portfolio, (b) the presentation slides, and (c) the final draft of the portfolio are usually (a) ten days, (b) 3 weeks, and (c) 7 weeks after the start of the seminar. The exact dates will be announced at the beginning of the seminar. The first draft, the presentation slides, and the final draft must be handed in by E-Mail and formatted as a pdf file. The "Notes on Scientific Work" of the Chair of Finance are to be observed for both examination components (presentation and portfolio).