**COURSE INFORMATION**

**Course Number: MGT 566 / ENV 811**

**Course Title: Pricing and Managing Sustainable Assets**

**Term and Year: Fall 2025**

**Class Meeting Time, Day: TBD**

**Classroom: TBD**

**Course Support: Rhona Ceppos**

**CONTACT INFORMATION**

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| **Professor(s)** | **TA(s)** |
| **Name: Todd Cort**  **Office Location: Evans 5222**  **Telephone Number: 203 436 9651**  **E‑mail Address: todd.cort@yale.edu**  **Office Hours: Tuesdays 11:30-12:30 or by request** | **Name: Karly Beaumont**  **E‑mail Address:** |
| **Review Sessions:** *On Request* | |

**TEXTBOOKS AND RECOMMENDED/REQUIRED READINGS**

**Textbook(s):** *N/A*

**Required Readings:** *See Course Reserves and Class Canvas website*

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**COURSE DESCRIPTION AND OBJECTIVES**

**Course Description:** Regulation, financial pressure, politics and time have worked to evolve the field of business and sustainability over the last 30+ years. Whereas in previous decades, sustainability practitioners would establish the business case for addressing social and environmental risks and opportunities based on theory and generalized approaches to risk analysis, today money for sustainable assets is measured against the same criteria as any other investment. Moreover, management of assets to create positive environmental and social outcomes now entails the same controls and risk mitigation strategies that business uses to manage financial outcomes.

However, there are key differences in the information that we use to price and manage assets for sustainability compared to pure financial outcomes. Applying the techniques used to price and manage financial performance into the sustainability world also requires more expansive understanding of integrated risk.

This class attempts to build on the fundamentals of finance and management and apply them to business risks where we must optimize against both financial outcomes and social/environmental outcomes. In the first half of the course we will turn our attention to the management of environmental and social risk to protect the financial performance of an existing asset. Our focus will be on large corporations and the systems they use today to understand, measure, control and audit for social and environmental risks. This half of the class will culminate in an assessment of internalized and externalized risks and opportunities in the form of a Double Materiality Assessment.

The second half of the class dives into the financial risks associated with environmental and social challenges to business where we will model the price of an asset based on the accrual of that monetized risk to the asset. We will approach pricing from the perspective of different investor types culminating in an investment memo for a hypothetical Investment Committee.

This class is intended to be highly practical to anyone interested in either sustainable finance or corporate sustainability by providing the core concepts of business and sustainability and then building the tools used by investors and companies to price and manage environmental and social risks in the context of protecting financial value.

We will learn how to:

* Look carefully at the equations for net present value and discount rate to determine methods to integrate qualitative, ESG risks and opportunities;
* Compare and contrast financial products for sustainable investing;
* Compile assessments of financial materiality for ESG risks that can satisfy the criteria of reasonable assurance by an external, financial auditor;
* apply materiality as an integrated concept with enterprise risk management;
* Develop internal control systems that are compliant with regulations as well as stakeholder expectations;
* Assess risk in terms of financial as well as environmental and social capital; and
* Understand the potential and limitations of multi-capital accounting.

**DESCRIPTIONS OF ASSIGNMENTS AND DELIVERABLES**

The class is comprised of the following deliverables:

**Double Materiality Matrix (25 Points)**

**Due \_\_\_\_\_\_\_\_**

You are asked to complete a double materiality assessment for a company of your choice that is compliant with the requirements of the CSRD. The assignment also requires recommendations for metrics for identified material issues based on your assessment.

As discussed in class, the expectation is that materiality assessments will be conducted using a criteria-based approach. The matrix deliverable will be scored based on the following criteria:

* Documentation of evidence, citations or rationale for the selection of criteria, selection of issues to be tested and scoring of issues.
* Selection of criteria that align to company strategy or mission
* Clear alignment to the requirements of the CSRD and evaluation of topics covered by the ESRS
* Selection of metrics that respond to the internal and external criteria and assigned scores
* ***Mapping of identified metrics to the menu of metrics elucidated in the ESRS.***

Please turn in only one version of the assignment and be sure to note all of the team members' names so that we can record them.

A full materiality matrix would take too long, so I recommend narrowing your effort to 3 environmental issues and 3 social issues maximum. I am more interested in the depth of your analysis than the breadth.

Note: I have provided several sample assignments of double materiality matrices.

**Pricing Model (25 points)**

**Due \_\_\_\_\_\_\_**

In this assignment, you will create a pricing model for the most salient financial risks to your company identified in the double materiality assignment. Using the same company, students will select 2-4 specific risks and create simple financial models on how these risks might translate into differences in the stock price of the company. For each risk, we will model against a range of scenarios, each of which will require documentation of assumptions and supporting data. We will review the methodology for creating pricing models and scenarios in class. I have also posted example assignments on the canvas page. Assignments will be graded based on the quality of the data and assumptions used to construct the model.

Note that at least one of your modeled risks/opportunities must be from climate adaptation or mitigation.

You may use the same team as Assignment #1 or switch – please let me know either way.

**Investment Memo (30 Points)**

**Due \_\_\_\_\_\_\_**

Our final assignment will be a team memo to senior leadership (either corporate or investment committee) arguing for or against a specific investment of your choosing. The investment must include some aspect of environmental or social consideration – either as an additional impact consideration or as an integrated financial accrual and price modeling.

Your task is to persuade senior leadership to approve your strategy by presenting a well-rounded case that balances **financial returns** and **sustainability impact**.

**Presentation Requirements**  
Your proposal must address the following components:

* **Opportunity Overview**: Provide a concise summary of the investment opportunity.
* **Market Analysis**: Highlight key market trends, dynamics, and competitive positioning.
* **Financial Projections**: Include forecasts that detail expected returns, growth potential, and key financial metrics.
* **Sustainability Assessment**: Analyze the environmental, social, and governance (ESG) impact of the investment.
* **Risk and Mitigation**: Identify potential risks and outline strategies to address them.
* **Implementation Plan**: Detail actionable steps for executing the investment strategy.
* **Recommendation**: Present a clear and compelling case for why the committee should approve the investment.

**Deliverables**

1. **Presentation**:
   * A **30-minute in-class presentation** simulating an investment committee meeting:
     + **Maximum 8 slides**.
     + Allocate **20 minutes for the presentation** and there would be **10 minutes for Q&A**.
2. **Written Report**:
   * A **four-page summary** of your analysis, which must include:
     + Executive summary.
     + Key financial and sustainability metrics.
     + Supporting evidence and rationale.

Ensure your work is professional, evidence-based, and demonstrates a thorough understanding of both the financial and sustainability aspects of the proposed investment.

**Additional Points (20 points total):**

***Attendance:*** There are 13 points available for attendance (0.5 point per class session). The TA or I will take attendance at each class session. Whenever you are present during attendance-taking, you get 0.5 points. As always, excused absences (see EMBA policy on excused absence) will receive attendance points for the affected class sessions. Free points!

***Participation:*** 7 points are allocated to participation. These points are 100% based on the subjective perception of the TA and Instructor. 4 Attendance points is the baseline/starting point. Salient participation in class raises your participation grade. Using your laptop or electronic device to do non-class activities during class lowers your participation grade.

**GRADING POLICY**

**Grades**

There are five grades at Yale SOM: High Honors, Honors, Proficient, Pass, and Fail. The grade distribution that faculty use, and the policy with respect to the reporting of grades on official transcripts, are described below.

HH: High Honors. Up to top 10 percent of class. Reported on transcript.

H: Honors. Next 25 percent. Reported on transcript.

PR: Proficient. Next 55 percent. Not reported on transcript.

P: Pass. Lowest 10 percent in core courses; guideline of 5 percent in electives. Not reported on transcript.

F: Fail. An absolute standard; no minimum requirement. To the extent it is used, the F grade counts toward the 10 percent Pass category. Not reported on transcript.\*

Once grades are officially recorded, they may not be changed except in cases in which a mathematical error has been made in computing the grade or a clerical error has been made in recording it. Students seeking correction to a grading error must contact the instructor within two weeks (ten working days) from the receipt of the grade.

If a student takes a course in another school at Yale, the SOM registrar will ask the instructor to submit the grade according to the SOM grade scale.

 \*F grades in core courses require remediation. The failed core course is not reflected on the official transcript until remediated. Elective courses with F grades are not reflected on the official transcript. Students must replace failed electives with other electives to meet total credit requirements for graduation.

**YALE SOM HONOR CODE**

**Guiding Principles**

Honesty is fundamental to the profession and practice of management. It is therefore the bedrock premise of management education at Yale. To the community of students, faculty, and staff of the Yale School of Management, honesty and integrity build the trust essential to a free and lively exchange of ideas.

* The Yale SOM Honor Code is intended to foster the School’s exceptional learning environment and to support conduct that will distinguish the faculty, staff, and students in their lives as managers, at school, at school-related functions, and in the larger management community. The Honor Code will be referred to as the “Code” hereafter.
* The Honor Committee has jurisdiction over all Code violations including matters of academic dishonesty and egregious violations of the social and professional norms of behavior.

**Academic Integrity**

The Yale SOM community, including faculty, staff, and students, supports the highest standards of academic integrity. All academic work affords an unparalleled opportunity to put forward new and innovative ideas; at SOM, we aspire to always acknowledge the ideas upon which new solutions are based.

* When working on any assignment with a team, students must clarify the expectations for each member of the team.
* Faculty will provide clear guidelines for students on the parameters of any group work, as well as guidelines for proper citation.
* A student will contact the professor for clarification if there is a question about the way in which the group work is to be completed.
* Students are encouraged to consult print resources as well as online resources, available on the SOM portal, concerning proper citation.

**Community Standards**

A hallmark of the Yale SOM community is its inclusive nature, which respects the diverse backgrounds and views of its members. SOM faculty, students, and alumni aspire to standards of conduct while at Yale, and as they function in the larger management community, that will further distinguish SOM as a center of integrity and fair dealing.

* Students must uphold, among themselves, the highest standards of professional behavior.
* Students must strictly adhere to ethical guidelines during the job search—with interviewers, prospective employers, and their student colleagues.
* Students must remember that they represent the School as they take part in activities in the University, New Haven, and the larger management community.
* Standards of individual responsibility in the job search, and in the use of School and University information technology resources, are detailed under Policies and Guidelines of the Career Development Office and Policies on the Use of Information Technology Facilities in this chapter.

**GENERAL STATEMENTS**

**Laptop and Device policy**

Over the last 10 years, I have polled classes extensively. The results are this: 1) Your classmates find it VERY distracting when you use your laptop to check emails, text others, surf the web, check-in for flights, shop for stuff on amazon, etc. 2) Research indicates that non-class activities constitutes more than 50% of laptop usage in the absence of any controls or incentives, 3) You and y­­our classmates also find it very valuable to be able to take notes electronically rather than take notes by hand and then transcribe electronically later (even though research suggests this enhances learning substantially), 4) A small ‘nudge’ can have significant impact in keeping laptops ‘tuned to the class material’.

Therefore, the policy is: laptops and electronic devices are allowed in the class and during class session. However, part of your participation grade will reflect whether you are using your electronic device during class time to do something other than classwork (based on observations by the TA during class). See the participation grade for more information.

**Artificial Intelligence (AI) Policy**

You are welcome to use AI in this class. However, please let me know if and how you have used it.

**Online Participation**

On registration, Students will receive the Zoom link for the class by email. The link is the same for all sessions.

All participants must use their registering Name on their Zoom Proﬁle ID to be let into the room. Names should be displayed using Western alphabet only, and no surname can be used. Failure to display registering name will result in exclusion.

>>>>>>Learn how to change your name on Zoom prior to ﬁrst session here : [https://urlz.fr/pjwW](https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Furlz.fr%2FpjwW&data=05%7C02%7Ctodd.cort%40yale.edu%7C69c3daf24cbf4a78b52508dd7cfe4669%7Cdd8cbebb21394df8b4114e3e87abeb5c%7C0%7C0%7C638804153720217324%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=b4S5Dkoxbta6U3sdUEUjLFWWAJZYRoMVvZ%2FiwGNW75E%3D&reserved=0)

Students are expected to be connected and ready to work at least 5 minutes prior to class start, within a quiet enough environment, conducive to learning. No late admissions. Students are allowed one single connected device only per session. All cameras must stay OPEN. Session #1 presence is mandatory and students are allowed 1 absence by term. Failure to meet class rules will result in exclusion.

**DETAILED OUTLINE OF CLASS SESSIONS**

Note: Dates may shift based on availability of speakers and class flow

| **Module/Date** | **Topics** | **Readings** | **Optional Readings** |
| --- | --- | --- | --- |
|  | Course Introduction |  |  |
| 1  2 Weeks | Drivers and Context   * Business Case * Regulations | The Comprehensive Business Case for Sustainability, HBR 2016, Whalen and Fink, <https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability>  READ SB 253 – Climate Corporate Data Accountability Act – Text: <https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB253>  READ SB 261 - Greenhouse gases: climate-related financial risk – Text: <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB261>  SKIM the EU CSRD Regulation text: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>  READ the summary of the CSRD Rule by Persefoni: <https://www.persefoni.com/blog/what-is-csrd>  READ the Fact Sheet on the SEC Climate Rule provided by the SEC: <https://www.sec.gov/files/33-11275-fact-sheet.pdf>  Rodney Irwin, 2020, A Landscape of Organizations, available in Canvas/Files | For your Reference (DO NOT READ) the full text of the SEC Rule: <https://www.sec.gov/files/rules/final/2024/33-11275.pdf>  UN PRI Regulation Tracker: <https://www.unpri.org/policy/regulation-database>  Harvard Environmental and Energy Law Program Trackers: <https://eelp.law.harvard.edu/our-trackers/> |
| 2  2 weeks | Materiality and Due Diligence   * Due Diligence Approaches and Standards * Stakeholder and Double Materiality * DMA Assignment | READ Section 3 (Double Materiality) of ESRS-1. SKIM the rest: <https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2F06%2520Draft%2520ESRS%25201%2520General%2520requirements%2520November%25202022.pdf>  SKIM ESRS 2: <https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2F07.%2520Draft%2520ESRS%25202%2520General%2520disclsoures%2520November%25202022.pdf>  READ the Q&A on ESRS adoption supplied by EFRAG: <https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_4043>  EFRAG (2022) *Draft* *European Sustainability Reporting Guidelines 1 Double materiality conceptual guidelines for standard-setting,* [*https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/SiteAssets/Appendix%202.6%20-%20WP%20on%20draft%20ESRG%201.pdf&AspxAutoDetectCookieSupport=1*](https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/SiteAssets/Appendix%202.6%20-%20WP%20on%20draft%20ESRG%201.pdf&AspxAutoDetectCookieSupport=1)  SASB (2021) Materiality, the word that launched a thousand debates, <https://www.sasb.org/blog/materiality-the-word-that-launched-a-thousand-debates/>  Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks, WBCSD and COSO, 2018, <https://www.wbcsd.org/Programs/Redefining-Value/Making-stakeholder-capitalism-actionable/Enterprise-Risk-Management/Resources/Applying-Enterprise-Risk-Management-to-Environmental-Social-and-Governance-related-Risks>  (free to download, but login required – posted on canvas)  Sample Materiality Assignment (See Canvas) | KPMG International (2014) Sustainable Insight: The Essentials of Materiality Assessment, <https://assets.kpmg.com/content/dam/kpmg/pdf/2014/10/materiality-assessment.pdf>  GEMI Quick Guide on Materiality, <http://gemi.org/solutions/solutions-quick-guides/materiality/> (name and email address required to download) |
| 3  2 weeks | Accounting   * Multi-capital and Impact Accounting * Monetization and Comparability | Van Oord Multi-Capital Accounting Template (Canvas/Files) | UN Sustainable Development Goals Report 2023:  <https://unstats.un.org/sdgs/report/2023/The-Sustainable-Development-Goals-Report-2023.pdf>  SBTi Corporate Manual, <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>  Natural Capital Coalition, Primer, <https://naturalcapitalcoalition.org/wp-content/uploads/2016/07/NCC_Primer_WEB_2016-07-08.pdf>  Natural Capital Coalition, Framework, <https://naturalcapitalcoalition.org/wp-content/uploads/2016/07/Framework_Book_2016-07-01-2.pdf>  World Resources Institute (2017) Science-based Target Setting Manual, (article link), <https://sciencebasedtargets.org/resources/legacy/2017/04/SBTi-manual.pdf>  Social and Human Capital Coalition, Protocol, <https://capitalscoalition.org/capitals-approach/social-human-capital-protocol/>  <http://sciencebasedtargets.org> |
| Fall Break |  |  |  |
| 4  1.5 Weeks | Internalization, Accrual and Pricing   * Investor Types * Building Scenarios * Pricing Basics * Pricing Assignment | Beyond the Buzzwords (ESG): <https://www.beyond-buzzwords.com/esg>  Cort, T. (2023) *The pragmatist’s guide to ESG,* Environment Magazine, July/August 2023, pp 10-17, Canvas/files  WBCSD Climate Scenario Tool: <https://climatescenariocatalogue.org/> | Millenium Ecosystem Assessment: <https://www.millenniumassessment.org/en/Scenarios.html>  IPBES (2016): The methodological assessment report on scenarios and models of biodiversity and ecosystem services. S. Ferrier et al (eds.). Secretariat of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, Bonn, Germany. 348 pages. <https://doi.org/10.5281/zenodo.3235428>  Equinor Energy Perspectives (2024) <https://www.equinor.com/sustainability/energy-perspectives>  IEA Global Climate and Energy Model (2024) <https://www.iea.org/reports/global-energy-and-climate-model> |
| 5  2 Weeks | Management and Control   * Risk Management Options * Management Systems * Disclosure * Auditing * Net Zero Case * Final Assignment Introduction | ESG Disclosure Judgment Handbook (2018) World Business Council for Sustainable Development, <https://www.wbcsd.org/Overview/Events/Webinars/ESG-Disclosure-Judgement-Handbook>  SA8000: Sections 2 (forced labor) and 5 (discrimination) <http://www.sa-intl.org/index.cfm?fuseaction=document.viewDocument&documentid=563&documentFormatId=1166&vDocLinkOrigin=1&CFID=17270419&CFTOKEN=dd52623c7177858c-A6D4C3CD-1C23-C8EB-801BE014C6ECCBA0>  Race to Zero, <https://unfccc.int/climate-action/race-to-zero-campaign>  Boyd, P. and Pickett, C (2020) Defining Net Zero, <https://cbey.yale.edu/sites/default/files/2020-07/CBEY_NET-ZERO_July_17_2020.pdf> | Esty, D. and Cort, T. (2017) Sustainability Metrics: What Investors Need and Do Not Get”, J. Env. Investing 8(1).  UNEP (2018) Handbook for Stakeholder Engagement, <https://www.unep.org/resources/publication/stakeholder-engagement-handbook>  AccountAbility, AA1000 Stakeholder Engagement Standard 2011 – Basic, step-by-step  guide to stakeholder engagement (requires registration to download, but provided on canvas).  <https://www.accountability.org/standards/>  Yilmaz, A.K. and Flouris, T. (2010) Managing corporate sustainability: Risk management process based perspective <http://www.academicjournals.org/article/article1380703008_Yilmaz%20and%20Flouris.pdf> (pp. 162-171)  Free online learning module (1.5 hours) from the United Nations: <https://unccelearn.org/course/view.php?id=185&page=overview&lang=en>  General corporate learning resource: <https://netzeroaction.org/> |
| 6  2 Weeks | Financial Products   * Green Bonds * SLBs * Blended Finance * Supply Chain Loans | Bartlett & Cort (2023) How the Tools of Impact Investing can Undermine Resilience in the Global South, Yale Insights, February 20, <https://insights.som.yale.edu/insights/how-the-tools-of-impact-investing-can-undermine-resilience-in-the-global-south>  Chau et al (2023), From Risk to Reward: The Business Imperative to Finance Climate Adaptation and Resilience, GRP and BCG, <https://www.globalresiliencepartnership.org/wp-content/uploads/2023/12/from-risk-to-reward-report.pdf> | <https://www.brookings.edu/blog/future-development/2022/05/11/financing-for-sustainable-development-is-clogged/>  <https://ieg.worldbankgroup.org/evaluations/ifcs-and-migas-support-private-investment-fragile-and-conflict-affected-situations-9>  International Finance Corporation, Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets, May 2007, Chapter on Stakeholder Consultation, pages 33-56., <https://www.ifc.org/en/types/insights-reports/2000/publications-handbook-stakeholderengagement--wci--1319577185063> |
| 7  1 Week | Assignment 3: Team Presentations |  |  |

All classes and guest speakers are subject to confirmation and change