

Written Assignment #1 (Due February 3, 2025)

This assignment provides an opportunity for students to put themselves in the seat of an ESG research analyst performing both qualitative and quantitative analysis. Using publicly available sources of information, including company websites, sustainability reports, news articles, and/or SEC filings (such as Form 10K, Form SD, or proxy filings), students will write a memo assessing risk exposure, quality of disclosure, management of material ESG issues facing their assigned company. Review the ESG disclosure of 1-2 of your company's competitors to benchmark their ESG performance against their industry peers. Include this insight in your justifications as you answer the prompts below.

The quantitative part of this assignment aims to assess your ability to extract meaningful insights from complex datasets and make informed recommendations based on a combination of ESG metrics. Your approach to managing data limitations and your ability to communicate your findings clearly and succinctly will be key evaluation criteria. This exercise is designed to mirror the multi-faceted decision-making process in real-world investment scenarios.

For this assignment, each student may select one of four companies to research: APA Corporation, the J.M. Smucker Company, Stanley Black & Decker, or Vail Resorts. Each student is expected to complete this assignment individually.

Qualitative Analysis (no more than 1,000 words)

- I. **Materiality Assessment** – Financially material ESG issues can have a significant positive or negative impact on a company's financial condition or operating performance. Which 3-4 ESG issues are most relevant and material to this company's industry and why? Please assess each ESG issue with having Low, Medium, or High exposure.
- II. **Disclosure Assessment** - For each of the ESG issues you identified in Question I, assess the quality of disclosure using the following disclosure categories and explain: Metrics & Targets, Company-specific narrative, Boilerplate language, or No disclosure. Bullet points are sufficient for this response.
- III. **Management Assessment** - Companies employ a wide range of approaches to managing material ESG risks. Assess the robustness of your company's programs, policies, and practices for the material issues you identified in Question I, and compare them with a leading industry peer to assess ESG performance on a relative basis. Is your company Leading, Lagging, or Average in comparison? Explain how you came to your conclusion.
- IV. **Social/Environmental Impact Assessment** - Many companies seek to maximize the positive social and/or environmental impacts of their businesses. Alternatively, they may seek to mitigate the negative impacts associated with their business model. How would you assess these dimensions of impact with respect to your assigned company? Please focus on no more than two topics and explain your reasoning in detail.

Quantitative Analysis (no more than 300 words)

- I. **ESG Data Analysis** – Using Excel, R, or Python, perform an empirical analysis of your company's ESG performance relative to its peers based on the dataset provided. Include graphs and/or tables to support your analysis. These should be appended to the end of the report and do not count towards the word limit. In general, please follow the below steps in completing your analysis:

- a. Select and disclose at least ten peer or comparable companies – This could be based on industry, size, etc. Explain your rationale.
- b. Identify five ESG metrics you believe are relevant and material to your company and its industry – Explain your rationale. How do these metrics relate to the company's performance?
- c. Perform data analysis – Assess your company's performance across those five metrics relative to the peer set.
- d. Formulate overall thesis – Based on your analysis, develop a recommendation on the overall ESG quality of your company. Are they a leader, laggard, or in-line with peers?
- e. Prepare your report – Compile your findings into a clear, concise report. Include graphs or charts that support your analysis.

Recommended sources:

- ESG dataset (posted on Canvas)
- Company website
- Company disclosures such as ESG/sustainability/corporate citizenship reports
- SEC filings including annual report and/or proxy statement
- Public news sources