

## ESG: Human Capital Management and Racial Equity Audits

Fall 2023

**Professors Johnjerica Hodge and India Williams**

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The class will meet Mondays and Wednesdays unless otherwise noted. Each student will be expected to participate in class discussions. Each student will need to prepare a paper on human capital management or racial equity audits that will be due by the end of the final exam period. Each paper should be 15 pages.

**Proposed Course Learning Objective:** ESG is the intersectionality of environmental, social, and governance issues in a company's operations. At its core, ESG is a tool to measure a company's risks and value proposition. ESG initiatives have the power to create sustainability, mitigate risk, and create long term value for investors and stakeholders.

Human capital management and racial equity audits are the latest ESG tools being deployed in the marketplace. Human capital management disclosures allow investors to assess the extent to which companies invest in their workforce. Students will explore which aspects of human-capital management resources are material to a business and its investors against the backdrop of concerns raised by stockholders or other stakeholders.

Racial equity audits assess a company's policies, practices, and products or services in relation to racial equity outcomes. Students will examine the evolution of racial equity audits, explore how racial equity audits fit within the ESG paradigm, and delve into the practical implications of conducting such an audit including, but not limited to, crisis management and international considerations.

**Grading Policy:** 40% class engagement, 60% final paper.

No textbook is required. The schedule of reading assignments is based on the PDF provided.

Office hours are by appointment.

**(October 2, 2023; 6:05 pm – 8:05 pm; Class #1)**

### ***Introduction to ESG and Human Capital Management***

This session will introduce students to the ESG regulatory landscape in the U.S. and abroad, human capital management, and related board governance requirements. Students will also learn about general trends in these areas.

**(October 4, 2023; 6:05 pm – 8:05 pm; Class #2)**

### ***Human Capital Management—Pay Equity & DEI***

This session will explore the pay equity and DEI-related disclosures under the human capital management regime, including any recent updates in the applicable regulations.

**(October 9, 2023; 6:05 pm – 8:05 pm; Class #3)**

### ***Human Capital Management—Viewing Disclosures as a Financial Asset***

This session will delve into the various theories concerning the financial valuation of human capital management assets.

**(October 11, 2023; 6:05 pm – 8:05 pm; Class #4)**

***Human Capital Management Case Study***

This session will explore several recent Fortune 500 human capital management disclosures in various industries for comparative analysis.

**(October 16, 2023; 6:05 pm – 8:05 pm; Class #5)**

***Human Capital Management Mock Disclosure***

This session will allow students the opportunity to prepare a mock human capital management disclosures for presentation to the class.

**(October 18, 2023; 6:05 pm – 8:05 pm; Class #6)**

***Racial Equity Audits and Shareholder Proposals***

This session will introduce students to shareholder proposals in the context of racial equity audits. Students will learn about shareholder proposal processes, the manner in which those proposals arise, and the pressure placed on companies in light of those proposals.

**(October 23, 2023; 6:05 pm – 8:05 pm; Class #7)**

***The Business Case and Resourcing for a Racial Equity Audit***

This session will explore the instances in which there is a business case and the resources needed for a racial equity audit. Students will learn how to advise a company on whether to voluntarily conduct a racial equity audit.

**(October 25, 2023; 6:05 pm – 8:05 pm; Class #8)**

***Developing a Racial Equity Audit Workplan***

This session will teach students how to develop a racial equity audit workplan.

**(October 30, 2023; 6:05 pm – 8:05 pm; Class #9)**

***Racial Equity Audits, Privilege Concerns, and Report Findings***

This session will explore the importance of conducting the audit under the cloak of privilege and how to preserve and protect privilege while conducting an audit. This session will also explore the importance of a holistic and strategic view of the audit findings.

**(November 1, 2023; 6:05 pm – 8:05 pm; Class #10)**

***Racial Equity Audit Case Study***

This session will explore a recent and high profile racial equity audit, including what triggered the audit, the audit process, and the outcome.

**(November 6, 2023; 6:05 pm – 8:05 pm; Class #11)**

***International Considerations for Racial Equity Audits***

This session will explore the unique considerations companies should keep in mind when conducting racial equity audits abroad, including, but not limited to, data privacy concerns, labor law restrictions, and cultural sensitivities.

**(November 8, 2023; 6:05 pm – 8:05 pm; Class #12)**

***Racial Equity Audit Pitch***

This session will allow students to make a pitch to the class for a Fortune 500 company to conduct a racial equity audit.

**(November 13, 2023; 6:05 pm – 8:05 pm; Class #13)**

***Racial Equity Audit Pitch Part II***

This session will allow students to make a pitch to the class for a Fortune 500 company to conduct a racial equity audit.

**(November 15, 2023; 6:05 pm – 8:05 pm; Class #14)**

***Board Diversity***

This session will explore the various regulations mandating certain diversity requirements for boards of directors, including legal challenges to those regulations.