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# Investment Returns or Sustainability?

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Video Length: 4:56

## **Lesson Description:**

Why did ESG investing take the corporate world by storm, only to fail so often? This video uncovers how pressures from governments and big clients pushed companies to prioritize appearances over results, leading to underperformance and missed opportunities.

## **Objectives:**

Students will be able to:

- identify the key components of ESG investing as discussed in the video.
- analyze how ESG pressures have influenced corporate decisions and outcomes.
- evaluate the effectiveness of ESG investing in achieving its stated goals.

## **Concepts & Key Terms:**

**Bureaucracy:** a system of government or management with many rules, procedures, and levels of authority that can slow decision-making.

**Governance:** the process of decision-making and overseeing how a company or organization is run.

**Sustainability:** the ability to meet present needs without compromising the ability of future generations to meet theirs.

**Underperformance:** failing to achieve expected or average results, especially in financial or business contexts.

## **Preview Activity:**

Use Think, Pair, Share to have students answer and discuss these preview questions: Have you heard of ESG investing? What does that mean? What factors should companies consider when deciding how to spend their money and resources?

## **OR**

Distribute copies of the K-W-L worksheet to the class. Have students fill in the K and W sections. After showing the video, have students complete the L section and answer the questions at the bottom of the worksheet.

## **Viewing Guide:**

We recommend that teachers show the video twice: first to allow students to view the video and focus on the issues presented, and second to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs to share and verify answers.

## **Answers to Viewing Guide**

- |                  |            |        |
|------------------|------------|--------|
| 1. meaningless   | 3. Federal | 5. tax |
| 2. environmental | 4. decline |        |

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## Viewing Guide

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Period \_\_\_\_\_

Teacher \_\_\_\_\_

**Directions:** As you watch the video, fill in the blanks with the correct words.

1. But sustainability is this largely \_\_\_\_\_ word that companies use to appear nice.
2. People are pulling money from some of these \_\_\_\_\_ funds.  
Is this the beginning of the end of sustainable investing?
3. \_\_\_\_\_ officials pushed ESG on banks. They *will* invest into climate-related efforts.
4. Companies often \_\_\_\_\_ when they get in bed with government. Probably because bosses focus more on sucking up to politicians...
5. At least American politicians haven't pushed ESG and increased regulations and \_\_\_\_\_ as much as Europe's did.

**Take a few moments to reflect on the video and answer these questions.**

Does ESG investing enhance or restrict economic freedom for businesses and investors? Why? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you were investing money, would you choose a fund that supports ESG goals even if it earns you less? Why or why not? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **Discussion and Analysis**

1. What does ESG stand for?
2. What are some examples of ESG goals mentioned in the video?
3. How has ESG impacted the performance of certain investment funds?
4. What role do governments and large clients play in pushing companies toward ESG practices?
5. How does the video suggest that focusing on ESG might affect innovation?
6. How might ESG goals conflict with a company's focus on producing better products?
7. If ESG investing is meant to show how "nice" a company is, who gets to decide what counts as "nice," and is that fair? Explain your reasoning.
8. If you were running a company, would you focus more on making a profit or meeting social and environmental goals? Why?
9. If you were investing money, would you choose a fund that supports ESG goals even if it earns less? Why or why not?
10. Do you think it is ever acceptable to force companies to change their behavior to meet social or environmental goals? Why or why not?
11. Do customers and investors care more about a company being "nice" or being successful? How does this influence corporate decision-making?
12. If ESG governance standards push companies to follow certain political or social goals, does that strengthen or weaken corporate independence? Why?
13. Some argue that ESG governance standards make companies more accountable, while others say they lead to unnecessary bureaucracy. Which perspective do you find more convincing, and why?
14. Are ESG governance initiatives truly about ethical leadership, or do they sometimes serve as a way to control how companies operate?
15. What happens when governance policies designed to promote ESG conflict with a company's ability to innovate and remain competitive?
16. How does government involvement in corporate governance through ESG policies impact free markets and competition?
17. Does ESG investing enhance or restrict economic freedom for businesses and investors? Why?
18. Can ESG policies lead to a concentration of power where large investment firms dictate social and political values to the entire market? Why or why not?

### **Discuss These Lines from the Video:**

You have to force behaviors, whether it's gender, or race.

Sustainability is this largely meaningless word that companies use to appear nice.

Companies often decline when they get in bed with government, probably because bosses focus more on sucking up to politicians rather than innovating.

Intel spent \$300 million on full workforce representation of women and minorities.

Now that progressive ESG fantasies flopped, maybe more companies will focus on basic capitalism, producing better products for less money.

ESG funds had their worst year on record.

### **Quotes for Discussion:**

Nothing undermines change more than behavior by important individuals that is inconsistent with the verbal communication. – John P. Kotter

Unfortunately, many things that are lucrative are also bad for the world. – Tariq Fancy

Behaviors are gonna have to change and this is one thing we're asking companies. You have to force behaviors, and at BlackRock we are forcing behaviors. – Larry Fink

Exxon is rated top ten best in world for environment, social & governance (ESG) by S&P 500, while Tesla didn't make the list! ESG is a scam. It has been weaponized by phony social justice warriors. – Elon Musk

It might be the case that those groups who previously were most in favor are starting to sour on the cost of ESG either because they do not think the hoped-for changes will materialize or that the costs of achieving societal change through business activities are going to be too high relative to the results. – Brian Tayan

I don't think ESG is going away. But the extent to which the investment sector will drive it is likely to continue to decline significantly. – Amit Seru

### **Activities:**

1. Have students complete the K-W-L chart in class or for homework. (Recall that the K and W sections are to be completed before watching the video and the L section after watching the video.)
2. Have students complete the political cartoon activity in class or for homework.
3. Have students complete the PMI chart in class or for homework.
4. Have students complete and submit the Exit Ticket as they leave class.

5. Have students write a one-page reflection answering the question, "If you were investing money, what would be most important to you, and why?" Encourage them to explain their reasoning and connect it to ideas from the video.
6. Divide the class into two groups, one defending ESG investing and one opposing it. Each group develops arguments based on evidence from the video and presents them in a debate format.
7. Students individually research one claim made in the video, such as how ESG funds perform compared to the market. They then write a short report summarizing their findings and whether they agree or disagree with the video's perspective.
8. Individually or in small groups, students list actions companies could take to balance ESG goals with profitability. Each group presents their ideas to the class.
9. Individually, students create a chart listing the advantages and disadvantages of ESG investing based on the video's information. They then compare charts with a partner.
10. Students write a letter to the CEO of a company, either supporting or opposing ESG initiatives. The letter should include clear arguments and evidence from the video.
11. Conduct a class survey asking students about their priorities when it comes to investing (e.g., profits, sustainability, diversity). Compile the results and discuss how they compare to the themes in the video.
12. Ask students to write a list of criteria they would use to evaluate whether a company is "ethical" or socially responsible. Discuss how their criteria align or differ from ESG principles.
13. Individually, students find an article about ESG investing from a different source. They compare its perspective to the video and write a brief summary of similarities and differences.
14. Students pretend to be investors creating a portfolio. They must decide how much to invest in ESG-focused funds versus other funds and write an explanation for their choices.

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Period \_\_\_\_\_

Teacher \_\_\_\_\_

## Investment Returns or Sustainability? K-W-L Chart

**Directions:** Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the questions below the K-W-L chart.

<b>K</b>	<b>W</b>	<b>L</b>
What I know about ESG scores and investments...	What I want to know about ESG scores and investments...	What I've learned about ESG scores and investments...

If you were investing money, would you choose a fund that supports ESG goals even if it earns less? Why or why not? \_\_\_\_\_

\_\_\_\_\_

Is it ethical to force behavioral changes on individuals and businesses? Explain. \_\_\_\_\_

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\_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Period \_\_\_\_\_

Teacher \_\_\_\_\_

## Investment Returns or Sustainability? PMI Chart

- P = Plus:** What might be some pluses of investing in companies with high ESG scores?
- M = Minus:** What might be some minuses of investing in companies with high ESG scores?
- I = Interesting:** What is interesting about investing in companies with high ESG scores?

+ Pluses +	- Minuses -	I

If a company is required to follow ESG standards to access funding or contracts, is that an infringement on its right to make independent business decisions? Why or why not? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

is ever acceptable to force companies to change their behavior to meet social or environmental goals? Why or why not? \_\_\_\_\_

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Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Period \_\_\_\_

Teacher \_\_\_\_\_

# Investment Returns or Sustainability?

## Political Cartoon Activity

**Directions:** Use the political cartoon to answer the questions.



What does the cartoon suggest about the impact of ESG investing on pension funds and investments? \_\_\_\_\_

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The balloon represents investments and ESG is shown as a weight. Do you think ESG investing slows down economic growth, or is this an exaggeration? Explain.

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The cartoon shows both political parties in the pension fund basket. How does this reflect the debate over ESG policies, and what role, if any, should the government play in corporate investment strategies? \_\_\_\_\_

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**Name**

Admit One

Do you agree or disagree with the idea that "you have to force behavior"? Why?

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Admit One

**EXIT TICKET**

**Name**

Admit One

Do you agree or disagree with the idea that "you have to force behavior"? Why?

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Admit One

**EXIT TICKET**

**Name**

Admit One

Do you agree or disagree with the idea that "you have to force behavior"? Why?

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Admit One

**EXIT TICKET**