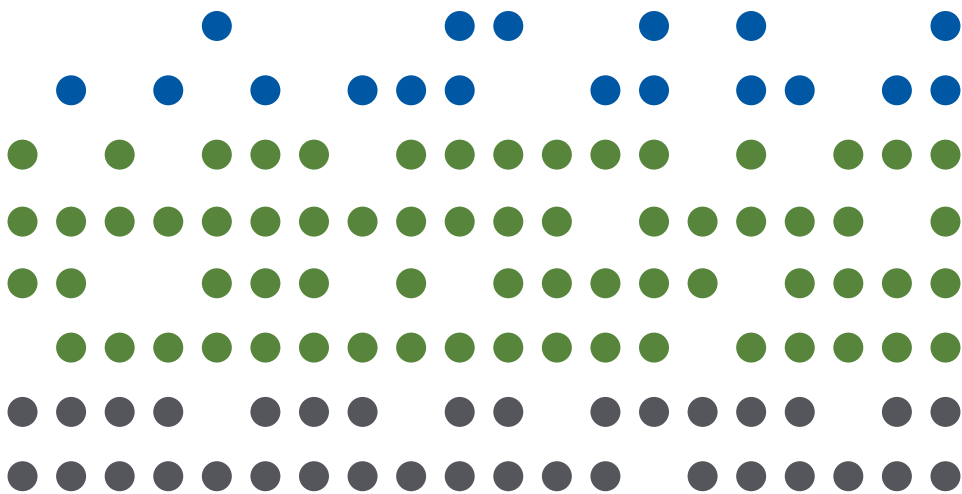


CERTIFICATE IN ESG INVESTING CURRICULUM 2025 SYLLABUS





CHAPTER

1

Introduction to ESG Investing

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	1.1.1 define ESG investment and different approaches to ESG investing
<input type="checkbox"/>	1.1.2 describe the benefits and challenges of incorporating ESG in decision making and the relationship between ESG investment and financial system stability
<input type="checkbox"/>	1.1.3 explain the concepts of the financial materiality of ESG integration, double materiality, and dynamic materiality and how they relate to ESG analysis, practices, and reporting
<input type="checkbox"/>	1.1.4 explain different ESG megatrends, their systemic nature, and their potential impact on companies and company practices
<input type="checkbox"/>	1.1.5 explain the three ways in which investors typically reflect ESG considerations in their investment process
<input type="checkbox"/>	1.1.6 explain the aims of key supranational ESG initiatives and organizations and the progress achieved to date

CHAPTER

2

The ESG Market

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	2.1.1 explain the size and scope of ESG investing in relation to geography, strategy, investor type, and asset class
<input type="checkbox"/>	2.1.2 explain key market drivers of ESG integration: investor demand/intergenerational wealth transfer, regulation and policy, public awareness, and data sourcing and processing improvements
<input type="checkbox"/>	2.1.3 explain the key drivers and challenges for ESG integration among key stakeholders: asset owners, asset managers, fund promoters, financial services, policymakers and regulators, investees, government, civil society, and academia

CHAPTER

3

Environmental Factors

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	3.1.1 explain key concepts relating to climate change, including climate change mitigation, climate change adaptation, and resilience measures
<input type="checkbox"/>	3.1.2 explain key concepts related to natural resource use (land and marine), water, waste, pollution, biodiversity, and a circular economy
<input type="checkbox"/>	3.1.3 explain the systemic relationships between business activities and environmental issues, including systemic impact of climate risks on the financial system; climate-related physical and transition risks; the relationship between natural resources and business; supply, operational, and resource management issues; and supply chain transparency and traceability
<input type="checkbox"/>	3.1.4 assess the systemic relationships between environmental factors and megatrends; environmental and climate policies; international climate and environmental agreements and conventions; international, regional, and country-level policy and initiatives identify and apply investment criteria that are aligned with a just transition
<input type="checkbox"/>	3.1.5 describe and explain key methods of carbon pricing
<input type="checkbox"/>	3.1.6 assess material impacts of environmental issues on potential investment opportunities, corporate and project finance, public finance initiatives, and asset management
<input type="checkbox"/>	3.1.7 identify approaches to environmental analysis, including company-, project-, sector-, country-, and market-level analysis; environmental risks, including carbon foot printing and other carbon metrics; and the natural capital approach
<input type="checkbox"/>	3.1.8 explain the role of climate scenario analysis in understanding physical and transition risks associated with climate change transition
<input type="checkbox"/>	3.1.9 describe and explain key methodologies that apply to biodiversity and its valuation, risk management, and interconnectedness with environmental factors and nature-related risks
<input type="checkbox"/>	3.1.10 apply material environmental factors to financial modeling, ratio analysis, and risk assessment
<input type="checkbox"/>	3.1.11 explain how companies and the investment industry can benefit from opportunities relating to climate change and environmental issues: the circular economy, clean and technological innovation, green and ESG-related products, and the blue economy

CHAPTER

4

Social Factors

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	4.1.1 explain the systemic relationships and activities between business activities and social issues, including: globalization; automation and artificial intelligence (AI); economic inequality; digital disruption; changes to work–life balance; changes to the work force and families; changing demographics; urbanization; and religion
<input type="checkbox"/>	4.1.2 assess key megatrends influencing social change in terms of potential impact on companies and their social practices: climate change and transition risk; water scarcity; pollution; mass migration, geopolitical conflict; and loss and/or degradation of natural resources and ecosystem services
<input type="checkbox"/>	4.1.3 explain key social concepts, including: human capital; product liability/consumer protection; access to knowledge; health and nutrition; and animal welfare
<input type="checkbox"/>	4.1.4 assess material impacts of social issues on potential investment opportunities and the dangers of overlooking them, including: changing demographics; digitization; individual rights and responsibilities; family structures and roles; education and work; faith-based ESG investing and exercise of religion; inequality; and globalization
<input type="checkbox"/>	4.1.5 identify approaches to social analysis at country, sector, and company levels
<input type="checkbox"/>	4.1.6 apply material social factors to risk assessment, quality of management, ratio analysis, and financial modeling

CHAPTER

5

Governance Factors

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	5.1.1 explain the evolution of corporate governance frameworks: development of corporate governance, roles and responsibilities, systems and processes, shareholder engagement, minority shareholder rights
<input type="checkbox"/>	5.1.2 assess key characteristics of effective corporate governance and the main reasons why they may not be implemented or upheld: board structure, DEI, effectiveness, and independence; executive remuneration, performance metrics, and key performance indicators (KPIs); reporting and transparency; financial integrity and capital allocation; business ethics
<input type="checkbox"/>	5.1.3 assess and contrast the main models of corporate governance in major markets and the main variables influencing best practice: extent of variation of best practice; differences in legislation, culture, and interpretation
<input type="checkbox"/>	5.1.4 explain the role of auditors in relation to corporate governance and the challenges in effective delivery of the audit: independence of audit firms and conflicts of interest; auditor rotation; sampling of audit work and technological disruption; auditor reports; auditor liability; internal audit
<input type="checkbox"/>	5.1.5 assess material impacts of governance issues on potential investment opportunities, including the dangers of overlooking them: public finance initiatives; companies; infrastructure/private finance vehicles; societal impact
<input type="checkbox"/>	5.1.6 apply material corporate governance factors to financial modeling, risk assessment, and quality of management

CHAPTER

6

Engagement and Stewardship

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	6.1.1 explain the purpose of investor engagement and stewardship
<input type="checkbox"/>	6.1.2 explain the benefits and limitations of engagement
<input type="checkbox"/>	6.1.3 explain the main principles and requirements of stewardship codes as they apply to asset owners, asset managers, and the service providers that support them
<input type="checkbox"/>	6.1.4 explain how engagement is achieved in practice, including key differences in objectives, style, and tone
<input type="checkbox"/>	6.1.5 apply strategies and tactics in a goal-based engagement approach using various forms
<input type="checkbox"/>	6.1.6 explain particular forms of engagement and major escalation techniques, including: proxy voting; collective engagement; ESG investment forums
<input type="checkbox"/>	6.1.7 describe approaches of engagement across a range of asset classes

CHAPTER

7

ESG Analysis, Valuation, and Integration

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	7.1.1 describe qualitative and quantitative approaches to integrating ESG analysis into the investment process
<input type="checkbox"/>	7.1.2 describe the challenges of integrating ESG analysis into a firm's investment process
<input type="checkbox"/>	7.1.3 describe the challenges of identifying and assessing material ESG issues
<input type="checkbox"/>	7.1.4 describe how scorecards and other tools may be developed and constructed to assess ESG factors
<input type="checkbox"/>	7.1.5 interpret a company's disclosure on selected ESG topics
<input type="checkbox"/>	7.1.6 explain how ESG analysis complements traditional financial analysis
<input type="checkbox"/>	7.1.7 analyze how ESG factors may affect industry and company performance
<input type="checkbox"/>	7.1.8 analyze how ESG factors may affect security valuation across a range of asset classes
<input type="checkbox"/>	7.1.9 apply the approaches to ESG analysis and integration across a range of asset classes
<input type="checkbox"/>	7.1.10 explain how credit rating agencies approach ESG credit scoring
<input type="checkbox"/>	7.1.11 describe primary and secondary sources of ESG data and information
<input type="checkbox"/>	7.1.12 explain the approaches taken across a range of ESG integration databases and software available and the nature of the information provided
<input type="checkbox"/>	7.1.13 identify the main providers of screening services or tools, similarities and differences in their methodologies, and the aims, benefits, and limitations of using them
<input type="checkbox"/>	7.1.14 describe the limitations and constraints of information provided by ESG integration databases

CHAPTER

8

Integrated Portfolio Construction and Management

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	8.1.1 explain the impact of ESG factors on strategic asset allocation
<input type="checkbox"/>	8.1.2 describe approaches for ESG integration into the portfolio management process
<input type="checkbox"/>	8.1.3 explain approaches for how internal and external ESG research and analysis are used by portfolio managers to make investment decisions
<input type="checkbox"/>	8.1.4 explain the different approaches to screening and the benefits and limitations of the main approaches
<input type="checkbox"/>	8.1.5 explain the main indexes and benchmarking approaches applicable to ESG investing, noting potential limitations
<input type="checkbox"/>	8.1.6 apply ESG screens to the main asset classes and their sub-sectors: fixed income, equities, and alternative investments
<input type="checkbox"/>	8.1.7 distinguish between ESG screening of individual companies and collective investment funds on an absolute basis and relative to sector/peer group data
<input type="checkbox"/>	8.1.8 explain how ESG integration impacts the risk–return dynamic of portfolio optimization
<input type="checkbox"/>	8.1.9 evaluate the different types of ESG analysis in terms of key objectives, investment considerations, and risks: full ESG integration, exclusionary screening, positive alignment/best in class, active ownership, thematic investing, and impact investing
<input type="checkbox"/>	8.1.10 describe approaches to managing index-based ESG portfolios

CHAPTER

9

Investment Mandates, Portfolio Analytics, and Client Reporting

LEARNING OUTCOMES

<i>Mastery</i>	<i>The candidate should be able to:</i>
<input type="checkbox"/>	9.1.1 explain why mandate construction is of particular relevance and importance to the effective delivery of ESG investing; linking ESG investing to the mandate, defining the ESG investment strategy
<input type="checkbox"/>	9.1.2 explain how ESG screens can be embedded within investment mandates/portfolio guidelines to generate investment returns and manage portfolio risk
<input type="checkbox"/>	9.1.3 explain the most common features of ESG investing that asset owners and intermediaries, including pension consultants and fund selectors, are seeking to identify through request for proposal (RFP) and selection processes
<input type="checkbox"/>	9.1.4 explain examples of greenwashing by financial market participants and the regulatory and reputational consequences of making misrepresentations
<input type="checkbox"/>	9.1.5 explain the different client types and their objectives which influence the type of ESG investing strategy selected
<input type="checkbox"/>	9.1.6 explain the key mechanisms for reporting on and monitoring performance and mandate alignment with client objectives
<input type="checkbox"/>	9.1.7 explain forms of integrated ESG reporting and investment reviews; and the key challenges in measuring, reporting and analyzing ESG-related investment performance for different approaches and asset classes