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General Comment

To the extent that ESG considerations help investors increase risk-adjusted expected returns, there is no issue. They should include ESG considerations along with any other investment criteria. The issue arises when considering reducing risk-adjusted expected returns to help achieve various social goals. That raises the question of who decides how much expected return to forego and for what causes. The statements on this often confust the two and get quite muddled. Aswath Damodaran and I have tried to clarify things in two papers and a Financial Times op-ed. All are attached.

Attachments

ESG Investing - Conceptual Issues - Current version

The ESG concept has been overhyped and oversold _ Financial Times

Cornell and Damodaran on ESG and Valuation - Final version