

Mini Simulation / Role-Play Exercises

(For MBA, executive education, and advanced undergraduate courses)

Investor–Corporate ESG Dialogue Simulation

(Chapters 2–3: ESG communication, investor expectations)

Setup

A listed Asian company is preparing for a meeting with a large international institutional investor ahead of its annual results. The company has recently improved disclosure but faces scrutiny over climate targets, labour risks, and capital allocation.

The investor is deciding whether to:

- Increase holdings
- Maintain exposure
- Escalate engagement
- Vote against directors

Roles

- Company CEO
- Company CFO
- Head of Sustainability / ESG
- Institutional Investor (Lead Steward)
- Investor ESG Analyst

Script Cues

- Investor: “Which ESG issues are financially material *today*, not in 2030?”
- Company: “How do we balance disclosure expectations with competitive sensitivity?”
- Investor: “What would trigger a vote against the board?”

Tension Points

- Aspirational targets vs execution credibility
- Short-term capex vs long-term resilience
- Global ESG frameworks vs local realities

Debrief Questions

- What differentiated effective ESG communication from generic messaging?
- Where did trust break down—or strengthen?
- How did financial framing change the tone of the discussion?

ROLE CARD: Chief Executive Officer (CEO)

Your position

You lead a listed Asian company facing increasing ESG scrutiny from global investors. You support sustainability in principle, but must balance long-term ambition with commercial realities.

Your objectives

- Protect strategic flexibility and competitiveness
- Demonstrate leadership without overcommitting
- Maintain investor confidence

Key concerns

- ESG commitments becoming binding promises
- Disclosure revealing competitive information
- Pressure for short-term changes that disrupt strategy

What you can disclose

- Strategic direction and priorities
- Governance processes
- High-level targets (with caveats)

What you should resist

- Unrealistic timelines
- Public escalation threats
- One-size-fits-all frameworks

ROLE CARD: Chief Financial Officer (CFO)

Your position

You are responsible for capital allocation, financial performance, and investor credibility.

Your objectives

- Link ESG to financial materiality
- Avoid commitments that affect credit metrics
- Ensure ESG investments are capital-disciplined

Key concerns

- Cost of capital
- Return on ESG-related capex
- Investor misunderstanding of trade-offs

Your leverage

- Financial framing
- Scenario analysis
- Capital prioritisation logic

ROLE CARD: Head of Sustainability / ESG

Your position

You translate ESG expectations into internal processes and disclosures.

Your objectives

- Maintain credibility with investors
- Push for meaningful but achievable progress
- Avoid accusations of greenwashing

Key concerns

- Lack of internal data or systems
- Over-promising targets
- Inconsistent messaging across management

Your leverage

- Peer benchmarking
- Risk management framing
- Internal governance improvements

ROLE CARD: Institutional Investor (Lead Steward)

Your position

You represent a long-term global investor assessing whether to deepen engagement or escalate.

Your objectives

- Understand execution capability
- Assess board accountability
- Protect long-term portfolio value

Key concerns

- Generic ESG language
- Weak governance signals
- Delayed or vague timelines

Your tools

- Engagement
- Voting
- Escalation (last resort)

ROLE CARD: Investor ESG Analyst

Your position

You support the Lead Steward with data, benchmarks, and risk analysis.

Your objectives

- Identify material ESG gaps
- Compare company vs peers
- Flag red lines

Key concerns

- Disclosure without substance
- Inconsistent metrics
- Poor board oversight