

COURSE GUIDE



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Sustainable Finance & Investment Finance Track course

HU Institute for International Business Studies

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Course of study:	IB
Year:	2021 - 2022
Year of study:	4 th year (Semester 7)
Number of blocks:	B and D, possible resits in C & E
ECTS credits:	5
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WELCOME

We are so delighted you are joining us

Hello and welcome to the Sustainable Finance & Investment course - Theory and Practice unit which we hope you will find both challenging and rewarding. This course guide gives you all the information you need for successful completion of the course. This includes the background information, the course specification, recommended reading books, publications, web-based resources and the nature of the course assessments. All other relevant material you will need for this course will be made available on Canvas before the commencement of this course.

Who should pursue this course?

This course is appropriate for students who are pursuing international business studies Finance Track and pursue and finance career ambitions including interest in sustainability and impact investments. This course will add value and technical skills to students with professional career interest in business worlds, financial positions such as consultants, fund managers, financial or finance assistance managerial positions, sustainability managers, pension fund staff, financial analyst, Impact Funds Analyst and many more.

The course is similarly suitable for students who have interest, aspiration or quest for good knowledge in business operations with more interest focussing on business sustainability in the context of sustainability reporting, integrated financial reporting and also responsible investment. This course is also recommended for students who wish to broaden their knowledge and understanding of applied finance by applying financial concepts and techniques to analyse corporate sustainable activities.

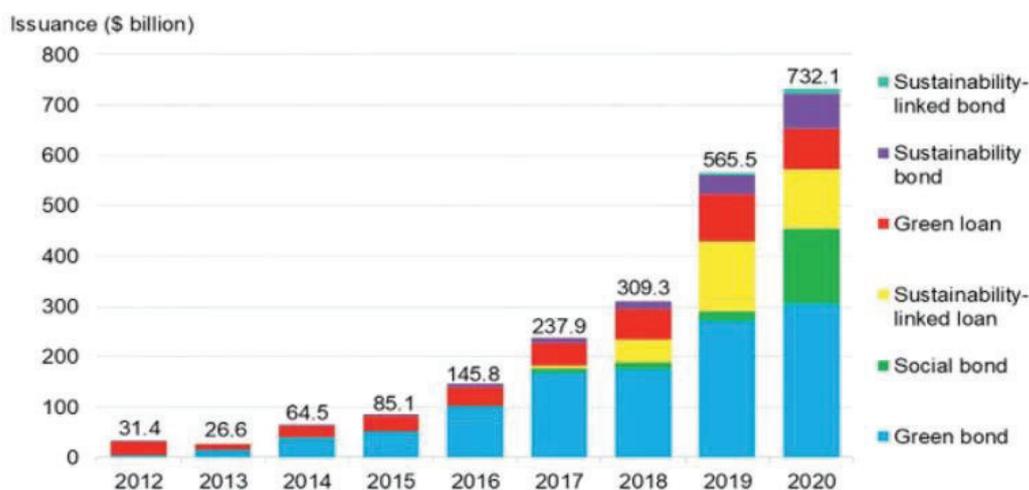
This course is challenging and rewarding, nevertheless, it is very exciting. We the (Sustainable Finance Team) take this opportunity to welcome you once again and wish you the best of luck.

Why Sustainable Finance and Impact investment?

In today's world, businesses face a unique set of challenges to their long-term sustainability, from climate change and resource constraints to urbanization and technological innovation. And investors increasingly want to know how these issues impact corporate value creation.

Global businesses are under scrutiny from lawmakers, regulators, NGO's (all stakeholders), and their diverse stakeholders to focus on sustainability and accept responsibility for their multiple bottom-line performances. Past and recent financial, economic, and environmental crises' caused by businesses including Climate change are contributing factors and have triggered the increased demand for new corporate disclosures by regulators. Sustainability is in essence a triple-bottom-line that includes Environmental, Social and Governance (ESG) considerations into its analysis of business operations. Sustainable Finance incorporates additional elements into that scope that include among others; investment metrics, investment terms, risk, ethics, corporate responsibility and several more. A more robust definition is that businesses which take sustainability seriously will be more resilient over time – businesses that can survive shocks because they are intimately connected to healthy economic, social and environmental systems. These businesses create Shared value for all stakeholders.

According to Bloomberg (2020): Despite the pandemic, sustainable debt hit another record in 2020, with \$732 billion issued. This is a 29% increase in 2019. Sustainability and social bonds had astounding growth, while green bond volumes rose 13% to a record \$305 billion. All this expansion, plus further progress on regulation and standards, means the market is now a teenager rather than child. Still, plenty remains to be done to build trust and drive growth. Global ESG assets are on track to exceed \$53 trillion by 2025, representing more than a third of the \$140.5 trillion in projected total assets under management.



Source: BloombergNEF, Bloomberg LP.

Balancing Shareholders and Stakeholders Value

Some of the questions challenging firms are whether they are financially sustainable on both a short and long term basis? How can they balance this by maximizing shareholder value and at the same time address their stakeholders' interest? How can sustainability challenges be turned into competitive advantages? Are businesses financially sustainable?

This course examines financial metrics and sustainability principles as an integrated subject beginning with an outline of investment principles and moving towards financial stability analysis, sustainable business growth, and the prediction of business bankruptcy. The course covers diverse aspects of sustainable investments and offers tools for operational risk assessment and effective integrated financial reporting. The perspective proposed by this course is motivated by the desire of firms for continued prosperity, expansion and the promotion of their survival.

Programme Learning Outcome

In the Sustainable Finance & Investment Course you will develop analytical skills to analyse the Financial stability performance, impact investment understanding and it's implications on the organization, which global reporting guidelines are becoming effective as well as how companies are shifting from Shareholder towards stakeholder model. This is in line with the following Program Learning Outcomes:

- Analyse patterns in global macro-economic factors and policies that drive international trade and business development.
- Communicate (business) messages effectively and persuasively using advanced English to an (un)informed audience.

- Collaborate effectively with different kinds of stakeholders in different cultural, organisational and political landscapes to contribute to achieving agreed goals.
- Evaluate financial performance of the organisation from different stakeholders' perspectives.
- Recommend financing possibilities in a dynamic international environment.
- Assess the impact of change on the organisation.

Module Learning Outcomes (What will you learn)

Sustainable finance is a combination of multidisciplinary perspective on balancing stakeholders value (Shared Value) addressing sustainability issues. The goal of the module is to provide students with the necessary theoretical and practical tools used in business sustainable analysis and integrated reporting.

The specific module learning outcome for students are:

- To examine the existing various corporate sustainable reporting guidelines such as Global Reporting Initiatives (GRI), Integrated Reporting (IR) and how these contribute to value creation,
- To enhance financial decision making by linking environmental, social and governance (ESG) issues to key value drivers, such as debt and equity financing using impact investment instruments.
- To Analyse and manage or mitigate regulatory, operational and reputational risks.
- To understand and analyse the sustainability transition of the global economy and the role of sustainable finance
- Able to evaluate corporate sustainability risks and opportunities from a financial perspective,
- To understand the interactions between growth, innovation, sustainability and it's impact on the organization.
- To understand socially responsible/impact investment strategies for assets under management.
- To apply financial tools to predict corporate bankruptcy and financial sustainability of businesses
- To learn to connect sustainability with business strategies in order to develop integrative and long-term solutions to environmental and social challenges for multiple stakeholders.

Instructional Methods / Didactical Forms

The course will be taught over seven weeks. The following didactical methods will be used

- **Tutorials:** Explanation by the instructor followed by discussion on materials read and doing exercises, applying the concepts/ tools studied.
- **Conference talks / guest speakers:** inspirational (guest speaker) talks and case studies
- **Work labs:** working on your project/portfolio with opportunity to ask questions to coach.
- **Formative feedback:** during the work labs & consultancy hours and weekly presentations

Guest Lectures

Our Guest Speakers are experts in their field, they provide an opportunity to hear from high-profile individuals in the professional and business world from a range of backgrounds in business management and finance disciplines. They will share practical cases on sustainability initiatives undertaken by their firms. Informative, stimulating and even controversial, these mini-lectures would provide sufficient insight to what's going on across various sectors, support your professional development and add value to your practical learning process.

Study Work Load

Total credit for this course is 5 EC's. Students are expected to work 140 hours over 7 weeks which comprises preparation for classes, class contact, group work, additional desk research and report writing. Below is an average time estimation breakdown for the entire module.

Workload Breakdown	Hours
Tutorials and Guest speaker Contact Hours	23
Research and Reading Materials	21
Homework (case studies/class assignment)	14
Presentation preparation	10
Other Reading outside Recommended materials	10
Project work and Report Writing	62
Total Workload 140 hours for 5 EC's	140

Assessments – Method Of Evaluation

Regular attendance in lectures is required. Attendance in all sessions is strongly recommended. Students are expected to have done the readings for each Tutorial before class. The presence during Guest lectures are mandatory as scheduled in weekly activities (see week 4).

The evaluation of students' knowledge gained throughout the course will be tested on how students can apply and cover the theoretical know-how, practical cases stimulations including techniques (tools) and put them into practice. Under different analytical and prediction scenarios students will write a full report and present their report to respective lecturers. The grading of the module is split into two parts.

- **Part A: Oral Presentation 30%**
 - Students are required to present wherein both individual and group assessment will take place including feedback which can be incorporated in Final Report. The assessment will take place in front of jury. Attendance and participation in presentation is mandatory, absence will lead to zero score.
- **Part B: Written Report 70%**
 - The final report should incorporate all the required elements as stipulated in assignment guideline document (available on Canvas). Incomplete assignments will not be graded.

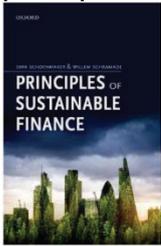
The final grade in Osiris is one grade which is combination of both Part A and B. The minimum passing grade for the module is 5.5 and Max score 10 can be obtained.

Type of Assessment	Weight	Min. Mark (for each aspect)
▪ Part A: Group Presentations	30%	5.5
▪ Part B: Final Report	70%	5.5
Final Report Grade: Part A + B	100%	

- **Resit Requirements:** if any group/individual fail the Part-A, presentation will be taken as resit assessment. If the group fails the final report (Part B), they can submit an improved version for assessment. These requirements are set for the students taking resit within academic year 2021-22, those who are taking resit in next the academic year (2022-23) should contact the respective Lecturer/Module Coordinator about their resit requirements. The resit dates will be available via Canvas in the respective terms.

Preliminary course material:

There is no single text book that can address the rapidly changing issues of sustainable finance. However, below **Book-1** is the key recommended text book which reflect sustainable finance principles.

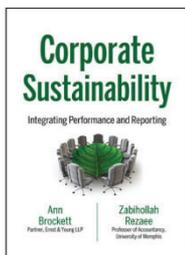


Authors:
Dirk Schoenmaker & Willem Schramade
ISBN: 9780198826606

Finance is widely seen as an obstacle to a better world. Principles of Sustainable Finance explains how the financial sector can be mobilized to counter this. Using finance as a means to achieve social goals we can divert the planet and its economy from its current path to a world that is sustainable for all. Written for undergraduate, graduate, and executive students of finance, economics, business, and sustainability, this textbook combines theory, empirical data, and policy to explain the sustainability challenges for corporate investment. It shows how finance can steer funding to certain companies and projects without sacrificing return and thus speed up the transition to a sustainable economy.

It analyses the Sustainable Development Goals as a strategy for a better world and provides evidence that environmental, social, and governance factors matter, explaining in detail how to incorporate these factors in the corporate and financial sectors. Tailored for students, Principles of Sustainable Finance starts each chapter with an overview and learning objectives to support study. It includes suggestions for further reading, lists and definitions of key concepts, and extensive uses of figures, boxes, and tables to enhance educational goals and clarify concepts.

The other supplementary material includes the **Book-2** below which is also useful. Lecturers will guide the students which topics or chapters will be covered/prepared from the recommended material.



Corporate Sustainability: Integrating Performance and Reporting

Ann Brockett, Zabihollah Rezaee
ISBN: 978-1-118-12236-5
316 pages
December 2012

This book also highlights how people, business and resources collaborate in a business sustainability and accountability model.

Course Content: Weekly Activities

Weeks	Subjects / Required Readings
Week 1	<p>sustainability transition of the global economy and the role of sustainable finance</p> <p>Introduction to Sustainable Finance (SF)</p> <p>What is Sustainability and why it matter?</p> <ul style="list-style-type: none"> ▪ What is Sustainable Business and Finance? ▪ Financial Crises and Unsustainable Businesses ▪ General Principles on Sustainability ▪ Introduction to types of Sustainability Guidelines: GRI, IR, UN SGD's, UN Global Compact, , EU Guidelines, OECD Guidelines and etc. ▪ Sustainability and the transition change ▪ Externalities –Internalization ▪ Case Study
Week 2	<p>Changing Landscape of Corporate Sustainability Reporting</p> <p>Why Sustainability Reporting matters?</p> <ul style="list-style-type: none"> ▪ Sustainability Information needs of investors ▪ Sustainability reporting and its importance ▪ Integrated reporting ▪ Governance and Behaviour ▪ Reporting Metrics and data ▪ Discuss Practical Corporate Sustainability Reports on: <ol style="list-style-type: none"> 1. Global Reporting Initiatives (GRI) 2. Integrated Reporting (IR) Compare industries 3. Case Study or Work on assignment with other students
Week 3	<p>Innovation and Sustainable Growth</p> <ul style="list-style-type: none"> ▪ For example - “Short-term vs Long-term growth” ▪ Case Studies - Cases – Black Berry/Nokia and etc. ▪ Sustainable Operations and Value Chain, Sustainability KPI's ▪ Sustainability KPI's & additional Case Studies
Week 4	<ul style="list-style-type: none"> ▪ Investing for Long-term Value Creation ▪ Guest Lecture
Week 5	<p>Sustainable Financial Systems</p> <p>Why does sustainability matter to Lending?</p> <ul style="list-style-type: none"> ▪ UNEPFI Sustainable Finance – Publications ▪ Global Financial Systems, ▪ Innovation of green financing – Green Bonds/Social Bonds ▪ Assessment and Analysis of Economic KPI's on Financial Statement and Economic KPI's on MD&A (Management Discussions and Analysis)
Week 6	<p>Predictive Models & Financial Metrics</p> <ul style="list-style-type: none"> ▪ Evaluating Corporate Failures and Predicting Corporate Sustainability Models ▪ socially responsible/impact investment strategies for assets under management. ▪ Impact Investment strategies and instruments
Week 7	<ul style="list-style-type: none"> ▪ Presentations
<p>See Canvas for more information including some video links ,Presentations and publications</p>	

Final Report: Developing Professional Sustainable Finance Report

Practical comprehensive analytical report.

Students have to demonstrate an ability to diagnose corporate financial and non-financial information and apply appropriate and selective conceptual knowledge including techniques to a practical problem/situation in order to produce valid, creative/original solutions or recommendations to corporate management which are logical, meaningful and effective.

Group Report and Submission: (Min 3 & Max 5 students per Group)

Report: Due dates (**Due Dates and time: dd/mm, xx:xx**) of this report will be submitted to students during the first day of class and posted on Canvas. The hypothetical situation which students should consider while working in this module is that “your company provides business services and products to variety of customers around the world and engage with multi-stakeholders in and outside the company. You work for your company as finance/sustainability analyst or consultant. You have been asked to write comprehensive report, to perform financial and non- financial analysis, and predict failure and evaluate company’s sustainability initiatives, financial stability and long-term growth which covers 5 years of the company’s operations. You are also required to look into the impact investment and strategies/instruments used by the company over last 5 years at least”. The corporate comprehensive report content guide will be provided in the first week and can be downloaded from Canvas.

Your analytical comprehensive report will be used as a benchmark in the advisory department for consultation purposes. The department advises corporate clients, top management and managers to focus value creation on Sustainable Programs, Corporate Long-term Growth, Return on Capital, Risk Management and Integrated Reporting and its significance for financial sustainability which benefits all stakeholders with greater emphasis on shareholders values .

Students should submit their company name to their lecturer during first week. All companies names will be approved to avoid overlap within class/module. This implies all groups should choose different company for this module.

The report should be submitted in **MS word file format** but not a pdf file. The reports should be submitted via official channel i-e Canvas/Graderwork and any other channel recommended by lecturer.

Notes on Report !!!

- **Plagiarism Instructions:** Students are allowed to copy and paste raw information from the annual statements into their report. But students must use their own words (not words from the annual statement) to interpret the contents in the annual statement. Copy and paste a paragraph or sub-paragraph are not permitted. We require students to create their own content and use their words and provide analytical comprehensive and authentic report. However, you can copy values, graphs, chart and provide text reference. Failure to abide by these requirements will lead to cancellation or failure of the report assignment. Plagiarism would lead to cancellation of the report and case would be forwarded to exam board for further actions. Please do not forget to provide references and sources used in the report in APA style.
- **Company Visit:** Company visit for report information: It’s our recommendation students try as much as possible to arrange a meeting with their chosen companies for face to face visit for interviewing purposes. This will enable students to get better understanding of the company than just using the annual statements. It also creates space for professional engagements

whilst diving into corporate enquiries on their sustainable operations. This is highly recommended.

However, where face to face appointments failed, students should send an email with their set of questions (survey) to their respective companies. Evidence of any of the two options should be attached in the appendix.

If the parent company is not based in the Netherlands, students should aim to visit the firm's subsidiary that is based in the Netherlands for their corporate enquiries. If the company is based outside the Netherlands the second option (sending an email) is the best feasible option.

The sustainable Finance Team would also try to arrange a potential company visit wherein you will meet professionals and ask your questions. Note that this is not always possible due to busy schedule and COVID restrictions.

- **Excel files with data and analysis:** Excel file is part of the report submission – Students should submit their excel file used for their computation as part of their report submissions. Any report without the excel file will not be graded.
- **Minor changes in Content during the module**

Every year new regulations are coming from regulatory bodies and the demand from stakeholders is getting more attention. There is increasing pressure from stakeholders to integrate environmental, and broader, ESG considerations in company strategies. Sustainable Finance is expected to rapidly mature. In order to incorporate these changes and new information, you might feel a deviation in content to some extent. However the relevant in the form of copies of articles, publications and web sources that are relevant would be available via Canvas and through the concerned Lecturer. Students are responsible to follow classes and be aware of such changes.

FURTHER READINGS

Optional Textbooks

Sustainable Investing for Institutional Investors: Risk, Regulations and Strategies

Mirjam Staub-Bisang

Wiley Finance Hardcover – 2012

Evolutions in Sustainable Investing: Strategies, Funds and Thought Leadership

Cary Krosinsky, Nick Robins, Stephen Viederman

Wiley Finance Hardcover – Jan 2012

Sustainable Finance and Banking: The Financial Sector and the Future of the Planet*

Marcel Jeucken

Earthscan Publications Ltd, 2001

Sustainable Investing. The Art of Long-Term Performance*

Edited by Cary Krosinsky and Nick Robins.

Earthscan Publications Ltd, 2008

**Available on Hardcover and Kindle.*

Secondary course materials:

Students are required to read key reports, websites and magazine/news articles supplemented by real practical examples of the use of sustainable finance issues in today's financial industry. Lectures will provide additional sustainability information/material as well.

Publications /Articles: See Canvas for more current Sustainable finance/business information.

Web-Resources: During the course many web based resources would help to gather the latest information, industry reports, regulatory requirements and sustainability reporting standards. Some of these are given below.

Business Sustainability Frameworks	Sources – Website
International Integrated Reporting Council (IIRC):	http://integratedreporting.org/
Global Reporting Initiative (GRI):	www.globalreporting.org/Pages/default.aspx
SASB standards:	https://www.sasb.org/standards-overview/
SASB standards:	https://navigator.sasb.org
United Nations Environment Program Finance Initiative (UNEP FI):	www.unepfi.org
Climate Disclosure Standard Board (CDSB):	http://www.cdsb.net/
European Union Sustainable Finance:	https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en
Ceres:	www.ceres.org
Extraction Industries Transparency Initiative (EITI):	www.eiti.org
OCED:	https://www.oecd.org/dac/sustainable-development-goals.htm
The Corporate Sustainability Assessment (CSA)	https://www.spglobal.com/esg/csa/
RobecoSAM's: Year Book Corporate Sustainability Selected Companies.	http://yearbook.robecosam.com/companies.html
MSCI:	https://www.msci.com/msci-acwi-sustainable-impact-index