I. Course overview

Socially responsible investment (SRI) represents a growing part of assets under management. Research has shown that asset managers incorporate ESG (environmental, social and governance) issues in their decision-making processes. Asset owners such as pension funds, wealthy private investors and more generally retail investors increasingly demand sustainable finance products from their banks.

Despite this growing demand and research evidencing the positive return of socially responsible investment, financial institutions still need to overcome many challenges, beliefs and paradoxes linked to SRI. Not only do they have to gather and interpret material data to guide their investment decisions, combining quantitative and qualitative data, they also need to select appropriate measures to assess the impact of their investment decisions.

This course provides students with methods and tools to guide sustainable investment decisions, taking into account the different challenges identified by literature and practitioners. It is half of a full course on Finance and Responsible Investment practices, consisting in 15 hours, two of them which can be dedicate to the final case study, with no class attendance.

II. Learning Outcome

At the end of this course, students will be able to:
• **Identify and explain** why sustainable and responsible investment is relevant to institutional investors, and the challenges it represents.
• **Forecast** economic, social, and environmental impacts of an investment decision using the different ESG strategies
• **Design** a suitable sustainable investment strategy and **construct** indicators and metrics to assess the broader impact of a socially responsible investment on its stakeholders.
• **Critically analyze** the potential and limits of sustainable finance initiatives for achieving sustainable development
• **Evaluate personal implications** of this learning for leading change towards sustainable finance

III. Evaluation

1. **Readings for classroom contribution (30%)**: There is a reading to do before each class (3 readings in all). Your reading will be evaluated based on your individual answers to a questionnaire posted on the class Moodle, before the start of the corresponding class.
2. Case study – Team Based (70%): The final evaluation is a group assignment that will give you the opportunity to apply the insights from the course to a real case.

The case study is a group project. You will have to write a report of maximum of 5,000 words per group, plus any exhibits, in which you must answer the following five questions:

- Question 1: What does responsible investment mean? What are its aims and what is the rationale for its adoption by institutional investors?
- Question 2: How do specific investment practices instituted support responsible investment? What changes are required to existing financial practices to support these new practices?
- Question 3: Discuss the construction methodology of a sustainable finance Fund. Why might investors choose to invest in this fund rather than other passive funds?
- Question 4: In what sense can SRI investors be considered as institutional entrepreneurs? What resistance to change would have to be overcome to mainstream SRI?
- Question 5: What further actions could strengthen responsible investment? Explain how we should motivate these actions and suggest some obstacles we might encounter.

It is important that you i) reference all sources throughout the text, and ii) provide a complete list of references. The report must be your own original work, written specifically for the course. Your report must not be a repetition of another course work. And, you may not use existing published case study material or reports. Make sure your report has sufficient depth to demonstrate your understanding of key course concepts. This is a group assignment and every student is expected to contribute substantially to the teamwork. In order to mitigate any potential free-rider problem, you will each be asked to assess your peers in the group.

You will need to upload your case study report (one per team) on Moodle by January 3rd, 11PM.

IV. Course schedule and topics

<table>
<thead>
<tr>
<th>Date</th>
<th>Theme</th>
<th>Topic and expected contribution before the course.</th>
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<tbody>
<tr>
<td>November 18, 2019 9.30 – 12.30 AM</td>
<td>The purpose of finance and of responsible investment practices</td>
<td>Discuss transformative power of sustainable finance, and responsible investor as a change agent.</td>
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<td>Open space forum to debate “What should be in the scope of teaching finance with a purpose?”</td>
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<td>References: David Pitt-Watson’s TedX UCLouvain: <a href="https://www.youtube.com/watch?v=AYF4lZbbpaI">https://www.youtube.com/watch?v=AYF4lZbbpaI</a></td>
</tr>
<tr>
<td>November 18, 2019 1.30 – 3.30 PM</td>
<td>History of SRI</td>
<td>Discuss the different strands of SRI. See the evolution of practices and perceptions.</td>
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<tr>
<td>November 25, 2019 9.30 – 12.30 AM</td>
<td>ESG analysis, indices and screening</td>
<td>Identify the different actors involved in ESG. See role of data providers and advisors. Discuss materiality of ESG factors and indicators.</td>
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<tr>
<td>Date/Time</td>
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**Reference list:**


European Commission action plan on financing sustainable growth.


Videos:
Chris McKnett. The Investment Logic for Sustainability. Accessible from https://youtu.be/rpOwTspdwkI
RobeccoSam. The Truth Behind Sustainability Investing. Accessible from https://youtu.be/qQIgvrRX9Apc
David Pitt-Watson. Harnessing the power of finance. Accessible from