

COURSE GUIDE

Year: 2024 - 2025



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Sustainable Finance & Investment

Finance Track module

HU Institute for International Business Studies

Name of module:	Sustainable Finance & Investment
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Module of study:	IB
Year:	2024 - 2025
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 module - Theory and Practice unit which we hope you will find both challenging and rewarding. This module guide gives you all the information you need for successful completion of the module. This includes the background information, the module specification, recommended reading books, publications, web-based resources and the nature of the module assessments. All other relevant material you will need for this module will be made available on Canvas before the commencement of this module.

Module Description:

In the Sustainable Finance & Investment Module, you will develop analytical skills to analyze the ESG performance, Financial stability performance, impact investment understanding, and its implications on the organization, which global reporting guidelines are becoming effective as well as how companies are shifting from Shareholder towards stakeholder model to achieve their sustainability goals.

Who should pursue this module?

This module is appropriate for students pursuing international business studies Finance Track and pursue and finance career ambitions, including interest in sustainability and impact investments. This module will add value and technical skills to students with a 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 analysts, Impact Funds Analysts many more.

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

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

Why Sustainable Finance and Impact investment?

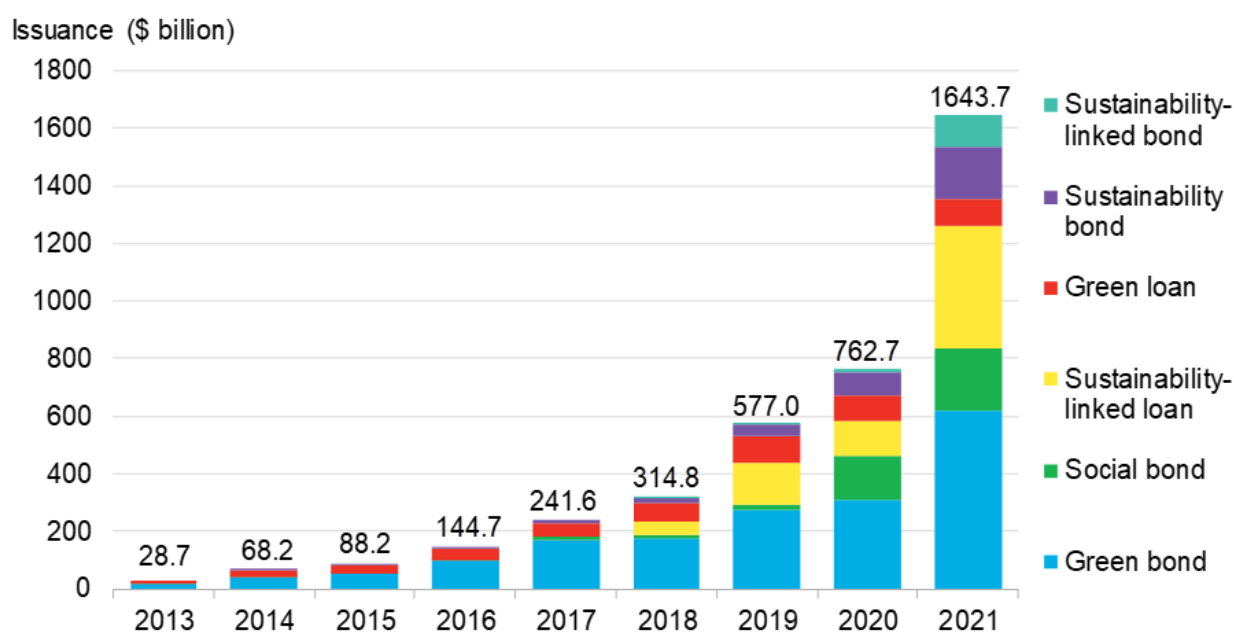
In today's world, businesses face a unique set of challenges to their long-term sustainability, from climate change and resource constraints to urbanization and technological innovation. And investors increasingly want to know how these issues impact corporate value creation.

Global businesses are under scrutiny from lawmakers, regulators, NGOs (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 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 intimately connect to healthy economic, social and environmental systems. These businesses create Shared value for all stakeholders.

According to Bloomberg (2022): Sustainable Debt Issuance Breezed Past \$1.6 Trillion in 2021, more than doubling 2020's end of year value. Despite the pandemic, sustainable debt hit another record in 2020, with \$732 billion issued. The fastest growth for sustainability themes in debt issuance last year came from sustainability-linked loans and bonds, which are instruments for which repayment is tied to the achievement of institutional environmental, social and governance (ESG) targets, such as greenhouse gas emissions reductions. These saw more than \$530 billion issued in 2021 on their own, compared to only a quarter of this value in 2020. They came from industries such as financials, consumer discretionary companies and utilities. All this expansion, plus further progress on regulation and standards, means the market is now a teenager rather than a child. Still, plenty remains to do 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.

Figure 1: Annual sustainable debt issuance, 2013-2021



Source: BloombergNEF, Bloomberg L.P.

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 module 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 module covers diverse aspects of sustainable investments and offers tools for operational risk assessment and effective integrated financial reporting. The perspective proposed by this module is motivated by the desire of firms for continued prosperity, expansion and the promotion of their survival.

Programme Learning Outcome – PLO's

In the Sustainable Finance & Investment Module you will develop analytical skills to analyse the Financial stability performance, Return On Sustainability Investment, impact investment understanding and its implications on the organization, which global reporting guidelines are becoming effective as well as how companies are shifting from Shareholder towards stakeholder model.

At the end of this module you will reach a level 3 of the IB programme learning outcomes (PLOs). The table below explains the learning outcomes in more detail:

PLOs (IB 2017)

PLO	Description	Level
WT3	Analyse patterns in global macro-economic factors and policies that drive international trade and business development	Level 3
WW4	Communicate (business) messages effectively and persuasively using advanced English to an (un)informed audience	Level 3
WW6	Collaborate effectively with different kinds of stakeholders in different cultural, organisational and political landscapes to contribute to achieving agreed goals	Level 3
TWM18	Evaluate the financial performance of the organisation from different stakeholders' perspectives	Level 3
TWM19	Recommend financing possibilities in a dynamic international environment	Level 3

These abovementioned 'old' PLO's directly relate as follows to the following rephrased PLO's as indicated in the National Qualifications Framework (2023), which again relates to the overall aim of this course, mentioned above:

PLO 1 (International Business Opportunities, develop the role of researcher and secondary role as a consultant).

Module Learning Outcomes - MLO (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 of reporting frameworks, sustainable financing methods and integrated reporting.

The specific module learning outcome for students are:

- To understand and analyse the sustainability transition of the global economy and the role of sustainable finance, analyse and evaluate corporate sustainability risks and opportunities from a financial perspective (Financial KPIs).
- To understand and examine the application of Sustainable reporting frameworks including compliance GRI, IR, CSRD, ERSR, SASB, SFDR, TCFD and etc.
- To Analyse and manage or mitigate regulatory, operational and reputational risks. Given a set of tools, able to create/design a model to establish a relationship between financial performance and sustainable activities.
- To understand socially responsible/impact investment strategies for assets under management.

- 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 assess the company's value creation by using the IR model to make the collaboration with different stakeholders successful.

Instructional Methods / Didactical Forms

The module 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.
- **Students perform research on Sustainable Reporting Frameworks**, share their understanding and views
- **Conference talks / guest speakers:** inspirational (guest speaker) talks from corporates sharing corporate best practices and case studies
- **Work labs:** working on your project/portfolio with opportunity to ask questions to coach.
- **Formative feedback:** during the work labs & consulting hours are allocated for feedback on assignments.

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.

Note: In order to incorporate all the students and guest lecturer the conference may take place out of the class timings. Presence in guest lecture is mandatory (inform the respective lecturer if you can't make it due to valid reasons). The guest lecture time will be compensated with class time in that week.

Study Work Load

Total credit for this module 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.

The evaluation of students' knowledge gained throughout the module 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 orally wherein individual 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. The Oral presentations will be arranged once in week 6/7 mostly during regular class times.

- **Part B: Written Report 70%**

- The final report should incorporate all the required elements as stipulated in portfolio guideline document (available on Canvas). Incomplete assignments will not be graded.

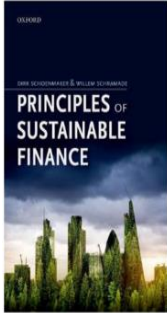
The final grade in Osiris is one grade which is combination of both Part A and B. The minimum passing grade for the module is 5.5 and Max score 10 can be obtained.

Type of Assessment	Weight	Min. Mark (for each aspect)
▪ Part A: Individual assessment through oral presentations	30%	5.5
▪ Part B: Final Report	70%	5.5
Final Grade: Part A + B	100%	

- **Group Work:** This module can't be followed individually as the Group work is involved. This means the module must be followed with other group members during term B & D and the student(s) must follow all the class activities.
- **Resit Requirements:** if any individual fails the Part-A, presentation will be taken as resit assessment. If the group fails the final report (Part B), they can submit an improved (repair) report version for assessment. These requirements are set for the students taking resit within academic year. The resit dates will be available via Canvas in the respective terms.

Preliminary module material:

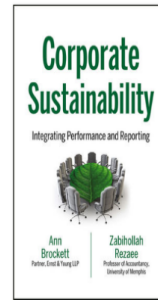
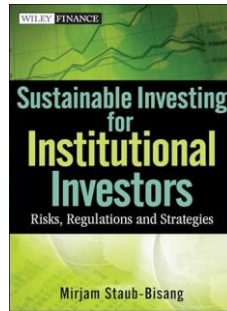
There is no single text book that can address the rapidly changing issues of sustainable finance. The following are recommended books indicated below;



Authors:

Dirk Schoenmaker & Willem Schramade

ISBN: 9780198826606



Corporate Sustainability: Integrating Performance and Reporting

Ann Brockett, Zabihollah Rezaee

ISBN: 978-1-118-12236-5

316 pages
December 2012

Module Content: Weekly Activities

Weeks	Subjects / Required Readings
Week1	<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? Sustainable Finance activities What is Creating shared value Moving from Corporate Social Responsibility to Creating shared value UN Sustainable Development Goals General Principles on Sustainability Sustainability and the transition change (EU Guidelines, Paris agreement etc) ESG introduction with examples from real world Impact of ESG on firm performance and it's financial impact Integrated thinking Final Portfolio/Report explanation
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 Discuss Practical Corporate Sustainability Reports (not all discuss in class): <ul style="list-style-type: none"> 1. Global Reporting Initiatives (GRI) 2. Integrated Reporting (IR) 3. UN Global Compact 4. Principles for responsible investments (PRI) 5. Sustainability accounting standards board (SASB) Corporate Sustainability Reporting Directive (CSRD) European Sustainability Reporting Standards (ESRS) Sustainable Finance Disclosure Regulation (SFDR) Task Force on Climate-Related Financial Disclosures TCFD)

Week 3	<p>What is investor looking at: Sustainability rankings ? Guest Lecture 1 (For exact date and time see canvas)</p> <ul style="list-style-type: none"> sustainability data issues for investors Ranking agencies (not all discuss in class) <ol style="list-style-type: none"> MSCI Sustain analytics RobecoSAM Corporate Sustainability Assessment Thomson Reuters ESG Scores (refinitiv) FTSE Russell's ESG Ratings Bloomberg ESG Disclosure Scores Working on portfolio/project
Week 4	<p>Sustainable & Responsible Investment Strategies</p> <ul style="list-style-type: none"> Investment Strategies Cases: <ol style="list-style-type: none"> Nordea Asset Management, ING Bank Sustainable Investment screening, Rabobank Sustainable Funding Framework, Green Bonds, Sustainable Bonds & Social Bonds <p>Innovation and Sustainable Growth</p> <ul style="list-style-type: none"> Corporate Growth: <ol style="list-style-type: none"> Innovation and New products Business Portfolio New Markets Return on Capital Risk Management (Regulatory, Reputation and Operational) from sustainability perspective Sustainability KPI's Working on portfolio/project
Week 5	<p>Guest Lecture 2 (For exact date and time see canvas)</p> <p>Return on Sustainability</p> <ul style="list-style-type: none"> Return On Sustainability Investment: What is it? How To Measure The Sustainability of A Company (Several KPIs) <ol style="list-style-type: none"> Energy consumption Climate Water usage Waste/pollution Employees health and safety Supply chain Management Behaviour How To Measure The Sustainability of A Company (ESG performance assessed by externals) Working on portfolio/project
Week 6	<p>Guest Lecture 3 (For exact date and time see canvas)</p> <p>Predictive Models & Financial Metrics</p> <ul style="list-style-type: none"> Assessing Financial performance (financial statement analysis) Corporate predictive failure model (Z score models) Realistic and sustainable growth rates socially responsible/impact investment strategies for assets under management.

	<ul style="list-style-type: none"> ▪ Impact Investment strategies and instruments ▪ Model to describe the relation b/w sustainability and financial performance <p>Other Sustainable Finance Topics might be discussed (New)</p> <ul style="list-style-type: none"> ▪ Climate Change & Climate Finance & Products ▪ Carbon Pricing & Accounting Sustainable Finance
Week 7	<ul style="list-style-type: none"> ▪ Working on portfolio/project ▪ Oral Presentations
See Canvas for more information including some video links ,Presentations and publications	

Final Report: Developing Professional Sustainable Finance Report

Practical comprehensive analytical report.

Students have to demonstrate an ability to diagnose sustainability, 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: Deadlines for Presentations, Report submissions including resits see Canvas for dates and times. In addition, the information are communicated 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** and not a pdf file. The reports should be submitted via official channel i-e Canvas/Gradework 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. For further details see section 4.11 (irregularities) of HU Education and Examination Regulations (OER) 2020-2021.

- **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.

- **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 material 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 module materials:

Students are required to read key reports, websites and magazine/news and articles supplemented by real practical examples incorporating the use of key sustainable finance issues in today's financial industry. Lectures will provide additional sustainability information/material as well. The Guest lectures material will also be shared with the permission of the respective industry expert/company.

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

Web-Resources: During the module 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/
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
Corporate Sustainability Reporting Directive (CSRD)	Corporate Sustainability Reporting Directive (CSRD) Legislative train schedule European Parliament (europa.eu)
Sustainable Finance Disclosure Regulation (SFDR)	What Is the Sustainable Finance Disclosure Regulation? (internationalbanker.com)
Task Force on Climate-Related Financial Disclosures TCFD)	Task Force on Climate-Related Financial Disclosures TCFD) (fsb-tcfd.org)