

Course Outline

RSM 417 - Sustainable Finance - Fall 2020

Course Meets: Thursdays, 11am – 1pm

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Office Hours: by email appointment

IMPORTANT: In this term, the course will have both an online and an in-person section.

- 1) Both sections cover exactly the same content in the same order. Both sections meet on the same days but at slightly different times. Students are expected to attend their own section. If a student from the in-person section can only attend the online section in a particular week, they must inform the instructor beforehand. A student from the online section cannot attend the in-person section (UofT Rules).
- 2) Each week will have some asynchronous video content for **both** sections. You will be asked to watch videos with “lecture” content before class and videos with further discussions and examples after class at your own convenience. The synchronous (class meeting / webinar) time is reserved for more interactive discussions and activities and/or guest speakers.
- 3) **Synchronous class times:**
 - a. **In-person section: Thursdays, 11am – 12noon. You will also be watching required videos before and after class.**
 - b. **Online section: Thursdays, 12noon – 1pm. You will also be watching required videos before and after class.**
- 4) Quiz in week 8 both sections to take the quiz together online at 11am. There will also be group meetings with the instructor at mutually agreeable times during this week to discuss progress of the project.

Course Scope and Mission

This course prepares students for the many emerging jobs where decision makers must apply their finance training together with a keen understanding and appreciation for sustainability issues and goals.

Examples for these jobs include:

- Finance roles in asset management and private equity, where ESG/CSR¹ and other sustainability related objectives/measures are fast becoming required knowledge.
- Equity analysis and accounting roles where understanding the ESG/CSR and sustainability risks and opportunities of firms is important – for example to analyze and value resource companies, global companies with exposure to foreign country risk/opportunities, companies doing development or infrastructure projects, etc.
- Advising roles for institutions facing pressures to divest from fossil fuels and other “sin” stocks in their endowments, pension funds, etc.
- Roles inside large and small non-financial corporations and not-for-profit institutions where financial literacy and finance skills are required in the pursuit of goals related to sustainability.

¹ ESG scores: Environmental/Social/Governance ... these are more-or-less standardized metrics that are reported by firms and ratings agencies to summarize firms’ risks in these areas. CSR: Corporate Social Responsibility.

- Work in sustainability related non-profit or government agencies where a basic understanding in finance is helpful for “scaling up” any potential solutions by raising and deploying large amounts of financial capital.

The market for these jobs is expanding and they range from opportunities in the traditional financial sector to the corporate sector to small fin-tech firms to the entrepreneurial start-up world. Risk management is another sector that worries about global, national, and local risks arising in fields associated with sustainability like climate change and income inequality.

This is a finance course, but it is not aimed specifically at students with mostly technical finance skills or highly technical finance career goals. We expect students in the course to have a wide range of proficiency in finance as well as pursuing diverse career goals. There will be a bit of math, but not too much. We do believe that all students will share a commitment to understanding sustainability issues. A background in sustainability is **not** required, but an interest is helpful. The course is a mix of cases and lectures, including discussions and guest speakers, and it involves a final hands-on group project.

Course Learning Outcomes

Students who complete this course will acquire the ability to:

- 1) Apply financial tools and models to understanding and solving problems generally referred to as sustainability challenges (environment stresses, climate change, poverty, UN social development goals, income inequality, etc.).
- 2) Measure and manage risks and opportunities associated with sustainability factors (ESG/CSR and other metrics) for financial institutions and corporations.
- 3) Evaluate the role of financial actors in generating sustainability problems and in solving these problems using financial markets and financial scale.
- 4) Understand the role and impact of financial markets and instruments on sustainability related problems and solutions.
- 5) Discuss sustainability from the perspective of a financial trained and sustainability-sensitive decision maker who faces audiences that may or may not be trained well in either finance or sustainability.
- 6) Critically examine government policies and regulations and their impact on sustainability goals using the tools and models of financial economics.
- 7) Have a broad insight into the opportunities and challenges faced by real companies (small and large) in the sustainability arena – especially as it intersects with finance. This can include Fintech solutions and applications of AI/Blockchain.
- 8) Appreciate various career opportunities in the sustainable finance sector.

Course Prerequisites

RSM332 and RSM333 – or equivalent with instructor permission

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another’s differences. U of T does not condone discrimination or harassment against any persons or communities.

Required Technology

For Fall-Winter 2020-21, this course may be conducted entirely online. To participate fully and to complete the course successfully, you must ensure you have a computer with a working webcam, microphone and reliable access to an internet connection. For further details, please visit this link:

[Recommended Technology Requirements for Remote/Online Learning](#)

Required Readings

- There is no textbook.
- We will use two Harvard Business School Cases – student purchase about \$5 each. Link will be on Quercus.
- Other reading materials will be posted on Quercus.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well they have command of the course materials.

Item	Wt %	Due Date /Time	Delivery	Turnitin
Class participation (webinars & online discussion board)	20	Ongoing	Quercus	<input type="checkbox"/>
Quiz (technical material)	20	Class 8	Quercus	<input type="checkbox"/>
Group project (video and short paper)	40	Class 10	Quercus	<input checked="" type="checkbox"/>
Short individual paper (free topic)	10	Class 12	Quercus	<input checked="" type="checkbox"/>
Individual peer feedback on group videos	10	Class 12	Quercus	<input checked="" type="checkbox"/>

Course Format and Expectations

The course includes lectures (mostly via asynchronous videos), class discussions and activities, as well as a collaborative group project. Details and expectations on graded deliverables are posted on Quercus

Turnitin.com:

Normally students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com website.

Written Assignments:

Please note that **clear, concise and correct writing** will be considered in the evaluation of written assignments. You may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, numerous spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (<http://www.studentlife.utoronto.ca/asc>) or one of the College Writing Centres (writing.utoronto.ca/writing-centres). These Centres are teaching facilities – not editing services – where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Rotman Commerce Centre for Professional Skills Teamwork Support:

The group project requires students to work in teams of 5. Working as a team is challenging; this is true both in the real world and in your academic classes. However, learning to work together in teams is an important aspect of your education and preparation for your future careers. You are encouraged to review the teamwork resources available to all Rotman Commerce students at

<https://rotmancommerce.utoronto.ca/teamwork-resources> while navigating these challenges, but keep in mind that supports are also available for when you think you may need extra help.

New in the 2020-2021 academic year, the Rotman Commerce Centre for Professional Skills (RC-CPS) will offer appointments with Teamwork Mentors for any teams encountering challenges in their teamwork. Some possible reasons you might book an appointment with a Teamwork Mentor include:

- Team members have identified constraints on their time, work or accommodations they require that conflict with necessary timelines for the team.
- Teams are unsure how to divide their workload for a team project.
- Teams are concerned about how to integrate the individual contributions of each member and how to ensure team members are contributing equally.
- Teams are concerned about how to ensure all group members are aware of academic integrity guidelines (e.g. properly attributing sources) and follow them.
- Teams would like to be able to communicate more effectively with each other, particularly when navigating a remote work academic environment.

To book a meeting with a Teamwork Mentor, send an email to rotmancommerce.teamworkhelp@utoronto.ca with the course code (e.g. RSM100) and team number (if available) in the subject line of the email. Any member of the team may reach out individually to book an appointment, but we also encourage teams to book their appointments as a team. You will normally receive a response within 24-36 hours, but note that during busy times of the semester the waiting period may be longer. Be proactive in booking your meeting, and do so **as soon as** challenges arise!

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, you should consult with your Accessibility Advisor about this course. For considerations pertaining to teamwork and accessibility, please see information in the section on Accessibility Needs below under the Policies and Procedures heading.

Electronic Course Materials

This course will be using the following electronic course materials:

- Two Harvard Business School Cases – Links will be posted on Quercus.

These materials will cost a total of \$10.00. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Credit/No-Credit Option in Rotman Commerce

You may request to Credit/No-Credit (CR/NCR) an RSM course in the following cases only:

- The course will not be used for any specialist or focus, including the 8.0 RSM FCE requirement.
- The course does not have a group work component.

If you wish to request CR/NCR for an RSM course, you must contact a Rotman Commerce academic advisor by the drop deadline for the current term. **The deadline for this term is November 9, 2020.**

Final approval is on a case-by-case basis with the permission of the Director, Rotman Commerce.

Weekly Schedule

Note: the schedule is subject to change if a guest speaker is only available on a different date ...

Class	Topic	Short Description
1	What is wrong with “regular” finance? What is missing?	What are the goals of "sustainability" and how do they differ from and/or conflict with other goals traditionally associated with finance - like "wealth creation" or “shareholder value maximization”? How do financial markets and financial tools and financial processes fail to accommodate or promote sustainability goals? How can we imagine finding solutions? What are the roles of various players in fixing the world? What financial markets/tools can help us reach sustainability goals? This class is very much an introductory conversation to set the stage - we will re-visit the topics raised in greater depth later in the course. Other items to be discussed: (i) limitation/scope of the course - what do we / don't we cover? (ii) expectations of students (participation, deliverables, etc.).
2	Sustainable Investment I: Theoretical foundations, key players, and trends in ESG investing	What is the role of retail and institutional investors in sustainable finance? Who are the main players? How should their sustainable investing decisions be evaluated? To frame the discussion, we will recap the portfolio theory underlying investment decision-making and review the intricacies of performance measurement. We will also look at the evidence in the most recent academic and practitioner papers.
3	Sustainable investment II: All the details on ESG scores	Who decides on what qualifies as “sustainable”? How are ESG scores computed? How do classifications by rating agencies, index providers, and regulators impact investment decision making? What’s behind sustainable investment indices? We will also discuss the tools retail investors have at their disposal to facilitate sustainable investing.
4	Sustainable Investment III: Large investors and “divestment”	To divest or not to divest? We will use the growing practice of divestment of tobacco, oil, and other “non-sustainable” companies by pension funds and other asset managers as a setting to discuss the pros and cons of the practice of sustainable investing. We will review the recent research on performance of sustainable investing.
5	Agreeing on the “facts” of climate change	Guest Speaker: if we are to solve Climate Change using financial tools and ideas, we need to all agree on the facts of Climate Change ...
6	Green Corporate Finance I: Large firms	Introduction to corporate engagement with climate change and other global environmental challenges. Why are firms part of the problem and continue to cause environmental challenges? What is it about finance, in particular, that contributes to the problem? Why are firms, with all their resources, not able to help solve the problems that society agrees need to be addressed? Why can regulation of firms not succeed easily? How are firms helping solve environmental problems – and what is the role of finance in this?
7	Green Corporate Finance II: Small and entrepreneurial firms	Entrepreneurial Firms: specific examples of existing entrepreneurial engagement with climate change and other environmental challenges. What small firms are using their character and innovation as entrepreneurial start-ups to address environmental sustainability challenges and goals? How do financial constraints and financial goals conflict with or reinforce the sustainability progress for small firms? What problems are likely to be solved only by small or at least young/new firms? This is an applied class

8	Quiz	Also: each group will meet with the instructor for about 20 minutes for mid-project feedback and discussions.
9	Social Finance I: Large firms	The role of financial markets and large corporations in issues of poverty, income inequality, social justice, and global development. We want to understand how financial decisions by large corporations, their financial objectives and constraints, and their shareholder value maximization goals affect these issues. The aim is not to lay blame on the corporate doorsteps and financial markets and investors, but to understand their roles (good and bad) and search for solutions to continuing and growing problems. These are not large firms whose primary mission is poverty or development, but they engage in significant activities or face significant challenges in this area despite or even because of their main shareholder-value focused business activities.
10	Social Finance II: Entrepreneurial firms	What are the opportunities for Entrepreneurial firms to help solve issues of poverty, income inequality, social justice, and global development? The focus is on financial tools, financial policies and practices, and financial challenges being solved. Examples including micro-finance, fin-tech innovations, remittances, and financial solutions for responsible start-up firms. We will also discuss general disruption of markets deemed to be dominated by large companies with inadequate goals in this area and the financial realities that entrepreneurial firms face.
11	Canadian Perspective	Guest Speaker: a discussion of a uniquely Canadian topic in Sustainable Finance
12	Discussion of Group Projects	Discussing the videos. Also: What can we do next? What must we do next? What must we not do next? Where are the jobs that may best help affect change? What can we do at Rotman and U. of T.?

Please note that the last day you can drop this course without academic penalty is November 9, 2020.

Policies and Procedures

Missed Tests and Assignments (including mid-term and final-term examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a Request for Special Consideration Form and submit it along with supporting documentation this may include either your Self-Declaration of Absence on ACORN, or Verification of Student Illness or Injury form to the Rotman Commerce Office within **2 business days** of the originally scheduled course deliverable.

Students who do not provide appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed course deliverable.

Note that documentation must clearly establish that you were ill or had other circumstances that prevented you from attending on the date in question. After-the-fact reports are not sufficient.

There will be no make-up quiz. Your grade will be re-weighted towards all remaining individual deliverables.

Late Assignments

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments. Late assignments without approval cannot be accepted.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as.

For courses with deliverables that require you to work in teams, please note the following. If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, requests for extensions impact everyone in the group. As a result, requests for late submissions of any component of teamwork will require compelling reasons, advance notice, and must work for everyone in the team. You are encouraged to discuss with your course instructor, Accessibility Advisor, and other team members what you need in order to successfully complete your coursework. Additionally, the Rotman Commerce Centre for Professional Skills offers Teamwork Mentors (see section above) who can help you and your team discuss how to support you effectively and how to develop a work plan that meets the needs and constraints of all team members.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.

- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit help.ic.utoronto.ca/category/3/utmail.html.

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ACORN, wait 48 hours.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

FIPPA Language

Note: because the online and the in-person sections will cover exactly the same content at the same speed, only the online section will be recorded (it is higher quality).

Notice of video recording and sharing (Download permissible; re-use prohibited)

This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session.

Course videos and materials belong to your instructor, the University, and/or other source depending on the specific facts of each situation, and are protected by copyright. In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor.

For questions about recording and use of videos in which you appear please contact your instructor.