

## **FIN4125/4720 SUSTAINABILITY AND FINANCE**

Semester: Semester 1 AY 2021/2022

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### **MODULE DESCRIPTION**

This module is an advanced finance module that aims to provide integrated perspectives on the topic of sustainability in the domain field of finance. Specifically, the course will cover the value implications of sustainability practices adopted by firms and those demanded by investors and financial institutions. Regulators, not for profit organizations (NGOs) and other intermediaries are also part of the ecosystem. Various financial valuation and investment tools and methodologies are modified and adapted for use.

### **LEARNING OUTCOME**

The students are expected to

1. Understand and learn how the traditional investment principles and techniques are modified to value sustainable projects and financial products related to sustainable returns;
2. Understand and learn how finance concepts and theories are modified for entities with sustainability considerations;
3. Understand and learn how to evaluate the latest and relevant financial innovations and products that are related to sustainability.
4. Understand the landscape of various stakeholders in the development of sustainability and their relevance for policymakers, financial intermediaries and investors.

### **PREREQUISITES**

FIN3101/FIN3701 Corporate Finance

FIN3102/FIN3702 Investment Analysis and Portfolio Management

### **COURSE MATERIALS**

This module will consist of lecture notes, readings, case studies and relevant materials that will be available via LumiNUS.

## ASSESSMENTS

1. Class Participation:	20%
2. Weekly Group Homework:	20%
3. Group Project:	30%
4. <u>Final Test:</u>	<u>30%</u>
<b>Total</b>	<b>100%</b>

### 1. Class Participation (20%)

Credits will be given for active participation in class. During the case presentation and discussions on the weekly basis, all non-presenting students are expected to raise questions and discuss.

### 2. Weekly Group Homework (20%)

Students will work in groups on weekly homework starting from week 3 onwards. There will be questions given for each group during the week via EXAMSOFT, and the group will share their answers with the class when called during the class in the following week.

The objective of the homework is to cultivate regular and progressive learning of all students to actively think through the relevant contents to be discussed before class and be more participative in class discussion. The evaluation of the weekly homework will be based on the critical thinking and reasoning of the understanding and recommendations if any.

### 3. Group Project (30%)

There will be a final group project for writing a report on different themes to be given at the beginning of the semester. The report should be in WORD document (within 20 pages) and accompanied by the EXCEL spreadsheets and powerpoint slides due in Week 12 before the class. **The presentation will be done in Week 12 in class with a duration of 15 minutes for each group within 15 slides.**

### 4. Final Test (30%)

There will be a cumulative final test in week 13.

## CONSULTATION HOURS

To be added.

## MAIN TOPICS

1. Overview: The Landscape of Sustainability and Finance
2. Corporate Social Responsibility and Firm Valuation
3. Impact Assessment and Sustainability Reporting
4. Social Return on Investments
5. Microfinance Institutions
6. Extended Portfolio Theory
7. Green Bonds and Green Loans
8. Impact Bonds
9. Socially Responsible Investment and Impact Investment Performance
10. Impact Investing Principles and Impact Project Financing
11. Fintech and Sustainability

## SCHEDULE

Week	Contents
1	Topic 1: Overview: The landscape of Sustainability and Finance
2	Topic 2: Corporate Social Responsibility and Firm Valuation <i>Case: SingTel: Philanthropic or Strategic Corporate Social Responsibility (IVEY Case Publisher: 9B19M053)</i>
3	Topic 3: Impact Assessment and Sustainability Reporting <i>Case: FoodXervices and Food Bank: A Call for Integration (IVEY Case Publisher: 9B19M067)</i>
4	Topic 4: Social Return on Investment <i>Case: Samsui: Social Return on Investment (IVEY Case Publisher: 9B19M080)</i>
5	Topic 5: Microfinance Institutions <i>Case: Micawber Capital: For Mission or Profit? (KEL712-PDF-ENG)</i>
6	Topic 6: Extended Portfolio Theory <i>Case: WaterEquity: Alternative Investment (IVEY Case Publisher: 9B20N016)</i>
<b>Recess Break</b>	
7	Topic 7: Green Bonds and Green Loans (Reference: Flammer, 2020, Corporate Green Bonds, <i>Journal of Financial Economics</i> )
8	Topic 8: Impact Bonds <i>Case: Pay for Success and Social Innovation Financing: Serving Santa Clara County's Mentally Ill Residents (HBS: SI133-PDF-ENG)</i>
9	Topic 9: Socially Responsible Investment and Impact Investment Performance <i>Case: OpenInvest (HBS: 218064-PDF-ENG)</i>
10	Topic 10: Impact Investing Principles and Impact Project Financing <i>Case: Impact Investing: Tracking the Adoption of a Financial (and Social) Innovation (ROT327-PDF-ENG)</i> <i>Case: Calculating the Value of Impact Investing (R1901G-PDF-ENG)</i>
11	Topic 11: Fintech and Sustainability <i>Case: OneConnect (NUS Business School)</i>
12	Presentation of the Group Project
13	Final Test

## ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty are essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else's work or ideas and passing them off as one's own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule – You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://nus.edu.sg/osa/resources/code-of-student-conduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/launch.htm>.