Sustainable Finance and Investments (14746) ENVR E-138
FALL 2015
Course Syllabus

SYLLABUS IS SUBJECT TO CHANGE, PLEASE CHECK THE COURSE WEBSITE FOR UPDATES

Location/Time:
Course taught via live web conference using Blackboard Collaborate.
Thursdays beginning September 2015, 7:40-9:40 pm.

Instructor
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Teacher Assistants
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Website
https://canvas.harvard.edu/courses/4350

Course Description
The new normal in the financial world is Sustainability. Increased awareness on international markets led among other reasons by scarcity of resources, the search of profits through efficiency and climate change
influence financial decisions worldwide. Investors react to and value ancillary factors in their financial decisions and sustainability continues to gain recognition. All business magazines and periodicals address the subject in their current editions. The Dow Jones even has a sustainability index and the search for profitability by means of efficiency transcends from trend into the new corporate norm.

This course is the study of finance and sustainability as an integrated subject beginning with an introduction of financial and investment principles and moving towards financial analysis, financing and valuation. The course covers diverse aspects of sustainable investments and offers tools for effective financial valuation and effective risk assessment. The perspective proposed by this course is motivated by the desire of corporations for continued prosperity, expansion and in some cases even to promote their own survival.

Sustainability is in essence a triple bottom-line that includes economic, social and environmental considerations into its analysis. Sustainable Finance incorporates additional elements into that scope that include among others investment metrics, investment terms, risk, ethics, corporate responsibility, etc. Different approaches for investments and finance result from this analysis and new industries and products result from these added metrics.

**Course objectives**

The main objective of the course is to provide students with the necessary theoretical and conceptual tools used in investment analysis. Other learning objectives of the course include the review of diverse case studies within different industries to understand the implications of sustainability in priority areas of economy and the way they are reshaping global markets. At the end of the course students will be able to better understand how markets react to the new standards of sustainable finance and invest. Additionally, students will be able to develop a model of sustainable financial analysis to value a financial project of their choice.
Appropriate for Students Pursuing

This course is appropriate for students who are pursuing a career in sustainability, business, and other areas. This course is also suitable for students who have a general knowledge and interest of business and have a clear interest on learning more about sustainability in the context of corporate finance and financial markets. This course is also recommended for students who want to broaden their understand of finance by applying financial concepts and techniques to analyze sustainability activities and transactions. Other students interested in this course include professionals in the business world, consultants, real estate managers, stakeholders, consultants, pension fund managers, risk managers, financial analysts, etc.

Main Topics

1) Financial Analysis
2) Banking
3) Alternative Assets
4) Renewable Energy
5) Best Corporate Practices

Course Evaluation

The grading of the course will be based on the following weighting scheme:

- Weekly Case Studies and Class Participation 20%
- Midterm Exam 25%
- Final Exam 30%
- Final Project 25%

The course will be taught via live web conference using Blackboard Collaborate in the form of lectures and case studies intended for in class discussion. Each student will be part of a virtual study group discussion every week made up of at least five members. Weighting for class participation will be derived from individual quizzes and threads of case studies and financial articles.
Required Textbook

*Environmental Finance: A Guide to Environmental Risk Assessment and Financial Products*
Sonia Labatt and Rodney R. White
John Wiley & Sons, Inc. / Wiley Finance, 2002

*Available on Hardcover and Kindle.

Optional Textbooks

*Evolutions in Sustainable Investing: Strategies, Funds and Thought Leadership*
Cary Krosinsky, Nick Robins, Stephen Viederman
John Wiley & Sons, Inc. / Wiley Finance, 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.

Additional required readings

Selected Case Studies to be posted on line. An additional recommended reading list will also be posted.

Final Project

Each student will develop a sustainable finance model for a financial investment including a complete financial and business analysis of the project. The analysis will be based on the tools learned through the course. Further details on the requirements of the assignment will be provided after the Midterm Exam.
## Schedule

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<thead>
<tr>
<th>S</th>
<th>Date</th>
<th>Subject</th>
<th>Required Readings*</th>
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<tbody>
<tr>
<td>1</td>
<td>9/3/15</td>
<td>Introduction to Environmental Finance</td>
<td>Labbat, Ch. 1 &amp; 2</td>
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<tr>
<td>2</td>
<td>9/10/15</td>
<td>Valuation / Value Creation</td>
<td>Labbat, Ch. 6</td>
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<tr>
<td>3</td>
<td>9/17/15</td>
<td>Banking and Sustainable Asset Management</td>
<td>Labbat, Ch. 3 &amp; 4</td>
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<td>4</td>
<td>9/24/15</td>
<td>Environmental Reporting and Verification</td>
<td>Labbat, Ch. 8</td>
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<td>5</td>
<td>10/1/15</td>
<td>Insurance, Climate Vulnerability and Risk</td>
<td>Labbat, Ch. 5 &amp; 7</td>
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<td>6</td>
<td>10/8/15</td>
<td>Renewable Energy Midterm Exam Review</td>
<td>Labbat, Ch. 10</td>
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<td>7</td>
<td>10/15/15</td>
<td>Midterm Exam</td>
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<td>8</td>
<td>10/22/15</td>
<td>Sustainability in Real Estate</td>
<td>Case Study</td>
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<tr>
<td>9</td>
<td>10/29/15</td>
<td>Carbon Finance and Carbon Markets</td>
<td>Labbat, Ch. 9</td>
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| 10| 11/5/15  | Guest Lecture: Water and Oil Economies
Glóriamar Gamez Menéndez, PEMEX | TBA                |
| 11| 11/12/15 | Development Banks / Microfinance                   | Case Study         |
| 12| 11/19/15 | NGOs                                              | TBA                |
| 13| 12/3/15  | Sustainability Indexes / The new Normal: Doing more with less | Case Study         |
| 14| 12/10/15 | Project Due
Final Exam Review                                | --                 |
| 15| 12/17/15 | Final Exam                                         | --                 |

*Additional readings and case studies to be included during the semester.

**NO CLASS on 11/26/2015.
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