

DISCIPLINA / COURSE: **Finance & Sustainability**  
 DEPARTAMENTO / DEPARTMENT: CFC  
 CURSO / PROGRAM: **CMCD AE**  
 SEMESTRE E ANO / SEMESTER AND YEAR: **2023.2**  
 CARGA HORÁRIA / CLASS-HOURS:  30 horas ou  15 horas (selecionar)  
 PROFESSOR: **Wesley Mendes**  
 LÍNGUA / LANGUAGE: Portuguese

### DESCRIÇÃO DA DISCIPLINA / COURSE DESCRIPTION

Companies and investors are increasingly focused on generating a positive impact on people and planet in addition to delivering financial returns. This course is focused on the theoretical and applied aspects of what is known as sustainable and impact investing. We will cover how the industry works, the key players and investment strategies, as well as the ways in which sustainable and impact investing differs from traditional investing. In addition to key concepts such as ESG which are integrated into the entire course, this course also explores important concepts such as impact investing, the challenges of performance measurement, and portfolio construction. This class is intended for all students with an interest in the material, including those without previous finance experience. Please note that the course is mainly focused on institutional investing, though many of the concepts are applicable for individual investors as well.

### OBJETIVOS DA DISCIPLINA / LEARNING GOALS

Os objetivos de aprendizagem da disciplina estão apresentados na tabela abaixo, demonstrando como os mesmos contribuem para os objetivos do CMCD AE.

The course learning goals are presented in the table below, showing how they contribute to the learning goals related to the objectives of CMCD AE.

GRAU DE CONTRIBUIÇÃO / LEVEL OF CONTRIBUTION *			
Forte / High	Intermediário / Medium	Reduzido / Low	Nenhum / None
●●●	●●○	●○○	○○○

Objetivos do CMCD AE / CMCD AE Objectives	Objetivos da disciplina / Course learning goals	Grau de contribuição / Level of Contribution *
Métodos qualitativos de pesquisa / Qualitative research methods	--	○○○
Métodos quantitativos de pesquisa / Quantitative research methods	. Develop logical-mathematical reasoning skills for solving theoretical problems and their application to understanding real business situations.	●○○
Conhecimento do tema (CMAE) / teoria (CDAE) de pesquisa Knowledge of research themes (Master) and theory (Doctorate)	. Understand the relationships between the various agents and financial variables, their interdependencies, and their impact on companies. . Master the concepts and application of sustainable finance, ESG reporting and materiality for corporate decisions.	●●●
Desenho e Desenvolvimento de Pesquisa / Design and Development Research	. Analyze and interpret the results of theoretical and empirical research in corporate finance.	●●○
Relevância (CMCD AE) e inovação (CDAE) em pesquisa / Relevance (Master and Doctorate) and innovation (Doctorate) in	. Grasp the theoretical foundations of financial decisions on sustainable finance context.	●●○

research		
Elaboração de artigos / Development of academic papers	. Develop a research proposal	●●○
<p><u>Outros objetivos da disciplina / Other course learning goals:</u> Articulate some of the most important environmental and social issues affecting the world today, and what companies are doing to address these issues (CSR); Identify and describe the differences between different terms and frameworks (e.g., CSR, ESG, GRI, SASB, TCFD), the UN SDGs, and how these map to different asset classes. Furthermore: evaluate asset managers' investment and impact performance for sustainability-aware portfolios and describe the most common sustainable investing strategies including screening, ESG integration, ESG engagement, and impact Investing. Identify value creation (and destruction) across financial, social and ecological capital; Establish risk and return profiles for all types of capital Identify the methods for long-term Investing; Know how fundamental equity valuation brings a deeper understanding of companies; Make capital structure calculations for all types of capital.</p>		

A descrição completa dos objetivos de aprendizagem do CMCDAE e outras informações podem ser encontradas em <https://rebrand.ly/cmae-eaesp> (mestrado) e <https://rebrand.ly/cdae-eaesp> (doutorado).

The full description of the CMCDAE objectives, and other related information, may be found at <https://rebrand.ly/cmae-eaesp> (masters) e <https://rebrand.ly/cdae-eaesp> (doctorate).

#### CONHECIMENTO PRÉVIO, SE HOUVER / PREVIOUS KNOWLEDGE REQUIRED, IF APPLICABLE

This course does not have any formal pre-requisites. However, I expect you to have good knowledge of basics of financial decisions, including funding and investment. Students are expected to review the assigned reading materials before each session, work on the assigned problems/questions, and to participate in the class discussions. You should be prepared to spend significant time to digest the material and to work on the assignments. Timely submission of the assigned work is critical. Please kindly use Dropbox/Eclass. Late submissions will not be accepted.

#### CONTEÚDO/METODOLOGIA / CONTENT/METHODOLOGY

In a typical finance class (including *Finance & Sustainability*), every individual contribution to the class is an important part of every individual experience. I will reward outstanding classroom contribution that advances the learning goals of the class through generosity in close cases between final grades. I want to encourage you to attend fully to the classroom experience and to speak up and practice the communication skills that are critical to effective management. An outstanding contributor is always prepared, builds on others' comments, and makes insightful, relevant contributions. Experience has taught me (and lots of other professors) that students who use their laptops during class to multitask, e-mail, day trade, work on projects and so forth get less out of the course, are more dissatisfied with it, and perform less well than students who devote their full attention to the classroom experience. Please do not use your laptops or other internet or electronic devices (mobile as well) during class, unless I specifically ask you to do so (which I will). I will provide you with hard copy of lecture notes and slides for use in class to take notes. In addition, I will post slides after the weekend. You may take notes in class and then condense and organize them with the electronic versions of the notes if you wish to use this device to reinforce learning.

You should invariably read the assigned chapters, journal articles and other supplementary materials before you come to class and go over the assigned exercises. After the end of each session, you should review handouts, your notes and highlights in your readings.

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences. All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offence. Inappropriate conduct is taken seriously, according to the Policy and Ethics Code of FGV. Just in case, if you find it is necessary to find me outside of class time, I may not be available 24/7. Therefore, the service to students could be held on the rest of the week, provided it has been scheduled in advance | Email: [wesley.mendes@fgv.br](mailto:wesley.mendes@fgv.br).

The sessions are given based on slide presentations, which will be available before each class on Eclass, including course notes. The content considers a variety of sources including various textbooks, cases, journal articles, working papers, and other professors' lecture notes. There is no single required "textbook" but the course will mostly follow the sequence of [S&S]'s book. Notes will be provided based on appropriate references for each lecture on the exhibit below, where the relevant readings for each lecture are shown. Students are expected to read this material prior to the lecture. Additionally, all lectures will contain student presentations of papers related to the current week's lecture topic and/or case discussion. A list of papers to be presented is given below. Each session will cover different (but related) papers. All the students must read all the papers for each session. Each student will make a ~30 minutes presentation that discusses the paper, and each presentation will be followed by in-class discussion. The purpose of the assignment is twofold: i) a key way people in academia will come to know (and access) you. So, it's a good idea to get some practice now; and ii) think critically about the papers. To ensure participation following each presentation, each student must also write up one concern about each of the presented papers and hand these in at the beginning of the class (Assignments). Each student who is giving the presentation will state his concern at the beginning of the discussion. The comments should be very short [2-3 sentences] and designed to do one of the following two things: (a) express his thought about the biggest problem of the paper, and/or (b) identify his concern he might overlook. I may call students to answer a specific question about the paper. If the answer is 'weak', this will affect his/her grade negatively. This is done to try to reduce moral hazard and avoid free-ride attitude. The guidelines for a good discussion are as follows (you do not have to strictly follow this order, but it may help you in preparing your presentation):

- Briefly describe what the paper does and its findings;
- Make your point about the assumptions and/or identification strategy;
- Suggest improvements;
- Identify eventual gaps or weaknesses. Be critical. You may use your own judgement or the literature related to the subject. In this case, you will be asked to make explicit the papers you referred to.

#### CRITÉRIO DE AVALIAÇÃO / ASSESSMENT

Grading		%
Presentation/papers discussion	Presentation and discussion of papers, class participation	25%
Assignments	Written discussion about selected papers (each session)	5%
Exercises	Exercises assigned in class and/or as take-home	5%
Quizzes	Quizzes, in/before class and/or as take-home	15%
Final Exam		15%
Research paper	Prepare a proposal for a research paper (written report required)	35%
Total		100%

#### BIBLIOGRAFIA (BÁSICA E COMPLEMENTAR) / BIBLIOGRAPHICAL REFERENCES

##### Basic

[KW] Wendt, K. (2021). *Green and Social Economy Finance: A Review*. CRC Press.

[S&S1] Schoenmaker, D. & Schramade, W. (2019). *Principles of Sustainable Finance*. Oxford University Press.

[S&S2] Schoenmaker, D. & Schramade, W. (2023). *Corporate Finance for Long-Term Value*, Springer, Berlin, forthcoming. (Chapters will be made available in early June).

[BMA] Brealey, Richard A., Myers, Stewart C., Allen, F., Edmans, A. (2023). *Principles of Corporate Finance*. 14<sup>th</sup> edition, Mc Graw Hill.

## PAPERS THAT WILL BE DISCUSSED ON TOPICS AROUND SUSTAINABLE FINANCE

**Class #1: Theoretical support of Sustainable Finance**

TBD

**Class #2: Sustainable Corporate Finance**

TBD

**Class #3: Green and Social Finance**

TBD

**Class #4: Sustainable Finance and Capital Markets**

TBD

**Class #5: Corporate Reporting and Sustainable Finance**

TBD

**Class #6: Sustainable Finance in an international perspective**

TBD

**Class #7: Transition and Sustainable Finance**

TBD

## AULA-A-AULA (OPCIONAL) / COURSE SCHEDULE (OPTIONAL)

TBD

## MINI CV DO PROFESSOR (OPCIONAL) / PROFESSOR MINI CV (OPTIONAL)



Wesley Mendes-Da-Silva, one of the founders of the Brazilian Society of Finance, obtained his Habilitation in the area of Finance in 2015, and holds a Doctorate in Business Administration (Finance track [2010]), both from FEA/USP. He is a Research Affiliate of the University of Illinois Center for Economic and Financial Education (since 2015), and of the Department of Electrical Engineering & Computer Science/University of California at Irvine (since 2016). He was Visiting Professor of Corporate Finance at the Marriott School of Management/Brigham Young University (2014-2015) in Utah/US, and at the University of Texas at Austin (2017-2018). Wesley is a professor, researcher, and supervisor of Master's and Doctorate in Finance at FGV/EAESP, he has published papers and awards (in academic and business circles) in Brazil and abroad, focusing on capital markets and corporate finance. More about: [www.mendesdasilva.com](http://www.mendesdasilva.com)

## OUTRAS INFORMAÇÕES (OPCIONAL) / OTHER INFORMATION (OPTIONAL)

- The course is face-to-face, therefore remote assistance will not be prioritized.
- The Syllabus is tentative, if necessary, the instructor can make adjustments and adaptations (such as inclusion/exclusion of support materials, changes in the schedule of activities, among others) for the smooth running of activities.

## APPENDIX I. STUDENT EVALUATION CRITERIA

### 1. Quizzes and Assignments

(20 points)

Assignments have the goal of helping students absorb the contents discussed in class as well as serving as early signals for topics that have not been clearly understood. Over the term, you will be given in-class and take-home assignments. The assignments may include quizzes, problems, questions, or mini-projects. Some assignments may also require using simple computational support such as worksheets. The assignments must be submitted in the due class. You are required to do the assignment independently. If you need help with the assignment, you should come to my office hours to get my help or send me an email if your question can be answered in a short note. Late submission of the take-home assignments will be penalized in the grading.

### 2. Class Participation

(25 points)

A list of journal articles is assigned for presentation during the term (see Schedule). Each student is responsible for the presentation of the papers assigned to him/her. The presentation may involve preparing PowerPoint slides or other means to convey the main points. The presentation should explain the paper in detail to the audience,

focusing mainly on its research question and motivation, its background theory, its method, its results, and, crucially, its contributions. All students are expected to thoroughly read all papers assigned for each session, including those that they are not presenting. As a general guideline, the focus should be put on the research question, motivation, and contribution of each paper and how it relates to the other papers in the same session and, sometimes, to papers from previous sessions. Also, your participation grade will depend on your engagement in the discussion after each presentation. This discussion should cover the pluses and minuses of the paper, what could have been done better or differently, what lessons the paper contributes to the literature, to practitioners, and to policymakers, and a brainstorming of which new ideas the paper may suggest for future research.

### 3. Research Proposal

(35 points)

Each student must draw up a research proposal related to the topics dealt with throughout the semester. The proposal must be delivered digitally (in the dropbox feature of eClass) and in print necessarily by June 30. In the last lecture, students should do a short presentation of their proposal in class to obtain comments and suggestions from their peers and the instructor.

#### Content

The research proposal should have the format of an “Introduction” of a thesis, a dissertation, or a scientific paper. In this sense, it should not only make clear WHAT will be developed in the research but also be persuasive in terms of convincing the reader of WHY the research is important. In order to help you elaborate a document with the most desirable characteristics, I have included at the end of this document a suggested bibliography that may be useful to help you “sell” your ideas in the most effective way.

In addition, the proposal should include sufficient elements to allow for the assessment of the feasibility of implementing it. The evaluation will be based on three criteria:

1. **Originality:** Does the proposal present new ideas or suggest reviewing old ideas from a new perspective?
2. **Relevance:** Is the proposal important for the theory or practice of international finance?
3. **Feasibility:** Is the proposal feasible within current resource availability?

#### Format

The presentation format is free. It is recommended to use font size 12 and at least 1.5 spacing for easier reading. The document may be subdivided into sections or not, as the author finds most appropriate.

The following elements should necessarily be contained in the manuscript, either implicitly or explicitly (not necessarily in the order below):

- **Contextualization:** Where does the proposal fit in the current body of knowledge?
- **Research problem:** Which question does the research try to answer?
- **Objectives:** What does the research aim to accomplish?
- **Justification:** Why is this research important/relevant?
- **Contributions:** How does the execution of this research increase our understanding and comprehension of the problem?
- **Literature summary:** What are the theoretical and empirical foundations for the execution of the research?
- **Hypothesis(es):** Which hypothesis(es) will be tested?
- **Method Indication:** What are the variables used and their data sources? Which empirical model will be used? Which method will be used for the processing of data and obtaining the results?

Note that there is no need to present or even speculate regarding the results. The most important point is the framing and discussion of the *problem* itself.

There is no maximum or minimum limit of words for this document. The text should contain sufficient details to allow evaluating whether or not the proposal meets the criteria listed above. However, keep in mind that

this is an *Introduction* and, as such, it should not be as extensive as to harm the reader's attention and interest (i.e., be objective, synthetic, and concise).

**4. Exercises** (5 points)

Exercises assigned in class and/or as take-home

**5. Final exam** (15 points)

**Suggested Bibliography**

- Cochrane, J. C. 2005. *Writing Tips for Ph. D. Students*. Unpublished manuscript, available at: [https://faculty.chicagobooth.edu/john.cochrane/research/papers/phd\\_paper\\_writing.pdf](https://faculty.chicagobooth.edu/john.cochrane/research/papers/phd_paper_writing.pdf), 12 p.
- Colquitt, J. A. and George, G. 2011. Publishing in AMJ—Part 1: Topic Choice. *Academy of Management Journal*, 54(3), 432-435. <https://doi.org/10.5465/amj.2011.61965960>
- Cunha, F.A.F.D.S., Meira, E., Orsato, R.J. (2021). Sustainable finance and investment: Review and research agenda. *Business Strategy and the Environment*, 30(8), 3821-3838. <https://doi.org/10.1002/bse.2842>
- Faff, R. W. 2015. A Simple Template for Pitching Research. *Accounting & Finance*, v. 55, n. 2, p. 311-605.
- Grant, A.M. & Pollock, T.G. (2011). Publishing in AMJ—Part 3: Setting the Hook. *Academy of Management Journal*, 54(5), 873-879. <https://doi.org/10.5465/amj.2011.4000>
- Kumar, S., Sharma, D., Rao, S. et al. (2022). Past, present, and future of sustainable finance: insights from big data analytics through machine learning of scholarly research. *Annals of Operations Research*, Forthcoming. <https://doi.org/10.1007/s10479-021-04410-8>
- Poyser, A., Daugaard, D. (2023). Indigenous sustainable finance as a research field: A systematic literature review on indigenising ESG, sustainability and indigenous community practices. *Accounting and Finance*, 63(1), 47-76. <https://doi.org/10.1111/acfi.13062>
- Sparrowe, R.T. & Mayer, K.J. (2011). Publishing in AMJ—Part 4: Grounding Hypotheses. *Academy of Management Journal*, 54(6), 1098-1102. <https://doi.org/10.5465/amj.2011.4001>