

**Commerce 3FL3
Sustainable and Social Finance
Winter 2023 Course Outline**

**Finance Area
DeGroot School of Business
McMaster University**

COURSE OBJECTIVE

Students will discuss how financial markets can play a socially-beneficial role. Can public companies play a role in creating a more sustainable world? Can the Paris climate targets and the U.N. Sustainable Development Goals be achieved without the active support of public companies? What role do endowments and pension plans play in driving sustainability? What role can investments play in helping to improve societal outcomes? A major focus will be learning to evaluate public companies from an Environmental, Social and Governance (ESG) perspective. ESG has become a critical skill set in evaluating investments.

INSTRUCTOR AND CONTACT INFORMATION

Section C02

Lucas Thung

Instructor

ThungL@mcmaster.ca

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
A2L: Yes	Ethics: Yes	Numeracy: No	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: No	Guest speaker(s): Yes

COURSE DESCRIPTION

Students will discuss how Financial Markets can play a socially beneficial role. Can public companies play a role in creating a more sustainable world? Can the Paris climate targets and the U.N. Sustainable Development Goals (SDGs) be achieved without the active support of public companies? What role do endowments and pension plans play in driving sustainability? What role can investments play in helping to improve societal outcomes? A major focus will be learning to evaluate public companies from an Environmental, Social and Governance (ESG) perspective. Institutional Investors are now implementing the United Nations Principles for Responsible Investment (UNPRI) which is requiring them to incorporate ESG risks when assessing investments. Corporations are finding that they have to manage multiple stakeholders beyond shareholders and must do so with increasing transparency around ESG issues. Virtually all public companies now publish a detailed Corporate Social Responsibility report. Students will study and assess how well these reports address key issues surrounding the Environment (Carbon, Deforestation, Biodiversity, Plastics, Water, Fracking), Social Issues (Human Rights, Embracing Diversity and Equality, Ethical Supply Chains, Labour Standards, Conflict Zones) and Corporate Governance (Tax Avoidance, Executive Pay, Corruption, Diversity, Harassment). Evaluation will depend upon Individual Class Contribution, Group Case Studies, Group Presentations and Individual Research Paper.

LEARNING OUTCOMES

Upon successful completion of this course, students will gain an understanding of:

- The role that Finance can play in promoting positive social outcomes.
- The importance of Environmental, Social and Governance (ESG) issues when completing a financial valuation of a company.
- The improving transparency of corporations around their ESG impacts on society.
- How metrics and standards are being developed to better evaluate ESG issues.
- The relationship between improved transparency and enhanced investor engagement in promoting improved ESG outcomes.
- How global goals like the Paris climate accord, the UN's Sustainable Development Goals and Declaration of Human Rights can be furthered through ESG processes.
- Responsible investing approaches including ESG products.

COURSE MATERIALS AND READINGS

Required:

Course Materials Are Available on Avenue To Learn

➤ <http://avenue.mcmaster.ca>

All readings and videos will be provided on Avenue.

EVALUATION

Learning in this course results primarily from in-class discussions, three group case studies and a comprehensive Individual Research Paper. No Midterm and no Final Exam.

Your final grade will be calculated as follows:

Components and Weights

Group Case Study #1	10%
Group Case Study #2	10%
Group Case Study #3	10%
Group Presentations	10%
Class Contribution	20%
Research Paper	40%
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Total	100%

Communication and Feedback

Students who wish to correspond with the Instructors or TA directly via email must send messages that originate from their **official McMaster University email** account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Email Etiquette

- 1) Utilize **ONLY** your **McMaster email** to email the Instructor
i.e. Do not use Gmail, Rogers, Live, etc.
- 2) Always **START** the “**Subject Line**” with “**3FL3**”.
- 3) Turnaround / respond time = up to two (2) business days

Course Deliverables

Three Group Case Studies (30% weight in total)

Case Studies will revolve around the topic(s) assigned for the given week. Each group member is expected to contribute equally. Unequal contribution will result in a reduction of grades. Peer Evaluation will be utilized.

Group Presentations (10% weight)

Details will be posted to Avenue.

Individual Class Contribution (20% weight)

Individual contribution in class will be needed to make this course a dynamic learning experience for all. Environmental and social issues are better understood by hearing diverse viewpoints. Attendance at all in-class or synchronous lectures is required. Marks will be assigned for attendance, individual contributions and completion of exercises.

Individual Research Paper (40% weight)

Comprehensive Individual paper to showcase mastery of course contents.

Details will be posted to Avenue.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy*, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism
e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

ONLINE COURSE COMPONENTS

In this course we will be using Avenue to Learn. Students should be aware that when they access the electronic components of this course, private information such as first and last names, user names for the McMaster email accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the Instructor.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

STUDENT ACCESSIBILITY SERVICES

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca.

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be accommodated and the courses which will be impacted, to their Faculty Office normally within 10 days of the beginning of term or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

<https://multifaith.mcmaster.ca/riso>

POTENTIAL MODIFICATION TO THE COURSE

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 3FL3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

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TENTATIVE COURSE SCHEDULE

See Avenue

Note: Modifications *may* be made with advance notice.