The syllabus may be updated as guests and readings are added.

Instructor: Pegaret Pichler, Ph.D.  
Email: ppichler@brandeis.edu  
Office: S-015

Classtime: Tues 6:30–9:20 pm  
Room: Lemberg 180  
Office Hours: Tu 11–12; Th 5–6 pm

**Course Description:** In this course we will look at the intersection of finance and a social conscience both from the perspective of investors, and the perspective of corporate decision makers. Investors and businesses face many ESG (environment, social and governance) concerns, including climate change, income inequality, discrimination, and worker welfare, to name only a few. Students will learn about the growing field of ESG investing, and the closely related field of Impact Investing. We will examine how ESG factors can be integrated with other investment criteria such as diversification and risk. We will also examine ESG decisions from the perspective of corporate decision makers, often referred to as CSR (corporate social responsibility). We will look at investments in green technology, investments in the community and involvement in social causes. We will examine these investments both from a social and a financial perspective.

**Prerequisites:** At least one finance course. Students must be able to do time value of money calculations, be familiar with basic valuation techniques for bonds and stocks, and be familiar with basic project valuation (calculation of NPV). Students should also be familiar with the use of Excel.

While analytical skills will be useful in this course, other skills are also important, such as: an ability to communicate well in English (written and oral), an ability to think outside the box, an ability to work well in a team, and willingness to do the work to be prepared for every class. A large part of the grade will be based on a group project. The project groups will be assigned by the instructor, based on questionnaires that students fill out at the beginning of the semester. The goal will be to ensure that each group has members with a variety of skills and backgrounds.

**Learning Goals:**

- Learn about the growing field of ESG investing: avoiding firms with low ESG scores and/or seeking firms with high scores. Learn about different sources of ESG data about firms.
- Learn about impact investing: actively seeking investments in projects and firms that have a positive social or environmental impact. Understand the theoretical basis for Impact investing.
- Learn about the role of funds and other intermediaries in ESG and Impact investing.
- Learn how impact evaluation can be integrated into traditional risk and return models. Become familiar with tools such as GIIRS (Global Impact Investing Rating System) and IRIS (Impact Reporting and Investment Standards).
• Become familiar with the UN SDG’s and current efforts to create relevant data banks.

• Become familiar with current research on the value to corporations of improving their ESG scores, and making investments in CSR.

• Understand what is a B Corp and what is a benefit corporation. Become familiar with current research on the benefits and costs of becoming a B corp.

• Learn about the role of shareholder advocacy in corporate governance. Learn about some of the key players and ways in which companies respond.

• Be able to present and write an investment proposal that demonstrates an understanding of some social objective(s), and also clearly and correctly outlines the financial benefits and costs of the investment.

Workload:
Success in this four-credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class.

Method of Teaching:
This will be an interactive class. The classes will consist of a combination of lectures and discussion. Students will be expected to come prepared for every class. This means doing readings and/or analysis before class. There will also be a number of guest speakers from industry. Students should be prepared to ask relevant questions.

Grading:
Midterm 22%
Class participation 25%
Assignments 25%
Group project 28%

The Midterm will focus largely on traditional financial analysis: project/firm valuation methods and portfolio formation. The material will be covered in lectures, but at a fairly rapid pace, assuming that much of what is presented is review for students. The main purpose of the midterm is to assess students’ ability to perform basic tasks that are needed to work in investment management.

Class attendance is required. Always bring your name card and have it set up so that I and other students can read it. Participation is a large part of your grade. You should come to each class prepared, having done the readings and any other assignments required before the class.

Assignments. You will be given a number of assignments. Most of these will involve the analysis of a case. Others will involve a short writeup and analysis of a reading.
**Group Project.** This will be a group project with 3 or 4 people per group. The main deliverable will be an investment proposal, with a report and presentation, due near the end of the semester. Intermediate deliverables with due dates will be posted on Latte.

**Course Materials:**

1. **Harvard Business School** packet of cases and readings. This may be purchased at the following link:
   
   https://hbsp.harvard.edu/import/690817

2. **Lecture notes.** Available at the course website on LATTE.

3. **Additional required readings.** Additional readings will be made available on LATTE. Required readings, or links to the readings, will be placed in the course material folder for the relevant class. These readings must be completed prior to the given class.


5. **Books.** There is no textbook for this class. You may find it useful to have a good reference book for basic investment tools. I like the following book: *Essentials of Investments*, Bodie, Kane & Marcus, 10th or 11th Edition.

**Additional Readings: (optional)**

1. *optional, but highly encouraged:* You should be staying on top of current events as they relate to impact investing and related topics. I highly recommend a subscription to Barrons, as they do a fair amount of reporting in this field.


Additional resources:

**Impact and ESG measurement resources:**

B Lab. A nonprofit organization that certifies B Corporations.
[http://www.bcorporation.net](http://www.bcorporation.net)

Global Impact Investing Rating System (GIIRS). Assesses the social and environmental impact (but not the financial performance) of companies and funds using a ratings approach analogous to Morningstar investment rankings or S&P credit risk ratings.
[http://giirs.org](http://giirs.org)

Impact Reporting and Investment Standards (IRIS). An initiative of GIIN (Global Impact Investing Network), IRIS is a set of metrics that can be used to describe an organization’s social, environmental and financial performance.

SASB (Sustainability Accounting Standards Board).
https://www.sasb.org/
website for SASB materiality matrix:
http://materiality.sasb.org

**Online news and information resources:**

US SIF: The Forum for Sustainable and Responsible Investing
https://www.ussif.org

Global Sustainable Investment Alliance
http://www.gsi-alliance.org

Global Impact Investing Network
https://thegiin.org

Stanford Social Innovation Review
[http://www.ssireview.org](http://www.ssireview.org)
A magazine and website covering cross-sector solutions to global problems while bringing together academic theory and practice with ideas about achieving social change. (SSIR publications can be accessed through the Brandeis Library system.)

J.P. Morgan Social Finance Research
Reports and publications from J.P. Morgan’s Social Finance unit.

MIT Innovations Journal
[http://www.mitpressjournals.org/itgg](http://www.mitpressjournals.org/itgg)
Cases, research, and commentary on entrepreneurship and global development, mobile communications, global public health, water and sanitation, and energy and climate.

RSF Social Finance
[http://rsfsocialfinance.org/](http://rsfsocialfinance.org/)
Example of an impact investor with 3 focus areas - Food & Agriculture, Education & the Arts, and Ecological Stewardship.
Use of computers in class is discouraged, unless we are doing a computer exercise. I will announce ahead of time if you should bring a computer. I have found that having computers open during class is distracting for everyone. You should print the classnotes before class. If you have a strong preference for taking notes on your computer, then you may have a laptop open, preferably in the back row of the classroom. But, a word of warning: I “cold call” on students with laptops open.

Academic integrity: You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to Turnitin.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university.

Disabilities: If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Privacy: This class may require use of tools that may disclose your coursework and identity to parties outside the class. To protect your privacy you may choose to use a pseudonym/alias rather than your name in submitting such work. You must share the pseudonym/alias with me and any teaching assistants as needed.
**CLASS SCHEDULE.**

Case assignment questions will be posted on Latte. Case analyses are due at the beginning of class. Readings listed below should be completed *before* the given class. Additional required readings will be posted on LATTE.

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Readings &amp; Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan 14</td>
<td>Course Introduction. History of ESG and Impact investing; overview of different approaches. Begin valuation overview lecture.</td>
<td>Case: Joan Bavaria 2 HBS Background notes: Introduction &amp; Examining the Case</td>
</tr>
<tr>
<td>2</td>
<td>Jan 21</td>
<td>Tradeoffs in Socially Responsible Investing (SRI) Finish valuation overview lecture.</td>
<td>Case: Investing sustainably at Ontario Teachers’ PP Additional readings on LATTE</td>
</tr>
<tr>
<td>3</td>
<td>Jan 28</td>
<td>Investing for impact &amp; venture investing Begin portfolio theory lecture. Guest: Nicholas Warren, Chief Investment Officer, Brandeis U</td>
<td>Case: Blue Haven Additional readings on LATTE</td>
</tr>
<tr>
<td>4</td>
<td>Feb 4</td>
<td>ESG integration &amp; materiality. Finish portfolio theory lecture.</td>
<td>Cases: CLP Group (A) and (B) Additional readings on LATTE</td>
</tr>
<tr>
<td>5</td>
<td>Feb 11</td>
<td>Portfolio choice for impact investing Guest: Tibor Toth, Managing Director of Investments, Mass Clean Energy Center</td>
<td>Case: Root Capital HBS Background note: Managing and measuring</td>
</tr>
<tr>
<td></td>
<td>Feb 18</td>
<td>—No class. Brandeis break Feb 17–21—</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Feb 25</td>
<td>ESG reporting &amp; data. Guest: TBA</td>
<td>Case: Mandatory ESG disclosure in the EU Additional readings on LATTE</td>
</tr>
<tr>
<td>7</td>
<td>Mar 3</td>
<td>Measurement issues and investment decisions</td>
<td>Cases: Acumen Fund (A) and (B) Additional readings on LATTE MIDTERM</td>
</tr>
<tr>
<td>8</td>
<td>Mar 10</td>
<td>Review of investment instruments. Social Impact Bonds (SIB’s)</td>
<td>Case: Goldman Sachs SIB’s Additional readings on LATTE</td>
</tr>
<tr>
<td>9</td>
<td>Mar 17</td>
<td>B corp vs Benefit corporation. The value of CSR investments</td>
<td>2 Cases: B Lab &amp; Hop Compost Additional readings on LATTE</td>
</tr>
<tr>
<td>10</td>
<td>Mar 24</td>
<td>More on corporate CSR investment decisions</td>
<td>Case: Dalmia Bharat Additional readings on LATTE</td>
</tr>
<tr>
<td>11</td>
<td>Mar 31</td>
<td>Brandeis week on: <em>The Business of Climate Change</em> Investment in alternative energy Guest: Matthew Schuerger, Minnesota Public Utilities Commissioner</td>
<td>Case: REI’s solar program Additional readings on LATTE</td>
</tr>
<tr>
<td>12</td>
<td>Apr 7 &amp; 14</td>
<td>—No class, Brandeis Thursday and break—</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Apr 21</td>
<td>Impact/ESG investing for retail investors</td>
<td>Case: OpenInvest</td>
</tr>
<tr>
<td>14</td>
<td>Apr 28</td>
<td>Group presentations</td>
<td></td>
</tr>
</tbody>
</table>