

Module Fin-M-12 Sustainable (Corporate) Finance	6 ECTS / 180 h Seminar attendance time: ≈90 h Study for yourself in seminar: ≈90 h
(since SS 2024) Responsible for the module: Prof. Dr. Andreas Oehler	
<p>Content:</p> <p>Sustainable (Corporate) Finance, also known as Sustainable Finance or Green Finance, refers to the integration of environmental, social, and governance (ESG) factors into financial decision-making processes within a company. The goal of sustainable corporate finance is to align financial strategies with sustainable development objectives, ensuring that companies operate in a manner that is environmentally responsible, socially inclusive, and economically viable over the long term.</p> <p>(to be continued next page)</p>	
<p>Learning Objectives/Competencies:</p> <p>Students will be enabled to understand clearly in-depth connections of Sustainable (Corporate) Finance in the context of overarching economic and financial systems. The application of economic, in particular financial, facts will be conceived in addition to lectures by the lecturer and possible guest lectures, in particular by the participants in an individually prepared portfolio and subsequent presentation by each participant in the group. The presentation will be held in groups, based on an individually prepared portfolio (same subject matter) by each participant. The focus is on Sustainable (Corporate) Finance including the latest scientific as well as practice-oriented findings also in the capital market context. Starting with introductory steps that clarify both theoretical and practical contexts, the students' ability to act and make decisions is strengthened. This includes the promotion of self-competence, social competence including communication and, if necessary, role competence as well as methodological competence. In addition, basic interdisciplinary competencies are developed, especially in the analysis of empirical results and in cause-effect relationships in finance.</p>	
<p>Other information:</p> <p>http://www.uni-bamberg.de/bwl-finanz</p> <p>The number of participants is limited. If, due to capacity restrictions, it may be necessary to make a selection in accordance with the Statutes for the Determination of Criteria for the Admission of Students to Courses of Bachelor's and Master's Degree Programs with Limited Admission Capacity, a decision on admission will be made after the registration deadline.</p> <p>Please also note that registration is not the same as admission to the course or registration for the module examination.</p>	
Admission requirement for taking the module: none	
Recommended previous knowledge: none	Special passing requirements: none

Content (continued):

Key aspects of Sustainable (Corporate) Finance include:

- **Environmental Considerations:** Companies incorporating sustainable finance take into account environmental factors when evaluating investment decisions, risk management, and operational strategies. This may involve assessing the environmental impact of projects, promoting energy efficiency, reducing carbon emissions, and supporting renewable energy initiatives.
- **Social Considerations:** Sustainable finance also emphasizes social considerations, which encompass the welfare of employees, customers, communities, and other stakeholders. Companies may focus on fair labor practices, diversity and inclusion, supply chain ethics, community engagement, and other social impact initiatives.
- **Governance Practices:** Good corporate governance is a fundamental aspect of sustainable finance. This involves ensuring transparency, accountability, and ethical behavior at all levels of the organization. It also includes having a diverse and competent board of directors that considers ESG factors in decision-making.
- **Impact Investing:** Impact investing is a key component of sustainable finance, where investors deliberately allocate capital to projects and companies that generate positive social and environmental outcomes while also seeking financial returns. This approach seeks to create measurable positive impacts alongside financial gains.
- **ESG Integration:** Sustainable corporate finance integrates ESG factors into financial analysis, risk assessment, and investment strategies. By considering these non-financial factors, companies can better understand their exposure to potential risks and opportunities.
- **Reporting and Transparency:** Transparent reporting on sustainability initiatives and performance is crucial in sustainable finance. Companies are increasingly expected to disclose ESG-related information to stakeholders to demonstrate their commitment to sustainable practices.
- **Green Bonds and Sustainable Debt:** Companies may issue green bonds or other sustainable debt instruments to raise funds for environmentally friendly projects, such as renewable energy infrastructure or energy-efficient buildings. These financial instruments help attract responsible investors and promote sustainable initiatives.

Benefits of Sustainable Corporate Finance may be:

- **Risk Mitigation:** By integrating ESG factors into decision-making, companies can identify and manage risks more effectively, including environmental risks, reputational risks, and regulatory risks.
- **Cost Savings:** Adopting sustainable practices can lead to cost savings in energy consumption, waste management, and resource utilization.
- **Attracting Responsible Investors:** Sustainable finance appeals to investors who prioritize companies with strong ESG performance, broadening the potential investor base.
- **Enhanced Reputation:** Companies committed to sustainability are more likely to gain positive brand recognition and build trust with stakeholders.
- **Long-Term Value Creation:** Sustainable corporate finance contributes to the long-term resilience and success of companies by aligning business strategies with sustainability goals.

Overall, Sustainable (Corporate) Finance is a holistic approach that seeks to create value not only for shareholders but also for society and the environment at large. As awareness of ESG issues continues to grow, companies that embrace sustainable finance are better positioned to thrive in an increasingly conscious and responsible business landscape.

Frequency: SS, annual	Recommended semester: 1	Module duration: 1 Semester
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Lectures/Courses/Modules	
<p>Sustainable (Corporate) Finance Teaching formats: Advanced seminar Teaching language: English Frequency: SS, annual</p> <hr/> <p>Recommended Literature:</p> <ul style="list-style-type: none"> • Ardia, D., Bluteau, K., Boudt, K., Inghelbrecht, K., 2022, Climate Change Concerns and the Performance of Green vs. Brown Stocks. Management Science (forthcoming). • Baker, M., Bergstresser, D., Serafeim, G., Wurgler, J., 2018, Financing the response to climate change: The pricing and ownership of US green bonds (No. w25194), National Bureau of Economic Research. • Barber, B. M., Morse, A., Yasuda, A., 2021, Impact investing, Journal of Financial Economics 139(1), 162-185. • Berg, F., Koelbel, J., Rigobon, R., 2022, Aggregate Confusion: The Divergence of ESG Ratings. Review of Finance 26(6), 1315-1344. • Bolton, P., Kacperczyk, M., 2021, Do investors care about carbon risk? Journal of Financial Economics 142, 517-549. • Busch, T., Bassen, A., Lewandowski, S., Sump, F., 2022, Corporate carbon and financial performance revisited, Organization & Environment 35(1), 154-171. • Cornell, B., 2021, ESG preferences, risk and return, European Financial Management 27(1), 12-19. • Engle, R. F., Giglio, S., Kelly, B., Lee, H., Stroebel, J., 2020, Hedging Climate Change News, Review of Financial Studies 33(3), 1184-1216. • Giglio, S., Kelly, B., Stroebel, J., 2021, Climate Finance, Annual Review of Financial Economics 13, 15-36. • Horn, M., 2023, The Influence of ESG Ratings on Idiosyncratic Stock Risk: The Unrated, the Good, the Bad, and the Sinners, Schmalenbach Journal of Business Research (forthcoming). • Horn, M., Oehler, A., 2022, Constructing Stock Portfolios by Sorting on ESG Ratings: Does the Rating Provider Matter?; New Frontiers in Banking and Capital Markets, December 15-16. • Horn, M., Oehler, A., Dabbous, A., Croutzet, A., 2023, The Relation between Environmental Awareness and Stock Returns; Future Finance and Economics Association 2nd Conference on INternational Finance; Sustainable and Climate Finance and Growth, June 18-20; 1st Conference on Sustainable Banking & Finance 2023, June 18-20; Operations Research 2023, August 29 - September 1. • Liang, H., Renneboog, L., 2017, On the foundations of corporate social responsibility, Journal of Finance 72(2), 853-910. • Liang, H., Renneboog, L., 2020, Corporate Social Responsibility and Sustainable Finance: A Review of the Literature, ECGI Finance Working Paper 701. • Oehler, A., 2014, Überlegungen zu einem Mindeststandard für sozial-ökologische Geld-anlagen (SÖG), JVL Journal für Verbraucherschutz und Lebensmittelsicherheit 9, 2014, 251-255. 	<p>Semester hours per week: 3</p>
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Lectures/Courses/Modules	
<p>Sustainable (Corporate) Finance Teaching formats: Advanced seminar Teaching language: English Frequency: SS, annual</p>	<p>Semester hours per week: 3</p>
<p>Recommended Literature (continued):</p> <ul style="list-style-type: none"> • Oehler, A., 2023, Grundsätze ordnungsgemäßer ESG Kennzeichnung – Handlungsmaximen und Forderungen. Mangelhafte Kennzeichnung sozial-ökologischer Geldanlagen, Missbrauchsgefahr und Fehlallokation; Stellungnahme der Verbraucherkommission Baden-Württemberg, Nr. 68, Stuttgart. • Oehler, A., Herberger, T., Horn, M., 2018, Initial Public Offerings in Germany between 1997 and 2015, in: Cumming, D. (ed.), The Oxford Handbook of IPOs, Oxford University Press, New York, 559-572. • Oehler, A., Horn, M., 2022, Contemporaneous ESG Ratings and Idiosyncratic Stock Risk: Empirical Evidence on Measures of Market Consensus and Dispersion; 1st CINSO Conference on International Finance; Sustainable and Climate Finance and Growth, June 12-14. • Oehler, A., Horn, M., Wendt, S., 2018, Why self-commitment is not enough: On a regulated minimum standard for ecologically and socially responsible financial products and services, in: Walker, T., Kibsey, S., Crichton, R. (ed.), Designing a Sustainable Financial System: Development Goals and Socio-Ecological Responsibility, 405-421. • Oehler, A., Pukthuanthong, K., Walker, T., Wendt, S., 2016, Insider Stock Trading and the Bond Market, Journal of Fixed Income 25 (3), 74-91. • Oehler, A., Schalkowski, H., Wendt, S., 2014, Umweltmanagement: Management der Umwelt oder Management in und mit der Umwelt? Überlegungen zu einem integrativen Managementansatz; in: Meyer, J.-A. (Hrsg.), KMU-Jahrbuch 2014, Josef Eul Verlag, Lohmar, 79-108. • Oehler, A., Wendt, S., 2016, Wirtschaftsethik praktisch: Mindeststandards für sozialökologische Geldanlagen (SÖG)?; in: Eckert, S., Trautnitz, G. (Hrsg.), Internationales Management und die Grundlagen des globalisierten Kapitalismus, Festschrift für Prof. Dr. Johann Engelhard, Springer, Berlin, 395-439. • Oehler, A., Wendt, S., 2017, Sozial-ökologische Ausrichtung von KMU: Herausforderungen für die Investitions- und Finanzierungspolitik; in: Müller, D. (Hrsg.), Controlling in und für KMU, 2. Aufl., De Gruyter Oldenbourg, München, 583-596. • Oehler, A., Wendt, S., Horn, M., 2016, Internationalization of Blue-Chip versus Mid-Cap Stock Indices: an Empirical Analysis for France, Germany, and the UK, Atlantic Economic Journal 44, 501-518. • Pedersen, L. H., Fitzgibbons, S., Pomorski, L., 2021, Responsible Investing: The ESG efficient Frontier, Journal of Financial Economics 142(2), 572-597. • Starks, L., 2021, Environmental, Social, and Governance Issues and the Financial Analysts Journal, Financial Analysts Journal 77(4), 5-21. • Zerbib, O., 2022, A Sustainable Capital Asset Pricing Model (S-CAPM): Evidence from Green Investing and Sin Stock Exclusion, Review of Finance 26(6), 1345-1388. 	

Examination

Individually prepared portfolio and subsequent presentation by each participant.

Description:

The presentation and the portfolio are two components of the same examination, the subject matter is the same and both components are related to each other. Therefore, the examination consists of an individually prepared portfolio and subsequent presentation by each participant in the group. The portfolio has a minimum length of 4 but a maximum length of 5 DIN-A-4 pages, not including the list of references (literature) and the title page. The presentation must not exceed 45 minutes and must not be shorter than 10 minutes. The submission deadlines for (a) the first draft of the portfolio, (b) the presentation slides, and (c) the final draft of the portfolio are usually (a) ten days, (b) 3 weeks, and (c) 7 weeks after the start of the seminar. The exact dates will be announced at the beginning of the seminar. The first draft, the presentation slides, and the final draft must be handed in by E-Mail and formatted as a pdf file. The "Notes on Scientific Work" of the Chair of Finance are to be observed for both examination components (presentation and portfolio).