

Finance & Risk Engineering

SUSTAINABLE INVESTMENTS – FRE 6951

FALL 2021, Bruno G. Kamdem, Ph.D.
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Saturdays, 1:30pm – 4:11pm

Office Hours:

- **Day and Time:** Saturdays, 4:15PM – 05:15PM.
- **Virtual:** By e-mail appointment.

Course Prerequisite: Graduate standing.

Course Description:

This course examines the concepts of Environmental Social Governance (ESG) investments and the importance of green bonds in sustainable investments. The fundamentals will equip students with the tools and skills needed to interpret, compare, and explain sustainable investing as it relates to carbon permits and other ESG indicators.

Learning Goals:

This course aims at the following key goals:

1. **Introduction to Sustainable Investing:** Recognize and explain sustainable financing and investing, green bonds leveraging, and carbon permits trading.
2. **Evaluation of Main Principles for Responsible Investments:** Identify and explain the main Environmental Social Governance (ESG) indicators in investment options.
3. **Introduction to Green Bond Markets & Sustainability:** Compare and explain the stakes of green bonds in sustainable investments.
4. **Introduction to Tradable Carbon Permits Auctions:** Interpret and exemplify the value of auctions markets in carbon permits trading. Implement the pricing and hedging of carbon options in auction markets.

Course Structure:

Weekly in-person lectures, student presentations, expert panel discussions will constitute the core of this course. Homework assignments, a project, a midterm, and a final exam will frame the course.

Readings:

Core texts for the course will be provided. Additional readings as well as links to useful articles, podcasts, or resources will be regularly posted on *NYU Classes*. Suggested additional readings such as footnoted throughout weekly course slides will be posted in *NYU Classes* under “Resources”.

Course Requirements:

Weekly readings should be reviewed by students prior to class. Students should attend classes and come prepared to engage and participate in class. All assignments should be submitted on time for full credit.

Performance Evaluation:

- **Class Presentation:**

Each student will be assigned to a discussion group. Each group will lead a brief 10 to 15 minutes verbal discussion at the beginning of each class (except on week 7 and week 8) on issues relevant to ESG investments, green bonds markets, and carbon permits trading on auctions markets.

- **Group Project:**

The group project will consist of a written and in-class presentation on a subject relevant to ESG investments, green bonds markets, and carbon permits trading on auctions markets. Details of the project will be shared separately in class and on *NYU Classes*. Students must form groups and submit a written proposal with the subject and details of their group project no later than **Wednesday, November 10**. Please, refer and abide by the deadlines below:

Initial proposal submission	5%	due on Wednesday, November 10
Revised proposal submission	5%	due on Wednesday, November 24
Final written presentation	10%	due on Wednesday, December 8
In-class oral presentation	10%	Week 7 & Week 8

Each group member must contribute equally to the project. No work for this project may be partially or wholly part of an assignment prepared for another course. In case a student is unable to form a group and/or find a subject on his/her own, he/she will be assigned to a group and/or topic. For the purpose of providing effective feedback, experts evaluations will be resorted to. Although the project will be a collective effort, grades will be allocated individually.

- **Homework Assignments, Class Attendance, and Weekly Discussions:**

Weekly homework assignments will be posted on *NYU Classes*. All homework assignments should be submitted electronically by the deadline (before 11:59pm on the due date) for full credit. Attendance is expected at each class meeting. If you need to miss a class meeting, notify me in advance. A class roster will be taken before the start of each class. Consistent and constructive class participation may result in a student's grade being rounded up if very close to a higher letter grade once the curve is complete. Please, regularly check for new announcements on *NYU Classes*. Weekly discussions will consist on exchanging views on *NYU Classes* regarding your group project and weekly class presentation. Weekly discussions will be part of your Homework grade.

- **Final and Mid-term Exams:**

You have a 3 hours-window to complete the Final Exam throughout the 72 hours available dates in *NYU Classes*. Once started, you should finish it within 3 hours. The Final Exam is open book but should represent your own personal work to be submitted electronically. The Mid-term Exam is an open book take-home exam to be completed during class time and submitted electronically.

- **Grading:**

Homework	35%	Weekly
Class Presentation	5%	Weekly
Midterm Exam	15%	Saturday, November 27
Group Project	30%	Wednesday, December 8
Final Exam	15%	Sunday, December 19
TOTAL	100%	

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if grade ≥ 93%: A
else if 90% ≤ grade ≤ 92%: A-
else if 87% ≤ grade ≤ 89%: B+
else if 84% ≤ grade ≤ 86%: B
else if 80% ≤ grade ≤ 83%: B-
else if 77% ≤ grade ≤ 79%: C+
else if 74% ≤ grade ≤ 76%: C
else if 70% ≤ grade ≤ 73%: C-
else F
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NYU School of Engineering Policies and Procedures on Academic Misconduct (School of Engineering Student Code of Conduct):

(A) **Introduction:** The School of Engineering encourages academic excellence in an environment that promotes honesty, integrity, and fairness, and students at the School of Engineering are expected to exhibit those qualities in their academic work. It is through the process of submitting their own work and receiving honest feedback on that work that students may progress academically. Any act of academic dishonesty is seen as an attack upon the School and will not be tolerated. Furthermore, those who breach the School's rules on academic integrity will be sanctioned under this Policy. Students are responsible for familiarizing themselves with the School's Policy on Academic Misconduct.

(B) **Definition:** Academic dishonesty may include misrepresentation, deception, dishonesty, or any act of falsification committed by a student to influence a grade or other academic evaluation. Academic dishonesty also includes intentionally damaging the academic work of others or assisting other students in acts of dishonesty. Common examples of academically dishonest behavior include, but are not limited to, the following:

1. **Cheating:** intentionally using or attempting to use unauthorized notes, books, electronic media, or electronic communications in an exam; talking with fellow students or looking at another person's work during an exam; submitting work prepared in advance for an in-class examination; having someone take an exam for you or taking an exam for someone else; violating other rules governing the administration of examinations.
2. **Fabrication:** including but not limited to, falsifying experimental data and/or citations.
3. **Plagiarism:** intentionally or knowingly representing the words or ideas of another as one's own in any academic exercise; failure to attribute direct quotations, paraphrases, or borrowed facts or information.
4. **Unauthorized collaboration:** working together on work that was meant to be your own.
5. **Duplicating work:** presenting for grading the same work for more than one project or in more than one class, unless express and prior permission has been received from the course instructor(s) or research adviser involved.
6. **Forgery:** altering any academic document, including, but not limited to, academic records, admissions materials, or medical excuses.

Inclusion Statement

The NYU Tandon School values an inclusive and equitable environment for all our students. I hope to foster a sense of community in this class and consider it a place where individuals of all backgrounds, beliefs, ethnicities, national origins, gender identities, sexual orientations, religious and political affiliations, and abilities will be treated with respect. It is my intent that all students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength, and benefit. If this standard is not being upheld, please feel free to speak with me.

Family, Health or Other Issues Arising During the Semester

If you encounter any unforeseen family, health or other issues during the semester which create circumstances that prevent you from meeting course requirements, please raise them directly with Deanna Rayment in the Office of Student Affairs at 646-997-3046 or deanna.rayment@nyu.edu before requesting any accommodation from the instructor.

Moses Center Statement of Disability

If you are a student with a disability who is requesting accommodations, please contact New York University's Moses Center for Students with Disabilities (CSD) at 212-998-4980 or mosescsd@nyu.edu. You must be registered with CSD to receive accommodations. Information about the Moses Center can be found at www.nyu.edu/csd. The Moses Center is located at 726 Broadway on the 2nd floor.

Course Schedule:

WEEKS	LECTURES	ASSIGNMENTS	DUe DATES
Week 1 (Thu, Oct 28 – Wed, Nov 3)	What is Sustainable Investing? Sat, Oct 30 (1:30pm – 4:11pm)	1.Homework 1 2.Week 1 Discussion Participation	Wed, Nov 3
Week 2 (Thu, Nov 4 – Wed, Nov 10)	ESG Issues in Investment Guest Speaker 1 Sat, Nov 6 (1:30pm – 4:11pm)	1.Homework 2 2.Week 2 Discussion Participation 3.Initial proposal submission	Wed, Nov 10
Week 3 (Thu, Nov 11 – Wed, Nov 17)	Investments (PRI) Options Sat, Nov 13 (1:30pm – 4:11pm)	1.Homework 3 2.Week 3 Discussion Participation	Wed, Nov 17
Week 4 (Thu, Nov 18 – Wed, Nov 24)	Green Bond Market & Sustainability Guest Speaker 2 Sat, Nov 20 (1:30pm – 4:11pm)	1.Homework 4 2.Week 4 Discussion Participation 3.Revised proposal submission	Wed, Nov 24
Week 5 (Thu, Nov 25 – Wed, Dec 1)	Carbon Permits Midterm Exam Sat, Nov 27 (1:30pm – 4:11pm)	1.Week 5 Discussion Participation	Wed, Dec 1
Week 6 (Thu, Dec 2 – Wed, Dec 8)	Carbon Auctions Guest Speaker 3 Sat, Dec 4 (1:30pm – 4:11pm)	1.Homework 5 2.Week 6 Discussion Participation 3.Final written presentation	Wed, Dec 8
Week 7 (Thu, Dec 9 – Wed, Dec 15)	Carbon Derivatives (Pricing & Trading) In-class oral presentation 1 Sat, Dec 11 (1:30pm – 4:11pm)	1.Homework 6 2.Week 7 Discussion Participation	Wed, Dec 15
Week 8 (Thu, Dec 16 – Wed, Dec 22)	Final Exam Review In-class oral presentation 2 Sat, Dec 18 (1:30pm – 4:11pm)	1.Revise for Final Exam 2.Week 8 Discussion Participation 3. Final Exam , available on Sun, Dec 19	Tue, Dec 21