

MOD. VI - ENVIRONMENTAL ECONOMICS, SUSTAINABLE DEVELOPMENT AND GOVERNANCE

Course Title: **Sustainable Investments**

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Course Overview: Climate change, water scarcity, community conflict, resource depletion, supply chain breakdowns, worker well-being, and economic inequality pose material challenges that make sustainability an imperative for successful corporations and investors. This course provides a conceptual foundation in sustainable finance providing an overview on the evolution, frameworks, terminology and approaches adopted by investors in order to integrate social and responsible considerations in their portfolios (from exclusions to ESG factors' integration and engagement/stewardship). Participants will take away a solid grasp on the theory and practice of sustainable investing, exploring related investment strategies (and related challenges) and industry trends across all asset classes.

Course Content:

- The context of sustainable investing (why is it important?)
- Fundamentals of sustainable investing (& ESG)
  - Strategies and Instruments
  - Focus: *Sustainable Debt Instruments*
  - Sustainable Finance Regulation Essentials (addressing *greenwashing* and transparency concern)
- Sustainable investing trends (interactions with ai?)
  - Focus: *Sustainable Finance in Emerging Markets*
- The integration of sustainability criteria in Banca D' Italia's investment portfolio.

Duration: 7 hours

Exam: Short Writing Assignments

Course Material: presentations provided on the MESCI Teams website.

Suggested Readings:

- silvola h.,landau t., sustainable investing, beating the market with esg ([978-3-030-71489-5.pdf](#))
- Friedman, milton, 1970, "a friedman doctrine: the social responsibility of business is to increase its profits," the new york times magazine, september 13, 1970 ([microsoft word - the social responsibility of business is to increase its profits.doc](#)).

- Giglio, stefano, bryan kelly and johannes stroebel, 2021, "climate finance", *annual review of financial economics* 13, 15-36 ([climate finance by stefano giglio, bryan t. Kelly, johannes stroebel :: ssrn](#))
- Pastor, lubos, robert f. Stambaugh, and lucian taylor, 2021, "sustainable investing in equilibrium," *journal of financial economics* 142 550-571 ([sustainable investing in equilibrium by lubos pastor, robert f. Stambaugh, lucian a. Taylor :: ssrn](#))
- Pedersen, shaun fitzgibbons, and lukasz pomorski, 2021, "responsible investing: the esgefficient frontier," *journal of financial economics* 142 572-597 ([responsible investing: the esgefficient frontier by lasse heje pedersen, shaun fitzgibbons, lukasz pomorski :: ssrn](#))
- E. Bernardini, i. Faiella, I. Lavecchia, a. Mistretta and f. Natoli, [central banks, climate risks and sustainable finance](#), banca d'italia, questioni di economia e finanza (occasional papers), 608, 2021
- D. Liberati and g. Marinelli, banca d'italia, november 2021, everything you always wanted to know about green bonds (but were afraid to ask) ([https://www.bancaditalia.it/pubblicazioni/qef/20210654/qef\\_654\\_21.pdf?language\\_id=1](https://www.bancaditalia.it/pubblicazioni/qef/20210654/qef_654_21.pdf?language_id=1))
- S. Antonelli, r. Doronzo, v. Siracusa, banca d'italia, marzo 2021, green bonds: the sovereign issuers' perspective (<https://www.bancaditalia.it/media/notizia/green-bonds-the-sovereignissuersperspective/#:~:text=dopo%20aver%20illustrato%20le%20principali%20caratteristiche%20dei%20green,viene%20successivamente%20analizzata%20la%20performance%20di%20tali%20titoli>)
- Wb <https://www.worldbank.org/en/news/feature/2023/12/07/a-sustainable-worldneedsustainable-finance>
- Imf <https://www.imf.org/en/publications/wp/issues/2022/09/09/sustainable-finance-inemerging-markets-evolution-challenges-and-policy-priorities-521689>
- Wef <https://www.weforum.org/stories/2025/04/transforming-technical-assistancedelivery-toaccelerate-green-transition-in-banking/>