

SUSTAINABLE FINANCE

Master in Management MIM-EN SEP-2024 S-FI

Area Finance

Number of sessions: 15

Term: Concentration Term

Category: regular

Language: English

Professor: **ISADORA BARTOLOMÉ TOCINO**

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Isadora Bartolomé has over 15 years of experience in the financial sector at Banco Santander. She has worked in both Investment Banking and Retail Banking in several countries in different positions of responsibility. She currently works in the Green Finance Global team, where she advises companies from different geographies to boost their sustainability strategies hand in hand with their financial strategies.

Prior to her position in Green Finance, Isadora started working as an analyst in the Research team with focus on Macro/ Strategy and European Retail Sector. She has also held different positions of responsibility in the areas of Investment Banking and Financial Management in different geographies, Chile and Spain. Her interest in sustainable finance dates back to the beginning of her professional career, where she started working as an intern at the World Bank in Paris and NY.

Isadora holds a Bachelor's degree in Finance, Business and Administration from CUNEF and a leadership Program by IE.

Office Hours

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Professor: **JOSE BRANCO RODRIGUES LEITAO**

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Lucas Arangüena is the Global Head of Climatetech at Grupo Santander. Lucas is responsible for advising clients globally in their decarbonisation and energy transition strategies, including providing Corporate Finance advice (Mergers&Acquisitions and Equity Capital Markets) across clean technologies.

In addition, Lucas is the Group Head of Sustainable Finance, responsible for structuring and issuing green and sustainability-linked instruments for all client segments of the Group. Lucas also acts as board member for WayCarbon a leading provider of climate solutions. Prior to that Lucas held various roles as member of the board of SCIB. More recently, Lucas was the Head of Continental Europe for SCIB.

Before joining Santander, Lucas spent most of his career in McKinsey&Co in the Corporate Finance Practice.

Lucas is an Engineer by training both from École Nationale des Ponts et Chaussées in Paris and from Universidad Politécnica in Madrid. Lucas holds an MBA from MIT-Sloan.

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Professor: LUCAS ARANGUENA PAZOS

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SUBJECT DESCRIPTION

The SUSTAINABLE FINANCE course will help students understand the key concepts of Sustainable Finance, its main products and market trends, the role of finance in achieving climate goals - namely through the concept of transition finance, as well as understanding key technologies and sectorial roadmaps for decarbonisation.

LEARNING OBJECTIVES

Upon successful completion of this course, students are expected to be able to understand:

- The key concepts of Sustainable Finance, its context and evolution
- The role of finance in achieving climate and sustainable development goals
- The range of Sustainable Finance products and differentiate between use of proceeds and sustainability-linked instruments
- The importance of ESG and sustainable finance for the main actors in the financial system
- Sectorial roadmaps to decarbonisation and the strategic implications for Corporates
- Key technologies that will help decarbonise the economy and drive abatement curves
- Key trends and challenges for Sustainable Finance

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Lectures	40.0 %
Discussions	30.0 %
Exercises in class, Asynchronous sessions, Field Work	20.0 %
Group work	10.0 %
TOTAL	100.0 %

AI POLICY

Restricted use of GenAI

In today's world, generative artificial intelligence (GenAI) is changing how we work, study and, in general, how we get things done. However, in the context of this course, the use of GenAI is not permitted, unless it is otherwise stated by the instructor. The use of GenAI tools would jeopardize the students' ability to acquire fundamental knowledge or skills of this course.

If a student is found to have used AI-generated content for any form of assessment, it will be considered academic misconduct, and the student might fail the respective assignment or the course.

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Introduction to the Sustainable Finance class

- *Course introduction*
 - Objective of the course
 - Course structure

- Expectations
- Housekeeping rules
- *What is the problem?*
 - ESG and Climate Change – framing the problem
 - International agreements on Climate Change and Sustainable Development The role of the finance sector in sustainability

SESSION 2 (LIVE IN-PERSON)

Fundamentals of Sustainable Finance

- What is Sustainable Finance?
- Core concepts of Sustainable Finance
- The evolution of Sustainable Finance
- Key sustainable finance topics
 - Risks and opportunities
 - Greenwashing
 - Net Zero
 - Double materiality

SESSION 3 (LIVE IN-PERSON)

Sustainable Finance products

- Sustainable Finance products overview
- Use of proceeds instruments: bonds and loans
- Sustainability-Linked instruments: bonds and loans
- Other instruments (Project Finance, Supply Chain Finance, Derivatives)
- Assessing a sustainable financing instrument – class exercise

SESSION 4 (LIVE IN-PERSON)

Case study – Real Case of Corporate Transition

- Strategy and business model definition
- Capital allocation
- Risk Management
- Value creation levers

SESSION 5 (LIVE IN-PERSON)

ESG for Investors and Banks

Investors

- What is ESG investing?
- Approaches to ESG investing
- Main challenges and opportunities

Banks

- Role of Banks in Sustainable Finance

- Key industry initiatives
- Main challenges and opportunities

SESSION 6 (LIVE IN-PERSON)

Case study

SESSION 7 (LIVE IN-PERSON)

- First Class Quiz
- ESG for Rating Agencies
 - Definition and role of ESG ratings
 - ESG rating agencies landscape
 - Methodologies overview
 - Key challenges

SESSION 8 (LIVE IN-PERSON)

ESG for Regulators and Policymakers

- Key regulatory initiatives
 - Taxonomies
 - ESG disclosure requirements
 - Initiatives to address greenwashing
- Policy response
 - EU Sustainable Finance Strategy
 - US Inflation Reduction Act
- The role of central banks
 - Climate stress testing

SESSION 9 (LIVE IN-PERSON)

ESG for Corporates

- Path to NetZero by sector (Transport, Power, Food, Industry & Removals)
- Abatement curves and residual emissions
- Making it happen: Green Premiums + Transition Risk + Supply Chain risks and the need for ecosystems
- Sustainability strategies: Decarbonizing a hard to abate industry

SESSION 10 (LIVE IN-PERSON)

Transition Finance

- What is Transition Finance?
- Transition plan assessments
- Key initiatives
- Challenges and opportunities

SESSION 11 (LIVE IN-PERSON)

Climate Tech

- The role of technology advancement to decarbonise the economy
- Low carbon Power: Renewable Power, Stationary Energy Storage and Nuclear
- Batteries
- Clean molecules
- Carbon capture and storage
- Decarbonization of Industry
- Clean Food & Proteins

SESSION 12 (LIVE IN-PERSON)

Carbon markets

- Carbon pricing - overview
- Compliance markets
 - Emissions trading systems
- Voluntary carbon markets
 - Overview
 - Key initiatives
 - Carbon offsetting and net zero targets
 - Challenges and opportunities

SESSION 13 (LIVE IN-PERSON)

- Second class quiz
- Case study

SESSIONS 14 - 15 (LIVE IN-PERSON)

Group presentations (I)

Group presentations (II)

EVALUATION CRITERIA

criteria	percentage	Learning Objectives	Comments
Group Presentation	40 %		
Intermediate tests	35 %		
Class Participation	25 %		

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BIBLIOGRAPHY

Compulsory

- Nuno Fernandes. *Climate Finance*. I. ISBN 978989988543 (Digital)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

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