**Climate Finance** *(formerly Environmental Finance and Sustainable Investing)*

**2022 Course Description**

**ENV 1707 Fall**  
Instructor: Susan McGeachie, Adjunct Professor

<table>
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<tr>
<th>Time:</th>
<th>Mondays 6:30 – 8:30 pm</th>
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<tr>
<td>Location:</td>
<td>Koffler House, Room 113, 569 Spadina Avenue</td>
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**Background:**  
Climate Finance involves the application of new and established financial market instruments and practices to the management of climate change related risks and investment opportunities, and the incorporation of such factors into stock valuation and selection processes, as well as shareholder engagement strategies. Asset owners and managers, banks, insurance companies, venture capitalists, corporations and government agencies are becoming increasingly engaged in the financing of climate change mitigation and resilience in order to manage risks and capitalize on new opportunities. This course explores the research, projected outcomes and recommendations from the IPCC, multi-stakeholder initiatives and finance collaborations, and assesses signals of future actions to address them. An in-depth knowledge of financial markets is not required.

**Career applicability**  
Students leaving the course will be able to apply their new knowledge to a variety of career paths. The following professions and/or fields will benefit from a knowledge of climate finance and environmental markets:
- Financial analyst, portfolio manager, financial product development
- Investment and management consultant
- Sustainability specialists (especially for firms in high impact sectors such as oil & gas, forestry, chemicals, metals and mining and utilities)
- Commodities trader
- Venture capitalist, private equity or real estate investor
- Credit and insurance risk analysts
- Investor relations, public relations, communications
- Not-for-profit managers and executives

**Objectives and scope**  
The objective of the course is to provide students with a firm grounding in the range of issues at stake in climate change and the application of finance to address it. The course will examine how established practices, procedures and tools from within the mainstream financial and corporate markets are being adapted to integrate a climate lens in the pursuit of financial performance goals from both an investor and corporate perspective.

**Reading materials**  
Refer to syllabus for weekly resources.
ENV 1707 Fall: Lecture topics by week

Week 1: September 12

Introduction to Climate Finance

- Financial concepts relating to financing the low carbon transition and climate adaptation
- National industrial and capital allocation strategies
- Key drivers and players
- Products and services

Readings:


Week 2: September 19

The science of climate change

- Understanding global warming
- Potential impacts and associated risks
- Low carbon transition pathways
- Actions required and observed to achieve transition
- Where do we go from here?

Assign groups and projects

Readings:

IPCC AR6 Climate Change 2022: The Physical Science Basis IPCC_AR6_WGII_SummaryForPolicymakers.pdf

Week 3: September 26

Managing climate-related financial risks

- Identifying climate change-related risks:
  - Policy changes
  - Technological advancement
  - Access to capital
  - Weather volatility
  - Shifting customer and stakeholder expectations
- Scenario analysis methodologies and requirements
- Climate risk management practices

Readings:

Week 4: October 3

Capitalizing on opportunities: Roadmap to financing a global transition

- Objectives of a national climate finance capital allocation strategy
  - Accelerating climate finance
  - Investment lifecycles: Early stage to mature
- Carbon markets
- Investment strategy
- Discussion of the approaches to integrating ESG into investment analysis, by asset class
  - Active vs passive approaches
  - Equities (ethical investing, climate-themed impact funds, mainstream “climate lens” analysis and engagement, low carbon ETFs, “climate smart” benchmarks)
  - Fixed income

Assign debate teams

Readings:

- WEF Financing the Transition to a Net Zero Future 2021.pdf (weforum.org)
- How the Inflation Reduction Act Will Drive Global Climate Action - Center for American Progress
- BMO Capital Markets: Banking the Future: “ESG at the “Big 6” Canadian Banks (sent in advance)

Week 5: October 10

Thanksgiving: Independent reading

Week 6: October 17

Climate Justice

- Avoiding negative economic impacts of the transition
- Strategically increasing access to capital for entrepreneurs facing systemic barriers
- Protecting disadvantaged communities that are disproportionately impacted by climate change
- Improving capital flows from developed to developing economies

Readings:

Banking the Just Transition:
- BJT discussion paper FINAL 7 Oct.docx (lse.ac.uk)
- US Justice40 Initiative
  - The Path to Achieving Justice40 - The White House
Week 7: October 24

Reporting & Disclosure

- Fiduciary duty and responsible investment
- The evolution of materiality, reporting frameworks (GRI to TCFD), stakeholder engagement and reputation management
- Liability issues for Executives and Boards

Readings:

Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures

CSA Staff Notice 51-354: Report on Climate Change-Related Disclosure Project

SEC Climate Disclosure Proposal
SEC.gov | SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors

Week 8: October 31

Debate: Financing climate change commitments

1. Carbon offsets should/should not be traded to realize global GHG reduction goals
2. Nuclear should/should not be included in a national low carbon energy strategy
3. Permitting processes should / should not be expedited for climate solutions
4. Financial institutions should / should not be required to reduce the emissions associated with their lending and investment portfolios
5. Government funding for climate solutions should / should not require participation from people that have been historically marginalized

Week 9: November 7

READING WEEK: REVIEW CONTENT IN COURSE TO DATE

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Week 10: November 14

**MID TERM EXAM – COVERS ALL CONTENT IN COURSE TO DATE**

Week 11: November 21

Group project discussion and in-class work

Week 12: November 28

**Group project presentations and feedback (Part 1)**

Week 13: December 5

**Group project presentations and feedback (Part 2)**

Week 14: December 8\textsuperscript{th} or 12\textsuperscript{th} (*TBD: Thanksgiving make up class*)

*Optional in class discussion on projects*

Group project written reports due Friday December 16\textsuperscript{th}
Evaluation:

35% - Mid-term test
Course material will be assessed in one midterm test, which may include multiple choice, short and/or long answer questions and will include some choice.

15% Debate
Students will be organized into debate teams and positions on the pros and cons of a conscious effort to accelerate climate finance and other strategies to stimulate investment in the low carbon transition.

40% - Group assignment
Small groups will work with real 'clients' to address a research question or practical/implementation challenge around environmental finance or responsible investment. Susan will oversee these research projects, which will culminate with a final presentation at the end of the course.

10% Participation
Grades will reflect participation in class discussion, preparedness, and attendance (including bringing and displaying your name plate in class). Participation marks will also reflect active involvement and preparation for case study discussions. The course is run as a seminar – your ongoing engagement is critical to its success and your outcome.

About the instructor
Susan enjoys bringing a practitioner perspective to learning professionals. She continues to network with (and in select cases has hired!) students in the industry after graduation.

Biography
Susan McGeachie is head of the BMO Climate Institute, a centre of expertise that bridges climate policy and science with business strategy and finance to unlock solutions for both clients and the bank. She brings to this role over 20 years of experience identifying, evaluating, and managing climate change-related risks and strategic positioning opportunities. Following her years in ESG research and analytics, she held leadership positions in management and engineering consulting firms. Susan is an adjunct professor at the University of Toronto where she teaches a graduate course in climate finance, and a member of the Canadian Climate Governance Experts panel. In 2021 Susan was named one of twenty-six Canadian Climate Champions by the Canada Climate Law Initiative and the British High Commission ahead of COP26. In 2014 she was named to the Clean50 and Clean 16 lists of practitioners, which recognize contributions to advancing sustainable capitalism.