UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Corporate Finance for Sustainability

2526-1-F7603Q002-F7603Q00202

Aims

The module provides an in-depth introduction to sustainability and non-financial reporting, with a focus on Corporate Social Responsibility (CSR), Environmental, Social, and Governance (ESG) disclosure, and integrated reporting. It equips students with theoretical foundations and practical tools to critically assess sustainability communication, ESG risks and opportunities, and their implications for corporate strategy, valuation and sources of financing (from banks and capital markets).

Knowledge and understanding
At the end of the course the student will have a fundamental understanding of:
• the relationship between corporate finance and corporate governance, including monitoring, incentives, and stakeholder perspectives.
• the correct definitions of sustainable finance and the links between corporate finance, sustainability, and responsible business.
• the main indicators of financial sustainability.
• the European and international legislative frameworks connected to sustainable finance.
• the fundamentals of ESG reporting, disclosure practices, and the risks of greenwashing and social-washing.

Applying knowledge and understanding
At the end of the course the student will be able to:
• apply corporate finance concepts to evaluate sustainable investments.
• judge whether a company's sustainability approach is substantial or symbolic.
• analyse ESG ratings and sustainability disclosures.
• assess the impact of sustainability regulations on companies and investors.

Making judgements
At the end of the course the student will be able to:
• apply the acquired knowledge in various contexts.
• transfer the concepts and approaches introduced in a certain context to connected fields.
• critically evaluate corporate governance and sustainability strategies.

• identify risks of greenwashing and suggest improvements.

Communication skills
At the end of the course the student should be able to
• collaborate effectively in groups to prepare and deliver case-based presentations on real-world sustainability practices.
• use appropriate terminology and frameworks to bridge strategic, operational, and financial perspectives on sustainability.

Learning skills
At the end of the course the student should be able to deal with topics different from those presented during the course, and to understand the issues covered in the scientific literature concerning corporate finance and sustainability.

Contents

• What is Corporate Finance? Equity and debt in the support of company growth
• Corporate Finance and Sustainability: definitions, core concepts and interconnections
• European Commission Action Plan on Financing Sustainable Growth and SDGs
• Fostering transparency and long-termism in companies
• Stakeholder management, stakeholder engagement and sustainability reporting
• Mainstreaming sustainability into risk management and the role of bank lending
• Reorienting capital flows towards sustainable investments
• Global Corporate Sustainability worldwide

Detailed program

• Corporate finance and the role of the financial system, including direct vs. intermediated transfers, market imperfections, and applications in venture capital, private equity, and capital markets.
• Investment and financing decisions, real vs. financial assets, role of financial managers, cost of capital, risk and return, agency problems, corporate governance, and equity vs. debt for growth.
• Corporate governance and sustainability: monitoring, incentives, shareholders vs. stakeholders, responsible business, and ESG reporting.
• Core financial concepts such as time value of money, present and future value, NPV, discount rates, annuities, interest rates, and compounding.
• Corporate finance and sustainable finance, definitions and importance of sustainability, and links between theory and practice.
• Key European and global sustainability frameworks: EU Action Plan, Paris Agreement, UN SDGs, and major sustainability regulations.
• Global corporate sustainability trends: disclosure and assurance, investor behavior, sustainable bonds, board oversight, and OECD principles.
• ESG ratings and providers, disclosure frameworks, divergent methodologies, and risks of greenwashing.
• Sustainable investment instruments and indicators: EU Taxonomy, green bonds, sustainable funds, green asset ratio, and sector KPIs.
• Sustainability and risk management: ESG integration in banking, disclosure practices, credit and nature-related risks, central bank supervision, and transition planning.

Prerequisites

A basic knowledge of corporate finance, accounting and reporting is strongly recommended. Familiarity with sustainability issues and international policy frameworks is helpful but not required.

Teaching form

• Instructor-led lectures with interactive discussion based on previously assigned readings
• Case histories
• Practitioner lectures
• Assignments in small groups

Textbook and teaching resource

• Recommended book: Aracil, E., & Sancak, I. E. (2024), Essential Concepts of Sustainable Finance: An A-Z guide, Routledge, 1st edition, ISBN: 9781032316871
• PPT slides used during lectures
• Additional readings (e.g., articles, book chapters, reports) made available by the lecturer on the e-learning website of the course.

Semester

I semester (October - January)

Assessment method

Students will receive one final mark out of 33 for the 12 ECTS Business strategy and Advanced Corporate Finance for Sustainability course (33/30 is 30 e lode meaning summa cum laude). Students' evaluation is based on three components:

1. Class participation (5/33: 2.5 for strategy and 2.5 for finance) - Active participation in class discussions, case analyses, and interactive exercises is an integral part of the learning process. Students are expected to engage critically with the topics covered, read the assigned readings in advance of classes, and contribute constructively to class debates.
2. Group project (14/33: 7 for strategy and 7 for finance) - The objective of the group project is to develop critical analytical skills by analysing a company's strategy, governance and financing with respect to sustainability issues. The project consists in analysing the sustainability strategy of selected companies by applying key concepts and theoretical lenses and evaluating the company's corporate finance approach through the lens of sustainability frameworks discussed throughout the course. Two groups (A and B) will analyse the same company's sustainability strategy with diverse objectives: (1) Group A's aim is to prove that the company is implementing a «substantial» sustainability strategy, thus emphasising the most «material» sustainability initiatives and actions, while also showing strong integration of ESG factors into its financing, governance, disclosure, and risk management. (2) Group B's aim is to prove that the company is

adopting a merely «symbolic» stance on sustainability, thus emphasising inconsistencies between the company's «material» sustainability issues and the actions implemented or communicated, and arguing that ESG integration in corporate finance is limited, compliance-driven, or inconsistent. During presentation of the group projects, the rest of the class will discuss which group did the best job in supporting their case/thesis. The list of companies will be provided by the course teachers during the course. Each group will autonomously search for all relevant information by consulting the company's resources (e.g. sustainability reports, institutional website etc.) to develop the analysis.

3. Final exam (14/33: 7 for strategy and 7 for finance) – The final exam consists in a written exam based on multiple-choice questions. The final exam covers the content of both modules of the course Business Strategy and Advanced Corporate Finance for Sustainability.

Office hours

Marina Brogi: Tuesday-Thursday, after scheduling an appointment via e-mail

Sustainable Development Goals

QUALITY EDUCATION | INDUSTRY, INNOVATION AND INFRASTRUCTURE | RESPONSIBLE CONSUMPTION AND PRODUCTION | CLIMATE ACTION | PARTNERSHIPS FOR THE GOALS