

COURSE INFORMATION

Division: ESI

Term/period: W2024

Instructor: James

Teaching Assistant:

Section number: 001

Class meeting times: M/W 8-10am

Course duration: 5 Sept-4th Oct 24

Classroom location: HA 235

Pre-requisites: None

Tutorials / labs: TBD

Credits: 2

No Classes Sept 2 and Oct 2: Make up classes on Sept 6 and Oct 4 8am-10am HA241

COURSE DESCRIPTION

Impact investing has emerged over the last decade as a new sector at the interface between philanthropy and investment. The sector currently represents \$9-12bn of investment capital. This course provides an introduction to the impact investment sector and the related responsible investing sector, describes the evolution of impact investment, the growth of new asset classes, and the opportunities and challenges faced by investors seeking meaningful impact investment vehicles. This course is focused on the structural and policy factors driving the emergence of Impact Investing and will be relevant to a broad range of students, including from finance, marketing and strategy who are interested in the public policy, philanthropic and financial drivers of the sector. While some basic financial modelling is required for the team project, it does not require a detailed understanding of finance.

According to the Global Impact Investing Network (GIIN), impact investing is defined as “investments made into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside a financial return”. Impact investing, has emerged over the past decade as one of the most talked about strategies for tackling social and environmental problems. With the goal of creating measurable impact in addition to financial returns, impact investing selects ventures working towards positive social or environmental outcomes. The concepts of impact investing and social enterprise emerged out of a recognition that the private sector could also contribute to the development of social agendas, while gaining a financial return. Rather than focusing solely on a risk-return nexus, impact investing broadens to the “triple bottom line” to include financial, social, and environmental gains.

Through a combination of readings, discussions, guest lectures, research, a pitch competition and a portfolio allocation project, students will gain deep insight into the different perspectives brought by the impact investor who is concerned with stimulating social and environmental impact while generating financial return.

Business students will complete the course having obtained a strong understanding of the positive impacts financial tools can have economically, socially, and environmentally. Students will also acquire practical knowledge of the tools and methodologies brought to impact investment decisions and assessments.

COURSE FORMAT

The course will be taught face to face in a mix of lectures and breakout sessions. Students are expected to complete the readings before the class and the readings are designed to extend the class materials.

OUTCOMES: COURSE GOALS

- Students will be introduced to impact investing and socially responsible investing.
 - Students will develop an understanding of RI strategies and environmental, social and governance (ESG) issues. Students will gain awareness of impact investment as a new form of investing that addresses social and environmental problems.
 - Students will be equipped with the tools to analyze impact ventures for investment.
-

LEARNING OBJECTIVES






Upon completion of this course, students will be able to:



- Describe the history of impact investing, how it has grown, and its current status alongside socially responsible investing and ESG screening.
- Discuss how responsible investing fit in to the spectrum of sustainable finance opportunities.
- Describe major environmental, social, and governance (ESG) issues that responsible investors are concerned with.
- Identify metrics used in evaluating social ventures, as well as where to find metrics resources and their relative strengths and weaknesses.
- Describe why measuring impact is important and understanding the challenges faced by social ventures in attempting to measure their own impact.
- Have a deep understanding of multiple sector-specific issues relevant to impact investing.
- Apply tools to analyze social venture performance at both early stage and growth stage for possible funding.
- Analyse and compare different forms of impact investing (e.g. Venture Capital/Private Equity (VC/PE), Social Impact Bonds (SIBs), and Demand Dividends).
- Create portfolio strategies specific to impact investing and be able to apply these strategies to real-life situations.
- Apply the tools and tactics learned in the course to evaluate impact investing opportunities.

Sustainable Development Goals

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is

by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, the content will cover many of the SDGs and we will discuss their use in the broader field of impact investing. The School insists that we pick the 2-5 SDGs most relevant, so I have chosen the ones below in a roughly non-random selection process.

<p>Goal 1: No Poverty</p> 	<p><i>End poverty in all its forms everywhere</i></p> <p>Global Examples: access to basic goods and services, financial security, poverty elimination, income poverty, social services, poverty elimination, homelessness, thriving wage, skills training, income support, charitable donations</p>
<p>Goal 2: Zero Hunger:</p> 	<p><i>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</i></p> <p>Global Examples: food security, malnutrition, equitable land access, healthy food, child obesity, regional food systems, farmer livelihoods, international food trade, urban agriculture, food waste, food byproducts use, food procurement, retail and distribution, food supply chains, circular food economy</p>
<p>Goal 6: Clean Water and Sanitation</p> 	<p><i>Ensure availability and sustainable management of water and sanitation for all</i></p> <p>Global Examples: access to clean drinking water, adequate waste water treatment, integrated water resources management, water reuse and recycling, watersheds, rivers, streams, ground water, water treatment, conservation</p>
<p>Goal 7: Affordable and Clean Energy</p> 	<p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p> <p>Global Examples: access to clean energy, energy efficiency, energy policy, renewable energy, affordable clean energy, energy infrastructure upgrades, energy conservation, fossil fuel divestment, energy efficient buildings, renewable energy, community energy infrastructure</p>
<p>Goal 9: Industry, Innovation and Infrastructure</p> 	<p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i></p> <p>Global Examples: resilient infrastructure, inclusive and sustainable industrialization, innovation, access to transportation, micro-finance, access to credit, small-scale industry support, research and technology, entrepreneurship, access to technology, social enterprise</p>

<p>Goal 13: Climate Action</p> 	<p>Take urgent action to combat climate change and its impacts</p> <p>Global Examples: natural disaster response, climate change mitigation, climate change adaptation, climate justice, climate policy, resilience, environmental externalities, low emission supply chain design, Environmental Disclosure, ESG accounting and reporting, Cap and Trade, Carbon Markets, Carbon Pricing;</p>
<p>Goal 15: Life On Land</p> 	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <p>Global Examples: forests, wetlands, mountain and alpine ecosystems, sensitive ecosystems, biodiversity, soil health, endangered species, invasive species</p>

NO DISTRIBUTION OF RECORDINGS

There is no distribution of recordings of class. Classes are designed as and are intended to be in-person. Your attendance is expected. If you are unable to attend, the policy regarding missed classes described in this syllabus applies. It is your responsibility to ensure that you have the materials you need for missed classes.

Code Plagiarism

Code plagiarism falls under the UBC policy for [Academic Misconduct](#). Students must correctly cite any code that has been authored by someone else or by the student themselves for other assignments. Cases of "reuse" may include, but are not limited to:

- the reproduction (copying and pasting) of code with none or minimal reformatting (e.g., changing the name of the variables)
- the translation of an algorithm or a script from a language to another
- the generation of code by automatic code-generations software

An "adequate acknowledgement" requires a detailed identification of the (parts of the) code reused and a full citation of the original source code that has been reused.

Students are responsible for ensuring that any work submitted does not constitute plagiarism. Students who are in any doubt as to what constitutes plagiarism should consult their instructor before handing in any assignments.

Generative AI (Including ChatGPT) Not Permitted

Any work submitted must be your own original work. Any use of generative artificial intelligence (AI), including ChatGPT, is prohibited and constitutes academic misconduct. Any student suspected of submitting work that includes AI generated content may be asked for preliminary work or other materials to evidence the student's original and unaided authorship. The student may also be asked to separately explain or support their work. AI identification methods may also be employed by the instructor. After review, if it is determined by the instructor that submitted work likely contains AI generated content, the work may receive a zero and may be subject to further misconduct measures set out in the [UBC Academic Calendar](#).

ASSESSMENTS

All due at 11.59pm

Impact Sector Brief:	20% due Sept 23rd 11.59pm
Investment Project:	40% due October 6 th 11.59pm
Investment Project Presentation:	10%
Class Participation:	20%
News summary presentation	10%

COURSE MATERIALS & REQUIREMENTS

Reading Materials: Reading materials will involve a combination of books, online material from publications, websites, and databases. The two core texts are both available as e-books:

Anthony Bugg-Levine and Jed Emerson, 2011, [Impact Investing](#), Wiley.

Cathy Clark, Jed Emerson and Ben Thornley, 2014, [The Impact Investor](#): Lessons in Leadership and Strategy for Collaborative Capitalism, Wiley.

Other Learning Resources: Other learning resources include material from the Global Impact Investor Network (GIIN), IRIS, GIIRS and others will be shared through Connect during the course. Readings related to Responsible Investing will be provided in advance through Canvas.

ASSESSMENT

Success at achieving the learning outcomes will be measured by a combination of written assignments and class participation. Understanding and application of the material will be assessed through the quality of the impact venture brief, classroom presentation and the investment project.

Assessment activities

Class Presentations: each student will prepare a five minute presentation on a news item or announcement of a major initiative or report in the impact investing sector from the last 12 months. The topic is driven by your personal interests. It could be anything from the launch of a new fund, a sectoral report, a regulatory change or a new government initiative. The presentation does not need to be submitted.

Impact Sector Brief

You will choose an impact venture from any sector you are interested. You will then develop a sectoral review briefing that looks at the key driving forces behind the sector and the causes of the problem it is designed to solve. Rather than focus on the venture itself, you will summarise the nature of the problem, the scale, the addressable market demand for the solution and examine evidence of what have been effective interventions in the past or in other jurisdictions. The goal is to develop a deeper understanding of the sector or problem domain before committing to an individual venture (e.g., clean energy, poverty, micro grids, sustainable agriculture, etc.). For instance, if you have found a company that reduces child malnutrition, start by looking at the underlying causes, the scale and for evidence of effective interventions. We will review some

examples in class. At the end of the project you can make a brief assessment of how effective the venture is likely to be.

Investment Committee Project

Students will form groups of 4-5 individuals and will work to complete due diligence on an impact investment opportunity over the five weeks of the course. Due diligence will follow a template that will be provided in week 1 of the course. Students will have the option to choose a sector, company and product and will complete a comprehensive due diligence report culminating in an investment recommendation.

Investment Committee Presentation

During exam period, each of the teams will present on the findings of their investment memorandum.

Guidance

Course-specific Policies and resources

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero.

Requesting Academic Concessions

If you experience unanticipated events or other circumstances that constitute valid grounds for academic concession as defined by [UBC's Academic Concession Policy](#), complete and submit the [Academic Concession Request & Declaration Form](#). Concessions are time-sensitive and the online form should be submitted within 48 hours of the missed deadline. Upon submission, your request will be recorded in the RHL and you will also receive an email with further instructions. Please read this email carefully and be sure to also refer to the relevant course syllabus for each concession that you have requested. Please know that you should continue to work on the coursework for the course(s) which you submitted a concession form. You should anticipate being asked to submit work or write an exam as soon as the circumstances affecting your ability to fulfil your academic responsibilities are resolved.

Policies applicable to Courses in the Robert H. Lee Graduate School

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course.

Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

University Policies and resources [do not modify this paragraph]

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəy̓ əm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

SCHEDULE

<p>WEEK 1 4th Sept</p>	<p>Introduction to Impact Investing</p>	<ul style="list-style-type: none"> a. What is impact investing? How is it different from traditional investing? b. Overview of the spectrum of investment opportunities from traditional to philanthropy c. Emergence and driving forces of impact investing d. Case studies of impact ventures e. Shared value approaches to impact f. Current state of the impact investing industry g. Impact-first vs financial-first h. Shared value and double/ triple bottom lines 	<p>Readings in Canvas: Demystifying Impact Investing and Bugg Levine and Emerson Chpt 1 and 2</p>
<p>WEEK 2 9th Sept</p>	<p>Introduction to social ventures and social innovations</p>	<ul style="list-style-type: none"> a. Definition and typology of social ventures b. Overview of the social venture sector in Canada and BC c. Governance and new corporate models: CIC, L3Cs, B-Corporation etc d. Social Impact Bond's, Demand Dividends, other novel capital structures e. Growth of innovative instruments, how these affect the impact investing world as a whole f. Potential for public market and retail investment in Impact Investing g. Case studies of Social Ventures h. Overview of carbon markets and investment opportunities 	<p>Bugg-Levine and Emerson, Chpts 4 and 5.</p>

<p>WEEK 3 16th Sept</p>	<p>Introduction to Responsible Investing</p>	<ul style="list-style-type: none"> a. Terminology & definitions b. History c. RI industry overview: Discretionary vs fiduciary investors, RI in institutional and retail markets, RI across asset classes, etc d. Overview of RI strategies e. Global Reporting Initiative (GRI) f. Sustainability Accountability Standards Board (SASB) g. Integrated Reporting (IR) h. Carbon Disclosure Project (CDP) <ul style="list-style-type: none"> i. UN Sustainable Development Goals (SDGs)Task Force on Climate-Related Financial Disclosures (TCFD) j. Measurement of impact and financial performance 	<p>Market Reaction to Mandatory Nonfinancial Disclosure (Grewal, Riedl, and Serafeim 2017), p 1-27</p> <p>2020 Canadian Responsible Investment Trends Report (Responsible Investment Association, 2020)</p> <p>Bugg-Levine and Emerson, Chpt 8</p>
<p>WEEK 4 23rd Sept</p>	<p>Impact Investing Capital Sources and approaches</p>	<ul style="list-style-type: none"> a. Microfinance and development related investment Pros and cons of using business approaches (impact investing) to tackle these world issues vs government intervention b. Large scale impact investing programmes: Deutsche Eye Bank etc c. Comparisons between Canada, the US, and the UK Legal structures and public policy in each jurisdiction and its effect on impact investing growth d. Philanthropic activity in each jurisdiction and large scale initiatives supported by regulations Definition and typology of social ventures e. Overview of the social venture sector in Canada and BC f. Governance and new corporate models: CIC, L3Cs, BCorporation etc Case Studies: g. Prisoner recidivism: Psychological/sociological impacts of 	<p>Bugg-Levine and Emerson, Chpt 3</p> <p>FT Article on Microfinance in Canvas Folders</p>

		<p>short-term prison sentences (Rikers Island in NY & Peterborough in UK) → Social Impact Bonds</p> <p>Impact Investing</p> <ol style="list-style-type: none"> Overview of how they operate in the impact investing industry/what they look for (touch base on for-finance vs for-impact again) Challenges and opportunities of raising capital for impact ventures Different stages of venture funding (seed funding, growth stage funding etc) Impact alignment between VC and social ventures Industry experience in North American and emerging markets (guest speaker) 	
<p>WEEK 5 30th Sept</p>	<p>Impact Investing Funds</p>	<ol style="list-style-type: none"> Can we address the performance and potential of impact investing as a new sector or asset class? What is the body of evidence regarding performance, outputs and outcomes What have we learned about the role of private capital and public investments? What are the success factors associated with each of the types of fund identified by Clark et al? What impact do each of the different fund types have on outcomes? What experience can we draw on from experienced investment professionals (Guest speaker) <p>Presentations on Impact Memos (Wednesday Class)</p>	<p>Clark et al, Chapt 2 and 3 Clark et al, Chapt 4 and 5</p>

TEACHING & LEARNING ACTIVITIES

Students will discuss case studies presented, write a brief on a specific social sector related to impact investing, evaluate and present on the impact investing opportunities (both financial and impact metrics, as shown by GIIN tools).
