Rotterdam School of Management
Erasmus University

Sustainable Investing / Electives / 2025

Contents

FACULTY INFORMATION

Name, Title	Dr. Emilio Marti
Email address	marti@rsm.nl
LinkedIn/RSM profile	www.rsm.nl/people/emilio-marti/
Preferred contact	I am happy to meet with students; please write me to arrange a meeting

FACULTY BIO

Emilio Marti is an associate professor at the Rotterdam School of Management (RSM). Emilio's research focuses on how pressure from shareholders makes companies more or less sustainable. Emilio joined RSM in 2018 after post-doctoral positions at the University of Oxford and City University of London. He completed his PhD at the University of Zurich in 2015. His work has been published in leading management journals and featured by media outlets such as the *Financial Times*, *Forbes*, *Harvard Business Review*, *Financieele Dagblad*, or *Institutional Investor*. He received several awards, including the 2018 best paper award from the French Sustainable Investment Forum (FIR) and the Principles for Responsible Investing (PRI).

ABSTRACT

This elective provides a hands-on introduction to sustainable investing. To set the stage, we first discuss the role of six actors that play a key role for sustainable investing: companies, asset managers, asset owners, social activists, regulators, and ESG rating agencies. We then zoom in on three sustainable investment strategies that investors can use: portfolio screening, shareholder engagement, and field building. We discuss how each sustainable investment strategy works, how it can create a positive impact the environment and society, and how it affects the financial returns of shareholders.

EDUCATIONAL GOALS

Learning areas	Educational Goals
I. Content-related	Students can explain the role that six key actors (companies, asset managers, asset owners, social activists, regulators, and ESG rating agencies) play for sustainable investing
	Students can explain how three sustainable investing strategies (portfolio screening, shareholder engagement, and field building) impact the environment and society
II. Skills-related	Students can assess the impact and financial returns that a sustainable investment strategy is likely to generate
	Students can design more impactful sustainable investment strategies

III. Attitude-related	Students are motivated to critically assess the impact of sustainable investment strategies
	Students are skeptical toward claims that sustainable investing always increases financial returns

TEACHING METHODS AND WORKLOAD

The elective has six sessions. Sessions will be highly interactive, covering key actors in sustainable investing (sessions 1–2) and key sustainable investment strategies (sessions 3–5). For the sixth session, students prepare a group presentation in groups of 3 (4 if needed).

For sessions 1–5, students need to prepare three things before each session. First, they need to read one case study and one research paper before each session (5h of preparation for each session). Second, they need to upload a video presentation for two of the five sessions (10h of work for each of the two presentation); student presentations are assigned before the start of the elective based on student preferences. Third, students need to provide feedback to three student presentations for each session (1h of work for each session).

On the last two days of the elective, an oral examination will take place in which students discuss with the professor the content of the class, of the mandatory readings and of their video presentations.

Description	Calculation	Total
In-class sessions	6 sessions x 3 hours	18 hours
Reading to prepare the sessions	5 case studies & 5 research papers	25 hours
Two video presentations	10h per video presentation	20 hours
Group presentation		16 hours
Peer feedback	Feedback to 3 video presentations per session	5 hours
Total course hours		84 total hours
EC (Number of study credits)	3 EC x 28	84 total hours

GRADING AND ASSESSMENT

Sustainable investing	Assessment breakdown for the final grade				
Educational goals	Oral examination	Video presentations	Group presentation	Peer Feedback	Total
Students can explain the role that six key actors (asset owners, asset managers, companies, ESG rating agencies, social activists, and regulators) play for sustainable investing	X	X		X	
Students can explain how three sustainable investing strategies (portfolio screening, shareholder engagement, and field building) impact the environment and society	X	X		X	
Students can assess the impact and financial returns that a sustainable investment strategy is likely to generate		X	X	X	
Students can design more impactful sustainable investment strategies		X	X	X	

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Students are motivated to critically assess the impact of sustainable investment strategies		X	X	X	
Students are skeptical toward claims that sustainable investing always increases financial returns		X	X	X	
Weighting factor	30%	40%	30%	Pass/Fail	100%
Minimum grade required	5.5	5.5	5.5	N/A	5.5
When failed, resit option within academic year	No	Yes	Yes	Yes	
Group / Individual assessment	Individual	Individual	Group	Individual	

In order to pass the course, each assessment or deliverable (component grade) with a resit option, needs to be at least 5.5. Components with no resit option bear no minimum grade required, but to pass the overall course, the final grade needs to be at least 5.5.

Grades are rounded according to the rounding provisions included in the Examination Regulations (ER) of the programme, and are expressed with 1 decimal point. Not meeting the minimum grade required for either a component grade or the overall course grade determines a fail for the course. Participants can resit a failed component only once. There is no capping of the grade for a resit examination, unless determined by the faculty. The only exception is when the nature of the failed assignment allows for an improvement effort of the same assignment (capped at 5.5 for that component). For this particular course, the faculty has decided that all assignments allow for an **improvement effort.**

Grade penalties for unauthorized late submissions will be automatically imposed. Penalties for unauthorised late submissions range from 10% to 20% deduction from the examination component depending on the hours/days late. Unauthorised late submissions 4 days or longer after the deadline without prior notification and a reasonable explanation for the late submission, will not be accepted.

Attendance is mandatory and a requirement to pass the course. Missing classes and arriving late may result in grading penalties and even a fail for the course.

Fraud, Plagiarism / Self-plagiarism (Appendix B on Code of Conduct, Examination Regulations -ER-)
The Examination Board defines fraud as "*the action or negligence of a student because of which it is impossible, entirely, or partially, to form a correct judgment about the knowledge, insight, and skills of them or another student*" (ER, 2024-2025). Examples of fraud are cheating, cribbing, plagiarism, freeriding in a team assignment, availability of unauthorized (study) material during a test such as mobile phones, contract cheating/outsourcing/ghost-writing, unauthorized use of generative AI, identity fraud, theft.

Confirmed cases of fraud/plagiarism will lead to (appropriate and proportional) sanctions as defined by the Examination Board in the Rules and Guidelines section of the Examination Regulations (ER). Repetitive cases of fraud/plagiarism lead to expulsion from the programme.

Plagiarism is presenting another person's work as one's own. Plagiarism includes any paraphrasing or summarising of the work of another person or group without acknowledgment, including submission of another student's work as one's own. Plagiarism frequently involves a failure to acknowledge the quotation of paragraphs, sentences, or even a few phrases written or spoken by someone else.

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Using ideas from your own prior work (assignment) without referencing the work in your assignment is considered self-plagiarism.

Participants are required to adhere to the 6 principles outlined in the RSM AI guidelines with regard to the use of Artificial Intelligence Platforms such as ChatGPT and related software/tools. The unauthorised use constitutes violation of plagiarism/ fraud policy. For this particular course, the faculty promotes an **embraced use of AI**, as described in RSM's AI policy.

For more information about academic integrity and AI please refer to the Programme's Examination Regulations and RSM AI guidelines documents on the Student Hub.

Assessment / Deliverable:	Individual or group:	(Due) date:	% of final grade:
Oral examination: Each student has an oral examination of 15 minutes with the professor in which the professor asks questions about the content of the class, the mandatory readings, and the video presentations	Individual	TBD	30%
Video presentations: Grading criteria explained in the rubric below	Individual	Six hours before the corresponding session starts on Canvas – date TBD	40%
Group presentation: Grading criteria explained in the rubric below	Group	Presented in Session 6 (please send me your slides 30 minutes before the session starts) – submission on Canvas	30%
Peer feedback: Grading criteria explained in the rubric below	Individual	Before the start of Sessions 1–5	Pass/fail

For all Canvas submissions, please make sure to include your name at the top of the file.

DETAILED COURSE SCHEDULE

Part 1: Key actors in sustainable investing

Session 1	
Topics:	**Companies, asset managers, and asset owners** - In Session 1, we examine the three key actors of sustainable investing: (1) companies that respond to shareholders, (2) asset managers that implement sustainable investing, and (3) asset owners that opt for sustainable investing - We use the video presentations to gain insights into why companies need to pay so much attention to shareholders today - We use the Ambienta case study to explore how asset managers decide whether environmental and social issues are financial material (that is, whether they affect financial profitability) - We use the Bauer et al. research paper (along with some other studies) to clarify what preferences asset owners have regarding sustainable investing, including whether they are willing to sacrifice returns for impact
Task for video presentation:	In many countries (US, European countries, etc.), shareholders today have much more influence on companies than 50 years ago. Produce a video presentation of 4–5 minutes in which you explain why that is the case and how increased shareholder power affects the sustainability efforts of companies. Make sure to back up your argument with relevant references and to illustrate your argument with relevant examples. Please end your presentation with a list of the references you used.
Case study:	Sustainable investing in Ambienta
Research paper (mandatory reading):	Bauer, R., Ruof, T., & Smeets, P. 2021. Get real! Individuals prefer more sustainable investments. *Review of Financial Studies*, 34(8): 3976–4043. In my view, this is the most relevant study into what individuals want when it comes to sustainable investing. When reading the paper, think about the following questions, which will be relevant for our discussion in class: - How do expectations about whether sustainable investing will pay off affect whether members of this pension fund vote for or against sustainable investment activities? - How generalizable are the insights from this study to other individuals and other asset owners?

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Session 2	
Topics:	**Social activists, regulators, and ESG rating agencies** • In Session 2, we examine three actors that enable sustainable investing: (1) social activists, (2) regulators, and (3) ESG rating agencies • We use the video presentations to reconstruct that role that social activists play for advancing sustainability issues, and how their efforts relate to those of sustainable investors • We use the SASB case study to understand how regulation (both hard and soft law) shapes the space in which sustainable investors operate • We use the Berg et al. research paper to gain an in-depth understanding of how ESG rating agencies enable many types of sustainable investing, and what potential limitations of these ratings are
Task for video presentation:	Social activists (e.g., Greenpeace or the WWF) and sustainable investors both try to advance environmental and social issues, but they do it in different ways. Produce a video presentation of 4–5 minutes in which you outline a dynamic model of how social activists and sustainable investors differ in their approaches, how they build on each other's work, and how they relate to each other. Make sure to back up your argument with relevant references and to illustrate your argument with relevant examples. Please end your presentation with a list of the references you used.
Case study:	The Sustainability Accounting Standards Board (SASB)
Research paper (mandatory reading):	Berg, F., Kölbel, J. F., & Rigobon, R. (2022). Aggregate confusion: The divergence of ESG ratings. *Review of Finance*, 26(6), 1315–1344. This is not only one of the most cited ESG paper in recent years, but also a very robust and compelling study. When reading the paper, think about the following questions, which will be relevant for our discussion in class: • Do these ratings focus on financial materiality or impact materiality? • Could this affect the divergence of ESG ratings?

Part 2: Three sustainable investment strategies

Session 3	
Topics:	**Portfolio screening** • In session 3, we cover a first sustainable investment strategy: portfolio screening. Portfolio screening is a sustainable investment strategy that uses ESG data to include or exclude certain companies from investment portfolios (norms-based screening, negative screening, positive screening, ESG integration, etc.) • We use the video presentations to examine why greenwashing is a major problem for sustainable investing, particularly for funds that focus on portfolio screening • We use the AQR case study to understand how asset managers implement portfolio screening in their portfolios, and what difficulties they face when doing so • We use the Rohleder et al. research paper to reconstruct how portfolio screening can create a positive impact on the environment and society, and how portfolio screening will affect investment returns

Task for video presentation:	Take the role of an individual who wants to invest money in an ESG fund and thereby create a positive impact on the environment and society. Specifically, you want to invest in a fund that creates impact mainly by selecting the right companies (portfolio screening), rather than engaging with these companies. Produce a video presentation of 4–5 minutes in which you present two real ESG funds: one funds that you believe creates impact and one fund that engages in greenwashing (that is, claims to create impact without delivering it). Explain why you believe that one fund will create impact, while the other fund engages in greenwashing. Make sure to back up your argument with relevant references. Please end your presentation with a list of the references you used.
Case study:	Pushing Past the Boundaries of ESG Investing: AQR Capital Management
Research paper (mandatory reading):	Rohleder, M., Wilkens, M., & Zink, J. 2022. The effects of mutual fund decarbonization on stock prices and carbon emissions. *Journal of Banking & Finance*, 134: 106352. This paper uses a novel empirical approach to measure the impact of fund decarbonization. When reading the paper, think about the following questions, which will be relevant for our discussion in class: • What exactly is the mechanism through which fund decarbonization motivates companies to become more sustainable? • What does this mechanism imply for companies that are sustainable?

Session 4	
Topics:	**Shareholder engagement** • In session 4, we cover a second sustainable investment strategy: shareholder engagement. Shareholder engagement is a sustainable investment strategy in which shareholders use shareholder dialogue, shareholder proposals, and voting to convince companies to implement sustainability-related changes • We use the video presentations to examine voting on shareholder proposals on environmental and social issues, and how this voting has evolved over time • We use the Federated Hermes case study to understand the bases of power through which shareholder dialogue can influence companies • We use the Flammer et al. research paper to analyse the conditions under which shareholder proposals can influence companies
Task for video presentation:	When some shareholders submit shareholder proposals on environmental and social issues (E&S proposals), the other shareholders can vote on these E&S proposals at the annual general meeting of a company. Produce a video presentation of 4–5 minutes in which you describe how voting support for E&S proposals has evolved over the last 10 years and in which you explain the drivers behind this evolution. Make sure to back up your argument with relevant references. Please end your presentation with a list of the references you used.
Case study:	Federated Hermes—Improving ESG through active engagement with portfolio companies

Research paper (mandatory reading):	[Flammer, C., Toffel, M. W., & Viswanathan, K. (2021). Shareholder activism and firms' voluntary disclosure of climate change risks. *Strategic Management Journal*, 42(10), 1850–1879.](#) This paper uses a sophisticated empirical approach to analyze how shareholder proposals affect the degree to which companies disclose information on their climate change risks. When reading the paper, think about the following questions, which will be relevant for our discussion in class: • Why exactly do managers give in to shareholder proposals? • Do you think the insights of this paper are generalizable to other E&S shareholder proposals?

Session 5	
Topics:	**Field building** • In session 5, we cover a third sustainable investment strategy: field building. Field building means that investors exert their influence on companies indirectly by influencing (1) key stakeholders and/or (2) assumptions, norms, and rules that surround companies • We use the video presentations to reconstruct how mission-driven asset managers can reduce misaligned interests • We use the Columbia divestment case study to understand that divestment campaigns do not primarily try to influence the cost of capital, but to influence widely shared assumptions and norms • We use the Profitt & Spicer research paper to reconstruct how shareholder proposals can help legitimize new environmental and social issues over time
Task for video presentation:	Interests can be misaligned between asset owners that are willing to pay for impact and asset managers that are paid to create impact. Produce a video presentation of 4–5 minutes in which you describe how mission-driven asset managers find innovative solutions (e.g., new legal forms, compensation systems, or types of reporting) to address these misaligned incentives. Describe innovations from real asset manager and explain why you think these innovations will be effective. Make sure to back up your argument with relevant references. Please end your presentation with a list of the references you used.
Case study:	[Columbia Divestment](#)
Research paper (mandatory reading):	[Proffitt, W. T., & Spicer, A. 2006. Shaping the shareholder activism agenda: Institutional investors and global social issues. *Strategic Organization*, 4(2): 165–190.](#) This paper is old, but its analysis of how religious shareholders have legitimized new environmental and social issues remains unsurpassed. When reading the paper, think about the following questions, which will be relevant for our discussion in class: • Does the work of these religious shareholder contribute to making new environmental and social issues financially material? • What implications does the paper have for legitimizing the environmental and social issues that are relevant today?

Session 6	
Topics:	**Presentations of biodiversity-related investment strategies** • In groups of 3 (4 if needed), you present an investment strategy that seeks to address the issue of biodiversity loss • Presentations take 10 minutes with 5 minutes of subsequent discussion

ASSIGNMENTS DESCRIPTION

Oral examination:

You will have a 15-minutes oral examination, which can take place in person or online. The professor will ask you questions about the content of the class, the mandatory readings and your two video presentations.

Video presentations:

For each of the first five sessions, there is a "Task for video presentation" (see above). Before the elective starts, you will receive a mail to indicate which of these tasks interest you the most. Based on your preferences, you will be assigned two tasks. So, you will upload video presentations for two of the first five sessions. Please upload your video presentation six hours before the session starts (i.e., 12h30 for sessions 1, 2, 4 and 5 and 7h30 for session 3). Your video presentations should be 4-6 minutes long and include a video of you. AI Avatars or AI voices are not allowed. You can, for example, create slides in PowerPoint and then record you with the webcam, which is easy to do in PowerPoint (many other options also exist).

In your presentation, please give evidence for all your claims by referring to sources. Please refer to sources either orally or on your slides, and then have a list of sources at end of your presentation. You can use any reference style (Harvard, APA, etc.), but please use it consistently. And please properly use direct and indirect quotes, as explained here. In short, please build on sources, and properly refer to them. Otherwise, it is hard to assess the validity of your argument.

Feel free to use AI to develop your presentation (finding examples, identifying relevant theories, etc.). But use AI tools as an input into your thought process, not as a replacement for your thought process. In the oral examination, the professor will ask you at least one question about your presentations, and you will need to be able to explain your thought process (how you came up with certain ideas, what decisions you made when developing your presentation, etc.). As Ethan Mollick argues in "Co-intelligence," developing an in-depth understanding of a topic (such as sustainable investing) has become more important in the age of AI, not less, as only such an in-depth understanding will allow you to use AI tools productively and to critically assess AI output. And to develop such an in-depth understanding, it is imperative that you use AI to improve your learning, not to replace your learning. Otherwise, companies will just use AI instead of hiring you.

After you have uploaded your video presentation on Canvas, your professor and peers will provide written feedback on the discussion board. I would appreciate if you take the time to respond to this feedback prior to the start of the session (even if this is not graded).

The purpose of the video presentation and peer feedback is that all students already start engaging with a topic before the session starts. At the beginning of the session, the professor will discuss the key insights from the video presentations and the feedback, and make sure that everyone is one the same page in terms of learnings on this issue.

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Group presentation:

You develop an investment strategy that addresses the issue of biodiversity loss. In groups of three (two, if needed), you prepare a presentation of 10 minutes (please upload your presentation 30 minutes before Session 6 starts). Grading will be based on the realism and originality of the investment strategy you propose (plus based on your presentation style). Please clarify at the beginning of your presentation what type of investment firm you are (small start-up, big asset manager, etc.), so that we can understand who is executing the new investment strategy you propose. Your presentation should then cover three key points.

First, you need to explain your investment strategy. When doing this, you should build on what you have learned about the different investment strategies in class. As MBA students, it should be clear that you cannot implement all the strategies we discussed in class. You will focus on some of them and tell us why you have the resources to implement this well (for example, if you are a start-up with two employees, shareholder dialogue with 50 companies may not be realistic).

Second, you need to clarify what your return expectations are (above market return, below market return, market return), and why these return expectations are realistic. Please tell us about the risk/return profile of your investment strategy, its cost for customers (total expense ratio), and what types of customers you expect will buy into this investment strategy.

Third, you need to explain how your investment strategy will create impact. It is quite unlikely that your investment strategy will resolve all types of biodiversity issues at all types of firms. So, tell us what aspects of biodiversity loss you think your investments strategy will help address.

Peer feedback:

Please provide feedback for three video presentations per session prior to the start of that session. You have six hours before the start of sessions 1–5 to provide your feedback. Your feedback should be at least 50 words long and relate to the content of the video presentation. If you fail the peer feedback, you will need to read two research papers and meet with the professor for an additional oral examination to see whether you have properly understood these papers.

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Oral examination

CRITERIA	EXCELLENT (9,50-10,00)	VERY GOOD (8,50-9,49)	GOOD (7,50-8,49)	SATISFACTORY (6,50-7,49)	PASS (5,50-6,49)	FAIL (1,00-5,49)
a) Understanding of the content of the class, the mandatory readings, and the student presentations (50%)	The student shows an in-depth understanding of this content	The student shows a good understanding of this content	The student sometimes has a superficial understanding of this content	The student has a limited understanding of this content	The student has some clear misunderstandings of this content	The student fails to understand this content
b) Creating new insights based on the content of the class, the mandatory readings, and the student presentations (50%)	The student can extend this content to create interesting new insights	The student can extend this content to create somewhat interesting new insights	The student can extend this content to create potentially interesting new insights	The student does first steps toward extending this content to create new insights	The student largely fails to extend this content to create new insights	The student fails to extend this content to create new insights

Video presentations

CRITERIA	EXCELLENT (9,50-10,00)	VERY GOOD (8,50-9,49)	GOOD (7,50-8,49)	SATISFACTORY (6,50-7,49)	PASS (5,50-6,49)	FAIL (1,0-5,4)
a) Understanding of relevant theories and phenomena (40%)	The video presentation shows an in-depth understanding of relevant theories and phenomena	The video presentation shows a good understanding of relevant theories and phenomena	The video presentation shows somewhat superficial understanding of relevant theories and phenomena	The video presentation shows a limited understanding of relevant theories and phenomena	The video presentation shows relevant misunderstandings about relevant theories and phenomena	The video presentation shows major misunderstandings about relevant theories and phenomena
b) Ability for critical thinking (30%)	The video presentation shows exceptional independent, critical analysis	The video presentation shows good independent, critical analysis	The video presentation shows some independent, critical analysis	The video presentation shows traces of independent, critical analysis	The video presentation shows hardly any traces of independent, critical analysis	The video presentation shows no independent, critical analysis
c) Presentation style (20%)	The video presentation is clear, well-organized, and delivered with great engagement	The video presentation is mostly clear, well-organized, and delivered with great engagement	The video presentation is somewhat clear, well-organized, and delivered with engagement	The video presentation has some problems with clarity, organization, and delivery	The video presentation has major problems with clarity, organization, and delivery	The video presentation lacks in clarity, organization, and delivery

Group presentation

CRITERIA	EXCELLENT (9,50-10,00)	VERY GOOD (8,50-9,49)	GOOD (7,50-8,49)	SATISFACTORY (6,50-7,49)	PASS (5,50-6,49)	FAIL (1,00-5,49)
a) Realism of the presented investment strategy (40%)	The group presentation shows an in-depth understanding of what matters for investment strategies	The group presentation shows a good understanding of what matters for investment strategies	The group presentation shows a somewhat superficial understanding of what matters for investment strategies	The group presentation shows a limited understanding of what matters for investment strategies	The group presentation shows relevant misunderstandings about what matters for investment strategies	The group presentation shows major misunderstandings about what matters for investment strategies
b) Originality of the presented investment strategy (40%)	The group presentation outlines a highly novel investment strategy	The group presentation outlines a novel investment strategy	The group presentation outlines a somewhat novel investment strategy	The group presentation outlines an investment strategy with a few novel aspects	The group presentation outlines a largely conventional investment strategy	The group presentation outlines a fully conventional investment strategy
c) Presentation style (20%)	The group presentation is clear, well-organized, and delivered with great engagement	The group presentation is mostly clear, well-organized, and delivered with great engagement	The group presentation is somewhat clear, well-organized, and delivered with engagement	The group presentation has some problems with clarity, organization, and delivery	The group presentation has major problems with clarity, organization, and delivery	The group presentation lacks in clarity, organization, and delivery

Peer feedback

CRITERIA	PASS	FAIL
a) Adequate length	The peer feedback is at least 50 words long	The peer feedback is shorter than 50 words
b) Reaching minimal quality threshold	The peer feedback passes when it is (1) somewhat comprehensible and (2) refers somewhat to the video presentation to which it is supposed to provide peer feedback	The peer feedback fails when it is either (1) close to incomprehensible or (2) does not refer to the video presentation to which it is supposed to provide peer feedback

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