



The Greening of Finance: A Brief Overview

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Abstract: This paper provides a brief overview of some of the sustainability developments that companies and non-profit groups have undertaken in the finance area. These include: (1) sustainability in banking, venture capital, and investment companies, and (2) the integration of sustainability as part of corporate social responsibility by large and small companies. Although in practice many corporations have taken on a more social, governance and environmental (ESG) focus, the field of finance generally neglects these areas. Given the dramatic effects that climate change entails for companies, financial theory and pedagogy should expand to encompass sustainability considerations.

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1. Introduction

In a recent article Morales (2013) points out that for the first time in 3 million years, the amount of atmospheric carbon dioxide has exceeded 400 parts per million. He notes that many scientists consider this level to be a watershed event, whereby without changes made in the amount of carbon emissions created by burning fossil fuels, future weather pattern changes will occur, along with lower Arctic ice cover and higher sea levels. In light of climate change, companies will also be subject to greater regulations and environmental risks than before that will affect the way companies do business.

Many large companies are aware of global sustainability challenges, and have joined the Global Reporting Initiative (GRI), Carbon Disclosure Project (CD), and/or the United Nations Principles for Responsible Investment (UNPRI) in efforts for better reporting of and goals to reduce carbon emissions. Large companies have also embraced