SUSTAINABLE FINANCE RESEARCH CARTOGRAPHY

The **Sustainable Finance Research Cartography** is a research mapping initiative developed by the *Paris Agreement Research Commons Foundation* (PARC Foundation) and the *Institut Louis Bachelier* in collaboration with the *PLADIFES* team. It aims to make the richness of scientific production in this field readable and accessible. Its objectives are to:

- Broadly disseminate academic work,

- Improve its readability for both researchers and practitioners,

- And foster exchanges between the academic world and financial actors.

Scope & conceptual framework

It focuses on the **prism of sustainable private investment**, spanning several fields of research, including asset allocation and valuation, and impact investing.

In practice, the mapping process begins with the two main **motivations** for incorporating ESG issues into investment decisions: **non-financial preferences** for ESG topics and consideration of **ESG financial** risk. These motivations give rise to **asset allocations** based on **ESG indicators**.

The asset allocations of sustainable investors **change the equilibrium asset prices**, and therefore companies' cost of capital, and can incentivize them to reduce their ESG footprints. This approach is referred to as **impact investing**. Investors can also influence companies through other approaches, such as **shareholder engagement**. Although this mapping focuses on private investment, it mentions **regulation** as an essential vehicle for impact.

Several related topics have also been included, such as the role of **central banks**, **financial supervision, degrowth issues**, **just transition**, and **critical financing needs**, particularly in developing countries.

The approach is **interdisciplinary**, integrating literature from finance, economics, management, financial mathematics, and operations research.

Selection methodology

The selection is based on a rigorous and transparent process:

1) LITERATURE SEARCH

- Use of **Google Scholar** with targeted keywords ("Corporate Green Bonds," "Carbon Pricing," "Green Financial Instruments," etc.).

- Restriction to articles published **since 2016**.

- Priority given to **top-tier finance journals ranked 1** in the CNRS classification[1].

- Inclusion also of the leading journals in management, organization, economics, and operations research (AER, QJE, Econometrica, etc.).

2) INCLUSION OF RECENT INFLUENTIAL WORK

- Selection of highly cited working papers.

- Inclusion of papers from major generalist conferences (AFA, EFA, WFA, NFA...) and specialized ones (PRI Academic Network, GRASFI, GFRA, ECGI).

3) ANALYSIS AND CLASSIFICATION

- Reading of the key sections (abstract, introduction, conclusion).

- Systematic completion of the database (title, authors, university, journal, methodology, findings, limitations).

- Assignment **of thematic tags**, in line with their definition within the framework of the mapping (investor preferences, ESG financial risks, investment methods, shareholder engagement, regulation, etc.).

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[1] CNRS. (2020). List of ranked journals – Categorisation 37 (June 2020). GATE CNRS.
Available at: https://www.gate.cnrs.fr/wp-content/uploads/2021/12/categorisation37_liste_juin_2020-2.pdf