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 s 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.).

4) **AUTHOR-BASED INCLUSION**

- When the cartography is updated, relevant literature encountered in the course of the team's research is also included where it is authored by one or more researchers already featured in the cartography.

---

[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