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BGEN 445.01: Sustainability Reporting

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BGEN 445 – Sustainability Reporting

Spring Semester 2015

The University of Montana - Missoula

Section 01 (35237) **2:10 – 3:30 PM** **TR** **L14** Gallagher Business Building

Course Description:

This course provides students with an understanding of sustainability reporting by organizations. Topics include an overview of what organizations currently report about their environmental, social, and economic performance, and what organizations should be reporting about their sustainability performance. Regulation of sustainability reporting, greenwashing, and external assurance of sustainability reports are also covered. In addition, carbon trading, carbon taxes, and carbon offsets are covered.

Course Learning Goals:

Upon completion of this course students will understand:

- The importance of reporting on sustainability
- A history of, and the current state of, corporate sustainability reporting
- Regulation of corporate sustainability reporting
- Sustainability reporting frameworks with a focus on the Global Reporting Initiative and the Carbon Disclosure Project
- Understanding the different types of performance indicators used to measure sustainability performance
- How to find information on corporate sustainability reporting
- External assurance of corporate sustainability reports
- The future direction of sustainability reporting
- Greenwashing
- How to evaluate third party certifications of environmental and social performance
- The essential elements of carbon trading, carbon taxes, and carbon offset programs

Course Prerequisites:

Junior or senior standing. The course is also open to graduate students. Graduate students must complete additional work to receive graduate credit.

Instructor:

Kent Swift, PhD, CPA
Office: 319 Gallagher Business Building
Phone: (406) 243-4182
e-mail: kent.swift@business.umt.edu

Office hours:

Monday: 10:00 – 12:00
Tuesday: 11:10 – 12:00
Wednesday: 10:00 – 12:00
Thursday: 11:10 – 12:00

Additional office hours by appointment

Required Course Materials:**Books:**

Available in the UM Bookstore. Both books are also available on Amazon.com in paperback and Kindle e-format.

Corporate Sustainability: Integrating Performance and Reporting, Brockett and Rezaee, Wiley, 2012

Is Sustainability Still Possible?, Starke, Island Press, 2013

Case Study Projects:

Coca Cola Bottling in Rajasthan, India: Tragedy of the Commons, Case 1-429-391, Ross School of Business, University of Michigan.

SC Johnson and the Greenlist Backlash, Case 1-429-300, Ross School of Business, University of Michigan

Note: The cost of each case study is \$4.00 per student. You will need to purchase both cases during the semester.

Reports and Journal Articles:

Most of the materials for this course consist of reports from organizations involved in sustainability reporting, book chapters, and journal articles. These materials will be provided in electronic format on the Moodle site for this course.

Points and Grading:

Point Allocation:

Form 10-K Report Analysis Project (I)	15
Online Quizzes (I)	55
Case Studies:	
Coca Cola (I)	15
SC Johnson (I)	15
Personal Carbon Footprint Project (I)	20
Report on Sustainability Aspect (G)	25
Class participation (I)	30
Third Party Certification Report (G)	25
Final Exam (I)	40
In-Depth Analysis of Actual Organization Sustainability Reporting (G):	
Report	40
Class Presentation	<u>20</u>
Total Possible Points	<u>300</u>

Key: (G) is a group project; (I) is a short individual project

Grades will be assigned based on the total points accumulated in the course during the semester. Plus/minus grading will be used in this course to differentiate students who are close to a grade cutoff.

Final course grades are not negotiable.

Class Participation: Class participation is a function of preparation, skills, attitude, and a willingness to share one's ideas with the class. Frequent and ongoing evaluation will be made in this area, and credit will be given for progress over the term.

Incompletes: An incomplete grade for the semester is not an option to be exercised at the discretion of a student. In all cases it is given at the discretion of the instructor within the following guidelines. A mark of incomplete may be assigned students when (1) they have been in attendance and doing passing work up to three weeks before the end of the semester, and (2) for reasons beyond their control and which are acceptable to the instructor, they have been unable to complete the requirements of the course on time. Negligence and indifference are not acceptable reasons.

Assignments: Assignments must be completed and submitted when due to receive full credit.

Cheating: Cheating on an exam or assignment will result in a score of zero on that exam or assignment. Cheating on more than one exam or assignment will result in a failing course grade.

Schedule

Making the Case for Sustainability Reporting

Class meetings: Tuesday, Jan 27
Thursday, Jan 29

Reading: (Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting*, **Chapter 1**
(Starke, 2013), *Is Sustainability Still Possible?* **Chapters 1-3**

Assignment: Online quiz

Development of Sustainability Reporting / Comparison to Financial Reporting

Class meetings: Tuesday, Feb 3
Thursday, Feb 5

Reading: (Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting*, **Chapter 2**
(Unerman, Bebbington, & O'Dwyer, 2007), *Sustainability Accounting and Accountability*, **Chapters 3 and Chapter 4**
(Fornaro, 2011), **SEC Guidance on Disclosure Related to Climate Change Cool Response: The SEC and Corporate Climate Change Reporting, Executive Summary**, Ceres, 2014

Assignment: 10-K Annual Report Analysis Project
Online quiz

Regulation of Sustainability Reporting

Class meetings: Tuesday, February 10
Thursday, February 12

Reading: **Directive 2014/95/EU of the European Parliament and the Council**, European Parliament, October 22, 2014
Carrots and Sticks: Sustainable reporting practices worldwide - today's best practice, tomorrow's trends, GRI, 2013, **What are the main trends**
(Unerman, Bebbington, & O'Dwyer, 2007), *Sustainability Accounting and Accountability*, **Chapters 3**

Assignment: Select groups for projects
Online quiz

What Organizations Disclose about Sustainability

Class meetings: Tuesday, February 17
Thursday, February 19

Reading: *The KPMG Survey of Corporate Responsibility Reporting – Executive Summary 2013*, KPMG, 2013

Internet

Resources: Global Reporting Initiative Sustainability Disclosure Database - <http://database.globalreporting.org>
Green Rankings 2014 – Newsweek ranking of US 500 Largest Publicly Traded Companies - <http://www.newsweek.com/green/americas-greenest-companies-2014>

Assignment: Select a company or organizations for comprehensive sustainability reporting analysis
Online quiz

Greenwashing

Class meetings: Tuesday, February 24
Thursday, February 26 – **No Class**

Reading: (Horiuchi, et. al, 2009), *Understanding and Preventing Greenwash: A Business Guide*
(Federal Trade Commission, 2012), *Summary of Green Guides*
(Harman, 2014), *Feds warn plastic bag makers over misleading biodegradable claim*

Assignment: *Case study: Coca Cola Bottling in Rajasthan, India: Tragedy of the Commons*

Global Reporting Initiative: Introduction, Overview, Standard Disclosures, Economic Disclosures

Class Meetings: Tuesday, March 3
Thursday, March 5

Reading: (Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting, Chapter 5*
G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures, pages 1-51, GRI, 2013

Assignment: Sustainability Aspect Assignment

Global Reporting Initiative: Environmental Disclosures: Emissions

Class Meetings: Tuesday, March 10
Thursday, March 12

Reading: *G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures*, pages 52-63, GRI, 2013
(Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting*, Chapter 9, pages 193-208
(Grant, 2008), *Your Carbon Footprint*, Chapter 1
(Roston, 2014), *2014 Is Likely to Be the Earth's Hottest Year Ever. Why It Doesn't Matter*.

Assignment: Online quiz

Global Reporting Initiative: Environmental Disclosures (other than emissions)

Class Meetings: Tuesday, March 17
Thursday, March 19

Reading: *G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures*, pages 52-63, GRI, 2013
(Hoskins, 2014), *Cotton production linked to images of the dried up Aral Sea basin*

Assignment: Sustainability Aspect Presentations
Online quiz

Global Reporting Initiative: Social Disclosures

Class Meetings: Tuesday, March 24
Thursday, March 26

Reading: (Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting*, Chapter 7
G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures, pages 64-83, GRI, 2013
(Shin, 2014), *The 85 Richest People In The World Have As Much Wealth As The 3.5 Billion Poorest*

Assignment: Sustainability Aspect Presentations
Online quiz

External Assurance on the Quality of Sustainability Reporting

Class Meetings: Tuesday, April 7

Reading: (Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting*, **Chapter 11 (pages 287 – 297)**
(Jones & Ratnatunga, 2013), *Contemporary Issues in Sustainability Accounting, Assurance and Reporting*, **Chapter 11**
Trends in External Assurance of Sustainability Reports, Executive Summary,
Global Reporting Initiative, 2014

Assignment: Personal Carbon Footprint Analysis

Other Sustainability Reporting Frameworks – The IIRC and the SASB

Class Meetings: Thursday, April 9

Reading: *The International (IR) Framework*, IIRC, 2013
(Goelzer and Haskins, 2014), *What is the Sustainability Accounting Standards Board and How Does Its Work Affect Your Company?*

Third Party Environmental and Social Certifications

Class Meetings: Tuesday, April 14
Thursday, April 16

Reading: ***Third Party Certification and Quality Standards***, Unite for Sight, 2014

Assignment: Third Party Certification Report
Case Study: SC Johnson and the Greenlist Backlash

Carbon Markets, Carbon Taxes, and Carbon Offsets

Class Meetings: Tuesday, April 21
Thursday, April 23

Reading: (Clark, 2014), ***A complete guide to carbon offsetting***
EU Emissions Trading System (EU ETS), European Commission, 2013
(Worthington, 2014), ***Europe needs to fix or ditch its emissions trading scheme***
(Robson, 2014) *Australia's Carbon Tax: An Economic Evaluation*, 2013,
Executive Summary and Chapter 3: Policy Framework and Key Parameters

Assignment: Third Party Certification Presentations

Sustainability Reporting Project Presentations

Class Meetings: Tuesday, April 28
 Thursday, April 30
 Tuesday, May 5
 Thursday, May 7

Final Exam: Monday, May 11th, 1:10 – 3:10 PM

Bibliography of Sustainability Reporting Resources

- Brockett, A., & Rezaee, Z. (2012). *Corporate Sustainability: Integrating Performance and Reporting*. Hoboken, NJ, USA: Wiley.
- Carrots and Sticks: Sustainable reporting practices worldwide - today's best practice, tomorrow's trends*. (2013). Retrieved from Global Reporting Initiative: www.globalreporting.org
- Ceres. (2014). *Cool Response: The SEC and Corporate Climate Change Reporting*. Boston: Ceres.
- Clark, D. (2011, September 16). A complete guide to carbon offsetting. *The Guardian*.
- Commission Guidance Regarding Disclosure Related to Climate Change*. (2010, February 8). Retrieved from U.S. Securities and Exchange Commission: www.sec.gov
- European Commission. (2013). *EU Emissions Trading System (EU ETS)*. European Parliament.
- European Parliament. (2014). *Directive 2014/95/EU of the European Parliament and the Council*. Directive of the European Union.
- Federal Trade Commission. (2012). *FTC Summary of Green Guides*. Retrieved from www.ftc.gov
- Fornaro, J. M. (2011, January). SEC Guidance on Disclosure Related to Climate Change. *Journal of Accountancy*, 211(1), 42-47.
- G4 Sustainability Reporting Guidelines: Implementation Manual*. (2013). Retrieved from Global Reporting Initiative: www.globalreporting.org
- G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures*. (2013). Retrieved from Global Reporting Initiative: www.globalreporting.org
- Global Reporting Initiative. (2014). *Trends in External Assurance of Sustainability Reports*.
- Grant, N. S. (2008). *The Pocket Idiot's Guide to Your Carbon Footprint*. New York: Penguin Group.
- Harman, G. (2014, October 31). Feds warn plastic bag makers over misleading bio. *The Guardian*.
- Horiuchi, R., Schuchard, R., Shea, L., & Townsend, S. (2009). *Understanding and Preventing Greenwash: A Business Guide*. BSR and Futerra.
- Hoskins, T. (2014, October 1). Cotton production linked to images of the dried up Aral Sea basin. *The Guardian*.
- International Integrated Reporting Council. (2013, December). *The International (IR) Framework*. Retrieved from International Integrated Reporting Council: www.theiirc.org
- Jones, S., & Ratnatunga, J. (2013). *Contemporary Issues in Sustainability Accounting, Assurance and Reporting*. Bingley, UK: Emerald Group.
- KPMG. (2013). *KPMG International Survey of Corporate Responsibility Reporting 2013*. Retrieved from KPMG: www.kpmg.com
- Robson, A. (2013). *Australia's Carbon Tax: An Economic Evaluation*. Brisbane: Department of Accounting, Finance, and Economics, Brisbane University.
- Roston, E. (2014, October 31). 2014 is Likely to Be the Earth's Hottest Year Ever. Why It Doesn't Matter. *Bloomberg*.
- Schneider, B. A. (2013, May). Assurance Opportunities Broaden. *Journal of Accountancy*, 215(5), 32-36.
- Shin, L. (2014, January 23). The 85 Richest People in the World have as Much Wealth as the 3.5 Billion Poorest. *Forbes*.
- Starke, L. (Ed.). (2013). *Is Sustainability Still Possible?* Washington, DC: Island Press.
- Unerman, J., Bebbington, J., & O'Dwyer, B. (2007). *Sustainability Accounting and Accountability*. New York: Routledge.
- Unite for Sight. (2014). *Third Party Certification and Quality Standards*. Retrieved from Unite for Sight: <http://www.uniteforsight.org>
- Worthington, B. (2014, October 15). Europe needs to fix or ditch its emissions trading scheme. *The Guardian*.

Expectations of Students

Personal Electronic Devices: All personal electronic devices should be turned off during class.

Class Attendance: Plan to arrive on time and prepared for each class. Arriving late or departing early is disrespectful to the instructor and your classmates. If you must leave class, please do not return during that class meeting. If you know in advance that you will need to leave class early, let the instructor know before class starts.

Student Conduct: The University of Montana Student Conduct Code, embodying the ideals of academic honesty, integrity, human rights, and responsible citizenship, governs student conduct in this course. The Student Conduct Code is available for review at http://www.umt.edu/vpsa/policies/student_conduct.php.

Moodle: Information about class assignments, tests, etc. is posted on the Moodle site for this course. You are expected to check the Moodle site on a daily basis.

Exams: During exams everything should be cleared off the desk except calculators, pens and pencils, and extra blank sheets of paper for calculations. Cell phones must be put away.

Exams belong to the School of Business Administration. Keeping exams and/or making copies of exams will be considered a violation of the University of Montana Student Conduct Code.

Final Exam: A specific time and date for the final exam is assigned for this course. The final exam is an integral part of this course and students are expected to take the final exam on the scheduled time and date.

Students with Disabilities: Students with disabilities will receive reasonable modifications in this course. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students. "Reasonable" means the University permits no fundamental alterations of academic standards or retroactive modifications. Your responsibilities are to request reasonable modifications from me with sufficient advance notice (**preferably the first week of class**), and to be prepared to provide current verification of your disability and its impact from Disability Services for Students. Please speak with me after class or during my office hours to discuss the details. For more information, visit the Disability Services for Students website at <http://life.umt.edu/dss>.

School of Business Administration Mission Statements and Assurance of Learning

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

Learning Goal 1: SoBA graduates will possess fundamental business knowledge.

Learning Goal 2: SoBA graduates will be able to integrate business knowledge.

Learning Goal 3: SoBA graduates will be effective communicators.

Learning Goal 4: SoBA graduates will possess problem solving skills.

Learning Goal 5: SoBA graduates will have an ethical awareness.

Learning Goal 6: SoBA graduates will be proficient users of technology.

Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.