

ACCT 599

Business Sustainability Reporting and Analysis
3 Unit Course Meeting T, Th 2:00pm-3:20pm in JKP 104

Fall 2022

Professor Richard Sloan

Office: Leventhal 125

Office Hours: 3.45pm to 5pm on Tuesdays and Thursdays

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COURSE DESCRIPTION

This course provides a critical analysis of current practices in business sustainability reporting and analysis. Topics covered include reporting practices, regulatory requirements, reporting frameworks, reporting standards, rating agencies, investment products, activist investing and NGOs. The course also provides guidance for synthesizing information from corporate sustainability disclosures into traditional financial and valuation analyses. The class format combines lectures, interactive discussions, cases studies and project presentations.

LEARNING OUTCOMES

Upon successful completion of this course, students will be able to:

1. Analyze and critically evaluate a corporate sustainability report.
2. Identify the material sustainability issues impacting a business.
3. Describe and implement popular reporting frameworks and standards, including GRI, SASB and TCFD.
4. Describe and critically evaluate the methodologies underlying popular corporate sustainability rating systems.
5. Describe and critically evaluate popular approaches to sustainability investing.
6. Incorporate sustainability information into traditional financial and valuation analyses.

COURSE MATERIALS

All readings for the course are listed in the course outline and are available from the course Blackboard site or from the hyperlinks noted in the outline.

GRADING

Your grade for the course will be determined as follows:

	<u>Points</u>	<u>Percentage</u>
Four Written Answers to Discussion Questions	20	20%
Midterm Exam	35	35%
Comprehensive Group Case	35	35%
Class participation:	10	10%

The discussion questions are identified in the course outline and available on Blackboard. Written answers to discussion questions should be no longer than three typed pages and should be turned in online via Blackboard by 2pm on the date indicated in the course outline in a single document (preferably a letter-sized pdf). Note that you must turn in written answers to only four sets of discussion questions and each will contribute 5% to your final grade for a total of 20%. I will post a questionnaire on Blackboard during our first session so that you can identify which discussion questions you have selected.

The midterm exam will be held during our class session on Tuesday October 18. This will be a closed book exam that will test your knowledge of the basics of sustainability reporting covered in the first 15 sessions.

The group case can be done in teams of up to 5 people. Students select their own teams and we will organize team membership during our first session. The group case consists of several parts and each part should be turned in online via Blackboard by 2pm on the date indicated in the course outline in a single document (preferably a letter-sized pdf). The final part of the group project is due by 2pm on Tuesday December 13 (it will serve as the course's final summative experience).

Class participation is based on the quantity and quality of your contributions to classroom discussions. It is not anticipated that you should participate in every session, but you should aim to participate in about 50% of our sessions. Most classroom discussions will center around the discussion questions that should be prepared in advance of their assigned class.

In order to inform the grading process, I will collect a peer evaluation form for group work. A copy of the form is provided at the end of this syllabus.

CLASS ETIQUETTE

In order to maintain a class environment that is conducive to learning, I suggest the following code of class etiquette:

1. Arrive at class on time and avoid leaving early.
2. Bring a name tent to each class and try to sit in the same location.
3. Turn off cellphones and other audible electronics.
4. Do not use laptops or phones, except in classes where we build and analyze financial models (I will identify these classes in advance).
5. Show respect for one another by exhibiting patience and courtesy in exchanges. Using appropriate language and restraining from verbal attacks upon those whose perspectives differ from your own is a minimum requirement. Courtesy and respect are the norm for class participation.
6. If you feel that another class member is negatively impacting the classroom environment, let me know, and where appropriate, I will anonymously communicate your feedback.

COURSE OUTLINE AND ASSIGNMENTS

PART I: INTRODUCTION

Session 1: Tuesday, August 23

Course Introduction and Overview

Reading: Business Sustainability Reporting and Analysis: Introduction (Blackboard)

PART II: SUSTAINABILITY REPORTING

Session 2: Thursday, August 25

Defining Sustainability

Readings: [1987 Brundtland Report: Our Common Future](#) (skim Overview on pages 10-27)
[UN Sustainable Development Goals and Agenda](#) (read web page)
[A Friedman Doctrine](#)

Questions: Session 2 Discussion Questions (Blackboard)

Session 3: Tuesday, August 30

Defining Materiality

Readings: [GRI 1: Foundation 2021](#) (focus on pages 8-10)
[SASB Conceptual Framework Exposure Draft](#) (focus on pages 23, 30 and 31)
[Greed is Good, Except When Its Bad](#)

Questions: Session 3 Discussion Questions (Blackboard)

Session 4: Thursday, September 1

Overview of Business Sustainability Reporting

Readings: [The KPMG Survey of Sustainability Reporting 2020](#)

Questions: Comprehensive Case Question 1 (Blackboard)

Session 5: Tuesday, September 6

Sustainability Disclosure Frameworks and Standards

Readings: [GRI 1: Foundation 2021](#)
[SASB Standards Overview](#) (read webpage)
[SASB Conceptual Framework Exposure Draft](#)

Questions: Session 5 Discussion Questions (Blackboard)

Session 6: Thursday, September 8

Sustainability Disclosure Frameworks and Standards (continued)

Questions: Comprehensive Case Question 2 (Blackboard)

Session 7: Tuesday, September 13

Sustainability Disclosure Frameworks and Standards (continued)

Readings: [TCFD Overview](#)
[WEF Stakeholder Capitalism Metrics](#)
[IFRS S1 Exposure Draft: General Sustainability-related Disclosures](#)
[IFRS S2 Exposure Draft: Climate-related Disclosures](#)

Questions: Comprehensive Case Questions 3 through 4 (Blackboard)

Sessions 8: Thursday, September 15

Sustainability Disclosure Regulations

Readings: [EU Corporate Sustainability Reporting](#) (read webpage)
[SEC Proposed Rules to Enhance and Standardize Climate Disclosures to Investors](#)
(read webpage)
[New Human Capital Disclosure Requirements \(Harvard Law School FoCG\)](#)

Questions: Session 8 Discussion Questions (Blackboard)

Session 9: Tuesday, September 20

Economics of the Environment

Reading: [Reflections on the Commons](#)
[The Struggle to Govern the Commons](#)

Questions: Session 9 Discussion Questions (Blackboard)

Session 10: Thursday, September 22

Reporting on Climate Impact

Readings: [The GHG Protocol Corporate Accounting and Reporting Standard](#) (skim)
[GHG Emissions Calculation Tool](#)

Questions: Session 10 Discussion Questions (Blackboard)

Session 11: Tuesday, September 27

Net Zero Targets

Readings: [A4S Guide on Net Zero](#)

Questions: Comprehensive Case Question 5 (Blackboard)

Session 12: Thursday September 29

Overview of Global Inequality

Readings: [World Inequality Report 2022 \(Read Executive Summary, Skim Rest\)](#)

Questions: Session 12 Discussion Questions (Blackboard)

Sessions 13: Tuesday, October 4

Impacts on Society

Questions: Comprehensive Case Questions 6 through 9 (Blackboard)

Session 14: Thursday, October 6

Governance

Reading: [Principles of Corporate Governance \(Business Roundtable via HLS FoCG\)](#)
[GRI 2: 2-9-2-21](#)

Questions: Comprehensive Case Questions 10 and 11 (Blackboard)

Session 15: Tuesday, October 11

External Assurance

Reading: [Frequently Asked Questions on External Assurance of Sustainability Reporting](#)

Questions: Comprehensive Case Questions 12 (Blackboard)

(Fall Recess: Thursday, October 13)

Session 16: Tuesday, October 18
Midterm Exam

PART III: SUSTAINABILITY ANALYSIS

Session 17: Thursday, October 20

ESG Ratings

Reading: [ESG Ratings and Data: How to Make Sense of Disagreement \(Paul Weiss\)](#)
 [MSCI ESG Ratings \(browse website\)](#)
 [S&P Global ESG Scores \(browse website\)](#)
 [Sustainalytics ESG Ratings \(browse website\)](#)
 [Refinitiv ESG Company Scores \(browse website\)](#)

Questions: Session 17 Discussion Questions (Blackboard)

Session 18: Tuesday, October 25

Deep Dive on S&P's ESG Scores

Reading: [S&P Global ESG Scores Methodology](#)

Questions: Comprehensive Case Questions 13-15 (Blackboard)

Session 19: Thursday, October 27

ESG Indices

Reading: [S&P 500 ESG Index](#)
 [MSCI ESG Focus Index Methodology](#)

Questions: Session 19 Discussion Questions (Blackboard)

Session 20: Tuesday, November 1

Sustainability Investment Strategies and Products

Reading: [Global Sustainable Investment Review 2020 \(GSIA\)](#)
 [Parnassus Core Equity Fund](#)
 [iShares ESG Aware MSCI USA ETF](#)

Questions: Comprehensive Case Questions 16 (Blackboard)

Session 21: Thursday, November 3

Guest Speaker/Preparer/ Joe Allanson, Executive Vice President, Finance ESG at Salesforce.com

Session 22: Tuesday, November 8

ESG Activism

Reading: [Shareholder Activism and ESG \(HLS FoCG\)](#)
 [The Illusion of Success: A Critique of Engine No. 1's Proxy Fight at ExxonMobil](#)
 [Engine No. 1 on Exxon 1 Year Later](#)

Questions: Session 22 Discussion Questions (Blackboard)

Session 23: Thursday, November 10

Sustainability Activism (continued)

Reading: [Glass Lewis 2022 ESG Initiatives Policy Guidelines](#)

Questions: Comprehensive Case Questions 18 to 21 (Blackboard)

Session 24: Tuesday, November 15

NGOs

Reading: [GlobeScan/SustainAbility Survey: 2021 Sustainability Leaders](#)

Questions: Comprehensive Case Questions 22 and 23 (Blackboard)

Session 25: Thursday, November 17

Guest Speaker/User/ <https://www.causewaycap.com/person/mozaffar-khan-phd/>

Session 26: Tuesday, November 22

Integrating Sustainability Analysis with Financial Analysis and Valuation

Reading: [A Practical Guide to ESG Integration for Equity Investing \(PRI\) \(just pp. 1-35\)](#)

Questions: Session 26 Discussion Questions (Blackboard)

(Thanksgiving Break: Thursday November 23)

Session 27: Tuesday, November 29

Comprehensive Case Question 16 Preliminary Presentations

Session 28: Thursday, December 1

Comprehensive Case Question 16 Preliminary Presentations

Final Deliverable: Tuesday December 13

Questions: Comprehensive Case Question 16 (Blackboard)

OPEN EXPRESSION AND RESPECT FOR ALL

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](#)."

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

Academic Conduct:

Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, "Behavior Violating University Standards" policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on [Research and Scholarship Misconduct](#).

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

eotix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu

chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

ACCT 599: PEER EVALUATION FORM

This form seeks feedback on team members' contributions to the comprehensive group case. Please rate each team member (including yourself) as to whether you assess their overall contribution to group work to be **Way Below Average (1)** , Below Average (2), Average (3), Above Average (4) or **Well Above Average (5)**.

	<u>Name</u>	<u>Rating from 1 to 5</u>
Yourself	_____	_____
Other Team Member 1	_____	_____
Other Team Member 2	_____	_____
Other Team Member 3	_____	_____
Other Team Member 4	_____	_____