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ACTG 694.V62: Sustainability Reporting

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BGEN 445 / ACTG 694-V62 – Sustainability Reporting

Spring Semester 2024

College of Business

University of Montana - Missoula

Section 01 (31521, 32669) 12:30 - 1:50 PM MW 119 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 GRI Sustainability Standards and the Carbon Disclosure Project (CDP) disclosures, and TCFD Recommendation on Climate-related Financial Disclosures
- 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, and graduate students. Graduate students must complete additional work to receive graduate credit.

Additional Course Information:

- This course is only offered in the spring semester.
- Thursday, March 28th is the last day to drop this course without a petition as specified in the University of Montana catalog.

Instructor:

Kent Swift, PhD, CPA
Office: 311 Gallagher Business Building
Phone: (406) 243-4182
e-mail: kent.swift@business.umt.edu

Office hours:

Monday:	2:10 – 3:30 PM, in person and via Zoom
Tuesday:	2:10 – 3:30 PM, via Zoom
Wednesday:	2:10 – 3:30 PM, in person and via Zoom
Friday:	12:00 – 1:00 PM via Zoom

Additional office hours by appointment

Required Course Materials:**Textbook:**

Herriott, S. R. (2016). *Metrics for Sustainable Business*. New York: Routledge.

Available in the UM Bookstore. The book is also available on Amazon.com in paperback and Kindle e-format.

Case Study Projects:

Volkswagen's Clean Diesel Dilemma, Case 1-430-484, WDI Publishing, University of Michigan.

A Sweet Dilemma: Sourcing Palm Oil with Ferrero SpA Nestle, Case 7-951-326, WDI Publishing, University of Michigan.

Note: These case studies can be purchased as a package for \$7.90 at:

<https://wdi-publishing.com/coursepack/purchase/?cpack=BGTU9>

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:

Online Quizzes (I)	70
Individual Written Assignments:	
10-K Annual Report Analysis (I)	15
Johnson & Johnson Sustainability Report (I)	10
Personal Carbon Footprint Assignment (I)	15
3 rd Party Certification Assignment (I)	10
Case Study Analyses:	
Volkswagen (I)	15
Ferrero (I)	15
Measuring GHG Emissions at Big Sky Inn (G)	20
In-Depth Analysis of Actual Organization Sustainability Reporting (G):	
Report	30
Class Presentation	30
Class Participation (I)	20
Final Exam (I)	<u>50</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 evaluations will be made in this area, and credit will be given for progress over the term. A fundamental part of class participation is class attendance. **Absence from more than six class sessions will result in a failing grade in the course.** Note: For students enrolled in ACTG 694, class participation will also be measured based on responses to discussion questions and other activities posted in Moodle.

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. English grammar, spelling, and punctuation will be graded.

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

Graduate Increment: Graduate students enrolled in the course are required to complete additional work including a short research assignment (group activity) and presenting one or more news articles to the class on a sustainability topic (individual).

Schedule

Jan 22 M Introduction – Making the Case for Sustainability Reporting
24 W Development of Sustainability Reporting / 10-K Annual Reports

Reading: (Starke, 2013), *Is Sustainability Still Possible? Chapters 1-3*

Articles: *2023 will officially be the hottest year on record, scientists report*, CNN, December 6, 2023
The top 1% of American earners now own more wealth than the entire middle class, USA Today, December 6, 2023

Assignment: Online Quiz #1
10K Annual Report Analysis

Jan 29 M Introduction to Sustainability Reporting and Current State of Sustainability Reporting
31 W Regulation of Sustainability Reporting

Reading: (Herriott, 2016), *Metrics for Sustainable Business, Chapter 5, pages 70-75*
Big shifts, small steps, Survey of Sustainability Reporting 2022. KPMG LLP, 2022

Articles: *SEC plans to force public companies to disclose greenhouse gas emissions*, The Washington Post, March 15, 2022
One of the Hottest Trends in the World of Investing Is a Sham, The New York Times, September 29, 2022

Assignment: Online Quiz #2
Forming Groups

Feb 5 M Greenwashing
7 W Greenwashing - Case Study Volkswagen's Clean Diesel Dilemma

Reading: (Horiuchi, et. al, 2009), *Understanding and Preventing Greenwash: A Business Guide*

Articles: *Al Gore Warns Greenwashing May Stop the Climate Fight in Its Tracks*, Bloomberg, July 31, 2021
Unilever investigated in the UK over 'green' claims about its products, CNN, December 12, 2023

Assignment: Case Study Analysis: Volkswagen's Clean Diesel Dilemma

Feb 12 M GRI – GRI Foundation and General Disclosures
14 W GRI – Economic Disclosures

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 1, pages 1-10, Chapter 9, pages 169-174**
(Brockett & Rezaee, 2012), *Corporate Sustainability: Integrating Performance and Reporting, Economic Vitality as a Component of Sustainability*
Chapter 5

Reference: *GRI 1-3 Standards Series and GRI 200 Standards Series*

Articles: *After a terrible year of climate news, here are 5 reasons to feel positive*, CNN, December 23, 2023
Ousted Disney CEO Bob Chapek will get \$20 million exit pay, CNN, January 17, 2023

Assignment: Online Quiz #3
Johnson & Johnson Sustainability Report Assignment

Feb 19 M GRI – President’s Day
21 W GRI – Measuring Greenhouse Gas Emissions

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 6, pages 102-116**
(Swift, 2019), *Accounting for Greenhouse Gas Emissions. Management Accounting Quarterly*
(Grant, 2008), *Your Carbon Footprint*, **Chapter 1, Carbon Footprint Basics**

Reference: *GRI Standard 305*

Articles: *CNN Poll: Large majority of US adults and half of Republicans agree with Biden’s goal to slash climate pollution*, CNN, December 8, 2023

Assignment: Personal Carbon Footprint Assignment

26 M GRI – Measuring Greenhouse Gas Emissions
28 W GRI – Measuring Greenhouse Gas Emissions

Articles: *Air pollution from coal-fired plants is much more deadly than originally thought, study finds*, CNN, November 23, 2022
Enough About Climate Change. Air Pollution Is Killing Us Now, The New York Times, April 19, 2022

Assignment: Online Quiz #4
Measuring Greenhouse Gas Emissions at Big Sky Mountain Inn – Case Study

Mar

4 M GRI – Environmental Disclosures
6 W GRI – Environmental Disclosures

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 6, pages 120-123, Chapter 7, pages 127-134, and Chapter 8, pages 149-158**

Reference: *GRI 300 Standards Series (other than GRI Standard 305)*

Articles: *Dangerous chemicals found in food wrappers at major fast-food restaurants and grocery chains, report says*, CNN, March 25, 2022
Bottled water contains thousands of nano plastics so small they can invade the body's cells, study says, CNN, January 8, 2024

11 M GRI – Environmental Disclosures
13 W GRI – Environmental Disclosures

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 6, pages 120-123, Chapter 7, pages 127-134, and Chapter 8, pages 149-158**

Reference: *GRI 300 Standards Series (other than GRI Standard 305)*

Articles: *Locally caught fish are full of dangerous chemicals called PFAs, study finds*, CNN, January 17, 2023
Global loss of wildlife is 'significantly more alarming' than previously thought, according to new study, CNN, May 22, 2023

Assignment: Online quiz #5

18-22 Spring Break

25 M GRI – Social Disclosures
27 W GRI – Social Disclosures

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 9, pages 188-195**

Reference: *GRI 400 Standards Series*

Articles: *They're Paid Billions to Root Out Child Labor in the U.S. Why Do They Fail?* The New York Times, December 28, 2023
Google's Antitrust Loss to Epic Could Preview Its Legal Fate in 2024, The New York Times, December 12, 2023

Assignment: Online quiz #6

April 1 M 3rd Party Certifications
3 W 3rd Party Certifications – Case Study *A Sweet Dilemma: Sourcing Palm Oil with Ferrero SpA and Nestle*

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

Articles: *Certification Schemes: Why Fairtrade International, Rainforest Alliance and Others are Failing Workers and Consumers*, corpaccountability.org, February 2, 2023
Organic? Free range? What do food labels actually mean? CNN, October 7, 2023

Assignment: Case Study: *A Sweet Dilemma: Sourcing Palm Oil with Ferrero SpA and Nestle*
3rd Party Certification Assignment

8 M Other Reporting Frameworks
10 W External Assurance of Sustainability Reporting

Reading: (Herriott, 2016), *Metrics for Sustainable Business*, **Chapter 1, pages 10-23**
(Eccles, 2015), *The Integrated Reporting Movement*, **Chapter 2**

Articles: *Few willing to change lifestyle to save the planet, climate survey finds*, The Guardian, November 7, 2021
Corporate sustainability push a \$35 trillion dollar conundrum for auditors, Reuters, February 22, 2022

Assignment: Online Quiz #7

15 M Carbon Offsets, Carbon Taxes, and Markets
17 W Carbon Offsets, Carbon Taxes, and Markets

Reading: (Broekhoff et al., 2019) *Securing Climate Benefit: A Guide to Using Carbon Offsets*.

Articles: *Junk Carbon Offsets Are What Make These Big Companies ‘Carbon Neutral’*, Bloomberg.com, November 11, 2022
Carbon capture is confusing. Here are 14 terms to help understand it. Bloomberg. December 7, 2023

April 22 M Group Presentations – Sustainability Report Analysis
24 W Group Presentations – Sustainability Report Analysis

April 29 M Group Presentations – Sustainability Report Analysis
May 3 W Group Presentations – Sustainability Report Analysis

Final Exam:

- The final exam is a comprehensive online essay exam. The exam is 10:10 – 12:10, Friday, May 10th.

Bibliography of Sustainability Reporting Resources

Bibliography

- Berners-Lee, M. (2011). *How Bad Are Bananas? The Carbon Footprint of Everything*. Vancouver: Greystone Books.
- Brockett, A., & Rezaee, Z. (2012). *Corporate Sustainability: Integrating Performance and Reporting*. Hoboken, NJ, USA: Wiley.
- Broekhoff, D., Gillenwater, M., & Cage, P. (2019). *Securing Climate Benefit: A Guide to Using Carbon Offsets*. Stockholm Environment Institute & Greenhouse Gas Management Institute.
- Development, W. R. (2011). *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Washington DC: World Resources Institute and World Business Council for Sustainable Development.
- Eccles, R., & Krzus, M. P. (2015). *The Integrated Reporting Movement*. Hoboken, New Jersey: Wiley.
- Global Reporting Initiative. (2016). GRI Sustainability Reporting Standards.
- Grant, N. S. (2008). *The Pocket Idiot's Guide to Your Carbon Footprint*. New York: Penguin Group.
- Herriott, S. R. (2016). *Metrics for Sustainable Business*. New York: Routledge.
- Hoffman, A. (2015). *How Culture Shapes the Climate Change Debate*. Stanford, CA: Stanford University Press.
- Horiuchi, R., Schuchard, R., Shea, L., & Townsend, S. (2009). *Understanding and Preventing Greenwash: A Business Guide*. BSR and Futerra. Retrieved from www.bsr.org
- Institute, W. B. (2004). *A Corporate Accounting and Reporting Standard, Revised Edition*. Washington DC: World Business Council for Sustainable Development and World Resources Institute.
- KPMG. (2015). *Currents of Change: The KPMG Survey of Corporate Responsibility Reporting 2015*. KPM International Cooperative.
- KPMG. (2017). *The Road Ahead: The KPMG Survey of Corporate Responsibility Reporting 2017*. KPMG International Cooperative.
- KPMG. (2020). *The Time Has Come: The KPMG Survey of Sustainability Reporting 2020*. KPMG International Limited.
- KPMG International. (2022). *Big shifts, small steps, Survey of Sustainability Reporting 2022*.
- Swift, K. D. (2019). Accounting for Greenhouse Gas Emissions. *Management Accounting Quarterly*, 20(2), 1-9.
- The Worldwatch Institute. (2013). *Is Sustainability Still Possible?* Washington DC: Island Press.
- Unite for Sight. (2014). *Third Party Certification and Quality Standards*. Retrieved from Unite for Sight: <http://www.uniteforsight.org>

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: All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. The University of Montana Student Conduct Code specifies definitions and adjudication processes for academic misconduct and states, "Students at the University of Montana are expected to practice academic honesty at all times."

It is the student's responsibility to be familiar with the University of Montana Student Conduct Code. The Student Conduct Code is available at <https://www.umt.edu/student-affairs/community-standards/default.php>.

Students enrolled in courses offered by the College of Business are also expected to adhere to the College of Business Code of Professional Conduct. This is available at: <http://www.business.umt.edu/ethics/professional-conduct-code.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.

If a student is unable to take an exam or quiz on the assigned date, the instructor must be notified in advance to see if other arrangements can be made for completing the exam or quiz. Otherwise, the student's grade on the exam or quiz will result in a score of zero.

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 at 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 the Office for Disability Equity. "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 the Office for Disability Equity. Please speak with me after class or during my office hours to discuss the details. For more information, visit the Office for Disability Equity website at <http://www.umt.edu/dss/>.

College of Business Mission

Mission

The College of Business creates the opportunity for a better life for our students, faculty, and staff through transformative experiences in and out of the classroom.

Value Proposition

The College of Business at the University of Montana delivers transformative learning experiences, propelling our students to make immediate and sustained impact on business and society. Using the COB Method, we nurture the innate work ethic of our students to develop capable, confident problem solvers and ethical decision makers.

College of Business Brand Pillars

The following brand pillars drive our value proposition:

- Students first: We educate the whole person
- Experiential learning: We create experiences that matter
- Thought leadership: We create rigorous and relevant knowledge
- Stewardship: We value people, planet and profit