



## GLOBAL SUMMER PROGRAMME 2024

### ACCT431: SUSTAINABILITY ACCOUNTING AND REPORTING

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#### A. COURSE DESCRIPTION

What is the role of accountants in helping the world achieve sustainability goals? How can sustainability accounting help individual organizations and various stakeholders better assess environmental, social, and economic aspects of activities? This course presents a review and analysis of the theoretical foundations of sustainability accounting and its reporting issues in practice. The course will focus on existing and emerging frameworks for developing corporate environmental, social, and governance (ESG) performance metrics, assessing their reliability, reporting to stakeholders, and incentivizing managers based on ESG metrics. Specifically, we will examine both 1) the accounting for an organization's environmental, social, and economic impacts via its activities as well as 2) how an organization is dependent on and affected by the environmental, social, and economic context in which it operates.

The course will focus on the real world via case studies and live examples. You will be organized into groups to research and analyze case studies and present team research projects. This course is highly qualitative and demanding. There are several reading assignments before each class and each individual is expected to actively contribute. Moreover, given the timely nature of this course and the constant developments in this space, I may assign additional readings throughout the duration of the course.

#### B. LEARNING OBJECTIVES

This course aims to improve students' knowledge and understanding about sustainability accounting and the global reporting standards and requirements.

After successfully completing this course, students will be able to:

1. Disciplinary and Multidisciplinary Knowledge
  - Define sustainability and describe the trends driving demand for the disclosure of sustainability information.
2. Intellectual and Creative Skills
  - Critically evaluate CSR or impact reports from organizations of varying legal types.
  - Explain why sustainability information is increasingly important to investors for investment decisions.
3. Global Citizenship
  - Discuss the sustainability reporting requirements in different regulatory regimes around the world.

### C. PREREQUISITES / REQUIREMENTS / MUTUALLY EXCLUSIVE COURSES (IF ANY)

This course does not have any prerequisites.

### D. ASSESSMENT METHODS / GRADING DETAILS

<b>Class Participation (individual)</b> You are encouraged to actively participate in the discussions and activities that take place in physical class. Good class participation involves actively listening to your instructor and other students during class, joining class discussions, asking questions which are thoughtful and helpful, and being a good team member during classroom group work, if any. Merely speaking in class will not earn you full marks for class participation.	20%
<b>In-class Quiz (individual)</b> There will be two short quizzes to assess your understanding and knowledge of the material.	30%
<b>In-class Case Analyses (group)</b> We will work on several cases throughout the duration of the course and each team will be assigned one case to present during the four weeks. The non-presenting teams are expected to ask questions or raise counterarguments.	20%
<b>Final Project Presentation (group)</b> A final project presentation is required. The project will require each team to analyze a firm's sustainability report from the perspective of an ESG investor. Final presentation date to be advised.	30%
<b>Total</b>	<b>100%</b>

*Important Note: No questions verbatim from past year papers or published test banks will be used for the graded continuous assessments and examinations in this course.*

### E. ACADEMIC INTEGRITY

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences.

All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense.

When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at <http://www.smuscd.org/resources.html>.

### F. ACCESSIBILITY

SMU strives to make learning experiences accessible for all. If students anticipate or experience physical or academic barriers due to disability, please let the instructor know immediately. Students are also welcomed to contact the university's disability services team if they have questions or concerns about academic provisions: [included@smu.edu.sg](mailto:included@smu.edu.sg).

Please be aware that the accessible tables in the seminar room should remain available for students who require them.

## G. INSTRUCTIONAL METHODS AND EXPECTATIONS

Each session is divided into three parts:

[1] The instructor will first give a 60-minute baseline lecture to provide an overarching theme for the week and provide the context to the session's topic [2] 60-minute class discussion where students are expected to discuss and critically analyse the assigned case and link it to the reading assignment, students are expected to ask questions, share key takeaways, and provide critical responses on both the film and the readings; and [3] conclusion/wrap up to be facilitated by the instructor.

Evaluation methods will be as follow:

**Class participation (individual):** You are encouraged to actively participate in the discussions and activities that take place in class. Good class participation involves actively listening to your instructor and other students during class, joining class discussions, asking questions which are thoughtful and helpful, and being a good team member during classroom group work, if any. Merely speaking in class will not earn you full marks for class participation. Moreover, failing to watch the pre-assigned videos, reading the required readings, and sharing your insights about the course materials will negatively affect your class participation.

**In-class quizzes (individual):** Two short quizzes will be done in class and the dates are TBD. The quizzes will cover specific sections of the course.

**Case analyses (group):** We will work on several cases throughout the four weeks and one team will be pre-assigned a case to present while other teams are expected to raise questions and provide counterarguments.

**Final project presentation (group):** A final project presentation is required. The project will require each team to analyze a firm's sustainability report from the perspective of an ESG investor. Final presentation date to be advised.

## H. CLASSROOM POLICIES

1. Each session is divided into three distinct parts:
  - a) Baseline lecture that aims to provide a structured approach to literature and conceptual parameters for the week's theme
  - b) Student-led discussions about the main questions of the week and the assigned case where you are encouraged to share your comments, questions, and thoughts on the readings, lecture, and the broader theme of the week within your group.
  - c) Case presentation with Q&A facilitated by the instructor – this serves as an opportunity for you to present your analyses and share your comments and questions about the presentation to the whole class. The instructor will use this opportunity to clarify doubts and offer constructive critiques.
2. Face to face lectures/discussions (approximately 3 hours) will take place.
3. Your attendance and active participation in class will contribute significantly towards your class participation marks.
4. You will refrain from talking over your classmates. You will make use of the different tools and platforms to participate in class.
5. There will be no make-up quizzes unless a valid reason is determined by the instructor.
6. You should feel free to ask questions at any point of the session.

## I. IMPORTANT ASSIGNMENT DATES

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|----|-------------|---------------|
| 1. | Quiz 1:     | To be advised |
| 2. | Quiz 2:     | To be advised |
| 3. | Final Paper | July 18       |

## J. CONSULTATIONS

Time: Set up an appointment by email  
Venue: SOA 0421/Zoom

## K. RECOMMENDED TEXT / READING LIST / CASE STUDIES LIST

**NOTE:** This syllabus may change slightly over the course of the term; when in doubt, please approach the instructor for the most updated version.

LESSON PLAN		
LESSONS	TOPICS	RECOMMENDED TEXT / READING LIST / CASE STUDIES LIST
Lesson 1 Tuesday 25 June	<b>Course Overview and Introduction to Sustainability Accounting</b>	Read: "Accountants play crucial role in sustainability: Grace Fu" Straits Times (Aug 2021)  "The future of ESG is...Accounting?" HBR (Dec 2020)  "How to understand and measure environmental sustainability: Indicators and targets" Ecological Letters (June 2012)  "Five ways that ESG creates value" McKinsey Quarterly (Nov 2019)  Watch: " <a href="#">The social responsibility of business</a> " by Alex Edmans (May 2015)
Lesson 2 Wednesday 26 June	<b>Mandatory Reporting Vs. Voluntary Disclosure</b>	Read: "Mandatory CSR and sustainability reporting: Economic analysis and literature review" by Christensen, Hail, and Leuz (May 2021) <sup>1</sup>  Watch: " <a href="#">Sustainability Reporting: Academic Keynote Briefing</a> " by Christian Leuz (Dec 2020) <sup>2</sup>  *Team Debates: Should sustainability reporting be mandatory?
LESSON 3 Thursday 27 June	<b>Materiality and Externalities</b>	Read: IASB Definition of material (Amendments to IAS 1 and IAS 8)  "The double materiality concept: applications and issues" GRI (May 2021)  "Integrated reporting: Why Singapore companies should go for it" ISCA (April 2014)  "SEC to allow businesses more flexibility in disclosing risk, legal information" WSJ (Aug 2020)  "The FASB gets the definition of materiality it wanted all along" LinkedIn (Sept 2018)  *Philip Morris International Case
LESSON 4 Tuesday 2 July	<b>Carbon Accounting</b>	Read: "Companies are buying large numbers of carbon offsets that don't cut emissions" WSJ (Sept 2022)  "Accounting for climate change" HBR (Nov/Dec 2021)  Watch:  " <a href="#">How do carbon markets work?</a> " (Oct 2021)  " <a href="#">Why tracking carbon emissions is suddenly a billion dollar opportunity</a> " (Sept 2021)

<sup>1</sup> Read sections 1, 2, and 3.

<sup>2</sup> Watch the keynote, which begins around 34:00.

<p>LESSON 5</p> <p>Wednesday 3 July</p>	<p><b>Sustainability Disclosure Standards and Reporting Frameworks</b></p>	<p>Read:</p> <p>“Measuring what matters: The scramble to set standards for sustainable business” Financial Times (May 2021)</p> <p>“ISSB delivers proposals that create comprehensive global baseline of sustainability disclosures” IFRS (March 2022)</p> <p><a href="#">“SGX Practice Note 7.6 Sustainability reporting guide”</a> (Jan 2022)</p> <p><a href="#">Recommendations of the Task Force on Climate-related Financial Disclosures</a>, TCFD<sup>3</sup></p> <p><a href="#">SEC Proposes Rule on Climate-Related Disclosure</a>, SEC (March 2022)<sup>4</sup></p> <p><a href="#">IFRS S1 Exposure Draft</a>, ISSB</p> <p><a href="#">IFRS S2 Exposure Draft</a>, ISSB</p> <p>Browse these websites (embedded links):</p> <p><a href="#">Sustainability Accounting Standards Board (SASB)</a></p> <p><a href="#">International Sustainability Standards Board (ISSB)</a></p> <p><a href="#">Global Reporting Initiatives (GRI)</a></p> <p><a href="#">Task Force on Climate-related Financial Disclosures (TCFD)</a></p> <p><a href="#">Carbon Disclosure Project (CDP)</a></p> <p>Watch:</p> <p>“<a href="#">Briefing on SEC proposed climate disclosure rule</a>” Ceres (April 2022)</p> <p>*DBS Sustainability Report</p>
<p>LESSON 6</p> <p>Thursday 4 July</p>	<p><b>Sustainability Disclosure Standards and Reporting Frameworks (Continued)</b></p>	
<p>Lesson 7</p> <p>Tuesday 9 July</p>	<p><b>Assurance, Internal Controls, and Enforcement of Sustainability Disclosure</b></p>	<p>Read:</p> <p>Frequently asked questions on external assurance of sustainability reporting, AICPA/GRI</p> <p>“ESG reports and ratings: What they are, why they matter” Corporate Governance Advisor (Sept/Oct 2017)</p> <p>“The COSO internal control framework and sustainability reporting” CPA Journal (July 2019)</p> <p>“Audit and consulting firms at odds over who should verify climate data” WSJ (July 2022)</p> <p>Watch:</p> <p>“<a href="#">State of play in sustainability assurance</a>” IFAC (Dec 2021)</p> <p>“<a href="#">ESG ratings are not what they seem</a>” Bloomberg (Dec 2021)</p>

<sup>3</sup> Read the Executive Summary, Climate-related risks, opportunities, and financial impacts, and the Recommendations and guidance.

<sup>4</sup> Click on “proposed rule” and download the 490-page document. Read at least the first 46 pages.

<p>LESSON 8</p> <p>Wednesday 10 July</p>	<p><b>Linking Sustainability Metrics to Executive Compensation</b></p>	<p>Read: “More companies link executive pay to sustainability targets,” WSJ (June 2019)</p> <p>“Sustainability matters – The rise of ESG metrics in executive compensation” Sullivan &amp; Cromwell (March 2020)</p> <p>Listen: “<a href="#">Can businesses really marry profit and purpose?</a>” Financial Times (Sept 2021)</p> <p>*Danone Case</p>
<p>LESSON 9</p> <p>Thursday 11 July</p>	<p><b>FIELD TRIP: Tiger Brewery Visit (details to be confirmed later)</b></p>	
<p>LESSON 10</p> <p>Tuesday 16 July</p>	<p><b>ESG Metrics and Impact Investing</b></p>	<p>Read: Larry Fink’s 2020 Letter to Clients</p> <p><a href="#">SGX Core ESG Metrics</a> (Dec 2021)</p> <p>“From why to why not: Sustainable investing as the new normal” McKinsey (Oct 2017)</p> <p>“The Big Three and corporate carbon emissions around the world” by Azar et al. (May 2021)</p> <p>*BlackRock Case</p>
<p>LESSON 11</p> <p>Wednesday 17 July</p>	<p><b>Real Effects of Sustainability Disclosure and Other Issues</b></p>	<p>Read: “The troubling evolution of corporate greenwashing” Guardian (Aug 2016)</p> <p>“Board diversity for resilience and sustainability” Business Times (Dec 2021)</p> <p>“Rise of sustainability reporting brings questions of motivation, agenda” NYSSCPA (Sept 2019)</p> <p>“Overselling sustainability reporting” HBR (May 2021)</p> <p>*Team debates: Shareholder primacy vs. Stakeholder capitalism</p>
<p>LESSON 12</p> <p>Thursday 18 July</p>	<p><b>Final Project Presentation</b></p>	<p>Submit hard copies of PowerPoint slides in beginning of class.</p>