

COURSE INFORMATION

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| Course title: | Climate and ESG accounting and reporting | | |
| Course code: | BAAC 580A | Credits: | 1.5 |
| Session, term, period: | 2024 W2, Period 4 | Class location: | HA 132 |
| Section(s): | 001 | Class times: | Tuesday/Thursday 8 to 10 AM |
| Course duration: | March 11 th - April 19 th 2024 | | |
| Division: | Accounting | | |
| Program: | FT MBA | | |

INSTRUCTOR INFORMATION

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| Instructor: | Jocelyn Li, CPA, MPAcc | | |
| Office location: | HA 349, D8 | Office hours: | Tues/Thurs 10 to 10:30 AM, by appointment (see Canvas) |
| Email: | Jocelyn.li@sauder.ubc.ca | | |

COURSE DESCRIPTION

Environment, social and governance (ESG) accounting, reporting and disclosure has become a business focal point. Boards, leaders, investors, regulators, NGOs, consumers and the broader public are looking to ESG information to understand business risk, enhance enterprise value, examine impact, and make sound operational, strategic and investment decisions.

This course provides a comprehensive overview of ESG accounting and reporting, covering core topics including materiality, popular reporting frameworks and standards, the regulatory environment, target-setting, GHG accounting, and also highlight ESG in industries key to the Canadian context; financial institutions, extractive industries and consumer goods. Throughout the course, we will examine these topics from the internal (management and board), external (investors and regulators) and public perspective.

COURSE FORMAT

Classes will be held in person, and 100% attendance is expected. Class time will be a combination of lecture, discussion, cases, and presentations. Guest speakers will also be invited.

LEARNING OBJECTIVES





By the end of this course, students will be able to:

1. Define sustainability and materiality, and critically analyze and evaluate ESG metrics, disclosures, and reports
2. Understand the application, differences and challenges of various reporting frameworks, standards, calculation methodologies and guidance in GRI, SASB, CDP, ISSB and TCFD.
3. Identify and appreciate the evolving global and regional regulatory requirements and their impacts on reporting practices, methodologies, and the role of the accounting skillset
4. Develop an understanding reporting trends, context, opportunities, challenges and measurement practices in key industries and material topics salient in Canada, including (1) financial institutions, (2) oil & gas and other extractives, and (3) retail & consumer goods

5. Appreciate the various rating agencies, their methodologies and implications for reporting companies, investors and other stakeholders
6. Unpack and understand the ESG target-setting process, net zero goals and the SBTi in particular
7. Understand the complexity and nuances in GHG emissions data and GHG protocol, and perform basic GHG accounting calculations

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, we will touch on topics that relate to certain goals. In this course, we will touch on topics that relate to the following goals:

| Sustainable Development Goal | Description of how and when the goal is covered in the course. |
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|  | <p><i>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</i></p> <p>Throughout this course, we will discuss means for improving international cooperation, data collection and sharing and cross sector collaboration. This will be a key binding theme across all classes as reporting standards and frameworks, GHG accounting and target setting all aim to contribute to improving global cooperation on key topics covered by the SDGs.</p> |
|  | <p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i></p> <p>We will discuss information needs of investors, sustainable finance mechanisms and commitments, frameworks and standards relevant to the financial services sector in class 7 and 8. These initiatives seek to promote inclusive and sustainable finance, innovation, access to credit, access to technology and resilient infrastructure to support the achievement of the goals.</p> |
|  | <p><i>Take urgent action to combat climate change and its impacts</i></p> <p>We will discuss this throughout the course, from how to calculate GHG emissions (class 4) to setting climate targets (class 6), and how heavy-polluting and key Canadian industries are fighting climate change (class 9). Climate will also be discussed in the context of reporting, investor needs and the regulatory environment.</p> |
|  | <p><i>Ensure sustainable consumption and production patterns</i></p> <p>Circularity, waste and consumption will be covered generally as part of reporting and frameworks, and spotlighted as part of our class on the retail and consumer goods sector (class 10).</p> |

ASSESSMENTS

Summary

| <u>Component</u> | <u>Weight</u> |
|---|--------------------|
| Participation, attendance, and preparedness | 20% |
| Discussion board (x4) | 10% |
| Pre-class quizzes (x5) | 10% |
| Group project | |
| Benchmarking report quality (excel) | 10% |
| Evaluating reporting frameworks and TCFD responses (memo/excel) | 10% |
| Evaluating material topics and climate reporting (deck) | 10% |
| Rating agencies and commitments (memo or other) | 10% |
| Roadmap and final class presentation (in person) | 20% |
| Total | <u>100%</u> |

Details of Assessments

Participation, attendance, and preparedness (20%)

Your mark for this portion will be based on your willingness to participate and quality of contributions in the many opportunities presented to you to engage in the subject matter. The material is challenging, therefore, engaging in discussion enhances the learning experience significantly for you and your peers.

The 15% requires you to be present in each class and engaged, managing distractions from cellphones and non-course related web browsing. To achieve full marks, you are expected to participate, ask questions, discuss and share insights with peers and prepare adequately for class.

Discussion board (10%)

Articles, cases, and other materials will be shared weekly for discussion and response (2% x 5 weeks). You will have the option of asking a question, or responding to your peer's questions. Your participation should be insightful, apply and link course concepts, and encourage further critical thinking and research. You can also read peer project deliverables and comment/include them in your discussion.

Pre class quizzes (10%)

These short quizzes will contain a combination of quantitative and qualitative questions that must be completed in a specified time period. It may include multiple choice and short answer questions.

Responses are evaluated on the student's ability to 1) prepare for class thoroughly, 2) apply the fundamental concepts and principles correctly, and 3) formulate a reasonable and practical response to the problems. Quizzes will be delivered through Canvas once a week. They are open book, but are time bound.

Group project (60%)

In groups of 4, students will take the role of an external consultant and deliver on a series of projects, all relating to the same company. Deliverables will have deadlines over the 5 week course, with the final presentation taking place during exam week.

Each of the five deliverables are due at 6:00 PM and must be submitted on Canvas. See Course Schedule for details. For learning and review purposes, all deliverables and executive summaries/approach slides will be shared on Canvas.

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| Week 0: Company selection <i>Wednesday March 13th 2024, or ASAP</i> | | No grading |
| Requirements | <ul style="list-style-type: none"> Select a leading reporter in the industry of your choice Your company of choice must have robust sustainability reporting and report on TCFD, CDP (Climate Change at minimum), and GHG emissions. TCFD report may be an index, standalone or integrated. | |
| Format | Email Jocelyn at Jocelyn.li@sauder.ubc.ca | |
| Rubric | N/A | |

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| Week 1: Benchmarking report quality <i>Monday March 18th 2024</i> | | 10% |
| Requirements | <p>Perform benchmarking on report quality against your company's peers to help your client understand their performance relative to peers and areas for improvement.</p> <p>Generate a long list of ten potential peers and select 3 peers (at least two of which who is reporting on TCFD). Briefly explain how these peers were selected. Next, develop a list of 5-8 parameters/questions to evaluate report quality and define criteria of how peers will be evaluated against the parameters/questions. Finally, evaluate the peers and the company's performance. Summarize findings and recommendations</p> | |
| Format | Deliverable will be in an Excel spreadsheet and submitted via Canvas | |
| Rubric | Ease of use and overall presentation and professionalism | 15% |
| | Communication and writing | 15% |
| | Long list of peers and selection of peers | 10% |
| | Relevance and clarity of report quality parameters and criteria | 20% |
| | Application of criteria and parameters | 20% |
| | Summary of findings and recommendations | 20% |

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| Week 2: Evaluating reporting frameworks and TCFD responses <i>Monday March 25th 2024</i> | | 10% |
| Requirements | <p><i>Part 1: Reporting frameworks</i> Identify the reporting frameworks used, explain why they have been selected, and evaluate if they are appropriate. Identify any potentially applicable emerging frameworks or regulations that may apply or that should be considered, and why.</p> <p><i>Part 2: TCFD response evaluation</i> Critically evaluate the company's TCFD Strategy and Risk Management disclosures and perform a gap assessment, referencing TCFD reporting guidelines and the 2023 Status report. Identify areas where recommendations are not being met and areas for improvement. Where helpful, provide best practice examples based on peer reports.</p> | |

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| | Finally, summarize any framework and TCFD gap assessment findings and recommendations | |
| Format | Deliverable will be in a word file memo (uploaded as a PDF) and submitted via Canvas. Tables and figures may be used as relevant. Part 1 should be a maximum of 4 pages and Part 2 should be a maximum of 5 pages. | |
| Rubric | Ease of use and overall presentation and professionalism | 10% |
| | Communication and writing | 15% |
| | Evaluation of existing frameworks | 15% |
| | Evaluation of emerging frameworks or regulations | 15% |
| | Evaluation of TCFD disclosures and gap assessment | 25% |
| | Summary of findings and recommendations | 20% |

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| Week 3: Evaluating material topics and climate reporting | | 10% |
| <i>Monday April 1st 2024</i> | | |
| Requirements | <p><i>Part 1: Material topics benchmarking</i> Compare the company's material climate topics with peers. Evaluate and comment on any gaps, differences or similarities.</p> <p><i>Part 2: GHG reporting evaluation</i> Review and comment on the company's GHG reporting, including datatables, narrative, footnotes and methodology. Evaluate the appropriateness of the GHG reporting with reference to GHG protocol and peers as relevant.</p> <p><i>Part 3: Climate/environment target assessment</i> Select 5 targets and associated base year and/or current year progress disclosed and assess the appropriateness of calculation methodologies, clarity of disclosure and relevance to the industry. If methodologies are unclear, recommend changes based on review of peers, other disclosure standards or industry best practice. Comment with reference to GHG protocol, SBTi, peers and other frameworks as relevant.</p> | |
| Format | Deliverable will be in a report slidedeck (uploaded as a PDF file) and submitted via Canvas. Total deck should be a maximum of 25 slides including any appendices. | |
| Rubric | Ease of use and overall presentation and professionalism | 20% |
| | Communication and writing (including graphics and diagrams) | 15% |
| | Material topic benchmarking | 15% |
| | GHG reporting evaluation | 25% |
| | Climate/environment target assessment | 25% |

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| Week 4: Rating agencies and commitments | | 10% |
| <i>Monday April 8th 2024</i> | | |
| Requirements | <p><i>Part 1: Rating agency change impact evaluation</i> Assume your company submits a CSA as part of the S&P rating process. Review the 2024 proposed CSA methodology updates for Energy Programs, Stakeholder Engagement, Waste and Water and determine if and how the proposed changes would impact your company. Respond to each of the proposals by: (1) Determining if the change impacts your company, (2) Describing if the company is in support of the change and why, ie. how will the change impact their performance, (3) Evaluating</p> | |

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| | <p>how the company could respond based on existing reported information (and where you found it). If the information does not yet exist, evaluate the level of difficulty and next steps to obtain the information.</p> <p><i>Part 2: Commitments and pledges review</i> Determine what commitments, alliances or pledges the company has made. Assess if the company's participation in these is appropriate, and why. Comment on the company's progress on the commitments and contributions. Identify if there are any other commitments they should consider, or any they should consider ending. Finally comment on the company's progress relative to the 3 peers selected in week 1. If peers have not signed on to similar commitments, attempt to explain why.</p> | |
| Format | <p>Deliverable will be in a word file memo (uploaded as a PDF) and submitted via Canvas. Tables and figures may be used as relevant. The memo should be a maximum of 10 pages.</p> | |
| Rubric | Ease of use and overall presentation and professionalism | 10% |
| | Communication and writing | 20% |
| | Rating agency change impact evaluation | 25% |
| | Commitment and pledges review | 25% |
| | Commitment and pledges peer comparison | 20% |

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| <p>Week 5: Roadmap for improvement <i>Deck due Thursday April 15th 2024</i> <i>Presentation week of April 15th 2024</i></p> | | 20% |
| Requirements | <p><i>Part 1: Summary of Weeks 1 to 4 and recommendations</i> Summarizing and drawing on the 4 previous parts, identify key strengths, weaknesses, and opportunities for the company to present back to the executive team. Where relevant, provide background on outcomes of previous work and approaches taken. Develop a maximum of 5 key recommendations and a roadmap for overarching ESG strategy and reporting improvements. Provide details on implementation, timing, requirements, and personnel involved.</p> <p><i>Part 2: Executive team presentation</i> Prepare and present Part 1 to the company's executive team. 15 mins + 10 minute question and answer. The focus of the presentation should be on key findings and content relevant to executive management.</p> | |
| Format | <p>Deliverable will be in a presentation slidedeck (uploaded as a PDF file) and submitted via Canvas. Total deck should be a maximum of 25 slides including any appendices.</p> | |
| Rubric | Overall presentation and professionalism | 15% |
| | Communication (verbal and visual) | 15% |
| | Summary and organization of Week 1 to 4 findings | 20% |
| | Recommendations and roadmap | 25% |
| | Presentation skills (storytelling, clarity, pace, tone, effectiveness) | 15% |
| | Peer evaluation of presentation | 10% |

LEARNING MATERIALS

There is no textbook for this class, and instead, frameworks, articles and academic papers will be shared throughout the course as part of class preparation. You are expected to read or skim those resources.

Sample resources below:

- [ESG Trends in 2023](#), by PwC
- [Big Shifts, Small Steps: Survey of Sustainability Reporting 2022](#), by KPMG International
- [The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard](#), by WRI
- [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#), by Greenhouse Gas Protocol
- [A closer look at the GHG Protocol](#), by CPA Canada
- [GRI 1 Foundation](#), by Global Reporting Initiative 2022
- [Task Force on Climate-related Financial Disclosures: 2022 Status Report](#), by TCFD
- [SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors, and Proposed Rule](#), by Securities Exchange Commission
- [Understanding the SEC's proposed climate risk disclosure rule](#), by McKinsey & Company
- [The Global GHG Accounting and Reporting Standard for the financial industry](#), Partnership for Carbon Accounting Financials
- [The regulatory and legal implications of Canada's Modern Slavery Act](#), by PwC

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health's [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and

acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

Use of Artificial Intelligence

Generative AI Permitted Where Specified With Attribution

For this course, students may use generative artificial intelligence (AI), including ChatGPT, for specific assessments or coursework, where it is expressly specified by the instructor. In these cases of permitted use, students must disclose any use of AI-generated material as per the assessment guidelines. At a minimum, this will include proper attribution, including in-text citations, quotations and references.

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəjəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

Subject to change with class consultation. See discussion board and quiz deadlines in Canvas.

| Class | Date | Topic | Sub topics | Assessments due |
|-------|----------|--------------------------------------|--|---|
| 1 | March 12 | Sustainability reporting 101 | History of ESG reporting, defining ESG, report quality and materiality | |
| 2 | March 14 | Reporting frameworks and standards | UNSDGs, ISSB (TCFD), GRI, SASB and CDP | Group project: Benchmarking (18th) |
| 3 | March 19 | Regulatory reporting environment | SEC, CSA and European requirements | |
| 4 | March 21 | GHG emissions accounting | GHG Protocol, Scope 3, offsets, RECs, VPPAs and carbon pricing | Group project: Reporting Frameworks & TCFD (25th) |
| 5 | March 26 | Accounting for other climate impacts | Waste, water and biodiversity, TNFD | |

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| 6 | March 28 | Target setting and net zero | KPI development and methodologies, SBTi, incentive pay, base year policies | Group project: Material topics & climate reporting (1st) |
| 7 | April 2 | Overview of certifications, rating agencies and how they work | CDP, BCorp, MSCI, Sustainalytics, S&P, DJI, the investor lens | |
| 8 | April 4 | Key industries: finance | Sustainable finance, NZAM PRI, PRB and PCAF | Group project: Rating agencies & commitments (8th) |
| 9 | April 9 | Key industries: oil, gas and other extractives | Energy transition, climate change, indigenous partnership, and governance | |
| 10 | April 11 | Key industries: retail and consumer goods | Retail trends, modern slavery, eco-labelling, NGO pressure and circularity | Group Project: Roadmap for improvement (15th) |
| 11 | Final week | Final presentation (15 mins + 10 min Q&A) | | |