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# Accounting for Sustainability

**Instructor:** Ulrich Atz

**Date:** Spring 2023 | Tuesday and Thursday, 03:30 pm ET

**Course number:** BSPA-UB 67

**This syllabus is the most important document for participants, please read it carefully! The course schedule is at the end.**

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## Instructor information

### Instructor

Name: Ulrich Atz  
Email: ua6@stern.nyu.edu  
Office: KMC 10-99 and over Zoom  
Office hour: By appointment

### Teaching Assistant (TA) information

TBD

## Course description

In *Accounting for Sustainability*, we study how the business world deals with the challenges of the 21<sup>st</sup> century. Financial numbers alone are no longer enough to understand the performance of a firm. Unlike most undergraduate courses anywhere, this is a topic where our knowledge is changing rapidly. You will be at the cutting edge of research and practice!

All large private and public companies are currently addressing or evaluating issues related to sustainability. For example, research shows that “92% of the S&P 500 and 70% of the Russell 1000 published sustainability reports in 2020” ([C&A](#)). In 2020, Blackrock, the world's largest asset manager, told executives (CEOs) it would avoid investments in companies that “present a high sustainability-related risk”.<sup>1</sup>

The main objective of the class is to learn how to measure, report, and interpret ESG (environmental, social, governance) performance. We will examine how firms respond to the pressures by investors, customers, and governmental bodies. The objective of this course is not to train you to become an accountant or ESG expert, but to help you develop into an informed user of non-financial information.

The course will provide you with the practical knowledge and background for:

- 1) integrating sustainability indicators into decision-making from a managerial, internal perspective
- 2) interpreting sustainability information using several international reporting frameworks
- 3) assessing ESG performance from an investor/analyst, external perspective
- 4) develop a sense of the challenges with the current state of ESG data
- 5) understand where the frontier of sustainability reporting lies.

Current events, when I find them useful, will illustrate the ongoing discussion (e.g. would you [kick Tesla out of the S&P 500 ESG Index?](#)). I hope the course will also give you a taste of what the future holds and prepare you for an exciting career.

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<sup>1</sup> And more: “We believe that all investors, along with regulators, insurers, and the public, need a clearer picture of how companies are managing sustainability-related questions. This data should extend beyond climate to questions around how each company serves its full set of stakeholders, such as the diversity of its workforce, the sustainability of its supply chain, or how well it protects its customers’ data. Each company’s prospects for growth are inextricable from its ability to operate sustainably and serve its full set of stakeholders.” [Larry Fink 2020 letter to CEO](#)

## Course material

### Materials

All course materials should be available either for free on the web or via NYU's resources such as the library. The session outline will contain the materials relevant for each class. I will also make the PDFs of the in-class presentations available. I will be using Brightspace to communicate with you, post lecture notes, relevant articles, and other course material, so please make sure you are registered and checking our site on a regular basis.

### Textbook

There is not such a thing as a standard textbook on Accounting for Sustainability. Your mandatory reading materials will be on NYU Brightspace. We will learn the background by reading academic articles, book chapters, and practitioner reports.

### Requirements

You do not need any prior knowledge to successfully attend the class.

## Grading

The course grade will be based on participation and professionalism, two mini-tests, one group project, and a final exam:

a. Participation and professionalism	10%
b. Mini-tests	25%
c. Group project	25%
d. Exam	40%

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines. In this course, students will be evaluated on an individual basis WITHOUT the need of grading on a curve.

### a. Participation and professionalism

The grade for participation and professionalism will depend on the quality of your interaction and participation in class discussions and project group activities.

Contributing by asking questions or making comments helps move the discussion toward a better understanding of the topic or firm in focus. In evaluating your contribution, I will not emphasize the quantity of comments, nor the degree of finding the "right" solution. Typically, no single "right" solution exists, and moreover, there is much to be gained if we examine a wide variety of viewpoints. You can provide a valuable contribution by posing critical questions, raising alternative viewpoints, and providing well-reasoned challenges to expressed views. In case of a large number of participants, I will ask you to submit small assignments that are not graded (only pass / fail for submitting / not submitting). They do not aim to evaluate how well you understand a topic but serve as motivation for engaging in readings and post-class reworking. If you submit all of them, and make a good faith effort, you will receive full marks.

**c. Mini-tests (individual assessment, collaboration NOT allowed)**

Two mini-tests are designed to test your knowledge on the topic (both theoretical and practical) and readings covered in class. Questions refer to the course material distributed in class.

**d. Group project**

The group project provides an opportunity to get some hands-on experience in evaluating sustainability practices and comparing different firms in the same industry. In groups of 2-4 team members, you will develop a sustainability assessment of two companies in the same industry, one of which should be ranked in the Dow Jones Sustainability Index (DJSI) World.

For instance, students who selected the *Consumer Durables & Apparel* industry could assess Kering against other listed firms such as Lululemon, Abercrombie & Fitch Company, Moncler, etc. Air France–KLM can be compared with JetBlue, Delta Air Lines Inc, and so forth. Ideally, no more than two groups per class should have the same DJSI ranked company. The allocation of companies among groups will follow a first-come first-serve policy.

Each group will write one report (max. 5,000 words, excluding tables) in which the two firms selected will be contrasted. The sustainability assessment will be presented as a comparison rather than two separate analyses.

**e. Exam**

The exam is cumulative and will cover all materials of the class that we discussed, including the content of all mandatory readings.

## How to get the most out of the course

First, congratulations, you made it this far in the syllabus. Preparation is a key part of your success.

Please prepare in advance for each of our class meetings. We will spend our class time developing a deeper understanding of the material you have already read. My lectures will aim to present the “big picture” of how different stakeholders think about accounting for sustainability. Class time will be a collaborative working session of problem-solving and interactive discussion. Additionally, I will also provide articles for class discussion that tie our academic material back to real world current events. The more YOU put into the course, the more you get out of it.

During class you should aim to stay as focused and engaged as possible. You will learn over time what works best for you. Some people, for example, prefer to take notes with pen and paper to help them stay focused. Others keep a list of running questions they can ask at the right time. Concentrating in class means less work for you later.

General course questions should be posted to NYU Brightspace under the Forums tab. By doing so, the entire class can see questions posted by participants and the responses. See your fellow students as colleagues who you want to support and succeed. If you have questions of a private nature, please email the TAs or the instructor directly. No question is too small, and make sure you phrase it in a clear and professional way.

## Academic integrity

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the *NYU Stern Student Code of Conduct*, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.

- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct)

## General conduct and behavior

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with *Stern's Policy in Regard to In-Class Behavior & Expectations* (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the *NYU Student Conduct Policy* (<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

## Student accessibility

If you will require academic accommodation of any kind during this course, please notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

## Student wellness

Classes and life can get stressful. I encourage you to reach out to NYU's resources if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the "NYU Wellness Exchange" app. There are also drop-in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

## Religious observances and other absences

NYU's Calendar Policy on Religious Holidays states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact [religiousaccommodations@nyu.edu](mailto:religiousaccommodations@nyu.edu) for assistance.

Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance.

## Inclusion statement

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, we expect that everyone commits to making this an inclusive learning environment for all. NYU Stern students can now include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way.

## Tentative schedule

Please note that the dates and information listed below are subject to change.

Date	Session title	Session topics	Assignment
Session 1	What do we talk about when we talk about accounting for sustainability?	<ul style="list-style-type: none"> <li>– Introduction and course logistics</li> <li>– Sustainable strategy and Sustainable Development Goals</li> <li>– A framework to assess the impact of Sustainability on Organizational Processes, Performance and Reporting</li> </ul>	Form groups
Session 2			
Session 3	How to get ESG data and reports	<ul style="list-style-type: none"> <li>– ESG ratings and sustainability reports</li> <li>– Introduction to NYU Library's Data Services</li> </ul>	
Session 4	Rules and regulation	<ul style="list-style-type: none"> <li>– Overview of rules and regulations in the US, EU, and the benefit corporation as entity.</li> </ul>	
Session 5	Disclosing Sustainability: an external perspective Why and How firms disclose ESG data to external stakeholders	<ul style="list-style-type: none"> <li>– Stakeholder Engagement (AA1000)</li> <li>– How to disclose ESG performance: Shareholder perspective (SASB) vs Stakeholder perspective (GRI)</li> <li>– Task Force on Climate-related Disclosures (TCFD), Carbon Disclosure Project (CDP)</li> <li>– Sustainability reporting assurance and audits</li> </ul>	Mini-test 1
Session 6			
Session 7			
Session 8	ESG assurances	<ul style="list-style-type: none"> <li>– Guest lecture 1: ESG assurance</li> <li>– Speaker: TBC</li> </ul>	
Session 9	Measuring Sustainability: an internal perspective Why and How firms calculate the business case of sustainability	<ul style="list-style-type: none"> <li>– Reporting for internal decision making</li> <li>– Drivers of Sustainability (input, output and outcome metrics)</li> <li>– Accounting tools to measure sustainability and trade-off between stakeholders</li> <li>– Return on Sustainability Investment (ROSI™) methodology to monetize the benefits of sustainable practices.</li> </ul>	ROSI home assignment
Session 10			
Session 11			
Session 12	Do investors value sustainability?	<ul style="list-style-type: none"> <li>– Principles for Responsible Investment</li> <li>– ESG: review and meta-analysis</li> </ul>	Mini-test 2
Session 13	Carbon accounting	<ul style="list-style-type: none"> <li>– Guest lecture 2: Carbon accounting</li> <li>– Speaker: TBC</li> </ul>	Group project
Session 14	Final Exam	<ul style="list-style-type: none"> <li>– Finals week runs from Wednesday, May 11<sup>th</sup> through Tuesday, May 17<sup>th</sup></li> </ul>	



## Session outline

The details of each session will be posted on Brightspace. The session outline also includes the reading material and more information on the topics we cover.

## Colophon

### Acknowledgments

Foremost, I thank Massimiliano Bonacchi for his guidance and inspiration to put this course together. My thanks also go to Alex Aleszczyk and Julian Yeo for their input. I am grateful for the continued support by the NYU Stern Center for Sustainable Business.

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