

Master of Science in Sustainability Management

SUMA PS6131: Understanding the SEC's Climate-Related Disclosure Rules and Global ESG Disclosure Regulations

Thursdays from 6:10-8:00 p.m.

3 Credits – Fall 2023

Elective Course

Room: 307 Pupin Laboratories
Instructor: Taylor R. Pullins
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Phone: 713.496.9653
Office Hours: Before or after class by appointment

Response Policy: The best way to communicate with me is by e-mail at the above address at any time. You can expect a response within 12 hours. I am also available by phone. If you would like to visit with me in person, we can set up an appointment.

Facilitator/Teaching Assistant, if applicable: Ewura-esi Marguerite Simpson, ems2227@columbia.edu
Office Hours: I am available for phone or video meetings, and before class on campus by appointment while in-person instruction is in place. Please email me to schedule.

Response Policy: I will respond to e-mails within 24 hours.

Course Overview and Learning Objectives

Current and future ESG professionals will benefit from a keen understanding of ESG disclosure regulation. This course is designed to introduce students to the increasingly complex regulatory landscape companies must navigate in regards to disclosure of risks and opportunities associated with climate change and other ESG issues. Focus will be given to the SEC's Climate Risk Disclosure Rule given the expected magnitude of impact on US-listed companies. No prior knowledge of the U.S. regulatory system is assumed or needed in order to take this course.

Beginning with an overview of corporate governance and U.S. administrative law principles, students will explore the history of, and policies that favor, regulation of climate disclosure in the US and European Union. Students will gain an appreciation for why ESG considerations are becoming increasingly prioritized by corporate boards of directors and executive management teams to satisfy stakeholder expectations and regulatory scrutiny.

This elective course complements management and operations courses by focusing on the regulatory compliance requirements and societal pressures faced by companies regarding climate change and other ESG risks. This course will underscore examples of the value to shareholders of companies that create a positive compliance culture, make bespoke climate and corporate sustainability disclosures, and implement sound governance principles.

We will cover the following topics:

- Key principles of disclosure regulation
- Strategic approaches to voluntary disclosure and disclosure focused on regulatory compliance
- History of U.S. climate disclosure regulation
- Proposed SEC amendments relating to disclosure of climate-related risks and financial reporting related to actual and potential climate impacts to companies
- Comparison of U.S. climate disclosure regulation with EU regulation

Method of Instruction

Pre-class reading and classroom discussion. Class time will combine lectures and student participation in class discussion on climate disclosure policy and regulation.

Method of Evaluation

Students are expected to be punctual, attend each class, prepare for classes conscientiously, and to contribute to the class discussion. This means providing thoughtful commentary, engaging analysis, and/or posing relevant questions.

Students will prepare two Take-Home Assignments of approximately 4 to 5 pages each and will have one group/team assignment where they will present a briefing to the class during final exam week on a selected topic of climate disclosure policy or regulation.

Grading

The final grade will be calculated as described below:

FINAL GRADING SCALE

| Grade | Percentage |
|--------------|-------------------|
| A+ | 98–100 % |
| A | 93–97.9 % |
| A- | 90–92.9 % |
| B+ | 87–89.9 % |
| B | 83–86.9 % |
| B- | 80–82.9 % |
| C+ | 77–79.9 % |
| C | 73–76.9 % |
| C- | 70–72.9 % |
| D | 60–69.9 % |
| F | 59.9% and below |

| Assignment/Assessment | % Weight | Individual or Group/Team Grade |
|------------------------------|-----------------|---------------------------------------|
| Written Assignment 1 | 30 | Individual |
| Written Assignment 2 | 30 | Individual |
| Group Final Presentation | 25 | Group |
| Class Participation | 15 | Individual |
| Total | 100 | |

Course Schedule/Course Calendar

| Date | Topics and Activities | Readings (due on this day) | Assignments (due this date) |
|-------------------|---|--|------------------------------|
| Class 1: Sept. 7 | Governance Fundamentals | <ul style="list-style-type: none"> • <u>A Friedman Doctrine: The Social Responsibility of Business is to Increase Its Profits</u> • <u>The US Business Roundtable’s Statement on the Purpose of a Corporation</u> • <u>The Chairperson’s Guide to Climate Integrity (Pages 1-9)</u> • <u>Global Compliance Risk Benchmarking Survey: ESG</u> | |
| Class 2: Sept. 14 | Introduction of U.S. Securities Laws – Concept of Materiality, Principle-based vs. Prescriptive Disclosures, Required Filings | <ul style="list-style-type: none"> • <u>TSC Industries, Inc. v. Northway, Inc.</u> (Definition of materiality) • <u>Speech: Applying a Principles-Based Approach to Disclosing Complex, Uncertain and Evolving Risks (2019)</u> • <u>Exchange Act Reporting Primer</u> • <u>Brazilian Mining Company to Pay \$55.9 Million to Settle Charges Related to Misleading Disclosures Prior to Deadly Dam Collapse</u> | |
| Class 3: Sept. 21 | Voluntary vs Compliance Disclosure; Understanding Competing Disclosure Frameworks (e.g., TCFD, CDP, Greenhouse Gas Protocol) | <ul style="list-style-type: none"> • <u>TCFD Recommendations Report</u> • <u>Greenhouse Gas Protocol Corporate Accounting and Reporting Standard</u> • <u>White House, A Roadmap to Build a Climate-Resilient Economy</u> • <u>IPCC Report on Climate Change 2022</u> (pp. 18-33) | |
| Class 4: Sept. 28 | Understanding Key Principles of Administrative Law and History of Climate Disclosure Regulation and Introduction of SEC’s Climate Rules | <ul style="list-style-type: none"> • <u>Chevron U.S.A., Inc. v. NRDC</u> • <u>2010 Guidance</u> • <u>Statement on the Review of Climate-Related Disclosure</u> • <u>Executive Order on Climate-Related Financial Risk</u> • <u>Sample Letter to Companies Regarding Climate Change Disclosures</u> • <u>Exxon’s Board Defeat Signals the Rise of Social-Good Activists</u> | |
| Class 5: Oct. 5 | (Part 1) SEC Amendment to Regulation S-K: Climate-related Risks, Actual and Potential Impacts, Governance Practices, Risk Management, GHG Emissions | <ul style="list-style-type: none"> • <u>Overview of the SEC Climate Risk Disclosure Proposed Rule</u> • <u>SEC Statement: Public Input Welcomed on Climate Change Disclosures; and Comment Letter from Alphabet Inc. et al</u> • <u>Senate Banking Committee Republicans’ letter to Chairman Gensler (July 2022)</u> • <u>The SEC Has Broad Authority to Require Climate and Other ESG Disclosures</u> • <u>Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (Pages 34-50)</u> | Written Assignment #1 |

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|-------------------------------------|---|--|------------------------------|
| Class 6: Oct. 12 | (Part 2) SEC Amendment to Regulation S-K: Climate-related Risks, Actual and Potential Impacts, Governance Practices, Risk Management, GHG Emissions (cont.) | <ul style="list-style-type: none"> • <i>West Virginia v. EPA</i> • Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (Pages 55-102) | |
| Class 7: Oct. 19 (Virtual Class) | (Part 3) SEC Amendment to Regulation S-X: Climate Impacts to Financial Statements | <ul style="list-style-type: none"> • Society for Corporate Governance Comments to SEC Proposal • Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (Pages 110-144) | |
| Class 8: Oct. 26 | (Part 4) SEC Amendment to Regulation S-X: Climate Impacts to Financial Statements (cont.) | <ul style="list-style-type: none"> • BlackRock Comment Letter to SEC Proposal • Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (Pages 147-184) | |
| Class 9: Nov. 2 | (Part 5) Changes/Impacts to Company Disclosure Practices from SEC Climate Rules | <ul style="list-style-type: none"> • Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (Pages 266-274) | Written Assignment #2 |
| Class 10: Nov. 9 | (Part 1) Comparing the SEC's Climate Rules with EU Regulation of ESG Disclosure | <ul style="list-style-type: none"> • 2022 Apple ESG Report (GRI, SASB, TCFD) • EU Finalizes ESG Reporting Rules with International Impacts | |
| Class 11: Nov. 16 | (Part 2) EU Regulation of ESG Disclosure | <ul style="list-style-type: none"> • EU Corporate Sustainability Reporting Directive (Paras. 1-31) • UN Global Compact Progress Report (2017) | |
| Nov. 23 | No Class - Thanksgiving | | |
| Class 12: Nov. 30 | Last Day of Class: Epilogue and Review Day | | |
| Class 13: Dec. 7 | Group Presentations | | Group Presentations |

***Due to the pending nature of the SEC's Climate-Related Disclosure Rule, this syllabus may be revised during the course of the semester to reflect the inclusion of additional material or adjustments to the schedule. You are obliged to look for updates on Canvas.**

Course Policies

Participation and Attendance

I expect you to complete all assigned readings, attend all class sessions and willingly engage with me and others.

Your participation in this course will require that you answer questions, explain your point of view and respectfully challenge differing points of view. If you need to miss a class for any reason, please discuss the absence with me in advance.

I will keep track of attendance and look forward to an interesting, lively and confidential discussion. If you miss an experience in class, you miss an important learning moment, and the class misses your contribution. More than one absence may affect your grade.

Late work

Work that is not submitted on the due date noted in the course syllabus without advance notice and permission from the instructor will be graded down 1/3 of a grade for every day it is late (e.g., from a B+ to a B).

Citation & Submission

All written assignments must use standard citation format (e.g., MLA, APA, Chicago), cite sources, and be submitted to the course website (not via e-mail).

School and University Policies and Resources

Copyright Policy

Please note—Due to copyright restrictions, online access to this material is limited to instructors and students currently registered for this course. Please be advised that by clicking the link to the electronic materials in this course, you have read and accept the following:

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials. Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.

Academic Integrity

Columbia University expects its students to act with honesty and propriety at all times and to respect the rights of others. It is fundamental University policy that academic dishonesty in any guise or personal conduct of any sort that disrupts the life of the University or denigrates or endangers members of the University community is unacceptable and will be dealt with severely. It is essential to the academic integrity and vitality of this community that individuals do their own work and properly acknowledge the circumstances, ideas, sources, and assistance upon which that work is based. Academic honesty in class assignments and exams is expected of all students at all times.

SPS holds each member of its community responsible for understanding and abiding by the SPS Academic Integrity and Community Standards posted at <https://sps.columbia.edu/students/student-support/academic-integrity-community-standards>. You are required to read these standards within the first few days of class. Ignorance of the School's policy concerning academic dishonesty shall not be a defense in any disciplinary proceedings.

Diversity Statement

It is our intent that students from all diverse backgrounds and perspectives be well-served by this course, that students' learning needs be addressed both in and out of class, and that the diversity that the students bring to this class be viewed as a resource, strength and benefit. It is our intent to present materials and activities that are respectful of diversity: gender identity, sexuality, disability, age, socioeconomic status, ethnicity, race, nationality, religion, and culture.

Accessibility

Columbia is committed to providing equal access to qualified students with documented disabilities. A student's disability status and reasonable accommodations are individually determined based upon disability documentation and related information gathered through the intake process. For more information regarding this service, please visit the University's Health Services website: <https://health.columbia.edu/content/disability-services>.

Class Recordings

All or portions of the class may be recorded at the discretion of the Instructor to support your learning. At any point, the Instructor has the right to discontinue the recording if it is deemed to be obstructive to the learning process.

If the recording is posted, it is confidential and it is prohibited to share the recording outside of the class.

SPS Academic Resources

The Division of Student Affairs provides students with academic counseling and support services such as online tutoring and career coaching: <https://sps.columbia.edu/students/student-support/student-support-resources>.

Columbia University Information Technology

[Columbia University Information Technology](#) (CUIT) provides Columbia University students, faculty and staff with central computing and communications services. Students, faculty and staff may access [University-provided and discounted software downloads](#).

Columbia University Library

[Columbia's extensive library system](#) ranks in the top five academic libraries in the nation, with many of its services and resources available online.

The Writing Center

The Writing Center provides writing support to undergraduate and graduate students through one-on-one consultations and workshops. They provide support at every stage of your writing, from brainstorming to final drafts. If you would like writing support, please visit the following site to learn about services offered and steps for scheduling an appointment. This resource is open to Columbia graduate students at no additional charge. Visit <http://www.college.columbia.edu/core/uwp/writing-center>.

Career Design Lab

The Career Design Lab supports current students and alumni with individualized career coaching including career assessment, resume & cover letter writing, agile internship job search strategy, personal branding, interview skills, career transitions, salary negotiations, and much more. Wherever you are in your career journey, the Career Design Lab team is here to support you. Link to <https://careerdesignlab.sps.columbia.edu/>

Netiquette

Online sessions in this course will be offered through Zoom, accessible through Canvas. A reliable Internet connection and functioning webcam and microphone are required. It is your responsibility to resolve any known technical issues prior to class. Your webcam should remain turned on for the duration of each class, and you should expect to be present the entire time. Avoid distractions and maintain professional etiquette.

Please note: Instructors may use Canvas or Zoom analytics in evaluating your online participation.

More guidance can be found at: https://jolt.merlot.org/vol6no1/mintu-wimsatt_0310.htm

Netiquette is a way of defining professionalism for collaborations and communication that take place in online environments. Here are some Student Guidelines for this class:

- Avoid using offensive language or language that is not appropriate for a professional setting.
- Do not criticize or mock someone's abilities or skills.
- Communicate in a way that is clear, accurate and easy for others to understand.
- Balance collegiality with academic honesty.

- Keep an open-mind and be willing to express your opinion.
- Reflect on your statements and how they might impact others.
- Do not hesitate to ask for feedback.
- When in doubt, always check with your instructor for clarification.