ENVIRONMENTAL GOVERNANCE and the Private Sector  
(Class satisfies the MELP Environmental Economics core requirement)

Professor Victor Flatt, 713-922-0392, vflatt@central.uh.edu

Textbook: None – materials will be posted on TWEN; I do suggest that printing out the materials for classroom discussion may be helpful.

This class examines the push for more private sector accountability and governance in environmental matters (such as EDG and CSR policies) and how this relates to legal requirements. The class also looks at private sector environmental governance. In particular, the class will examine the concept of business sustainability drivers and practice, private environmental governance, including the growth of market models, and what legal standards apply.

Students will examine 1) the economic and theoretical bases for environmental laws; 2) emerging corporate and private sector behavior in response to these laws, financial disclosure laws, and public opinion; and 3) private environmental governance.

Students will prepare 1) a short in “in house” email memo (less than 5 pages) addressing a particular issue related to environmental governance, and 2) undertake a practical exercise in drafting either a corporate environmental governance plan, a corporate financial disclosure statement relating to environmental or climate risks, or a corporate sustainability plan [including explanations].

Grades will be based on both the in house email memo (40%) (due Monday, July 13 at beginning of class) and the draft and explanation of one of the above practical document drafting exercise (60%) (due on Sunday, July 19, by 5:00 P.M. E.D.T. by email to vflatt@central.uh.edu).

From VLS Faculty manual:

*VLS has a recommended average grade of B in required courses, sectioned courses, and courses with an enrollment over 40.*

Students may consult with each other on practical document drafting ideas.

**July 6 “How do we do good by the environment and make money?”**

I. Introduction to environmental information demand. Introduction to property, environmental law, environmental externalities, market based solutions and objections
https://www.nytimes.com/2019/05/03/your-money/impact-investing-standards.html
E&E News, “Market Systems to Protect Forests: Can Trading save the Amazon,” May 2016;
Garrett Hardin, Tragedy of the Commons (excerpt);
Adam Sulkowski, Beyond Sustainability Reporting, 10 Univ. of St. Thomas L. J. 1060 (2013) [excerpt]

(all on TWEN)

**DISCUSSION OF CLASS, ASSIGNMENTS AND GRADING**

**July 7**

II. Corporate Disclosure
III. The Elements of a Corporate Sustainability Plan

Assignment - **Bring with you a printed version of a Fortune 500 Corporate Sustainability Plan (your choice);**
Measuring Intangibles ROBECOSAM’S CORPORATE SUSTAINABILITY ASSESSMENT METHODOLOGY (on TWEN):
please review Sustainability Accounting Standards Board (SASB – Bloomberg); online

IN CLASS EXERCISE – EXAMINATION OF CALPERS HOLDING AND APPLICATION OF sustainability metrics (SASB, IRIS, Sustainalytics, etc…), at https://iris.thegiin.org [please bring laptop to class]

**July 8**

IV. Financial Disclosure Requirements Related to the Environment (Practice and Critique)

Assignment –

Print out text of proposed Climate Change Financial Disclosure Act (link on TWEN)

(all on TWEN)
July 9

V. Using the Private Sector and Private Economic Behavior- Are Markets Moral?

VI. Commodity Trading Primer
Victor B. Flatt, Chapter on Environmental Markets

(all on TWEN)

DISCUSSION OF FIRST ASSIGNMENT

July 13

5 PAGE INTERNAL MEMO ASSIGNMENT DUE AT BEGINNING OF CLASS

IN CLASS WORKSHOP ON DOCUMENT DRAFTING AND EXPLANATIONS (second assignment) [please bring laptop]

July 14

VII. Problems with Environmental Markets (standardizing the commodity; irreversible loss)


July 15

The Private Sector as Primary Environmental Regulatory Body (Absence of Government Policy and Power of Investment and Consumers)
Assignment:

Vandenbergh, Private Environmental Governance


BlackRock Letter to CEOs at https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

[all on TWEN]

**July 16**

VIII. Private Sector Carbon Policy and Impacts and Legal Levers (Insurance Industry as Private Sector Driver; Use of Carbon Markets for Internal Governance)

Assignment:


(on TWEN)

SECOND ASSIGNMENT DUE by 5 PM EDT on Sunday, July 19, by email to vflatt@central.uh.edu