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

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

This class first examines the economic underpinnings for environmental law and for the power of markets, including moral questions about markets and private governance.

It then examines the push for more private sector accountability and governance in environmental matters (such as ESG (“Environment, Social and Governance”) and CSR (“Corporate Social Responsibility”) policies) and how this relates to legal requirements in the private sector, particularly laws governing financial and risk disclosure.

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, 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 house” email memo (less than 2000 words) addressing a specific issue related to a publicly traded company and investor guidance and decisions [i.e. are the company’s environment/climate/social policy consistent with large investor concerns?], and

2) undertake a practical exercise in drafting either a private environmental governance agreement or system, a corporate financial disclosure statement relating to environmental or climate risks, or a corporate sustainability plan [all including explanations].

Grades will be based on both the in house email memo (40%) (due Monday, July 19 at beginning of class) and the draft and explanation of one of the above practical document drafting exercise (60%) (due on Sunday, July 25, 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.

**Modifications to the Syllabus**

The instructor reserves the right to make modifications to this syllabus as necessary over the course of the semester.

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**July 12**

**“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

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 GRAADING**

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**July 13**

I. Using the Private Sector and Private Economic Behavior- Are Markets Moral?
II. Commodity Trading Primer

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

Victor B. Flatt, Chapter on Environmental Markets

(on TWEN)

July 14

IV. Corporate Disclosure
V. The Elements of a Corporate Sustainability Plan

Assignment – Have a printed or at least PDF of a Fortune 500 Corporate Sustainability Plan (your choice);

Measuring Intangibles SAM’ CORPORATE SUSTAINABILITY ASSESSMENT METHODOLOGY

(Twen)

please review Sustainability Accounting Standards Board (SASB) web presence (seek to understand how organization works (SASB – Bloomberg; online materials; using your own search methods);

IN CLASS EXERCISE – EXAMINATION OF CALPERS HOLDING AND APPLICATION OF sustainability metrics (SASB)

DISCUSSION OF FIRST ASSIGNMENT

July 15 will be asynchronous for you to watch on your own and post questions
Watch first 2 hours of Sustainability Accounting Board Feb 26, 2020 meeting recording –

https://www.youtube.com/watch?v=RBhTCQL7lXU

Prepare 2 written questions, and email to me by Friday, July 16

July 19

VI. Discussion of SASB meeting

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

Assignment –

Jill E. Fisch, Making Sustainability Reporting Sustainable, 107 Geo. L. J. 923 (2019) [excerpt];
(all on TWEN)

FIRST GRADED ASSIGNMENT DUE at beginning of class

July 20

Financial Disclosure Requirements Continued – Materiality and Litigation

(video of Flatt, et al. at end of class) shareholder litigation and greenhouse gas issues

Please email 2 questions about the presentation to me by Weds., July 21 at Noon (vflatt@central.uh.edu)

Assignment:

SASB Materiality Assessment Grid at http://materiality.sasb.org/

July 21

Financial Disclosure Cont./An attorney’s rule and attorney ethics
Print out text of proposed “Climate Change Financial Disclosure Act” and review (find this online…originally sponsored by Senator Elizabeth Warren) – also find one news article about it and be ready to discuss

Go online and find and download the official Securities and Exchange Commission (SEC) Reporting – Form 10-K

Hannah Vizcara, Regulatory Activity and Legal Liabilities Affecting Management of Financial Climate Risk, blog post, March 24, 2020

(on TWEN)

IN CLASS - The story of Exxon Mobil and New York and Massachusetts attorney general

DISCUSSION OF SECOND ASSIGNMENT

July 22

The Private Sector as Primary Environmental Regulatory Body (Absence of Government Policy and Power of Investment and Consumers)
Also conflicting government policy

Assignment:


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


[all on TWEN]

SECOND ASSIGNMENT DUE by 5 PM EDT on Sunday, July 25, by email to vflatt@central.uh.edu