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# Integrating Sustainability and ESG in the Management Accounting Curriculum

Kristine Brands, CMA

April 22, 2022



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# Webinar Features and CPE Credit

Q&A

Asking Questions



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CPE Credit

## CPE Status

### Criteria for Full Credit

- ☐ Minutes to Watch: 50
- ☐ Number of completed Poll(s) required: 3



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# Moderator

**Jodi L. Ryan, CAE**  
**Director, Member Engagement**  
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# Featured Presenter

**Kristine Brands, CMA**  
Assistant Professor  
United States Air Force Academy



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# Kristine Brands' Biography

- Kristine Brands is an Assistant Professor of Management at the United States Air Force Academy in Colorado Springs, CO where she teaches financial and managerial accounting, accounting ethics, AIS, and advanced auditing. She is a member of the Institute of Certified Management Accountants Board of Regents, the IMA's Technology Solutions and Practices Committee, and its Memorial Education Foundation. Kristine was also a subject matter expert for ISO 21378, Audit Data Collection. Her research interests include business analytics, accounting ethics, XBRL, accounting for sustainability, and the integration of technology in accounting courses.
- Ms. Brands has authored numerous columns for Strategic Finance, a dozen peer reviewed articles, and speaks nationally and internationally on accounting, technology, and ethics. She holds a BA in History from the University of Rochester, an MBA from Emory University, a Certificate in Applied Science from Harvard University Extension, and a Doctorate in Management from Colorado Technical University.

# Learning Objectives

1. Explain the case for accounting for sustainability/ESG.
2. Discuss sustainability/ESG disclosure requirements and current reporting trends and frameworks.
3. Give examples of ways to integrate accounting for sustainability in the accounting curriculum.
4. Describe how to develop accounting for sustainability modules for accounting courses or a standalone accounting for sustainability course.

# Disclaimer

The views expressed in this presentation are those of the author and do not necessarily reflect the official policy or position of the Air Force, the Department of Defense, or the US Government. Distribution A: Approved for Public Release, Distribution Unlimited. USAFA-DF-2022-426.

# Agenda

1. Introduction
2. The Case for Accounting for Sustainability
3. Frameworks and Disclosure Requirements
4. Accounting for Sustainability Curriculum Integration
5. Standalone Course
6. Other Courses
7. Summary and Conclusion
8. Questions

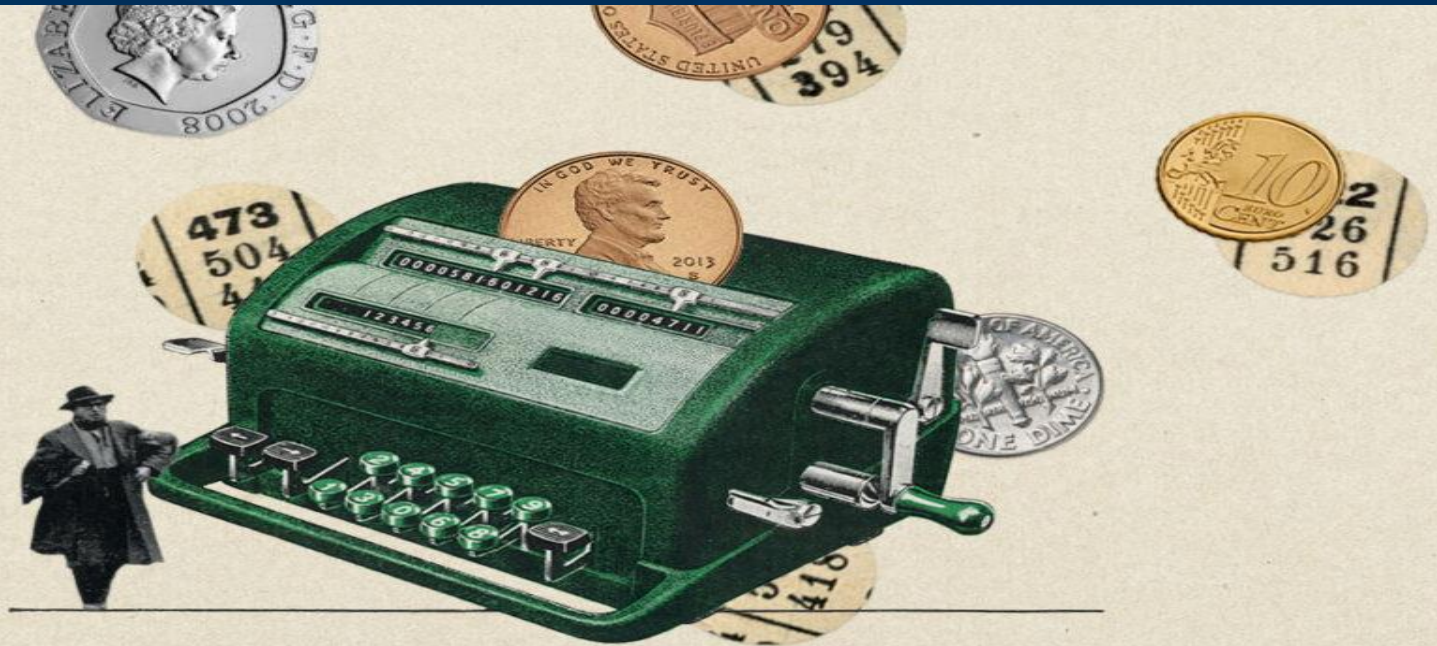




“Accounting for Sustainability was set up by HRH The Prince of Wales in 2004 “To help ensure that sustainability – considering what we do not only in terms of ourselves and today, but also of others and tomorrow – is not just talked and worried about but becomes embedded in organizations’ “DNA”. ”

*- Prince Charles, His Royal Highness The Prince of Wales*

# The Case for Accounting for Sustainability



Source: <https://hbr.org/2020/12/the-future-of-esg-is-accounting>

Illustration by Erre Gálvez

# The Future of Agriculture in 2050

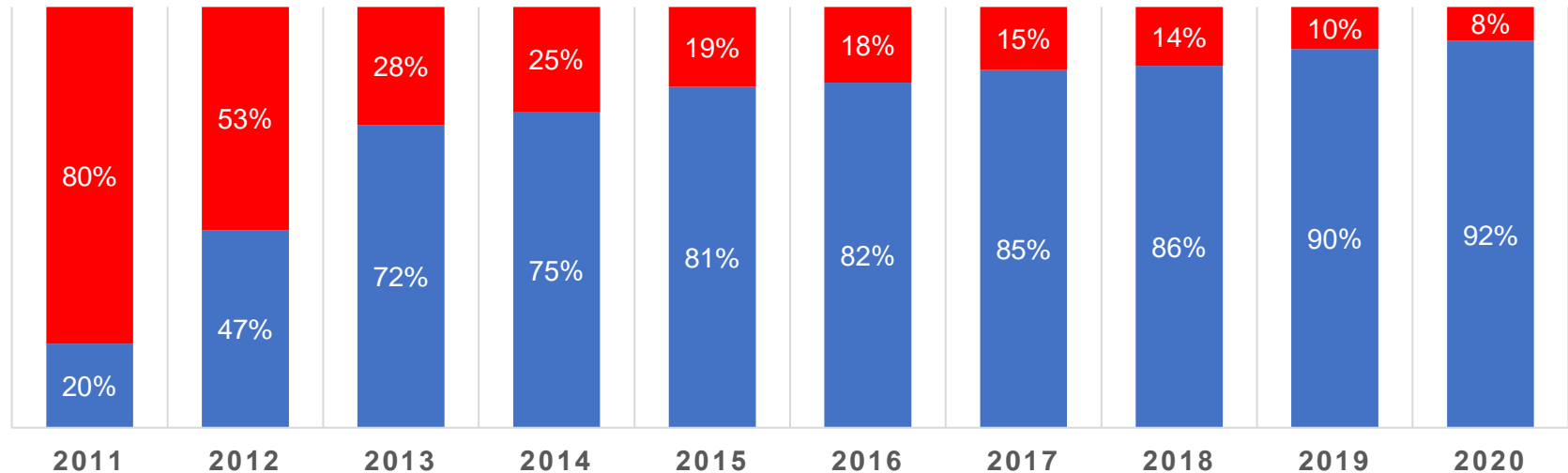






# GOVERNANCE & ACCOUNTABILITY INSTITUTE RESEARCH RESULTS S&P 500® COMPANIES SUSTAINABILITY REPORTING

■ Reporters ■ Non-Reporters



## Poll Question 1:

Does your school cover accounting for sustainability/ESG in its accounting curriculum?

- a. Yes
- b. No
- c. I'm not sure

# Poll Question 1 Results: (Placeholder)

# Business Goal Paradigm Shift

The bottom line is that resource use of the present will no longer compromise the resource needs of future generations.





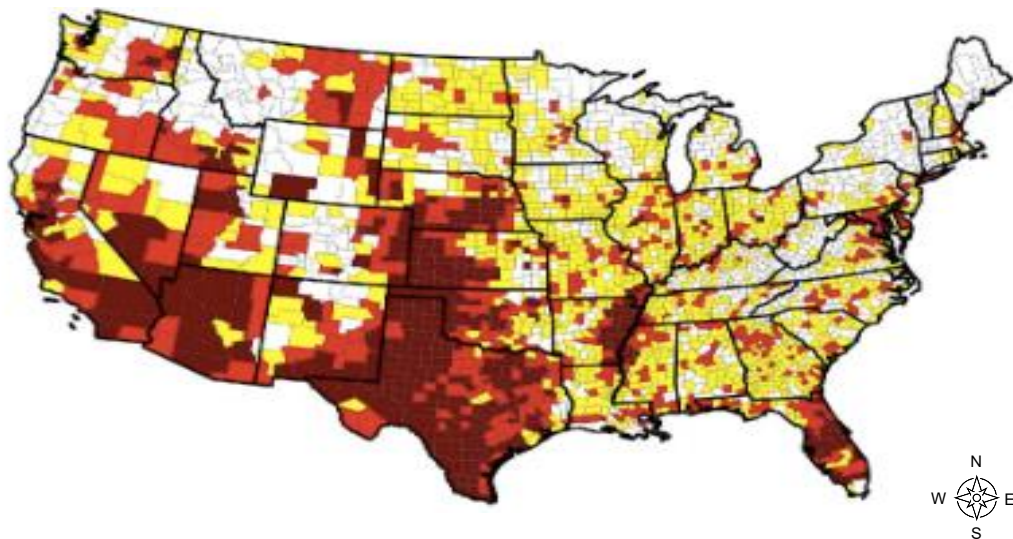
# Sustainability – Paradigm Shift

Frank and Ernest

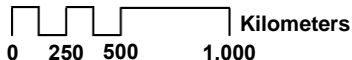
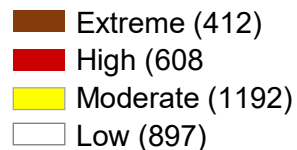


# Water Supply Risks 2050

## U.S. Countries Facing Water Supply Risks, 2050 - Climate Change-Related



**Water Supply Sustainability Index (2050)**



Water Supply Sustainability Index in 2050 with available precipitation computed using projected climate change. The risks to water sustainability are classified into four categories from Extreme to Low. The numbers in parentheses are the numbers of countries in each category.

[View Data file. Tetra Tech, Inc., NRDC, July 2010.](#)

“Management accountants can play a leadership role in sustainability efforts by utilizing their unique expertise and holistic view of an organization to lead collaborative efforts focused on long-term performance and value creation. By using integrating financial and sustainability performance information to support internal risk management, innovation, strategy, and long-term resource allocation decisions, management accountants can enhance their organizations’ performance and long-term value.”

*- Raef Lawson, Chair of the IMA Research Foundation*

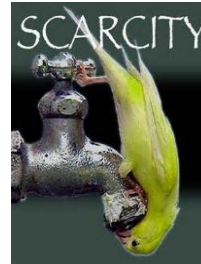
# The Science of Sustainability

2050

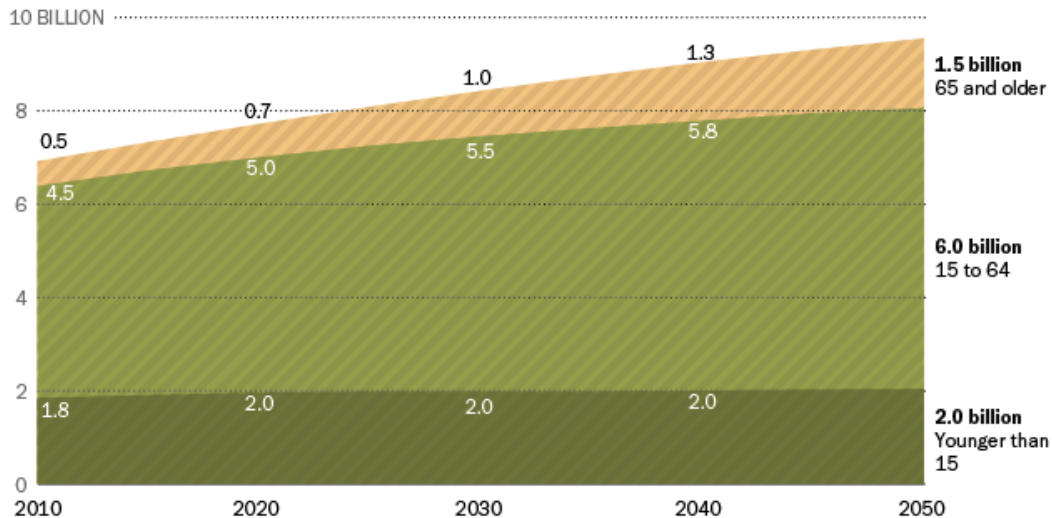




# Scary Science



# World Population Growth by 2050



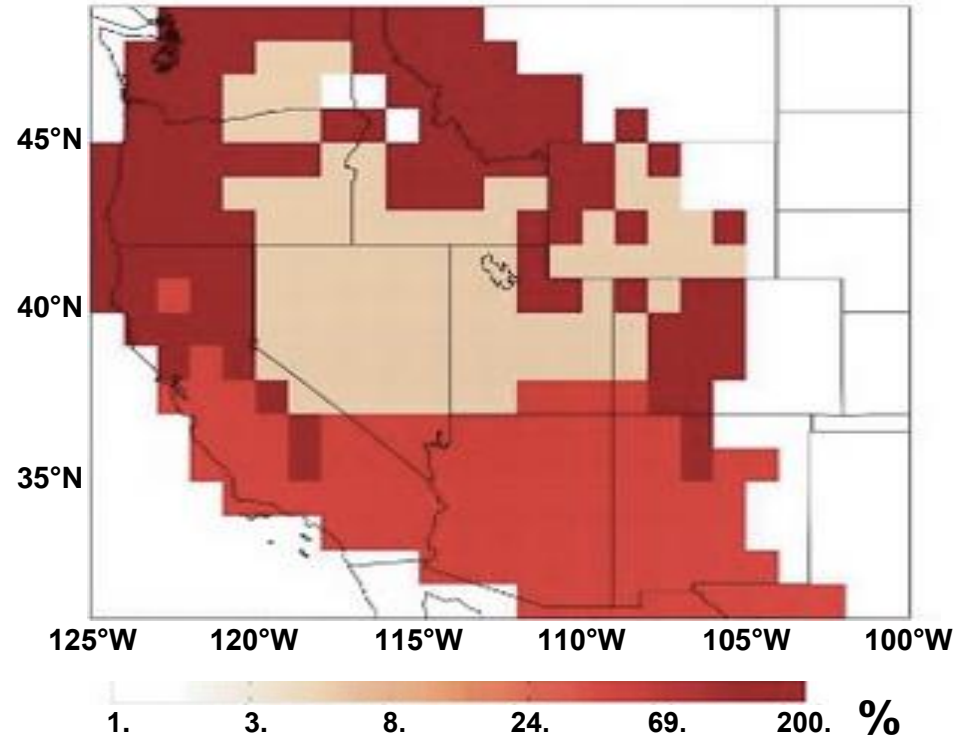
Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

PEW RESEARCH CENTER

# Wildfire Increase by 2050

Percentage Increase in  
Wildfire Area Burned

Western United States, 2050



# Climate Change 2050 Projections

**Global Population: 9.6 billion**

**Higher skin cancer incidence**

**U.S. Forest wildfire burn area projected to increase by over 50% to 175% in some areas.**

**Temperature increase of 5.4 degrees Fahrenheit (3 degrees Celsius) projected**

**Polar Ice Melt: Two-thirds of the world's polar bears could disappear**

**Ski Resorts and Global Warming**

- Source: <http://www.global-warming-forecasts.com/2050-climate-change-global-warming-2050.php>



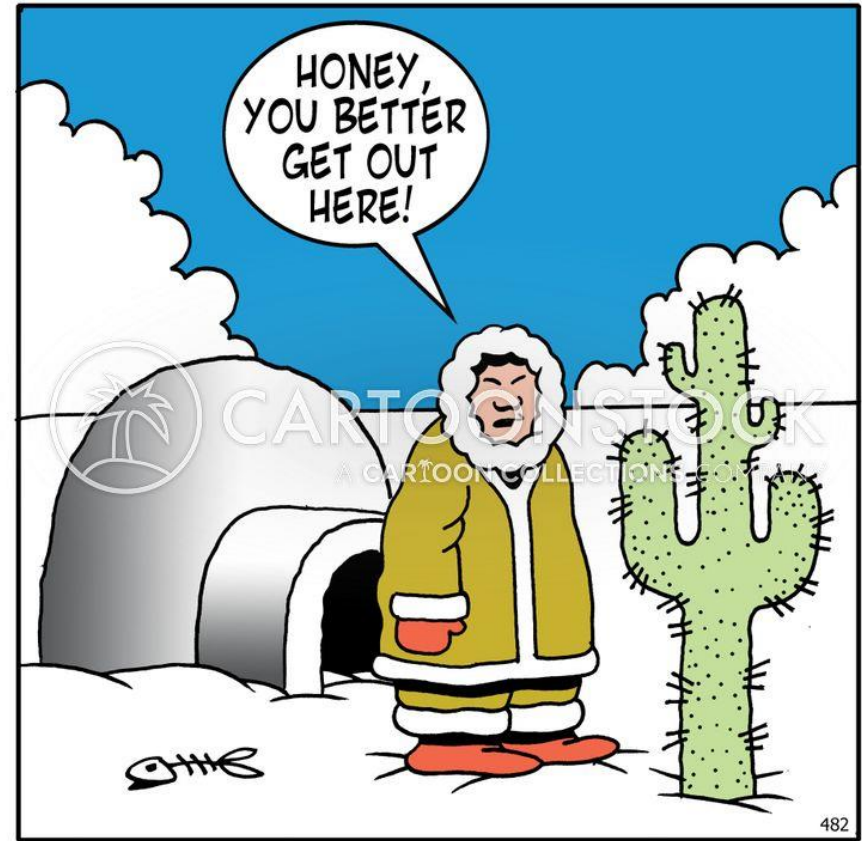


# Direct vs. Indirect Emissions

- **Scope 1: Direct Emissions**  
Direct Greenhouse Gas Emissions come from sources that are owned or controlled by the reporting entity.
- **Scope 2: Indirect Emissions from Energy**  
GHG emissions from the generation of **purchased** electricity, steam, and heating/cooling.
- **Scope 3: Indirect Emissions**  
GHG emissions from sources that are not owned and not directly controlled by the reporting company.

# Climate Change

While change isn't this drastic...subtle signs of change are being noted throughout the globe...



## Poll Question 2:

Please rate your understanding of global sustainability/ESG reporting frameworks.

- a. None
- b. Limited
- c. Good
- d. Excellent

## Poll Question 2 Results: (Placeholder)





## Sustainability Frameworks



International Sustainability Standards Board



# European Commission's EU Taxonomy Climate Delegated Act -April 2021

- Corporate Sustainability Reporting Directive (CSRD) Updated 2014 NFRD
- Applies to Large, Small, SMEs, and Listed Businesses
  - 49,000 + Companies
  - Digitally Tagged
  - Audit Requirement



Home > News and events > News > 2022 > ISSB delivers proposals that create comprehensive global baseline of sustainability disclosures

31 March 2022

# ISSB delivers proposals that create comprehensive global baseline of sustainability disclosures

“The International Sustainability Standards Board (ISSB), established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets, today launched a consultation on its first two proposed standards. One sets out [general sustainability-related disclosure requirements](#) and the other specifies [climate-related disclosure requirements](#).”

- 120-Day Comment Period



# SEC Proposed Climate Disclosures

## March 21, 2022

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CFO JOURNAL

## Companies Brace for Higher Compliance Costs as SEC Proposes Climate Disclosures

The proposal will be open for feedback for at least 60 days, after which the regulator will start crafting a final rule

# Integrating Sustainability in the Accounting Curriculum



Source: <https://taigacompany.com/>

**Moving a  
Cemetery is  
Easier than  
Updating an  
Accounting  
Curriculum**



# Managerial Accounting

- Cost/Benefit Analysis
- Balanced Scorecard with Sustainability Plank
- Strategy Map
- Strategy Integration
- Non-financial Sustainability Metrics
- Capital Budgeting Analysis



## Poll Question 3:

Does the leadership in your school recognize the emergence of sustainability/ESG as a significant global issue?

- a. Yes
- b. No
- c. I don't know

## Poll Question 3 Results: (Placeholder)

# Learning Objectives





# ESG Assignments

Assignment	Resources	Learning Strategy
Case Studies	IMA and custom case studies.	Paper and Discussion
Sustainability Reporting Frameworks	Frameworks from TCFD, VRF, SASB, GRI	Paper and Discussion
CEO Letter	Student Context and Reflection	Paper and Discussion
Science of Sustainability	Guest Speakers	Lecture and Discussion
Final Paper	Analyze a Public Corporation's ESG Report	Accounting Research
Developing an Ecological Self	Ecological Selves and Organizational Leadership	Analysis and Reflection



# Case Studies

- Borkowski, S., Welsh, M. J., & K. Wentzel, K. (2010). **Johnson & Johnson: A Case Study on Sustainability Reporting**. *IMA Educational Case Journal*, 3 (3), Art 1, 1-5.
- Brands, K. & Holtzblatt, M. (2020). **SABMiller plc: The case for sustainability**. Unpublished manuscript, USAFA DFM.
- Gribbin, D., & Saini, J. S. (2021). **GoGreen Supercenter: Energy savings and parking lot lighting system case**. *IMA Educational Case Journal*, 14(2), 1–4.
- MacArthur, J. and Barton, T. (2012). **A green winter: The case of proposed Jiminy Peak Mountain Resort wind turbine**. *IMA Educational Case Journal*, (5) 3, Art 1, 1-3.
- Swift, K. D. (2019). **Accounting for Greenhouse Gas Emissions**. *Management Accounting Quarterly*, 20(2), 1–9.

# Eco Selves

- Eco-guardian
- Eco-warrior
- Eco-manager
- Eco-strategist
- Eco-radical
- Eco-holist
- Eco-integralist
- Eco-sage



# Letter to the CEO

*“All of my suggestions for further investigation will be from the perspective of an aircraft mechanic and support the need for a sustainability program to help address these needs. We fly 102 flights a day. At 800 gallons per hour, if we say that each flight is an hour, we are using 52,800 gallons of fuel on an average day costing costing around \$156,000. Based on the [fueleconomy.gov](http://fueleconomy.gov) website, each gallon of fuel burned puts off 20 pounds of CO2. On average days, we are emitting 1,056,000 gallons of CO2 into the air. **Sir, we must find a way to lower our emissions and waste of our natural resources.**”*

# Final Corporate ESG Analysis on Listed Company



# Guest Speakers



THE RISE OF ESG INVESTMENTS IN 2021





# Thought Leader Stories

“Setting a net-zero GHG emissions target by 2050 will drive innovation, grow jobs, build prosperity and secure a better world for what will soon be 9 billion people. Why would we wait any longer to do that?”

- *Richard Branson*



# Integration in Other Accounting Courses

- International Accounting
- Auditing
- Financial Accounting
- Accounting Data Analytics
- Accounting Capstone
- Managerial Accounting





## Poll Question 4:

When do you plan to integrate sustainability/ESG in your accounting curriculum?

- a. No plans to integrate
- b. Within six months.
- c. Six months to one year.
- d. One to three years.
- e. More than three years.

## Poll Question 4 Results: (Placeholder)

“Twenty-five years ago, people could be excused for not knowing much, or doing much, about climate change. Today we have no excuse.”

- *Desmond Tutu*

# Summary and Conclusion

- Made case for accounting for sustainability/ESG.
- Discussed sustainability/ESG disclosure requirements, reporting trends, and frameworks.
- Explained how to Integrate sustainability in accounting curriculum.
- Showed how to develop and integrate accounting for sustainability in courses



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# IMA Resources

## White Papers

- Sustainability CFO: The CFO of the Future? [Sustainability CFO](#)
- Management Accountants' Role in Sustainable Business Strategy: A Guide to Reducing a Carbon Footprint [Management Accountants' Role in Sustainable Business Strategy](#)
- CFO as Value Creator [CFO as Value Creator](#)

## Podcasts

- [ESG from a Finance Perspective](#)
- [How do CFOs influence ESG?](#)
- [Non-Financial Standards Digitizing Transformation and Sustainability Reporting](#)

## Strategic Finance Articles and Management Accounting Quarterly Articles

- [Financial and Sustainability Reporting Converge](#)
- [Human Capital Resources: MDA Disclosures](#)
- [Eisai's ESG Investments](#)

# Strategic Finance Sustainability Issue April 2022

Strategic Finance April  
2022



# Sustainability Resources

- TCFD [Task Force on Climate-Related Financial Disclosures | TCFD](#)
- International Sustainability Standards Board [ISSB](#)
- Value Reporting Foundation [VRF](#)
- Global Reporting Initiative [GRI](#)



# Questions and Answers



**Kristine Brands, CMA**  
Assistant Professor  
United States Air Force Academy



**Jodi L. Ryan, CAE**  
Director, Member Engagement  
IMA

# Thank You to Our Presenter!

**Kristine Brands, CMA**  
**Assistant Professor**  
**United States Air Force Academy**



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# REIMAGINE

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# Final Reminders

- ▶ **Complete the Evaluation poll** – 2 options
  - On your screen
  - Evaluation Survey icon at the bottom of your console
- ▶ **Access to your CPE Certificate** – 2 options
  - Click the “CPE” icon at the bottom of your console
  - or
  - Click the link in your post-event e-mail
- ▶ Please print a copy of the CPE certificate for your records.
- ▶ Your CPE credit will be automatically recorded in your transcript.

# Thank you!



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