



Accounting for Sustainability,
Social and Environmental Transparency

TEACHING MODULE 4 OVERVIEW

Sustainability, taxation and strategic decision

TEACHING MODULE 4

Sustainability, taxation and strategic decision making

Context

Economic instruments are playing a growing role in environmental policies, influencing business, investors', government policies and decisions. Governments worldwide are crafting national strategies to transition to net-zero emissions and broader sustainability. Their focus increasingly includes policy levers that incentivises sustainable innovation (e.g. low-carbon technologies, circular economy) while using taxation to encourage emissions reductions. Tax reflects an institution's significant contribution to society, often its most significant. It is also a crucial driver in achieving environmental, social, and governance (ESG) goals. These aspects make tax considerations central to any institution's ESG transformation.

The European Green Deal promotes transition towards sustainable, resource-efficient, and climate neutral economies in the EU and encourages partner countries to follow a similar sustainable recovery trajectory. Regulations aimed at environmental tax policies (green taxation at both EU and international levels) can help reach environmental policy goals by encouraging a switch to cleaner energy, more sustainable economies, and greener behaviour. Pressures from wider stakeholder groups are mounting for better corporate sustainability stewardship.

Universities, in response, must review and adapt their sustainability strategies to support transformations in operations, investment outlook, and employment practices as well as conform to taxation regulations. European University Association has already put forward [A Green Deal roadmap for universities](#) in October 2023. Pressures for change comes from their stakeholders (e.g., students, faculty, and the local community) who expect them to adopt sustainable practices and enhance tax transparency. New legislation and regulations will continually raise the importance of having a clear plan to manage tax reporting and transparency, building trust with key stakeholders.

Consequently, universities today are increasingly viewing their tax strategy through an ESG lens. This means considering tax implications across all areas, from financial management and procurement to employment practices and campus operations. By integrating tax considerations into their sustainability efforts, universities can better align with both regulatory expectations and stakeholder demands for a more sustainable and transparent future.

The case study explores the interconnectedness of various stakeholders through strategic decision-making practices, while considering regulatory challenges (in particular, sustainability tax policies) for the European University.

Students' tasks

Students will be engaged in a strategic sustainability game in which sustainability is a value that is shared between the institution – a university – and key groups of stakeholders.

Throughout the game, student groups, representing the employees of the university, students, local community, university board, suppliers and transport providers, the government, will promote decisions to achieve the following objective - ensure that the University undergoes a transition in a way that reflects the needs of the specific stakeholder groups. The results of the game will be embedded in the university sustainability strategy.