

BC  
CCC

BOSTON COLLEGE  
CENTER FOR  
CORPORATE  
CITIZENSHIP

CARROLL SCHOOL OF MANAGEMENT

Corporate

# Citizenship

**Rights**

**Responsibilities**

**Obligations**

**Privileges**

Who are we? What do we stand for?

# Corporate Citizenship

How the firm exercises its rights, responsibilities, obligations, and privileges in the world. How do we show up?

How we categorize results

## Environmental

How we impact our natural environment and how changes to the natural environment can impact our ability to deliver value

## Social

How we impact society across our value chain and how changes in our society may impact our ability to deliver value

## Governance

How we consider & involve stakeholders (including shareholders) in decisions about how we create value and mitigate negative impacts.

## Financial

How we use and create capital, including but not limited to financial capital, to add value to the financial economy.

Where do we create impacts

## Operations & CSR

## Value Chain Impacts

How we measure up

## Disclosure

**Corporate**

# Citizenship

**ESG**

**SAM**

**GRI**

**GHGp**

**ESRS**

**OECD**

**TCFD**

**UNPRI**

**NCD**

**TBP**

**TNFD**

**DEI**

**SASB**

**FASB**

**VRF**

**CDP**

**ISSB**

**EFRAG**

**OMG!**

**CSR**

**SDG**

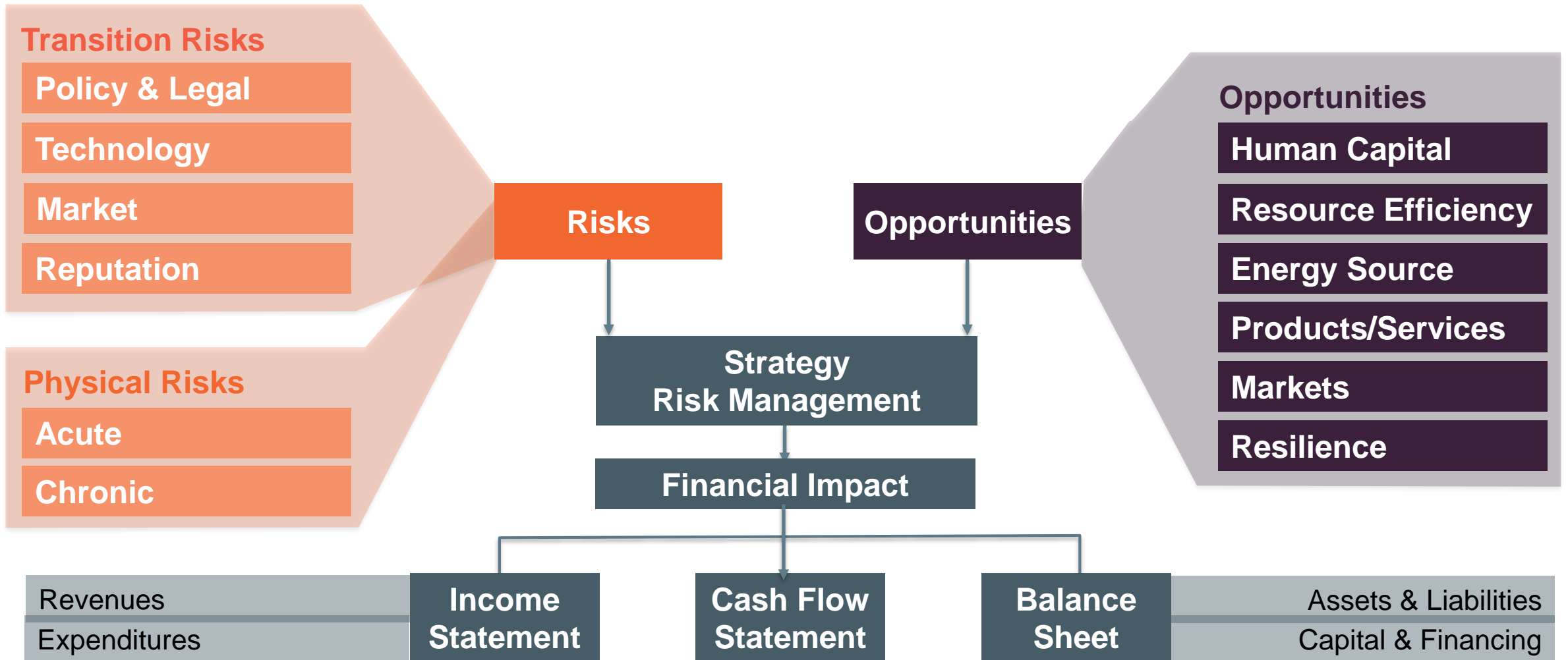
**SEC**

**CSRD**

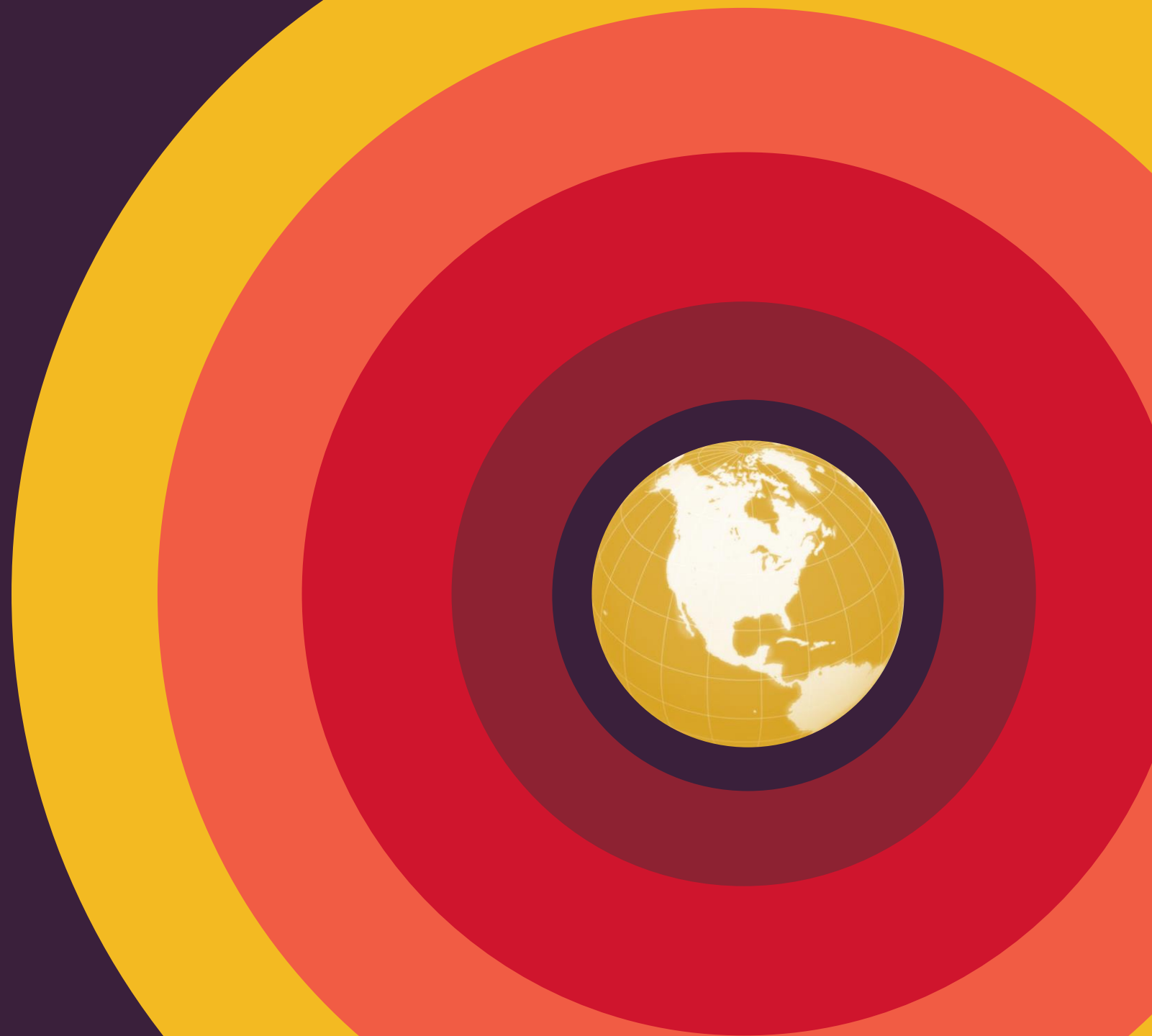


# **Financial Materiality**

# More discussion of ESG financial impact



# Impact Materiality



# The ESG landscape

## Reporting Standards



**Standard:** detailed requirements of 'what' should be reported on each topic

## Frameworks developers



**Framework:** A set of 'principles and guidance for how information is structured

## Rankers & Raters

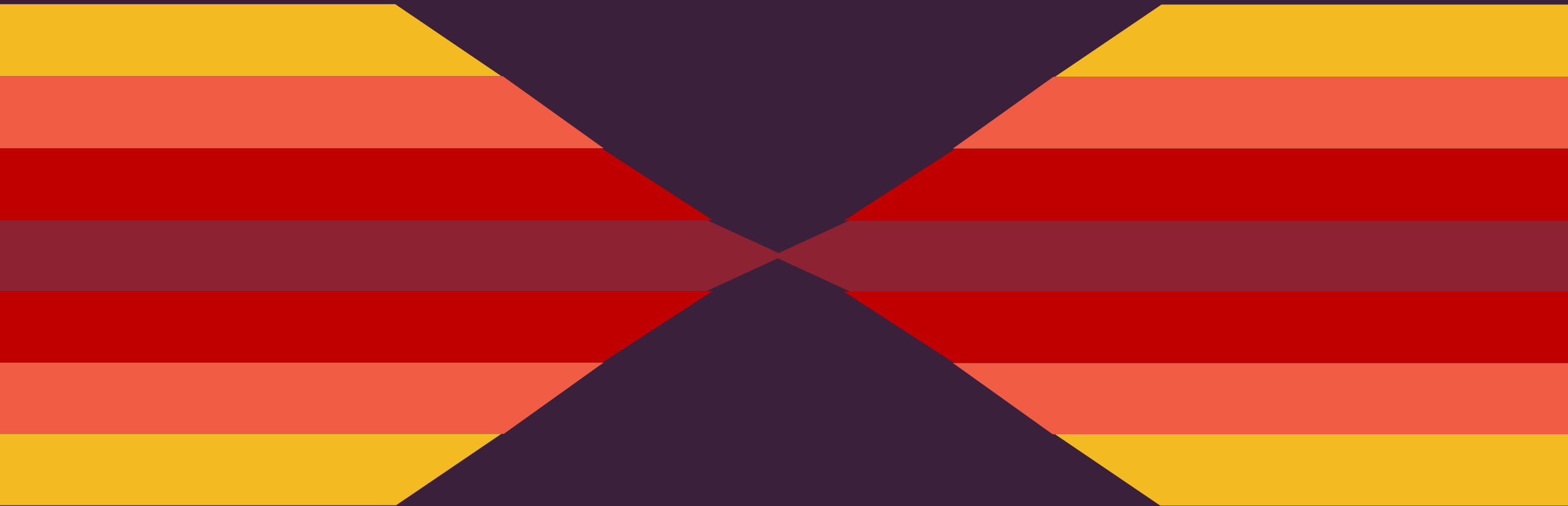




**From end to end...**



**All over the world...**



# More Attention from Regulators & Standards

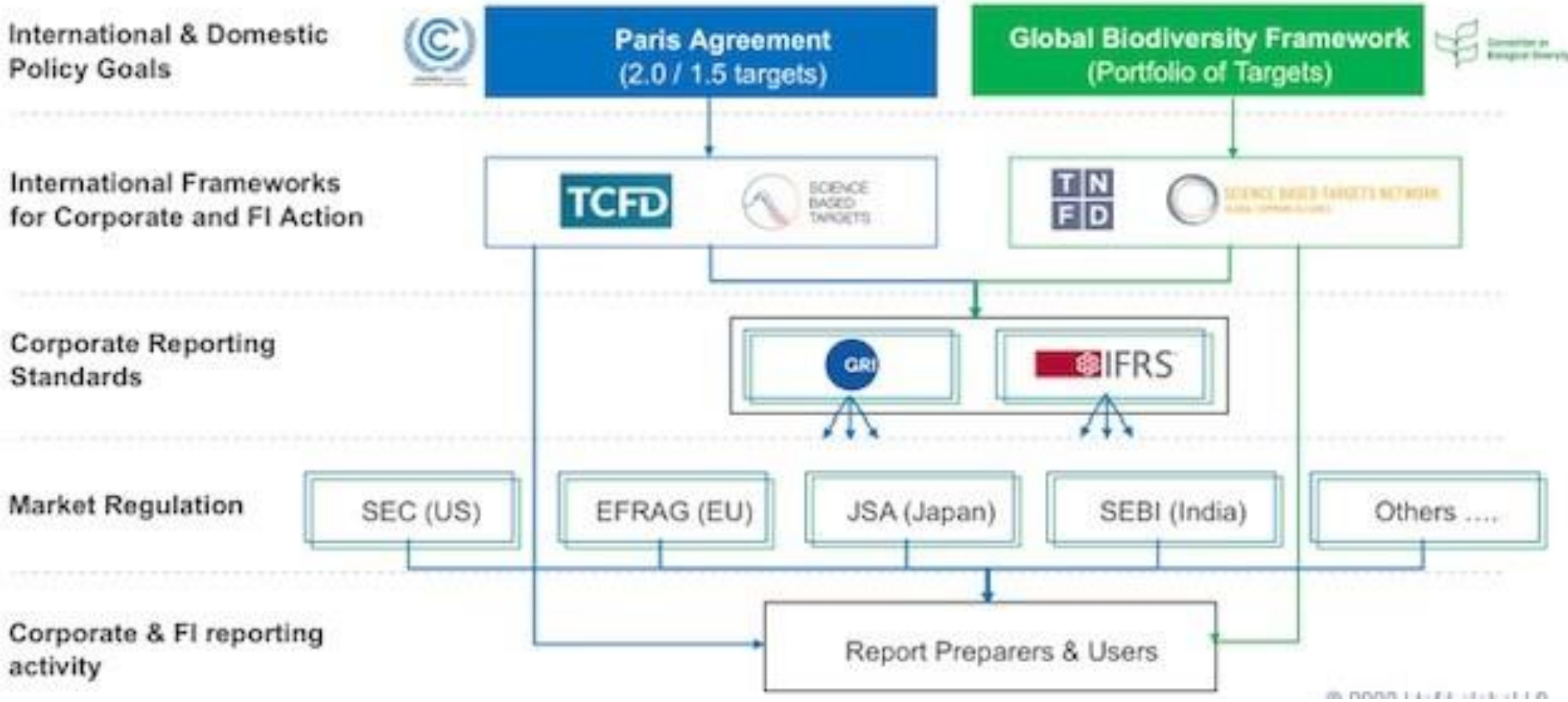
## SEC

- 2010 (33-9106) Climate risk is business risk
- In March 2022, with the “issuer rule,” the SEC proposed rule amendments that would require public companies to provide certain climate-related financial data, and greenhouse gas emissions insights, in public disclosure filings.
- Focus on investor protection and “truth in advertising” re: SRI and ESG funds
- 2022 ESG Risk Alert (9 April 2021) Representation to investors of material ESG issue management/ portfolio selection

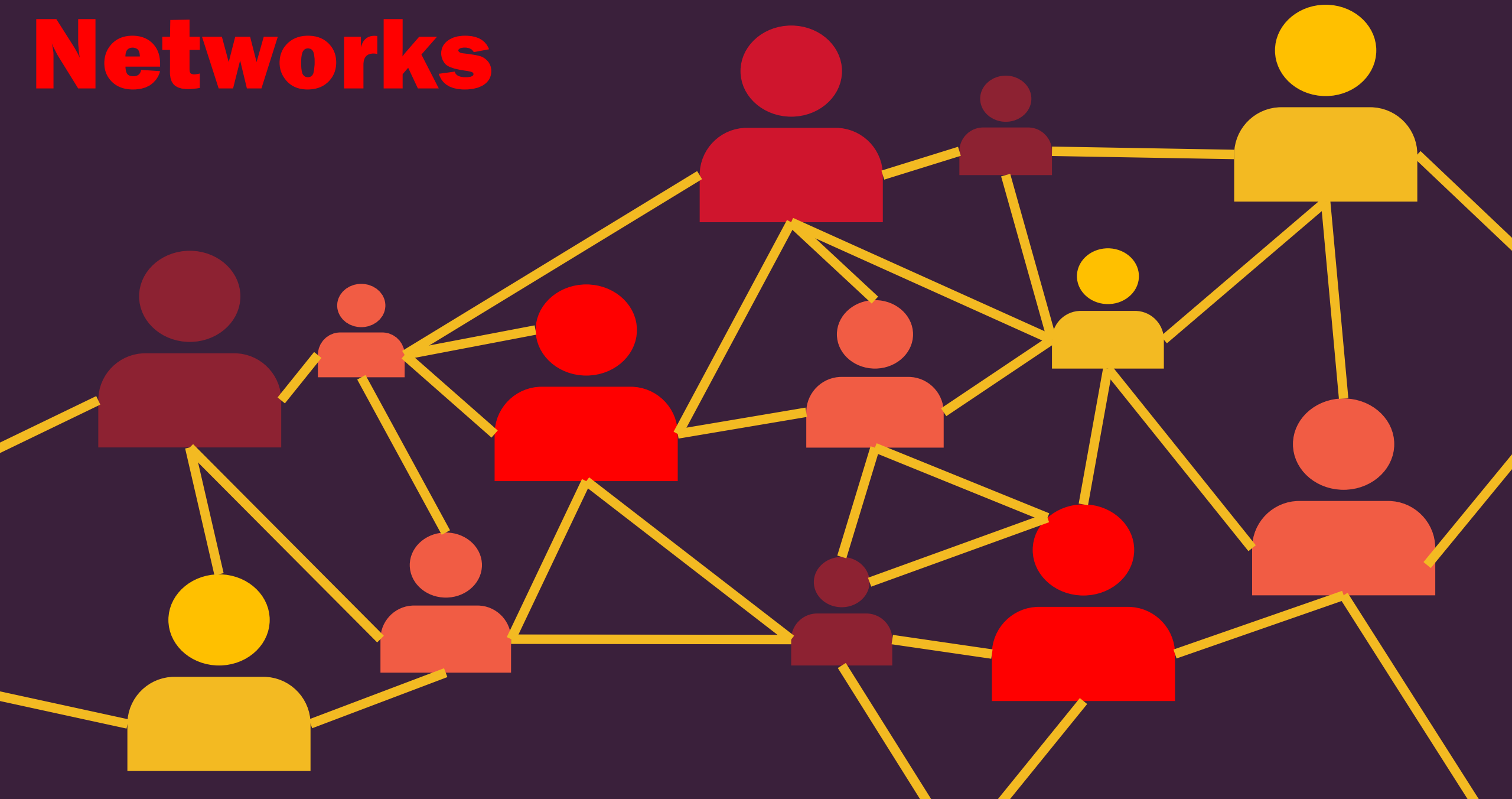
## FASB

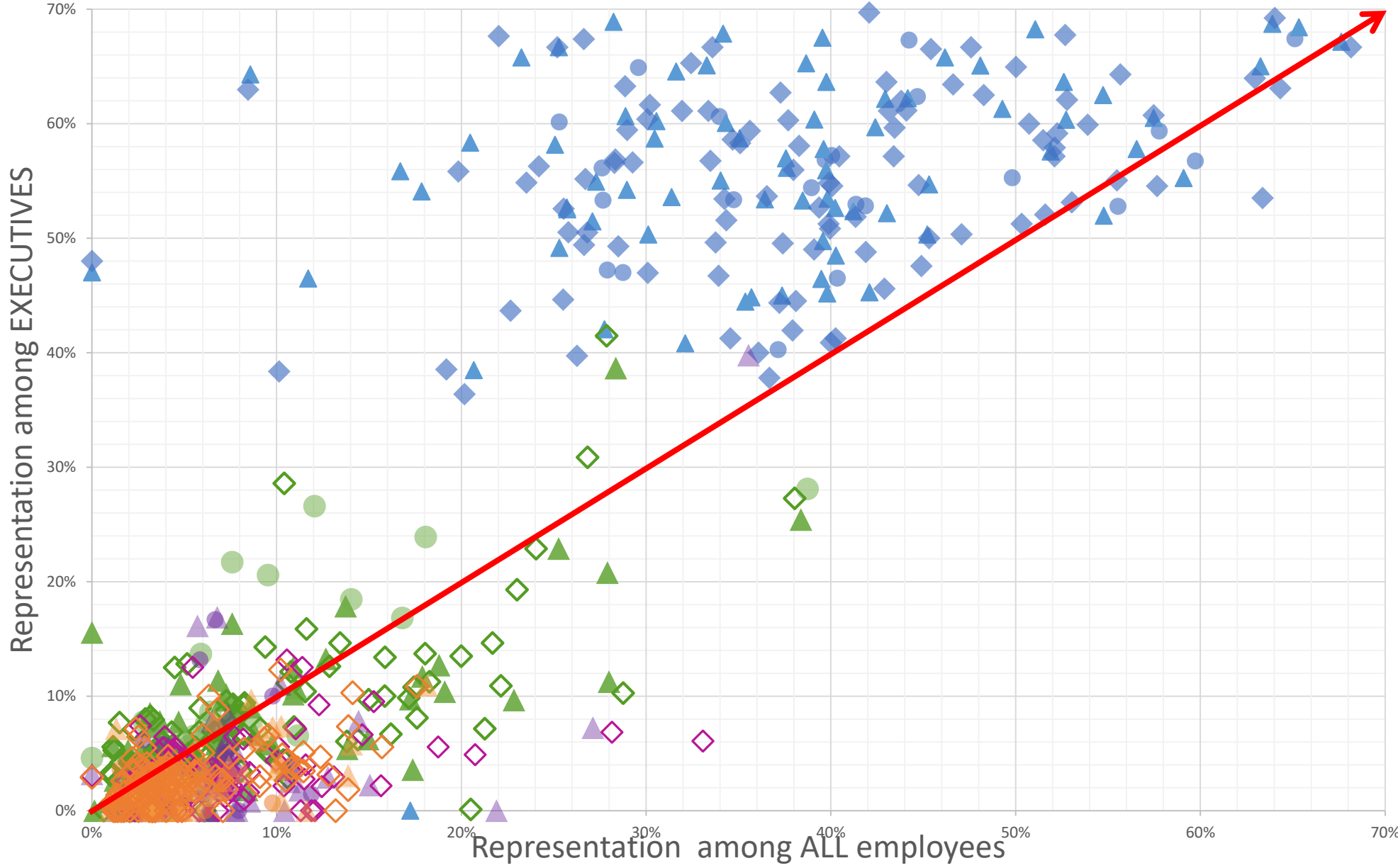
- FASB Staff Educational Paper (Intersection of ESG Matters with Financial Accounting Standards (19 March 2021)
- Refers to SEC 33-9106--an entity may consider the effects of certain material ESG matters...w/ a material direct or indirect effect on financial statements and notes.
- Direct & Indirect intersections of GAAP & ESG:
  - 205-40 Going concern
  - 275 Risks & Uncertainties
  - 330 Inventory
  - 350-20&30 Intangibles
  - 360 Property & plant
  - 410-20&30 Asset Retirement & Environmental Obligations
  - 740 Tax (credits)
  - 820 FV measurement
  - 900 Industry guidance (various)

# Operationalization of sustainability reporting



# Networks

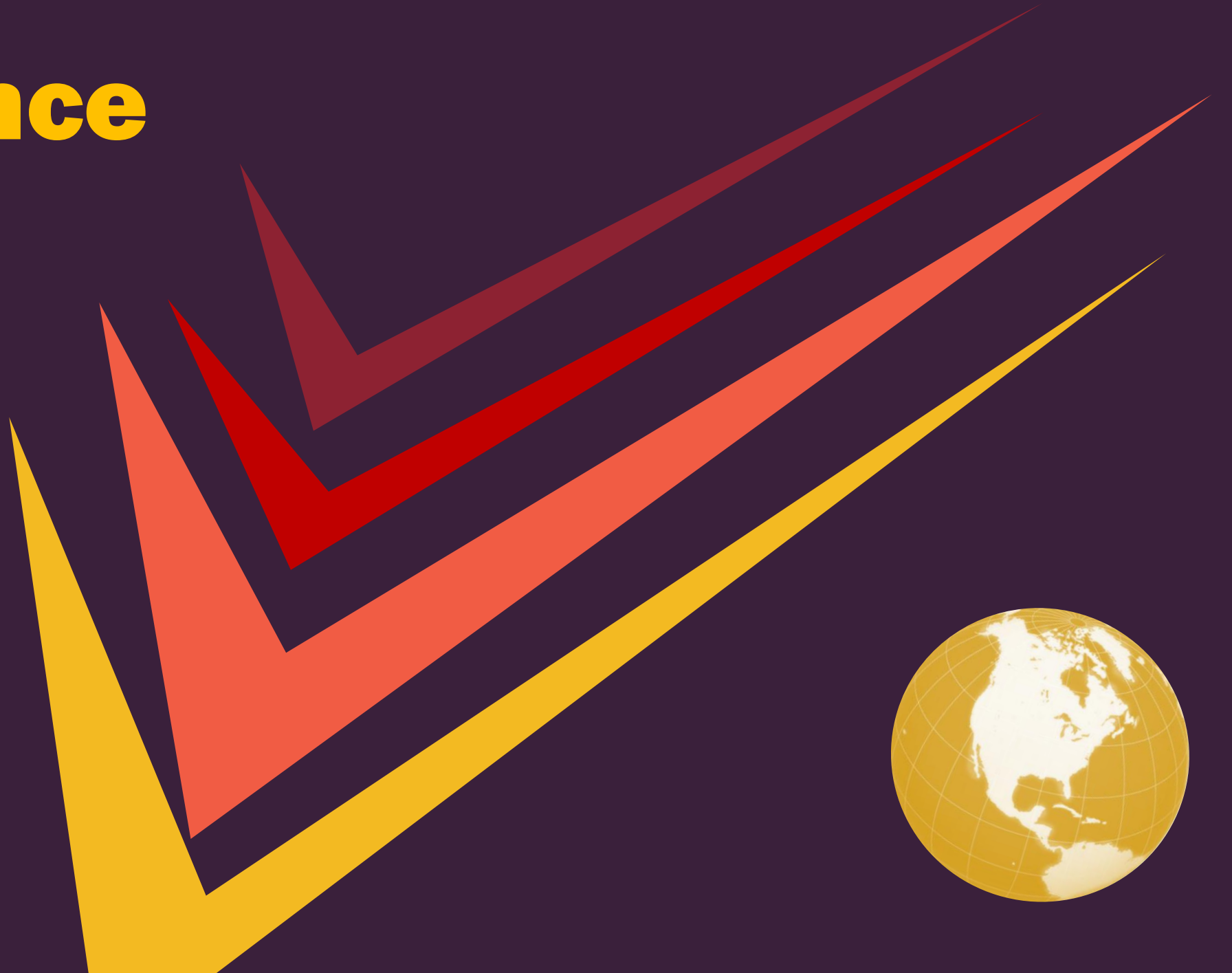




- White Men 2019
- ▲ White Men 2020
- ◆ White Men 2021
- Asian Men 2019
- ▲ Asian Men 2020
- ◇ Asian Men 2021
- Hispanic Men 2019
- ▲ Hispanic Men 2020
- ◇ Hispanic Men 2021
- Black Men 2019
- ▲ Black Men 2020
- ◇ Black Men 2021

**AI**  
**XBRL**  
**ESEF**

# Assurance





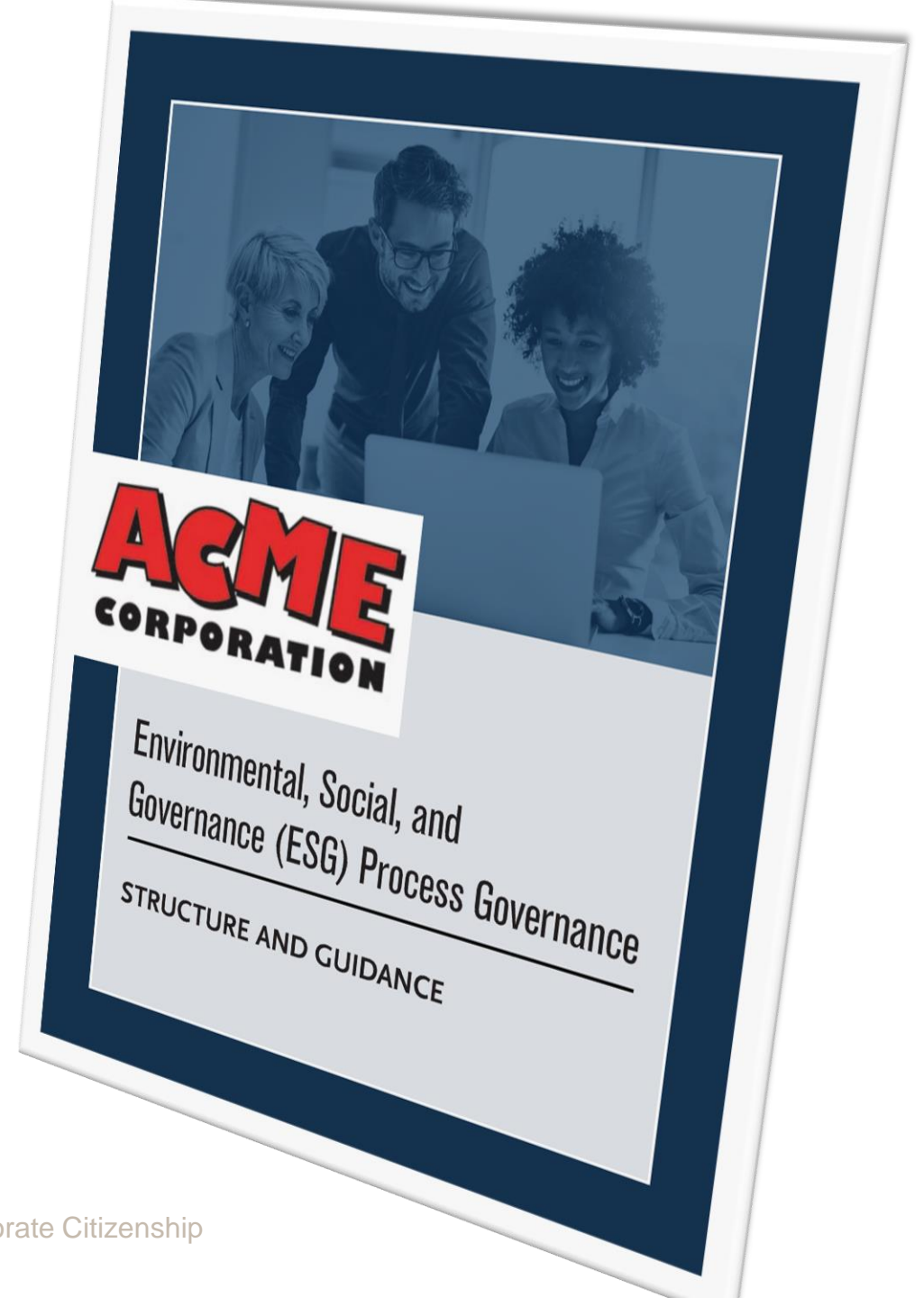
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**Bulletin: Advisory Board for ESG Reporting**



2023 Bulletin

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# Trends

- Consolidation and interoperability
- The bar can be raised by any player in the global economy
  - Impact materiality approach
- **VALUE CHAIN ORIENTATION!!!**
  - Opportunity to demystify and help clients through Scope 3
  - Supplier tier support
    - Social impacts in addition to environmental
- Internal governance process and data stewardship to support assurance (limited and reasonable)
  - Expertise and performance of decision-makers
- AI and XBRL-ESEF will make everything more transparent