

## Faculti Summary

<https://faculti.net/what-climate-related-information-to-disclose/>

This video discusses the complexities and challenges surrounding corporate disclosures of environmental impact and materiality standards. It articulates that materiality has traditionally been subjective and varies by jurisdiction. In the U.S., bodies like the Securities and Exchange Commission (SEC) and the Sustainability Accounting Standards Board (SASB) have adhered to a "single materiality" framework, focusing mainly on financial impacts. Conversely, in Europe, the International Accounting Standards Board (IASB) emphasizes a "double materiality" approach that also considers the impact of companies on stakeholders—incorporating sustainability-related financial information.

The emergence of sustainability-focused disclosure frameworks, exemplified by the establishment of the International Sustainability Standards Board (ISSB) in 2021, aims to create a standardized baseline for environmental reporting globally. Recent developments include the SEC's move to require climate-related disclosures and the application of environmental standards by companies in both the U.S. and Europe.

This video highlights the market's growing demand for transparency around sustainability, with a notable shift in governance perspectives; 60% of board directors in a recent survey agreed that companies should prioritize stakeholders over shareholders. Additionally, there's an imperative for organizations to better understand and report their greenhouse gas emissions, capturing not just direct operations (scope one) and energy purchases (scope two) but also supply chain impacts (scope three).

As companies navigate these evolving regulatory landscapes and stakeholder expectations, they must carefully document their materiality assessments, integrate climate considerations into business strategies, and maintain oversight to ensure accurate disclosures. The discussion underscores that corporate sustainability reporting is no longer a question of whether to disclose but rather how to do so effectively.