QUASI Seminar Series: March 11th, 2022, Chat Transcript
Topic: Does corporate social and environmental reporting really matter?
Yes: Jody Grewal; No: Charles Cho; It Depends: Paolo Quattrone; In Practice: Ken Pucker

00:16:24 Michael Barnett: Welcome to all! Thanks for joining. Please post your questions and comments here. We'll draw from them as we get to the Q&A period. If you're a student, please do indicate: we'll give priority to your questions.

00:17:25 Kathleen Rehbein: Hard to hear---

00:17:44 Leanne Keddie: Sound is cutting in and out a bit

00:17:46 Nancy Kurland (she/her): Her audio does seem to be going in and out depending on which way she turns her head

00:17:50 Kennedy Modugu: Me too

00:18:15 Joel Bothello: much better

00:24:40 Kennedy Modugu: Can the audio get better please?

00:25:02 Anum Zaffar: can't hear properly.

00:25:09 Michael Barnett: I don't have any means to improve the audio -- sorry. Seems there's just some internet dynamics on her end.

00:26:09 Anum Zaffar: ok

00:30:03 marc thompson: Does lowering the costs of access to capital through ‘dubious’ CSR/ESG ratings have the perverse effect of reinforcing ‘deep incumbency’ - ie monopolies which have the largest impact on climate? innovative more sustainable firms get squeezed out.....

00:30:09 Pavlos Vlachos: Do primary non-shareholding stakeholders (employees or consumers) read CSR reports? Doubt it.

00:30:44 Kathleen Rehbein: Jody, could you put your references in the chat? Thank you.

00:33:23 Michael Barnett: Kathy & all: we'll post the reading list on the RICSI website (along with the video, slides, and chat transcript).

00:35:02 Thorsten Sellhorn: Hi all, just an observation: The title of today's session doesn't specify FOR WHAT CSR/E reporting matters (or not). Jody talks about if it matters for firms' access to capital (one aspect of financial materiality), whereas others may worry whether it matters for the sustainability of people & planet (does reporting contribute to THAT goal).

00:35:02 Ken Pucker: Thorsten, Excellent point. My remarks address the question that you pose.

00:35:14 Paolo Quattrone: Mine too!
Jody Grewal: I agree Thorsten. Didn't have time -- but the answer is also YES. Happy to share my thoughts on that if I get a chance.

Pavlos Vlachos: @Thorsten: Integrated reports should address all stakeholders - SASB/IFRS is for investors; GRI/SDGs are for communities. So depends on the standard adopted.

Kennedy Modugu: How do regulators mitigate this reporting of ESG without practical actions to mitigate the risk of firms' practices on the environment?

Shaowen Hua: Targeted Transparency Regulation predicts that regulation does change disclosers' environmental and social behavior.

Kennedy Modugu: Is greenwashing ethical?

Francis Cheng: 😊😊😊

Shaowen Hua: Targeted Transparency Regulation "Theory"

Leonid: Charles, if we say that reporting is not enough (to build better organizations/better world), what do you think needs to happen in this area? What needs to be done (from an accounting perspective?)? Leonid (PhD student).

Charles H. Cho: @Thorsten - I think I kind of addressed this (for whom it matters or not)...? 🤔

Charles H. Cho: @Leonid - Reporting could and should be enough if done right and strongly regulated/enforced. That is the problem. And that reporting is mainly to serve investors' needs and their portfolios.

Yuxia(Sarine) Zou: It sounds that the debate so far has been focusing on the "external" effects of CSR reporting? How about the "internal" side? Does producing a CSR report itself already help companies to better measure & manage their CSR performance, regardless of the external impact?

Denis Simunovic: I confirm, from Milano!

Jody Grewal: @Sarine - excellent point! Ripe with opportunities. Hard to observe what happens within firms, but I agree worth exploring.

Kennedy Modugu: @Paolo if the created wealth is to be distributed, the question is: "what will be the sharing formula?"

Gerard Farias: How can we reasonably give back to nature? The "resources" we capture took millions of years to generate!

Leonid: @Charles, thanks!

Charles H. Cho: @Sarine - I would say maybe but probably not (!). We can discuss this during Q&A :-)
00:59:40 Yuxia(Sarine) Zou: Yes, it will be great if we have a chance to discuss the internal effect of CSR reporting later. Thanks so much Jody & Charles! :)

01:00:14 Paolo Quattrone: @Kennedy, exactly the point. The provision will make you realise that you can't, and make you think of how you produce value. And try to give back in other ways. This statement opens a space for reflection

01:02:18 Paolo Quattrone: @Gerard. No formula, a different kind of governance is required. It needs compromises between the different stakeholders. This can be done, it has been done in the past, it just requires more time! But the effects different and potential great (as we show for practices in historical and contemporary Italy)

01:05:28 Andy King: Go Ken!

01:05:46 Eylül Öz: What gaps in the field would you suggest PhD students to focus on for their research? Thank you!

01:07:59 BEN RHOUMA Amel: Thank you very much to all speakers! @ Charles : What do you think of the current battle over the standardization of corporate sustainability reporting between ISSB and EFRAG? Could we say that sustainability matter for society according to the European approach and matter for investors according to the Anglo-American approach ? Which standard do you think will be the most widely disseminated worldwide?

01:13:25 Charles H. Cho: Judgments... like in CSR ratings

01:13:48 Paolo Quattrone: @Charles, you know what I mean judgments that are scrutinised

01:14:09 Charles H. Cho: Of course, I know...

01:14:36 Charles H. Cho: I know you and what you think... (I guess?) :-))

01:15:38 Paolo Quattrone: Then you know why judgment is good! (-;

01:16:49 Andy King: Ken is not talking only about regulating reporting. He is talking about things like taxes, permits, and technology forcing.

01:19:51 Jody Grewal: Sure. but it doesn’t have to be one or the other. Can be both. I don’t think any one of us is fooling ourselves into thinking that companies aren’t trying to use disclosure to pre-empt badly needed regulation (carbon taxing)

01:25:33 Gerard Farias: The dependent variable of profitability is wrong!

01:25:36 Anne Marie Ward (NI): Perhaps analysts do not ask questions because they are not qualified on ESG matters and prefer to ask question on what they can best process. Just a thought.

01:25:45 Charles H. Cho: https://arc.eaa-online.org/blog/references-supporting-academic-research-stated-open-letter-ifrs-foundation
marc thompson: We have carbon tax across a number of EU countries but it is uneven and also leading to growth in monoculture tree planting having the perverse effect of negatively impacting biodiversity. An EU wide carbon border tax will be introduced in 4 years.

Yuxia(Sarine) Zou: Aren't mixed academic results reflecting the realistic truth that there is no definite answer to the question asked?

Shaowen Hua: Agree with Anne Marie: Boards are struggling how to make ESG risks value relevant to financial statements.

Charles H. Cho: No, they don't!

Jody Grewal: I don't understand that Andy - are you saying we have priors before starting our research?

Charles H. Cho: (and I thought you would not be able to attend and we will meet next week! :))

marc thompson: Disclosure without democratic governance in firms will lead to failure?

Paolo Quattrone: Not you but where this comes from

Anne Marie Ward (NI): Hard to get papers published using CCO in accounting journals as we tend to have a slightly different take on accountability.

Pavlos Vlachos: @Guillaume: One thing is to not walk your reporting/talk (policy-practice decoupling) and another is to walk your talk/reporting but still decouple (means-end decoupling). Aguilera et al find that Indian firms comply with board gender quotas (no greenwashing strictly speaking) but females on board are serving in unimportant committees

Charles H. Cho: @Amel - check this out as it partially answers your question: https://sustainabilityadvantage.com/blog/

BEN RHOUMA Amel: Thank you Charles!

Yuxia(Sarine) Zou: @Guillaume: Your comments resonate with some recent sharings from ESG auditors like the Big 4. They said that the key objective of ESG assurance at the current stage was not to correct misinformation, but to reveal the full picture.

Guillaume Pain: @Pavlos: I agree. In addition, we need to distinguish between strategic intention and strategy implementation, the latter rarely going as planned. So the best intentions may not lead to expected results.

Dante Di Gregorio: Great session - thanks to all the panelists and organizers!
Anil Kshatriya: Thank you all. I am wondering whether and how social and environmental reporting practices of a firm trickle down on employee behavior (tone of the top).

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