



Center for Board Effectiveness

Audit Committee *Brief*

The *Audit Committee Brief* focuses on the timely coverage of issues and insights important to audit committees. Questions, comments, or suggestions should be directed to centerforboardeffectiveness@deloitte.com.

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Publications and topics of interest

The role of internal audit and ESG

With increased focus and awareness of ESG risks, organizations are feeling pressure to assess, manage, and disclose ESG positions and associated risks. Internal audit can play a pivotal role in furthering an organization's ESG goals while helping to identify potential obstacles. This article originally appeared in Deloitte Insights in *CFO Journal* from *The Wall Street Journal* on September 29, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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SEC's sample letter focuses on climate-change disclosures

This issue of *Heads Up* discusses the SEC's sample letter, which highlighted the types of comments the Division of Corporation Finance may issue to public companies regarding climate-related disclosures, primarily in the business, risk factors, and MD&A sections of filings. The sample comments, which the SEC published before publicly releasing any company-specific comments, serve as an early warning to registrants that have not received any company-specific comments to date.

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Implications of environmental activities on financial reporting outlined

This *Financial Reporting Alert* examines certain potential impacts of ESG matters on financial accounting and reporting in the context of the existing accounting guidance and the current regulatory environment.

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A modernized business reporting framework

Organizations are modernizing financial reporting as they are impacted by regulatory changes, emerging technologies, globalization, and a rise in remote work arrangements. The use of cloud technologies, automation, and collaboration platforms to connect and integrate reporting across an organization can help stakeholders better understand the story about an organization's financial positions, risks, and opportunities, while empowering business leaders to use reliable data to support and improve critical decisions. This article originally appeared in Deloitte Insights in *Risk & Compliance Journal* from *The Wall Street Journal* on October 11, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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Investor behavior in the 2021 proxy season

Deloitte's Global Boardroom Program released a new report, *Deeper Engagement: Investor Behavior in the 2021 Proxy Season* that analyzes current trends across annual general meetings and contrasts these with the published voting guidelines of institutional investors. With the 2021 annual general meetings and proxy season in the rear-view mirror, it is an opportune time to reflect on investor expectations at a global level, and to see how carefully investors have placed their steps.

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Rule-making and standard-setting developments

SEC seeks comment on rules regarding clawbacks of incentive-based executive compensation

On October 14, the SEC reopened the comment period on proposed rules for listing standards related to the recovery of erroneously awarded compensation (often known as clawbacks), which were first proposed in 2015. These rules would implement Section 954 of the Dodd-Frank Act, and among other things would require national securities exchanges to establish listing standards that would require listed companies to adopt clawback policies. The request for comment includes questions about whether the "an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws" should be read more broadly than initially proposed. Comments on the proposal are due to the SEC 30 days after publication in the Federal Register.

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US regulatory and standard-setting activities related to group audits

This issue of *Heads Up* discusses recent activities related to group audits and highlights recent regulatory and standard-setting activities relevant to US-listed companies that are based in emerging markets. The proposal is subject to SEC approval; the SEC has requested comment on the PCAOB proposal by October 19, 2021. The article also discusses the PCAOB's project to amend auditing standards related to audits of group financial statements, with an objective of improving audit quality.

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Looking for summaries of emerging issues and trends related to major accounting and financial reporting topics?

On the Radar is a series of executive-level overviews of topics addressed in Deloitte's comprehensive *Roadmaps*, which provides accounting guidance on select financial reporting topics. Recent issues of *On the Radar* that may be of interest to audit committee members address fair-value measurements and disclosures, contingencies, loss recoveries, and guarantees. Additional issues will be published throughout the year.

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October 27, 2:00 p.m. ET

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November 4, 11:00 a.m. ET

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About the Center for Board Effectiveness

The [Center for Board Effectiveness](mailto:centerforboardeffectiveness@deloitte.com) helps directors deliver value to the organizations they serve through a portfolio of high-quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or a veteran of many board experiences, the center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession. For more information, contact us at centerforboardeffectiveness@deloitte.com.

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