Sustainability Reporting in Capital Markets: a black box.

Alexandra Duarte Correia
PhD Candidate at Faculty of Law
VU University Amsterdam, the Netherlands
To the point

Can you imagine a scenario where Financial Markets are not regulated? No transparency and no accountability?

- Financial reporting  \(\rightarrow\) **REGULATED**
- Sustainability reporting (SR)  \(\downarrow\) **NOT REGULATED**

**SR:** Disclosure of non-financial info – ESG impacts of organizations.

*Alexandra Duarte Correia*
PhD Candidate at Faculty of Law, VU Amsterdam
- Companies can provide false/misleading information about their sustainability because there are no legal rules or incentives
Research question

How can legal and non-legal instruments increase transparency, openness and fairness in sustainability reporting of listed companies?

Alexandra Duarte Correia
PhD Candidate at Faculty of Law, VU Amsterdam
## Research approach

### First chapter
- State of the art
- Shortcomings
- Country scan
- Choice motivations

### Second chapter
- Voluntary frameworks (GRI, UNPRI, IIRC)

### Third chapter
- Mandatory/voluntary instruments
- Country comparison: NL/SE; BR/US

### Fourth chapter
- History International financial regulations (IFRS, US-GAAP)
- Country comparison: fin.reg. and potential SR regulation worldwide

### Fifth chapter
- Pension Funds
- Comparison: European vs. American Pension Funds

### Sixth chapter
- Sustainability indices

### Seventh chapter
- Rating agencies

### Eight Chapter
- Results

**Results?**
- State of the art + shortcomings of SR in different jurisdictions
- Stakeholders’ knowledge, goals and motivations
- Legal/voluntary framework? If legal, international/uniform system of rules for SR?
- Recommendations for the future of SR, questions for further study
Methodology – 3 levels

First level

Desk research – literature review
(+ Development of accounting standards – doctrinal research, hermeneutical interpretation)

State of the art + Shortcomings + Country scan/Motivations

Alexandra Duarte Correia
PhD Candidate at Faculty of Law, VU Amsterdam
Methodology – 3 levels

Second level

Comparative Legal Research + Legal Analysis

NL/SE (Europe); BR/US (America)

- case studies, statutes, codes and regulations;
- mandatory/voluntary frameworks; pension funds, sust. indices, rating agencies, Govs.; EU, UN, US-GAAP, IFRS.

Best approach for SR/transparency?

Alexandra Duarte Correia
PhD Candidate at Faculty of Law, VU Amsterdam
Methodology – 3 levels

Third level

Qualitative Research

Semi-Structured and Open Interviews

Stakeholders’ knowledge, goals and motivations

Alexandra Duarte Correia
PhD Candidate at Faculty of Law, VU Amsterdam
Aim of the research

- It will not provide SR framework/regulation;

BUT WILL:

- Provide basis (knowledge/ tools) for further research;

- Advise on models of SR/ stakeholders/ lead.
Research: now and what next?

**Now:** finished chapter 1

- EU: review strategy + strengthen message
- No globally accepted SR framework
- SR mandatory approach: relevant examples
- Increasing relevance/impact: Voluntary initiatives
- Third party assurance
- Shift “push” Era to “pull” Era (John Elkington)

**Next:** chapter 2 + article
QUESTIONS?

Alexandra Duarte Correia
PhD Candidate
Faculty of Law, VU University Amsterdam
Mobile Phone: + 31 6 146 72 902
E-mail: a.duarte.coreia@vu.nl
Website: www.rechten.vu.nl/duartecorreia