KPMG

# Quarterly Outlook

**September 2023**

‘Transparency’ may best suit this quarter’s headlines, which include new SEC disclosure requirements on cybersecurity and a FASB development impacting public company disclosures.

**US GAAP**

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# Quarterly Outlook

## September 2023

While stakeholders await the SEC's highly anticipated climate rules (targeted for October 2023), US-based companies are assessing the potential impacts of two major sets of international reporting standards on ESG.

In addition, companies are digesting transformative new SEC rules on cybersecurity, which will require several new and enhanced disclosures on cybersecurity risk management, strategy, governance and incident reporting. The rules took effect on September 5, 2023 (with compliance dates that follow), which means immediate action is required from companies to ensure they are prepared to implement them.

The FASB issued a proposal on the disaggregation of income statement expenses in the notes to the financial statements. This, in combination with a forthcoming final standard on segment reporting anticipated in the near term, will have significant effects on public company disclosures.

Of interest to audit committees, the PCAOB issued a historic proposal that would heighten auditors' responsibilities for and communication about noncompliance with laws and regulations. Although the proposal is targeted to auditors, the potential effects would be wide-reaching – extending to company management and audit committees alike.

Our Quarterly Outlook summarizes these accounting and financial reporting developments and others potentially affecting your company in the current period or near term.

# Contents

# 1 Current quarter financial reporting matters

## ESG reporting update

As the year progresses, standard-setting activity has accelerated with the release of two major sets of standards that are relevant to US companies: IFRS® Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) and European Sustainability Reporting Standards (ESRSs) in the EU. In the US, the SEC published its final rule on cybersecurity risk governance (part of the G in ESG) and updated the timing for release of other anticipated rulemaking.

### *SEC developments*

The SEC's Spring 2023 Regulatory Agenda, published in June, included three items of note.

- The climate rule, scheduled to be finalized in October 2023.
- A proposal for human capital management disclosures, scheduled for October 2023.
- A proposal for corporate board diversity, scheduled for April 2024.

Additionally, the SEC released its final rules on cybersecurity risk governance; see SEC issues final cybersecurity rules.

### *ISSB developments*

On June 26, the ISSB issued its first two standards – the general standard (IFRS S1) and the climate standard (IFRS S2). The standards are effective for fiscal years beginning on or after January 1, 2024, but individual jurisdictions will need to decide whether and how to incorporate the standards into local requirements; or companies can also decide to adopt voluntarily.

The International Organization of Securities Commissions endorsed the standards in July 2023 and the list of countries considering adopting or incorporating them is growing. In addition, and notably for US companies, CDP (formerly, Carbon Disclosure Project) announced it will incorporate the climate standard into its disclosure system from 2024.

The ISSB published a comparison of the requirements in the climate standard and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, demonstrating that companies that apply the ISSB™ Standards will meet the TCFD recommendations. The TCFD announced that it is winding down operations and, beginning in 2024, the IFRS Foundation will take over monitoring of companies' progress on climate-related disclosures.

The ISSB's public consultations on (1) its agenda priorities and (2) how to internationalize the Sustainability Accounting Standards Board standards have now closed. The comment deadline on the ISSB's proposed digital taxonomy ends September 26.

### *EU developments*

On July 31, the European Commission (EC) adopted as a delegated act the first set of ESRSs. Compliance with the ESRSs, under the Corporate Sustainability Reporting Directive (CSRD), will be required as early as 2024 for some companies.

The first set of ESRSs includes two cross-cutting standards (general concepts and overarching disclosures) and ten topical standards (climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities, consumers and end-users, business conduct). Companies will need to include information from their value chain and assess which topics to report using the double materiality concept, which requires information that is material from either a financial or an impact perspective.

Key changes in the final standards from earlier proposed versions include making most disclosure requirements subject to a materiality assessment, introducing phase-in relief measures and labeling some data points as voluntary.

### *Interoperability between the standards*

Consistency in how companies report globally is important to supporting investor decisions and creating a level playing field for companies seeking investment. From a preparer's perspective, interoperability is important in easing the burden of reporting. Consistency runs deeper than equivalent disclosures – it also requires alignment of the inputs and in the basis of measurement.

The ISSB has been working closely with jurisdictional standard setters to maximize interoperability between its standards and incoming mandatory reporting frameworks – e.g. the EC and EFRAG in the EU, and the SEC in the US. With the first set of ESRSs now issued, the work to analyze interoperability is underway.

### *EU supply chain acts*

While companies are mostly focused on reporting obligations, more governments are seeking to regulate activities within supply chains with new laws aiming to prevent and mitigate environmental and social risks within company supply chains. Two such instances in the EU are the German Supply Chain Due Diligence Act, which took effect in January 2023, and the EU's proposed Corporate Sustainability Due Diligence Directive.

Compliance with such laws requires extensive due diligence and risk management throughout a company's supply chain. This may require embarking on new due diligence processes with other companies in the supply chain and in some cases parting ways with suppliers.

### Select KPMG ESG resources:

- ESG reporting for US financial reporting professionals: KPMG Financial Reporting View
- International sustainability reporting: KPMG ISSB sustainability reporting resource center
- European sustainability reporting: KPMG ESRS sustainability reporting resource center
- Impact of EU ESG requirements on US companies: Hot Topic and Podcast
- Impact of EU supply chain due diligence acts on US companies: Hot Topic

## SEC issues final cybersecurity rules

In July, the SEC issued its final rules – effective September 5, 2023 – that will require several new and enhanced disclosures on cybersecurity risk management, strategy, governance and incident reporting. Under the final rules, companies must disclose new information based on two broad categories.

| Cybersecurity incidents | Risk management, strategy and governance |
|---|---|
| On Form 8-K, report:<br>— material cybersecurity incidents, including information about material aspects of the incidents (within four business days of determining an incident was material)<br>— additional information about material aspects of previously reported incidents as that information becomes available (use Form 8-K/A) | On Form 10-K, disclose:<br>— cybersecurity processes<br>— management's role in cybersecurity governance<br>— cybersecurity oversight by the board of directors |

The final rules implement the above disclosure requirements through the following new provisions.

- New Item 106 of Regulation S-K (and comparable new items in Form 20-F) requires all registrants to provide the above Form 10-K disclosures beginning with annual reports for fiscal years ending on or after December 15, 2023.
- New Item 1.05 of Form 8-K (and new requirements in Form 6-K) requires all registrants – other than smaller reporting companies – to begin complying with the above incident disclosure requirements on December 18, 2023.
- Smaller reporting companies must begin complying with new Item 1.05 of Form 8-K on June 15, 2024.

For all companies, inline XBRL compliance begins one year after the initial compliance date for the related disclosure requirement.

The enhanced disclosures are intended to provide more consistent, comparable and decision-useful information so that investors can better evaluate a registrant's exposure to cybersecurity risks and incidents and strategies to mitigate those risks and incidents.

**KPMG resources:** KPMG Defining issues and SEC's final cybersecurity rules: A board lens

## SEC finalizes rules impacting private fund advisers

The SEC has issued a series of final rules intended to protect those who directly or indirectly invest in private funds. The rules address the SEC's primary concerns that it has observed in the industry: lack of transparency, conflicts of interest and lack of governance mechanisms.

Key provisions in the final rules require a registered investment advisor to:

- provide quarterly statements to private fund investors detailing performance, fees and expenses for each private fund it advises;
- obtain an annual audit of each private fund it advises, meeting the requirements of the audit provision under Rule 206(4)-2(b)(4) (i.e. the SEC Custody Rule); and

- obtain a fairness or valuation opinion from an independent opinion provider in connection with an adviser-led secondary transaction.

In addition, the final rules restrict all private fund advisers, including those that are not registered with the SEC under the Investment Advisers Act of 1940 (Advisers Act), from engaging in certain activities unless they provide specified disclosure, and from certain restricted activities unless they also obtain consent from investors. All private fund advisers are also prohibited from providing certain types of preferential treatment to investors that would have a material, negative effect on other investors (subject to certain exceptions). The final rules also amend the books and records requirements in Rule 204-2 of the Advisers Act.

The final rules reflect certain changes from the proposed rules as a result of feedback from commenters. Specifically, (1) existing funds will be granted legacy status for certain provisions to avoid re-papering governing documents, (2) certain restricted activities and preferential treatments are now allowed with disclosure or consent with the private fund investors, and (3) the final rules do not apply to investment advisers with respect to any private fund whose primary purpose is to issue asset-backed securities and whose investors are primarily debt holders (i.e. Securitized Asset Funds).

**KPMG resources:** Defining Issues; Webcast

## Other SEC headlines

### *SEC statement on the importance of comprehensive risk assessment by auditors and management*

In a recent statement from the SEC, Chief Accountant Paul Munter highlights the critical role of risk assessment – particularly, the SEC's concerns about auditors and management appearing too narrowly focused on information and risks that directly impact financial reporting while disregarding broader, entity-level issues that may also impact financial reporting and internal controls. In view of these concerns, the statement discusses management's obligation to:

- take a holistic approach and avoid potential bias toward evaluating isolated incidents to timely identify risks (including entity-level risks);
- design processes and controls that are responsive to identified risks;
- perform a thorough evaluation of the severity and root cause of identified deficiencies in internal controls, including potential impacts on the risk assessment and monitoring components of ICFR; and
- effectively identify information that issuers are required to communicate to investors.

The statement also addresses auditors' responsibility as gatekeepers to hold management accountable in the public interest.

### *SEC staff sample comment letter – China-specific disclosures*

The SEC Division of Corporation Finance has posted an illustrative letter with examples of comments issued to companies regarding China-specific disclosures. In general, the Division is requesting more prominent, specific and tailored disclosures about China-specific matters so investors have the material information they need to make informed investment and voting decisions. The sample letter expands on guidance previously issued by the Division on China-specific disclosures and focuses on three key areas:

- reminders of disclosure obligations under the Holding Foreign Companies Accountable Act (HFCAA)[1];
- specific and more prominent disclosure about material risks related to the role of the government of the People's Republic of China in the operations of Chinese-based companies; and
- disclosures related to material impacts of certain statutes.

### *SEC approves final compensation clawback requirements*

On June 9, the SEC approved amended listing standards[2] from the national exchanges (NYSE and Nasdaq), which take effect on October 2, 2023. The amended listing standards require listed companies (issuers) that restate financial statements to clawback executive compensation they would not have paid had the restated financial statements been used to calculate the compensation. Companies must adopt a compliant recovery policy by December 1, 2023.

Management and audit committees should be evaluating now the effect the final rules will have on executive compensation plans, internal controls and disclosures. Our Hot Topic answers common application questions.

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## Tax developments and reminders

### *New excise tax effective in 2023*

As a reminder, the Inflation Reduction Act of 2022 (IRA) was signed into law in August 2022. Among other things, the legislation imposes a 1% excise tax on net share repurchases that are made by certain publicly traded corporations. The tax applies to repurchases of common and preferred shares, net of issuances (including exercises of options or vesting of restricted shares). This new tax is effective in 2023 for calendar year-end public companies to which it applies.

The excise tax is not accounted for as an income tax under Topic 740 (income taxes). Instead, a company generally accounts for the tax as a direct cost of a share repurchase transaction. It is appropriate for a company to recognize this direct cost in the period(s) that includes a repurchase, and subsequently adjust the cost for any reductions in the period that includes a share issuance.

Repurchase accounting depends on the repurchased share's balance sheet classification – i.e. the cost of repurchasing a liability-classified preferred share affects pretax income (loss) while the cost of repurchasing a permanent equity-classified common share affects equity. In

1 The HFCAA became law in December 2020. Among other things, the statute requires the SEC to identify public companies that have retained a registered public accounting firm to issue an audit report where the firm has a branch or office that (1) is located in a foreign jurisdiction and (2) the PCAOB has determined that it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction.

2 On February 23, 2023, the national exchanges (NYSE and Nasdaq) released proposed listing standards intended to meet the minimum requirements of the new SEC rules on erroneously awarded compensation. The listing standards closely align to the applicable text in the final rules and outline existing and amended delisting proceedings in the event that an issuer does not implement or comply with its recovery policy.

the statement of cash flows, it is appropriate to classify excise tax paid in line with the nature of the transaction. There are additional issues to consider because the excise tax for the 2023 tax year will be paid in 2024.

A **new KPMG Hot Topic** answers common questions about accounting for the new excise tax.

In IRS Notice 2023-2, the IRS provides initial guidance on applying the excise tax, including the companies to which it applies and how the tax is determined. For practical considerations for retirement plans and equity-based compensation arrangements, see KPMG report, IRA stock buyback.

### *Certain countries implement Pillar Two requirements*

In October 2021, the Organisation for Economic Cooperation and Development (OECD)/G20 Inclusive Framework reached agreement on the Pillar Two, Global Anti-Base Erosion (GloBE) tax rules[3] – an international tax reform initiative designed in part to address concerns over uneven profit distribution.

Many companies around the world are now implementing these new rules, including those in South Korea, Japan, the EU and the United Kingdom. Various other countries have released draft legislation. For many of these countries, certain (or all) aspects of new legislation will be effective as soon as 2024.

Multinational companies must stay alert to these developments to navigate and prepare for the changes in the global tax landscape. Also, because there is uncertainty around each country's administrative and legislative status, investors may expect companies to assess the potential impacts of the rules before changes to the respective tax laws are finalized.

**KPMG resources:** GloBE Hot Topic, Pillar Two web page and country status, and Handbook: Accounting for income taxes

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## Audit developments of interest to audit committees

### *PCAOB proposal on noncompliance with laws and regulations*

The PCAOB has proposed sweeping changes to auditing standards that would heighten auditors' responsibilities for detecting legal and regulatory noncompliance and alerting appropriate members of management and audit committees when instances of noncompliance with laws and regulations (NOCLAR) are identified. The PCAOB is also proposing to amend other auditing standards to better incorporate consideration of NOCLAR.

In addition to the impact on audits, the proposed amendments would likely also affect the company, its processes and controls and the level of effort required of management by, for example, creating or causing:

- a need to evaluate the design, implementation and operating effectiveness of controls over compliance in addition to controls over financial reporting;
- increased inquiries of management regarding NOCLAR;

[3] The GloBE rules subject large multinational enterprises with consolidated group revenue exceeding €750 million in at least two out of the last four years to a minimum tax of 15% of income arising in each jurisdiction in which they operate. A top-up tax would arise only if a group pays an insufficient amount of income taxes at the jurisdiction level.

- a need for management to compile complete lists of relevant laws and regulations across the company and its operations, including across multiple jurisdictions, and expand its risk assessment process to consider this population;
- additional process documentation and resources for walkthroughs over identifying and investigating NOCLAR;
- tests over the relevance and reliability of information provided by management regarding NOCLAR; and
- increased costs that could be substantial, including additional resources, legal fees, auditor fees and other costs.

Investors and other stakeholders are increasingly wary of the effects on companies from NOCLAR, including those beyond financial statement misstatements, and they expect auditors to play a bigger role in detecting and reporting such events.

According to the Center for Audit Quality (CAQ), “this is the most significant PCAOB proposal since their 2011 Concept Release on mandatory firm rotations.” The CAQ is encouraging the PCAOB to further engage with all stakeholders – auditors, management, audit committees – to better understand the implications of the proposal and whether it will meet the Board’s objectives.

The comment deadline ended August 7.

**KPMG resources:** Hot Topic

### *PCAOB proposal on technology-assisted analysis*

The PCAOB has proposed to update standards related to the use of technology-assisted analysis in the audit. Since the standards were originally issued, auditors have expanded their use of technology-assisted analysis of information in electronic form in audits. The proposed updates intend to improve audit quality and enhance investor protection by addressing the growing use of certain technology in audits. In particular, the amendments would address aspects of designing and performing audit procedures that involve analyzing information in electronic form (both information produced by the company as well as external information maintained by the company in electronic form) with technology-based tools (i.e. technology-assisted analysis). The amendments would also emphasize the importance of management’s controls over information technology for the reliability of audit evidence.

The comment period ended August 28.

### *PCAOB resource for audit committees to facilitate discussions with auditors*

The PCAOB has issued its 2023 Spotlight publication encouraging effective communication between audit committees and their auditors. The Spotlight includes suggested questions for audit committees to ask their auditors, organized by topics such as risk of fraud, risk assessment and internal controls, digital assets, M&A activities (including de-SPAC transactions) and cybersecurity.

# 2 New standards and guidance

## FASB issues guidance on joint venture formations

ASU 2023-05 introduces Subtopic 805-60, containing new accounting requirements for a joint venture (JV) formation. The ASU addresses current diversity in practice by specifying how to account for net assets contributed to a JV on the JV's formation.

Specifically, in a JV formation transaction, a JV will be required to:

- recognize a new basis of accounting for contributed net assets as of the formation date;
- measure the contributed identifiable net assets **at fair value** on the formation date using the business combination guidance in Subtopic 805-20 (with certain exceptions), regardless of whether a venturer contributes a business;
- measure the net assets' fair value based on 100% of the JV's equity immediately following formation;
- record goodwill (or an equity adjustment, if negative) for the difference between the fair value of the JV's equity and its net assets; and
- provide disclosures about the nature and financial effect of the formation transaction.

The ASU also provides various clarifications on applying the business combination guidance to a JV formation.

The effective date is as follows.

| | All JVs |
|---|---|
| JVs with formation dates on or after | January 1, 2025 |
| Early adoption permitted? | Yes, in any interim or annual period for which financial statements have not yet been issued (or made available for issuance). |

These requirements apply to the separate financial statements of an entity that meets the US GAAP definition of a JV (or a corporate JV).

**KPMG resources:** Defining Issues

## FASB continues to enhance its Conceptual Framework

During the quarter, the FASB issued two new chapters of its of its Conceptual Framework.

- Recognition and derecognition. Sets forth recognition and derecognition criteria and guidance on when an item should be incorporated into and removed from financial statements.
- Reporting entity. Describes and lists three features of a reporting entity.

The new chapters become Chapters 5 and 2 of FASB Concepts Statement No. 8, Conceptual Framework for Financial Reporting, respectively, and establish concepts that the Board will consider in developing standards of financial accounting and reporting. They are nonauthoritative and do not alter US GAAP.

## FASB amends certain SEC Codification paragraphs for SAB 121

ASU 2023-04 amends and adds various nonauthoritative SEC paragraphs to Topic 405 (liabilities) in response to SEC Staff Accounting Bulletin No. 121, which provides guidance for how a company should account for an obligation to safeguard digital assets held for others.

The ASU was effective on issuance (August 3, 2023).

# 3 Projects and agenda priorities

## FASB proposes income statement disaggregation disclosures

The FASB issued a proposed ASU that would introduce Subtopic 220-40 (expense disaggregation disclosures) and require public companies to disaggregate in the notes to the financial statements certain income statement captions. The new disclosures would be required on an annual and interim basis.

| Proposed quantitative disclosures |
|---|
| Disaggregate every **relevant expense caption** into:<br>— employee compensation<br>— depreciation<br>— intangible asset amortization<br>— depreciation, depletion and amortization (DD&A)<br>— inventory and manufacturing expense.<br>Relevant expense captions are expense captions that contain one or more of the above expense categories; they are likely to include common functional expense lines such as cost of sales, research and development, selling, general and administrative expenses. |
| Further disaggregate **inventory and manufacturing expense**, if applicable, into:<br>— purchases of inventory<br>— employee compensation<br>— depreciation<br>— intangible asset amortization<br>— DD&A. |
| State the total amount of selling expenses. |

The proposed quantitative disclosures would be presented in a table together with specific expenses, gains and losses that are already disclosed under existing US GAAP.

The tabular disclosure for each relevant expense caption would have to reconcile to the amount on the face of the income statement. To do so, an entity likely would need to include a line item for other items that are not required to be disaggregated. An entity would be required to qualitatively describe the composition of these other items.

Further, on an annual basis, an entity would be required to provide its definition of both ‘selling expenses’ and ‘other manufacturing expenses’, i.e. expenses incurred in the manufacturing process but not capitalized to inventory.

The comment period ends October 30.

**KPMG resources:** Visit our project page.

## FASB issues proposal for purchased financial assets

The FASB issued a proposed ASU that would eliminate the need for companies to determine if purchased financial assets have experienced a 'more-than-insignificant' credit deterioration. This change would expand the population of financial assets subject to the purchased financial assets accounting model (i.e. the gross-up method) under Topic 326 (credit losses). The gross-up method records an allowance at the date of acquisition with an offsetting entry to the asset's amortized cost basis.

Under current GAAP, if the purchased financial asset has *not* experienced a more-than-insignificant credit deterioration since origination, a day one credit loss is recorded. However, this proposal would largely eliminate instances in which a company will record a day one credit loss expense for purchased financial assets.

The gross-up method would apply to all purchased financial assets in the scope of Topic 326 (excluding available-for-sale debt securities) that are considered 'seasoned'. Financial assets would be considered seasoned if they are either:

- part of a business acquired in a business combination under Topic 805 (business combinations); or
- acquired more than 90 days after origination and the acquirer was not involved in the origination.

The comment period ended August 28.

**KPMG resources:** Visit our project page.

## June PCC and FASAC meetings

The Private Company Council (PCC) and Financial Accounting Standards Advisory Council (FASAC) held separate meetings in June and discussed various FASB projects and developments. Key highlights are summarized below.

- **Accounting for and disclosure of software costs.** PCC members discussed certain elements of the single model that would apply to costs that a company incurs to acquire, internally develop or modify software – specifically, the 'probable threshold' and related indicators (for determining the point at which an entity will begin to capitalize those costs), unit of account, costs incurred after the software project is substantially complete, and presentation and disclosure. PCC members were generally supportive of the probable threshold and related indicators. Some members expressed concern with using 'compulsion' as an indicator to support applying the probable threshold. PCC members also identified challenges in applying the single model in an agile environment and in identifying the unit of account. Some PCC members also suggested that data conversion costs be included in the costs eligible for cost capitalization.

  FASAC also discussed this project and aspects of the single model in June, but member feedback was more mixed than the PCC's feedback. To start, FASAC members noted additional challenges with the probable threshold. Some suggested refinements, others questioned if it is workable, and others advised that current GAAP is sufficient. Members also had concerns about a company's need to apply judgment to various aspects of the single model (probable threshold, unit of account determination, and distinguishing between enhancements and maintenance). Members also had mixed views on the extent to which software costs should be recognized as assets and expressed concern about additional impairments under the single model.

In addition, while all PCC and FASAC members appeared to support additional disclosure on software costs, members of both groups expressed concern for the cost versus benefit of preparing the disclosures. PCC members also asked the staff to consider whether private entities should be exempt from certain disclosures.

- **Improvements to income tax disclosures.** The FASB staff summarized key amendments in the proposed ASU on income tax disclosures and discussed comment letter feedback relative to private companies. Overall, PCC members expressed support for the proposal but questioned the relevance of certain disclosures for private companies, such as the proposed changes to the qualitative rate reconciliation. Certain members also had concerns with the proposed disclosure on aggregation of taxes paid. Generally, PCC members supported providing private companies additional time to implement, beyond the effective date for public companies.

PCC members also discussed whether the FASB staff should revisit the definition of a derivative, leases and credit losses implementation, and FASB projects nearing their final project stages.

# 4 Recommended reading and CPE opportunities

## Guest Post: How cyber crime is transforming the insurance market

Cyber crime is predicted to cost the world $8 trillion in 2023 and grow by 15% annually to $10.5 trillion in 2025, according to Cybersecurity Ventures. A BlackBerry and Corvus Insurance study found that a majority of businesses in North America are either uninsured or underinsured against cyber threats. KPMG US National Insurance Sector Leader **Ed Chanda** discusses how cyber insurance has become a critical requirement for companies and organizations as rising cyber crimes lead to major financial losses and overall disruption. Read the article.

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## Rethinking cybersecurity in a boundaryless world

The stakes for protecting constituent data are more important than ever before. To defend against digital threats, government agencies are embracing a zero-trust approach to risk management. Zero-trust is a framework or model centered around a 'trust nothing and verify everything' mindset. In addition, ongoing 'cybersecurity hygiene' is used as an invaluable tool along with leadership serving as 'cybersecurity champions.' KPMG US Government Cyber Security Leader **Tony Hubbard** and KPMG US Head of Government Technology **Viral Chawda** write that organizations that successfully implement a zero-trust architecture ensure that all personnel recognize the importance of data protection. Read the article.

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## Guest post: Greenwashing, greenhushing and greenwishing: Don't fall victim to these ESG reporting traps

While financial statement reporting follows standards and incorporates robust controls that result in consistency, accuracy and comparability of data and disclosures, ESG reporting does not yet require that same rigor. As a result, a discrepancy can emerge between what a company claims it is doing and what it is actually doing. While often unintentional, this discrepancy is nevertheless harmful to investors, customers, employees and others who rely on this information when making decisions. KPMG US ESG Leader **Rob Fisher**, KPMG US ESG Audit Leader **Maura Hodge** and KPMG UK Co-Head of Climate Risk and Strategy **Bridget Beals** explain how the consequences of engaging in greenwashing behavior can be severe. Read the article.

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## Guest post: A new seat for tax at the sustainability table

There's no question that sustainability is an increasingly important consideration for businesses around the world. But with new green initiatives that use the tax code to offer substantial credits, like the Inflation Reduction Act, tax departments are entering the conversation in a whole new way. KPMG US ESG Tax Leader **Brett Weaver** and KPMG US

Tax Credits Practice Leader **Richard Marcos** discuss how tax professionals will have to take on an expanded role in both data management and early strategic planning. Read the article.

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## The increasing power of generative AI

Generative AI will transform every part of our lives, including what we believe to be true and the heuristics of how we think. Generative AI isn't only a technological turning point. It's a cultural flashpoint. 65% of executives say the technology will have a high or extremely high impact on their company in the next three to five years, according to a recent KPMG survey. KPMG US Enterprise Innovation Leader **Cliff Justice** shares how the C-suite is now recognizing both the opportunity at hand and the responsibility to manage a new set of challenges that come with this rapidly evolving landscape. Read the article.

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## Upcoming CPE opportunities

KPMG Executive Education will host the **33rd Annual Accounting & Financial Reporting Symposium** in Las Vegas November 30 to December 1. KPMG and industry thought leaders will share insights on FASB and SEC developments, audit committee issues, federal tax policy, the economy, and technical accounting hot topics. Discounts are available. Find out more information here.

KPMG Financial Reporting View (FRV) offers additional CPE opportunities, including registration information for upcoming Financial Reporting webcasts. The webcasts feature KPMG professionals discussing current and future accounting and financial reporting matters, and guidance for implementing new regulatory requirements and accounting standards.

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# We've moved!

Our ASU effective dates table has been moved to our **Financial Reporting View** website to provide real time access.

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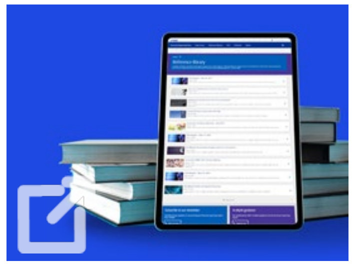
Our collection of newsletters with insights and news about financial reporting and regulatory developments, including Quarterly Outlook and FRV Weekly.

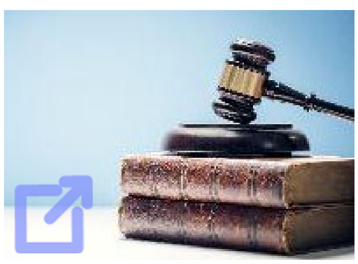


### Handbooks

Our comprehensive in-depth guides include discussion and analysis of significant issues for professionals in accounting and financial reporting.

### Hot Topics

Our detailed discussion and analysis on topical issues that are of significant importance to accounting and financial reporting professionals.



### ASU effective dates table

Our ASU effective dates table has moved to our Financial Reporting View website to provide real time access.

### Financial Reporting Podcasts

Tune in to hear KPMG professionals discuss major accounting and financial reporting developments.

### CPE opportunities

Register for live discussions of topical accounting and financial reporting issues. CPE-eligible replays also available.

Visit **frv.kpmg.us**
and sign up for news and insights

# Acknowledgments

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