

An aerial photograph of a river with clear, turquoise water flowing through a dense forest. The river winds through a valley, with rocky banks visible. The surrounding forest is lush green, and the overall scene is captured from a high angle, looking down at the water and trees.

ESG & SUSTAINABILITY SERVICES

Are You Prepared for Sustainability, Climate & AI Regulations?

MARCH 14, 2024

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Learning Objectives

Upon completion of this session, participants will be able to:

- ▶ Examine the complexities of emerging sustainability, climate and AI regulations.
- ▶ Identify synergies between the various requirements to facilitate streamlined reporting.
- ▶ Review reporting frequency, reporting deadlines and disclosure processes.



WITH YOU TODAY

Moderator

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Managing Principal, Sustainability & ESG

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Agenda



Introduction



Sustainability, Climate & AI Reporting Requirements



Panel Discussion



Our Team

WITH YOU TODAY
Our Panelists



**AURORA
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Risk Advisory Director,
ESG & Sustainability
Services

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**DAN
HARRIS**

Audit Principal,
Sustainability & ESG
Assurance Leader

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**JENNIFER KIM
FIELDS**

Chief Sustainability
Officer

Henry Schein



**KATHLEEN
GARENANI**

Director of
Responsible AI & AI
Bias, BDO Digital

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**MARISOL BERRIOS-
SILLETTI**











Senior Director,
Sustainability & ESG
Regulations &
Standards

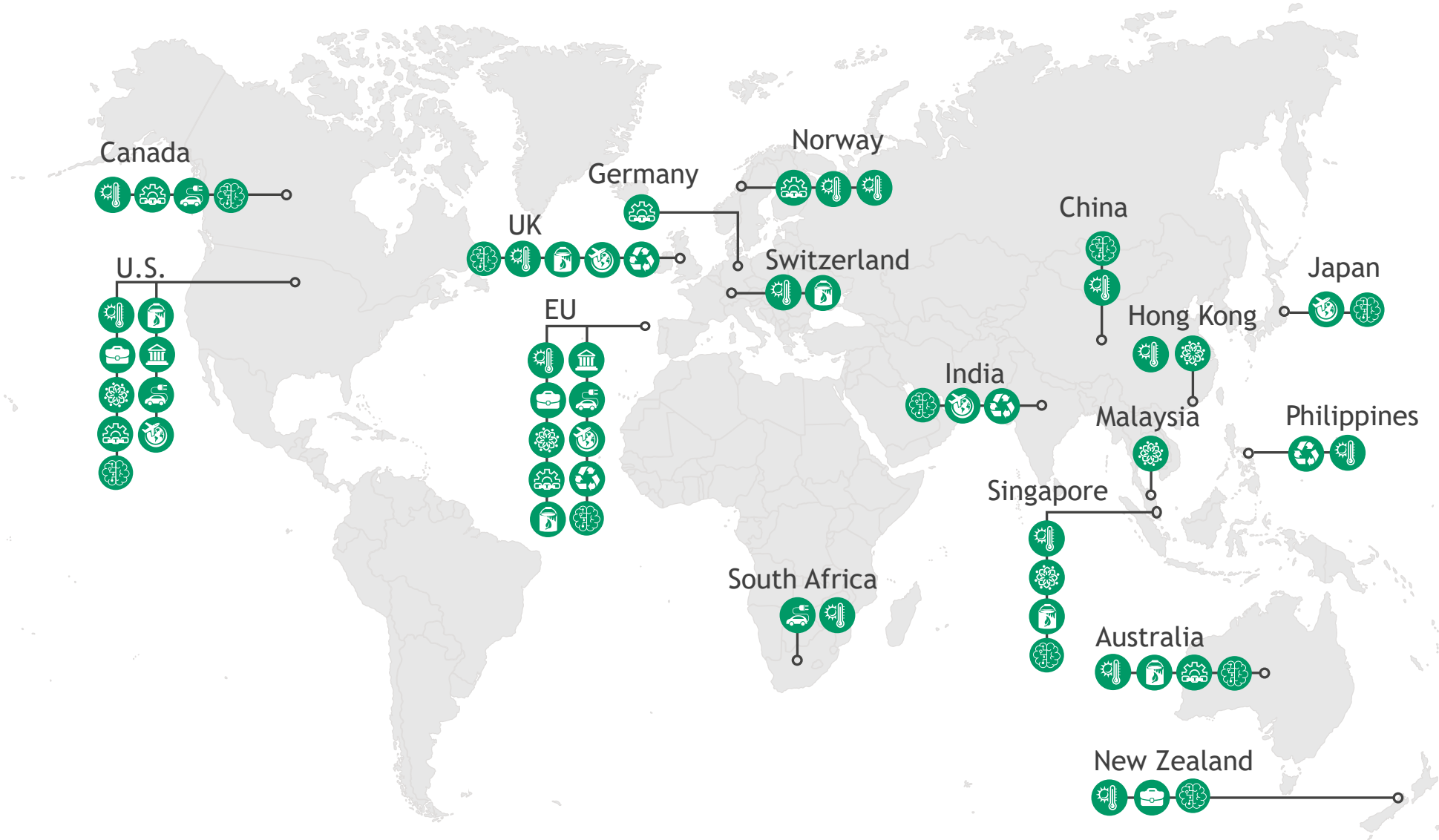
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Sustainability, Climate & AI Regulations



Expanding Regulations

-  Artificial Intelligence
-  Assurance
-  Aviation
-  Circular Economy
-  Climate Reporting
-  DEI
-  Electric Vehicles
-  Greenwashing
-  Tax
-  Supply Chain Due Diligence (including Human Rights)



Sustainability & ESG Regulations Disclosure Rules Comparison

COMPARING KEY ESG REGULATIONS

	CSRD	SEC Climate Disclosure Rules	CA SB 253	CA SB 261	CA AB 1305	Forced Labor in Canadian Supply Chains Act (S-211)
Scope	<p>Companies previously subject to the EU's Non-Financial Reporting Directive (NFRD) & EU Taxonomy</p> <p>Companies that meet set criteria for size, revenue, employee count, and more</p>	<p>Domestic and foreign registered companies in the U.S.</p> <p>The disclosure requirements apply to filers of Securities Act Forms S-1, F-1, S-3, F-3, S-4, F-4, and S-11, and Exchange Act Forms 10-K and 20-F</p> <p>More information SEC Rule on Climate Disclosure Requirements Resource Center</p>	<p>Private and public U.S. companies with total annual revenues over \$1B and that do business in California</p>	<p>Private and public U.S. companies with total annual revenues over \$500M and that do business in California*</p> <p>Excludes businesses subject to regulation by the Department of Insurance in CA or that is in the business of insurance in any other state.</p>	<p>Public and private companies that:</p> <p>Market or sell voluntary carbon offsets in California</p> <p>Operate in California, purchase or use voluntary carbon offsets sold within the state, and make claims about significant emissions reductions (e.g., "net zero," "carbon neutral")</p> <p>Operate in California and make claims in the state about significant emissions reductions (e.g., "net zero," "carbon neutral")</p>	<p>Listed on the Canadian Stock Exchange</p> <p>Meet the following criteria:</p> <ul style="list-style-type: none"> \$20M CAD (\$14.7M USD) or more in global assets \$40M CAD (\$29.5M USD) or more in consolidated revenue An average of 250 or more employees <p>Produce, sell or distribute goods inside or outside Canada (do business in CA). Import goods produced outside of Canada. Control an entity engaged in with of the above activities.</p>
Timeline	<p>FY 2024 for all disclosures with limited assurance</p> <p>More information can be found in our CSRD Checklist</p>	<ul style="list-style-type: none"> Large Accelerated Filers (LAFs) 2025 Accelerated Filers (AF) 2026 Non-accelerated Filers (NAF), Small Reporting Companies (SRC), Emerging Growth Companies (EGC) 2027 <p>Material impacts on financial estimates +1 year+</p>	<p>Scope 1 emissions and 2 emissions reporting required in 2026 (for FY 2025 disclosures), and Scope 3 emissions reporting in 2027 (for FY 2026).</p> <p>Requires assurance.</p>	<p>First annual climate risk disclosure report to be made available to the public on its website on or before January 1, 2026, and subsequently every other year</p>	<p>First annual disclosure report to be made available on company websites on January 1, 2024*, and subsequently every other year</p> <p>Must disclose whether an independent third party validated or verified project attributes.</p>	<p>The bill requires applicable entities and institutions to submit an annual report by May 31 detailing actions the company took in the prior fiscal year to prevent and reduce the risk of forced labor or child labor in their supply chains.</p>
Reporting	Annual	Annual	Annual	Biennial	Annual	Annual

Sustainability & ESG Regulations Disclosure Rules Comparison

COMPARING KEY ESG REGULATIONS						
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Environmental Disclosures	<p>Metrics, targets, policies, and actions pertaining to material environmental matters</p> <p>Proportion of turnover, capital expenditure and operating expenditure aligned with Article 8 of the EU Taxonomy Regulation</p>	<p>Phased-in disclosures of Scope 1 and 2 GHG emissions, if material</p> <ul style="list-style-type: none"> • LAF: 2026 • AF: 2028 • NAF, SRC, EGC: Exempt 	<p>Scope 1, 2 and 3 emissions pursuant to the Greenhouse Gas Protocol standards and guidance (or an alternative standard, if one is adopted after 2033)</p>	<p>Climate-related financial risk report, in accordance with the TCFD recommendations, or any successor thereto, or equivalent reporting under another law, regulation, listing requirement or a framework that meets the requirements – such as the IFRS Sustainability Disclosure Standards S2</p>	<p>Companies are required to disclose a broad range of information on their website with specific details that include, but are not limited to:</p> <p>Project specific details, i.e., name, location, timeframe</p> <p>Annual emissions reductions and protocol used to estimate reduction</p> <p>Whether there is independent third-party verification of the company data and claims listed</p> <p>More information can be found in our insight Prepare Now: California Climate Laws Impact Thousands of Businesses</p>	
Social Disclosures	<p>Metrics, targets, policies, and actions pertaining to social matters</p>	<p>Not required</p>	<p>Not required</p>	<p>Not required</p>		<p>Companies must submit an annual report detailing actions in the prior fiscal year to prevent and reduce the risk of forced labor or child labor in their supply chains. Failure to report can result in a fine of up to \$250,000 CAD.</p>
Governance Disclosures	<p>Metrics, targets, policies, and actions pertaining to governance matters</p>	<p>Board members or committees responsible for the oversight of climate-related risks</p>	<p>Not required</p>	<p>Governance around climate-related risks and opportunities, including board oversight, and management's role</p>		
Third-Party Data Assurance	<p>Limited assurance for all material ESG disclosures, and reasonable assurance expected at a later date.</p>	<p>Phased-in assurance over Scope 1 and 2 emissions:</p> <p>Limited assurance:</p> <ul style="list-style-type: none"> • LAF: 2029. AF: 2031 • NAF, SRC, EGC: Exempt <p>Reasonable assurance:</p> <ul style="list-style-type: none"> • LAF: 2033, AF: Exempt • NAF, SRC, EGC: Exempt 	<p>Limited assurance over Scope 1 and 2 GHG emissions in 2026. Phased into reasonable assurance. Beginning in 2030 Scope 3 limited. Assurance requirements in 2030 (subject to review by the California Air Resources Board in 2027).</p>	<p>Not required</p>	<p>Must disclose whether or not obtained</p>	

Panel Discussion



Our Team



Karen Baum

MANAGING PRINCIPAL

SUSTAINABILITY & ESG CENTER OF EXCELLENCE, BDO USA

SUSTAINABILITY & ESG SERVICES & SOLUTIONS, BDO GLOBAL

As an accomplished strategic and corporate finance advisor with over 35 years of experience, Karen leads BDO's Sustainability & ESG Center of Excellence, overseeing the development and execution of BDO USA's own sustainability strategy as well as the firm's sustainability services and solutions, meeting clients where they are on their sustainability journeys. Working with multidisciplinary teams across the firm and BDO's global network of 170 member firms, she leads the development of BDO Global Sustainability services and solutions and has created and led various innovation, market and solution development programs and initiatives at BDO.

As a corporate finance professional, Karen brings insight and innovation to her clients by translating trends and seeing opportunities to create enterprise value while navigating diverse stakeholder expectations. Karen helps companies maximize ROI of sustainability and resiliency programs and investments by taking a pragmatic approach to incorporating sustainability into their immediate and longer-term strategic agendas. She has deep industry experience serving clients in entertainment, media & broadcasting, consumer products, healthcare, software, and technology sectors. Prior to joining BDO, Karen served in industry in a variety of C-level roles in PE-backed portfolio companies and family office holdings.



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AURORA BARDONESCHI

RISK ADVISORY DIRECTOR, ESG & SUSTAINABILITY SERVICES, BDO USA

Aurora Bardoneschi leads sustainability and ESG client engagements, including definition of ESG strategy development, identification of ESG risks and integration into risk management system/ERM, design of processes and controls around ESG metrics as well as roadmap to comply with ESG-related regulations at the national/international level.

Aurora has more than nine years of experience and has supported multiple private and public companies in defining sustainability reporting according to international standards (e.g., GRI Standards, SASB, etc.) and European Directives, such as EU Directive 2014/95 (Non-Financial Reporting Directive - NFRD), EU Reg. 852/2020 (“EU Taxonomy”) and most recently EU Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD).

She has worked across industries to integrate sustainability plans and goals within business strategy. She has designed several stakeholder engagement activities and training sessions to C-suite executives. During her career she led a strategic partnership between a French multinational company and World Food Program, a United Nations agency. More recently, as part of BDO Italy, she was the program manager of the Master in ESG Sustainability Advanced Management, created by BDO Italy in collaboration with Wolters Kluwer. Aurora joined BDO Italy in 2019 where she supported companies in complying with EU regulations, ESG risk management, and improving ESG ratings. She was seconded to BDO USA between June 2021 and May 2022.

She is now part of BDO USA. Some of the recent projects she is working on include calculation of Greenhouse Gas (GHG) emissions (Scope 1,2, and 3); design of roadmap, governance and processes to comply with SEC proposed rules on climate-related disclosures and EU Directive CSRD; double materiality assessment and integration of ESG risks into the ERM framework and risk management systems.



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Dan Harris

AUDIT PRINCIPAL, SUSTAINABILITY & ESG ASSURANCE LEADER, BDO USA

Dan has more than two decades of public accounting experience. He works with growing businesses, focusing on those in the technology industry.

As a Principal in BDO's Bay Area practice, he has worked with businesses ranging from startups to international public companies, providing advice as they transition through the various phases of their growth.

The experience Dan has gained through his client work has allowed him to develop a deep understanding of the technical accounting issues faced by technology companies, including recognition models, stock-based compensation, purchase accounting, and Securities and Exchange Commission (SEC) reporting requirements. In addition to U.S. and European audits, Dan has experience in due diligence in both regions, having assisted clients through the initial public offering (IPO) and acquisition process. He is familiar with both U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS).

As a member of BDO's Environmental, Social and Governance (ESG) Leadership Team, Dan is focused on leading and developing BDO's ESG attestation services for the middle-market.

Dan joined BDO's Bay Area Technology practice in June 2008 from the BDO UK member firm, where he spent seven years in the Technology, Media and Telecommunications (TMT) practice.



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Jennifer Kim Field

CHIEF SUSTAINABILITY OFFICER, HENRY SCHEIN

Jennifer Kim Field is the Chief Sustainability Officer for Henry Schein, Inc., the world's largest provider of solutions for health care professionals. Jen is responsible for the Company's global environmental, social and governance (ESG) work and integrating ESG into the Company's strategies and activities. Jen collaborates with the Company's Board of Directors, the Sustainability Committee, and key business teams such as Investor Relations, Supply Chain, Finance, Legal, Human Resources, Global Data Organization, and Corporate Communications as well as external partners to develop a global climate roadmap including carbon reduction goals, ensure our progress and performance meet evolving global auditing and regulatory requirements, and attract new investors focused on corporate sustainability. She oversees the Henry Schein Cares team and program focused on advancing wellness, building capacity in the delivery of health care services, and assisting in emergency preparedness and relief to "help health happen" for at-risk and underserved populations globally. Jen brings over 25 years of experience to Henry Schein in the areas of business development, program management, strategic planning, corporate philanthropy and strategic partnerships.

Prior to joining Henry Schein, Jen worked at the United Nations Foundation where she led public-private partnerships with Fortune 500 companies in support of the UN. She also oversaw the launch of the Girl Up campaign, a global movement of empowered young women leaders who defend gender equality. Jen is on the Board of the Eastman Dental Center Foundation, co-chair of the American Dental Association's National Advisory Committee for Give Kids A Smile, and Chair of the Corporate Citizenship Leadership Council of The Conference Board. She also serves on the advisory council for the Women's Philanthropy Institute at the Lilly Family School of Philanthropy at Indiana University and the Northeast Council for MedShare. Jen hails from Alabama, where she acquired a taste for grits and fried catfish. She graduated from Bowdoin College and lives on Long Island with her husband and two young children.



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Kathleen Garenani

DIRECTOR OF RESPONSIBLE AI & AI BIAS, BDO DIGITAL, BDO USA

Kathleen is currently a Director in the Washington, DC office with BDO Digital's Data & AI team and currently leads BDO Digital's Responsible AI and AI Bias team. Her client service experience involves data governance, information technology program management, information security programs and various process improvement initiatives for complex and highly visible customers within the federal, public and private sectors. Kathleen has worked extensively on a large-scale monitorship for a major international telecom entity and is responsible for leading a large team providing analysis of data and reporting of export controls in compliance with U.S. regulations.

Kathleen is a technical data management professional with over ten years of experience leading information security programs, enterprise-wide risk mitigation, data management and process improvement initiatives ensuring streamline solutions to complex problems while adhering to best standard practice, legal, and regulatory compliance.

Prior to joining BDO, Kathleen served as Information Governance Operations Lead for the White House Information Governance office, where she conducted multiple process improvement programs, defining and implementing data privacy initiatives for Presidential and Federal records data. Many of these programs revolutionized the way data is maintained, stored and processed for the Obama and Trump administrations. Additionally, she worked as a Security Program Manager for White House Information Technology where her portfolio included Computer Network Defense, Information Governance, and Security Systems Engineering. During this time Kathleen worked to implement highly-integrated security programs and process improvements for computer network security, information security, data protection, vulnerability management, authentication and incident response.



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Marisol Berrios-Silletei

SENIOR DIRECTOR, SUSTAINABILITY & ESG REGULATIONS & STANDARDS, BDO USA

As the ESG Technical Senior Director, Marisol is the internal and external leader for non-financial reporting, including existing and proposed regulations, complex reporting and attestation standards, and will engage with standard setters while monitoring the evolution and changes within the investor, competitor and regulatory non-financial reporting landscape. Marisol is a key resource to engagement teams regarding the application of ESG/Sustainability frameworks as they assist BDO clients with their Sustainability Journeys.

Marisol has over a decade of ESG and Sustainability Reporting experience in the oil and gas industry, and more recently in the technology industry where she played an instrumental role in a debut green bond offering through the development of fund level reporting of climate and sustainability commitments. She also implemented a corporate ESG strategy that included Board approved internal controls to ensure compliance with statutory disclosure requirements and to minimize associated risks.

She was the subject matter expert for ESG regulations governed by the Hong Kong Stock Exchange, and other voluntary frameworks, including the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI). Marisol was also the company's focal point for annual sustainability assessments, including the S&P CSI (formerly DJSI), Carbon Disclosure Project (CDP), the Global 100, the Hang Seng CSI, and the United Nations Global Compact (UNGC).



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About BDO USA

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