

# LECTURE 36



# Professor Katherine Schipper

1. Thomas Keller Professor of Business Administration, Duke University
2. Holds a PhD from the University of Chicago
3. Former Board Member, Financial Accounting Standards Board (FASB)
4. Former President, American Accounting Association (AAA)
5. Awards & Honors
6. Financial Accounting and Reporting Section Lifetime Service Award
7. Lifetime Achievement Award
8. Deloitte Foundation Wildman Award, AAA
9. Member, Accounting Hall of Fame

**Date: 2025.10.16**

TAMKANG CLEMENT AND CARRIE CHAIR

## What Do We Know about Materiality?

**Prof. Katherine Schipper**  
Thomas Keller Professor of Business Administration at Duke University

**2025 10.16** (Thur.) 14:10-16:00  
Chang Yeo Lan Hall, Hsu Shou-Chlien International Conference Center, HC310

淡江大學創校75週年  
智領未來  
永續淡江

淡江會計

AI+SDGs=∞ ESG+AI=∞

# **What Do We Know about Materiality?**

**Katherine Schipper**

## **ABSTRACT**

Materiality assessments are a required, and consequential, part of financial reporting and assurance. These professional judgments serve an inclusion purpose, to ensure that financial reports include properly-prepared information with a reasonable likelihood of affecting investor judgments and decisions, and an exclusion purpose, to ensure that decision-irrelevant information is not included in financial reports. This presentation will discuss guidance for making materiality assessments as well as findings from selected research that uses empirical-archival data to provide objective evidence on characteristics and consequences of materiality assessments. Finally, the presentation will touch on the relation between financial reporting materiality and materiality as that concept appears in sustainability reporting.

## MINUTE

On October 16 at 2:00 p.m., the Department of Accounting hosted a Panda Lecture at the Shou-Chien International Conference Center, where Katherine Schipper, Thomas F. Keller Professor of Business Administration at Duke University's Fuqua School of Business, delivered "What Do We Know about Materiality?" She analyzed the central role of materiality in financial reporting and assurance, demonstrating how judgments influence disclosure and the decisions of firms and investors. She emphasized that materiality is not a statutory threshold but a professional judgment with real consequences, and she defined its dual functions as inclusion, which ensures disclosure of decision-useful information, and exclusion, which prevents misleading clutter. Drawing on IASB and SEC guidance, including SAB 99 and SAB 108, she stressed that materiality is context-dependent and not formulaic. Practitioners may reference a percentage of pretax income, but both quantitative magnitude and the nature of the matter remain salient. Small amounts can be material if they affect earnings trends, turn a loss into a profit, influence compliance with contractual covenants, or conceal illegal acts. Synthesizing empirical research, she demonstrated that even modest restatement announcements can significantly impact markets, suggesting that so-called immaterial errors often signal misreporting and governance concerns. She urged auditors to allocate resources based on risk and to devote more effort to high-risk areas to protect the quality

and credibility of their reporting. Turning to sustainability reporting, she examined the move to double materiality under IFRS S1 and the EU's ESRS, which requires assessing both external social and environmental effects on the firm and the firm's impacts on society and the environment. Because sustainability information lacks stable measurement and verification, she called on standard setters and assurance providers to clarify scope and methodology before transplanting financial-reporting approaches. She concluded that materiality is both a decision-making tool and a diagnostic indicator: the prudent application and transparent disclosure of material information raise the informational value and reliability of reports, whereas mechanical or lax application can mask emerging financial and governance risks and erode market trust. In the Q&A, she observed that the rollout of ISSB and ESRS places the field in an experimental phase that hinges on defining the boundaries of materiality and impact, as well as identifying stakeholders and the burdens they bear. She noted that AI can accelerate analysis and audit procedures but remains vulnerable to human configuration and manipulation, and that management override of controls persists. She advised caution regarding the credibility of commercial ESG rating agencies, highlighted the objectivity of academic research, and noted a persistent gap between sustainability actions and reporting content. Vice President for Academic Affairs Hui-Huang Hsu commended her contributions to educational exchange, described the Panda Lecture Series as an endowment from Mr. Chien-Pang Chang and his wife to bring

international scholars to campus and elevate the university's standing, and presented a tea set in appreciation.

Professor Schipper also paid courtesy visits at 11:00 a.m. and 11:30 a.m. to President Huan-Chao Keh and Board Chair Chia-I Chang, accompanied by Dean Li-Ren Yang, Department Chair Chang Yu-Shan, Professor Ku-Jun Lin, and Assistant Professor Tien-Wei Hwang; the group toured the University History Museum to learn about the university's development and the promotion of Tamkang culture. President Keh and Chair Chang introduced the lecture series' origins and outlined initiatives rooted in AI and the SDGs that support faculty in integrating AI into courses, offer related curricula, cultivate cross-disciplinary specialists to enhance student competitiveness, and encourage AI use to improve administrative efficiency; they also exchanged views with Professor Schipper on the lecture theme and the cultivation of students' international outlook. Professor Schipper expressed gratitude for the invitation and kept the lecture brochure to share with her colleagues. She visited the North Coast, praised the Juming Museum's presentation and collections, and appreciated the university's tea gift set. President Keh and Chair Chang presented a Panda Trophy and a commemorative vase bearing calligraphy by Chi-Mao Li and Ping-Hwang Chang, along with campus scenes and the university's anthem lyrics.



Group photo of attendees



Vice President for Academic Affairs Hui-Huang Hsu, on behalf of the Department of Accounting, presented an exquisite tea set



Group photo of Prof. Katherine Schipper with Li-Ren Yang, Dean of the College of Management, and faculty of the Department of Accounting

On October 18 on the Taipei Campus, the Tamkang Accounting Education Foundation (Taipei) and the Department of Accounting co-hosted the 2025 Win Semiconductors Contemporary Accounting Paper Award symposium, which presented 47 papers across ESG, auditing, corporate governance, artificial intelligence, tax policy, and financial performance, selected from 52 submissions. Attendees included President Huan-Chao Keh; Win Semiconductors Chairman Chin-Tsai Chen; Director and General Manager of the Corporate Management Services Office Shun-Ping Chen; Dean Li-Ren Yang; Huang Cheng-li, Executive Director of the Tamkang Accounting Education Foundation; and Sin-Hui Yen, publisher of Contemporary Accounting, together with the editorial team, experts, faculty, and students from across Taiwan. President Keh noted that Contemporary Accounting has been published for 26 years and is a Tier-2 journal in the Management category of the National Science and Technology Council's TSSCI; he highlighted the Win Semiconductors Contemporary Accounting Paper Award as Taiwan's most generous and emblematic award in accounting scholarship and thanked Win Semiconductors for its sustained support. Chairman Chin-Tsai Chen reviewed more than two decades of collaboration with Contemporary Accounting, emphasized integrity and sustainability as the foundation of corporate standing, and noted that Win Semiconductors has ranked among Taiwan's top five in ESG evaluations for 11 consecutive years and has been selected for the Dow Jones Sustainability World Index five times; he encouraged faculty and students to advance

scholarship and practice with professional integrity. He presented the 2025 Win Semiconductors Contemporary Accounting Scholar certificate to C. Janie Chang, Professor and Academic Executive Director at the University of California, Davis, an alumnus of the Department of Accounting, in recognition of his contributions to accounting research and education and his work to bridge academia and practice. The symposium also featured a keynote by Professor Schipper titled "Research on Real Effects of Reporting Standards," and Huang Cheng-li noted a significant year-over-year increase in submissions, underscoring Professor Schipper's influence in the academic community.



Shun-Ping Chen —Director of WIN Semiconductors Corp—in a group photo with symposium staff and award recipients



President Huan-Chao Keh presented a commemorative gift to Prof. Katherine Schipper