

AA/CFRP/

Accountancy Europe
Avenue d'Auderghem,
22-28/8 B-1040 Brussels

1 June 2020

Dear Sir/Madam

Interconnected standard setting for corporate reporting - General comments

ICAS welcomes the opportunity to comment on the Accountancy Europe Cogito paper: *'Interconnected standard setting for corporate reporting'*. The level of interest and emphasis being placed on non-financial information by investors and other stakeholders continues to grow therefore we commend Accountancy Europe for encouraging and stimulating further debate on this issue. We also encourage you to continue this debate and look forward to continuing the dialogue with you and other on this topic.

ICAS is generally supportive of the direction and the conclusions within the paper. The current non-financial reporting landscape is crowded, creating confusion in the market due to the absence of a definitive and widely accepted reporting framework. There is also the risk, as referred to in the paper, of 'greenwashing' as companies can select which framework to adopt, resulting in a lack of comparability.

As the paper has highlighted, there is a need for greater connectivity between traditional financial reporting and reporting on non-financial information. Stakeholders, specifically investors, need information from both sources to fully inform their decision-making process.

Criteria to evaluate potential standard setting approaches

Regarding the nine identified criteria to enable the shift towards an integrated standard setting approach, our specific comments on some of these are detailed below.

Urgency

We acknowledge and agree that some urgency is required, and the current Covid-19 pandemic has illustrated the way in which existential threats can have immediate and serious financial implications.

Local or global solution

The ultimate objective should be to identify and adopt a global solution in the interests of harmonisation and comparability. However, we recognise that a first step towards this objective could be the adoption of a local solution.

Framework and metrics

We support the development of a global and consistent framework for standards and metrics in non-financial reporting.

Materiality lens

We agree that the materiality lens should be expanded to include the wider impact on long term value creation.

Role of technology

We agree with the emphasis in the paper that technology will play a key role in creating greater connectivity between financial and non-financial reporting.

Four approaches to interconnected standard setting for corporate reporting

We acknowledge that there are benefits and challenges associated with each of the four proposed approaches, but our preference would be approach 4 as that seeks to achieve a global solution as the ultimate objective.

If you would like to discuss this response in more detail, please contact Anne Adrain aadrain@icas.com

Yours sincerely

A handwritten signature in black ink that reads "Anne Adrain". The signature is written in a cursive, flowing style.

ANNE ADRAIN
Head of Sustainability & Reporting