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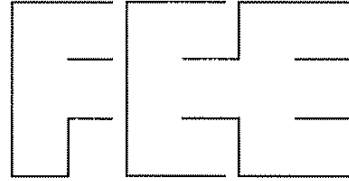
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6 December 2006

Mr. Richard Howitt
Parlement Européen
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Dear Mr. Howitt

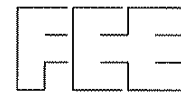
Re: Assurance on Sustainability Reports

We very much appreciated your participation in the Roundtable on Assurance on Sustainability which FEE organised on 21 November and in particular the statement you made in support of sustainability reporting developments and related developments in providing assurance on such reports. By separate mail we will send the summary report of the Roundtable in order to give you a flavour of the rest of the discussions.

We appreciate your invitation to contribute to the report for Parliament on CSR: a new partnership and reacting on the EC March Communication on CSR. Although we realise that your report has already been firstly discussed at Committee level we hope that our views below are still useful to you. We noted and support your view on the need for convergence of standards as part of a cautious development process. We welcome the call to the accountancy profession to take out its experience in the CSR reporting and related assurance engagements: the accountancy profession's expertise can clearly contribute to this process whereby the accountant is assisted by experts or multi-disciplinary teams ensuring sufficient sustainability knowledge.

In the EC Communication of 22 March 2006 "Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility," voluntary initiatives were called on since obligations would be contrary to the principles of better regulation. Unfortunately, the Communication only touched on CSR reporting in that it referred to transparency of CSR information to make the non-financial performance of companies and organisations more understandable for all stakeholders. However, the Communication did not explicitly support existing CSR reporting initiatives and did not call for global standards in relation to CSR reporting and assurance. Also other initiatives to stimulate CSR for example through sustainable investments as promoted by Eurosif have not found their way into the Communication.

We agree that transparency and reporting are crucial elements of CSR. We are aware that financial analysts, investors or other providers of capital, pension funds and NGOs demand information from companies and often encourage industry to improve sustainability performance and to meet corporate responsibility pronouncements. We understand that SRI funds use the FTSE4Good Index as a convenient yardstick and many believe that neither investors nor their financial advisors have enough information. Publishing a sustainability report helps an organisation to be more transparent and credible in its relations with stakeholders.



Further learning and experience is needed on CSR reporting. It is important for Europe to align with international initiatives. As in other areas such as financial reporting, Europe should support global principle-based standards and aim at a worldwide solution.

It is important, however, that reported information is credible and reliable, accurate and complete for the users of the information. The reported information needs to provide a balanced picture of the organisation's sustainability approach as organisations are expected to be accountable, take responsibly and to report on their performance. Although it is possible that organisations voluntarily commission assurance engagements on reports they have prepared because of the perceived benefits, both external and internal, where stakeholders call for some form of assurance it is normally because they seek additional comfort on the reported information.

The independent assurance provider issues a report that enables users to place more credibility on the information reported by the organisation. Each user of the assurance report can use the information in the sustainability report with less uncertainty about that information. The intended users of the report are the immediate external beneficiaries, but the organisation also frequently benefits internally because of independent assessment over the implementation of the organisation's CSR policies and communication its activities to the public. The assurance engagement process can also bring positive incidental benefits, for example recommendations to management on control procedures and reporting systems.

The involvement of an independent assurance provider can allow an organisation to benefit from his external expertise and experience or the view point that the independent assurance provider brings. The independent assurance provider reviews systems, processes and internal controls, and reports any weaknesses to the organisation. The independent assurance provider may also offer insights in developments in reporting having long-term business implications. This involvement can improve the quality of sustainability reports. Improvements in data measurements, recording and internal reporting systems, learning and knowledge transfer within the organisation all potentially enhance the organisation's internal decision-making and hence the ability to achieve its business objectives. The improvement can be specific to a particular process or procedure, or may be general as a consequence of increasing confidence within the organisation in its performance.

Also, GRI in its Sustainability Reporting Guidelines G3 "recommends the use of external assurance for sustainability by reports in addition to any internal resources".

We believe that our Roundtable of 21 November 2006 clearly demonstrated the value of sustainability assurance. Enhanced CSR reporting, coupled with independent assurance carried out consistently in accordance with high-quality standards, will benefit stakeholders and ultimately promote the goals of sustainable development.

We hope that you will refer both to reporting and assurance elements in your report. We would be pleased to discuss this subject further with you.

Yours sincerely,

David Devlin
President