

Accountancy Europe  
Avenue d'Auderghem 22 – 28  
1040 Brussels

Via email: [jona@accountancyeurope.eu](mailto:jona@accountancyeurope.eu)

26 March 2020

Dear Jona,

### **Interconnected Standard Setting for Corporate Reporting**

We welcome the opportunity to comment on Accountancy Europe's paper *Interconnected Standard Setting for Corporate Reporting*. We fully support the sentiment of the paper and the goals it aims to achieve. Most notably, we support the proposal of a body with global authority, to distil, out of the hundreds of frameworks, metrics and standards, those which would constitute non-financial reporting standards (NFRS).

At this current stage, we do not have views as to which of the four approaches may be most appropriate, or if other approaches need to be considered, as we believe the structure will become clearer as international bodies work together to discuss ideas. We are supportive of there being standard setting rather than jurisdictional legislation as this will assist with the comparability and consistency of reporting. We note however that the paper does not make reference to the Sustainability Accounting Standards Board metrics, and in our view, in order for there to be a truly interconnected set of global standards, there must be buy-in from all key players including the US. In order to avoid there being multiple NFRS in different jurisdictions (similar to that of accounting standards) we believe a holistic approach is needed.

From looking at the details of the approaches we question whether introducing a Corporate Reporting Foundation (CRF) to replace the International Accounting Standards Board (IASB) trustees, could create risk that the IASB becomes too generalist and loses focus from International Financial Reporting Standards (IFRS). On the one hand, some areas of financial reporting and non-financial reporting are well connected and understood, which is good for coherence. However, there are many areas with no linkage between the two and we fear there could be risk, without having distinct bodies owning them, that these may become less easy to manage. The paper also raises further questions to consider for example, how would the CRF be appointed? How will it be funded? Who would determine the membership of the oversight board? We believe this paper is helpful in identifying what questions need to be asked, however it does not consider the intricacies of how the proposals would work in practice, or what needs to be done to get there. We support the ideas put forward but without the mechanics of how to achieve them, there is only so far this paper can take us.

We note the International Business Council's (IBC) draft consultation on *Developing Core Set of Universal ESG Disclosures* makes reference to this paper and we are encouraged by their paper which specifically proposes what metrics companies should be using and which metrics need to be developed. Nevertheless, there is still significant work that needs to be done to distil these to a manageable level, and it will be a combination of responses to this paper and the IBC's, as well as wider discussion, which will help to further clarify what is needed to reach the end-goal. It will take considerable time and effort from stakeholders around the world to create interconnected standards for corporate reporting, however with a concerted effort by all, we think it could be achievable and look forward to contributing to the debate as it develops.

Should you wish to discuss our comments please contact me at [Iain.Mackay@the100group.co.uk](mailto:Iain.Mackay@the100group.co.uk).

Yours sincerely,

**Iain Mackay**

*Chairman, Financial Reporting Committee*

*The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.*