

IAS Plus, 2019a

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Accountancy Europe has published a paper describing and calling for a global solution to interconnected standard-setting that can meet the need for reliable, consistent information in non-financial reporting that is interconnected with financial reporting.

The introduction to the paper notes:

Global risks and opportunities mean that financial information alone cannot give a full picture of a company's performance. Climate change, environmental degradation, social unrest and internally generated intangibles are addressed by non-financial information (NFI) reporting. However, the hundreds of NFI reporting initiatives available are leading to confusion and the potential for greenwashing. For an effective response to these global issues and stakeholder demands, NFI reporting needs to be harmonised and interconnected with financial reporting.

Therefore, the paper introduces nine criteria to assess approaches to interconnected standard-setting for corporate reporting. The criteria are:

- urgency,
- global or local solution,
- oversight,
- due process of standard-setting,
- responding to stakeholder interests,
- framework and metrics,
- materiality lens,
- legal embedding, and
- role of technology.

These criteria are then applied to four approaches, being (1) an international non-financial reporting standards board within the IFRS structures, (2) regional consolidation, (3) separate governance structure for financial and NFI reporting; and (4) global corporate reporting structure.

Accountancy Europe concludes that the fourth approach offers the best solution with an enhanced monitoring body, a corporate reporting foundation that builds on the current IFRS Foundation Trustees and would be responsible for financial reporting and non-financial reporting oversight and two standard-setting boards (the IASB and a new international non-financial reporting standards board) that would be connected by a common framework for connected reporting.

Comments on the paper are invited by 31 March 2020. Please click to access the paper on the Accountancy Europe website (<https://www.accountancyeurope.eu/wp-content/uploads/191220-Future-of-Corporate-Reporting.pdf>).

Related Topics

Resources

- IFRS Foundation (<https://www.iasplus.com/en/resources/ifrsf/governance/ifrsf>)
- International Accounting Standards Board (IASB) (<https://www.iasplus.com/en/resources/ifrsf/iasb-ifrs-ic/iasb>)
- Sustainability reporting and integrated reporting (<https://www.iasplus.com/en/resources/sustainability/sustainability>)

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- Accountancy Europe (formerly FEE) ([https://www.iasplus.com/en/search?content_types_vocabulary_othertopic=e3421189-73c3-4910-bbd2-03e1174ba06b&portal_type%3Alist=News+Item&sort_on=getDateAdded&sort_order=reverse&title=Accountancy+Europe+\(formerly+FEE\)](https://www.iasplus.com/en/search?content_types_vocabulary_othertopic=e3421189-73c3-4910-bbd2-03e1174ba06b&portal_type%3Alist=News+Item&sort_on=getDateAdded&sort_order=reverse&title=Accountancy+Europe+(formerly+FEE)))

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