

**Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)**

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Re: Accountancy Europe's paper "Interconnected Standard Setting for Corporate Reporting"

Dear Sir/Madame,

We are pleased to have the opportunity to provide our comments on the Cogito paper "*Interconnected Standard Setting for Corporate Reporting*" prepared by your task force.

As you have mentioned in the document, several organisations deal with the non-financial reporting by developing standards and guidelines, however the numerousness and heterogeneity of the proposed solutions do not guarantee neither the efficiency nor the comparability of the information. Users have no information that meet all their needs and preparers have difficulty finding their way among different frameworks and standards.

In this context, it is important to work for the development of a non-financial reporting system in view of a global solution, coordinated with the financial reporting. To this end, in the document, the task force believes necessary to identify/establish a body able to pursue this task in the most efficient way.

The task force's document proposes four approaches to identifying a non-financial standard setter, indicating as preferable the approach "Global corporate reporting structure" (approach 4).

We note that, after the publication of this document, during the "*Conference on implementing the European Green Deal: Financing the Transition*" held on January 28, the Executive Vice-President of the European Commission, Valdis Dombrovskis announced that the European Commission will

support a process to develop European non-financial reporting standards and EFRAG will be invited to begin preparatory work for these standards as quickly as possible.

The initiatives undertaken and the important financial commitment by the European Union to support environmental sustainability entitle, in our view, the Europe to play a leading role in non-financial matter, as underlined by Patrick de Cambourg in his document recalled in your paper as approach 2.

The EU's willingness to encourage and support EFRAG in undertaking the new task gives this solution greater concreteness than the alternatives. The initiative would be born "European" in terms of institutional structure, but it should - and could - become "global" in terms of spread of its activity, as required by its nature.

EFRAG's experience in financial information and the custom of its relations with the IASB should then facilitate the development of a structure/coordination practice aimed at the gradual integration of the financial and non-financial components into an interconnectable reporting system. In other words, it should not be impossible to pursue the objectives of approach 4 of the paper also starting from the greater concreteness of approach 2 in the Dombrovskis version, provided that the objectives to be pursued and the institutional and operational solutions consequently required are clear.

Equally agreeable is the objective *"to show leadership in building consensus for a set of standards that can be widely accepted"*, starting with what exists today and with the assistance of who can best contribute to the process. Thus, aiming to become a global solution, not limited to the European borders.

This position has been confirmed by Dombrovskis at the IFRS Foundation conference *"Financial reporting: remaining relevant in a changing environment"* on 18 February during which he observed that their work must take into account the global aspect into account and that *"The EU is happy, of course, to take the lead. But: we are also open to working with all organisations that have advanced the cause of sustainability and non-financial reporting"*, such as, for example, the IASB and the Task Force on Climate-related Financial Disclosures.

We agree on the importance to start the work as soon as possible and on its efficiency, that is using the available resources. We see the involvement of EFRAG as the first step of the process to develop non-financial standards. We believe important that EFRAG in carrying out this new task develops a wide consultation with the stakeholders.

The fact that the EU can assume the role of driver in this process is acknowledged also by the task force of Accountancy Europe when says:

"The EU can act as the catalyst towards a global solution leading an alliance with other countries ready to move towards consistent standards in this space. This could build from the international Platform on Sustainable Finance Initiative, which is open to public authorities willing to promote international cooperation in the area of environmentally sustainable finance."

We therefore believe that the Dombrovskis proposal deserves appreciation and attention and that any decision regarding the future structure of the non-financial standard setting should be suspended pending the possibility of knowing and evaluating the project that will subsequently be presented by EFRAG.

Yours sincerely,

Paolo Gnes

(Chairman of OIC Supervisory Board)