

Exploring the accounting community perspective on the “Consultation Paper on Sustainability Reporting”

Cristian Carini*, Laura Rocca**, Monica Veneziani***, Claudio Teodori**

Abstract

Purpose: Through the publication of the Consultation Paper on Sustainability Reporting (CPSR), the IFRS Foundation aimed at assessing the demand for sustainability reporting standards. An intense debate followed at both academic and practitioner levels. This study focuses on the accounting community’s comment letters sent on the CPSR to understand the positions expressed by academics and by practitioners such as audit firms, accountancy bodies, and consultants/accounting firms on the 11 issues raised by the IFRS Foundation.

Design/methodology/approach: A total of 91 comment letters have been analysed in this study. Both qualitative (manual content analysis) and quantitative methods were used, and a statistical analysis was performed to validate the data.

Findings: The findings reveal a positive and pragmatic approach by the accounting and the audit firms, as well as by the accountancy bodies, towards a global common set of standards for the sustainability disclosure led by the IFRS Foundation. In contrast, the position of the academics seems more critical, especially as concerns their disagreement on the scope of the climate-related financial disclosure and risks.

Originality/value: This paper contributes to the accounting literature with a policy-relevant study on the main criticalities and discussion on the CPRS draft made by skilled and experienced community’s members. This may enhance the quality of the revised version of the European directive on sustainability reporting. Future research may extend the scope of the study to all the other comment letters.

* University of Brescia. Corresponding author, e-mail: cristian.carini@unibs.it.

** University of Brescia.

*** Catholic University of Sacred Heart.

Doi: 10.3280/FR2023-001003

Keywords: sustainability reporting, comment letters, consultation paper, auditing, practitioners, academics.

JEL: M41

First submission: 29 April 2022. Received after revisions: 30 September 2022. Accepted: 7 December 2022.

1. Introduction

The World Economic Forum's (WEF) report on the main risks that the world will have to face in the coming years foresees three environmental issues in the global scenario: climate change, extremely adverse events and loss of biodiversity. In this context, where the environment and the climate crisis are at the centre of the discussion, it is clear that the economic and business community, according to its specificities, must also deal with the issues of sustainable development and climate change in trying to mitigate the risks described by the WEF. This process of observation was already initiated many years ago, with the study on the social responsibility of business people and the subsequent development of 30 years of social and environmental accounting studies, and is more relevant today than ever (Adams and Abhayawansa, 2021).

The increased global attention to corporate social responsibility (CSR) issues has also pushed international standard setters to converge towards the proposal of sustainability reporting standards that can respond in a clear, comparable and transparent way to the demand for disclosure of non-financial information by companies. There are already examples of legislation on Non-Financial Disclosure (NFD), such as European Directive 2014/95 (Cantino et al., 2019); widespread standards, such as the Global Reporting Initiative (GRI), which are used by companies to report environmental, social and governance (ESG) information, as well as new approaches to reporting, such as the integrated thinking of the International Integrated Reporting Council (IIRC) (Comerio and Tettamanzi, 2019). With this in mind, the Value Reporting Foundation (VRF) was recently established by the IIRC and the Sustainability Accounting Standards Board (SASB). *“The Value Reporting Foundation is a global non-profit organization that offers a comprehensive suite of resources: Integrated Thinking Principles, The International Reporting Framework and SASB Standards. These resources are designed to help businesses and investors develop a shared understanding of enterprise value – how it is created, preserved and eroded”* (<https://www.integratedreporting.org>; accessed January 2022).

On April 21, 2021, the European Commission published a proposal for a Corporate Sustainability Reporting Directive (CSRD) that would complement the aforementioned EU Directive 2014/95 currently in force. The purpose of this proposal is to change the current non-financial reporting requirements so that non-financial reporting is placed on the same level as financial reporting. The non-financial data that the new CSRD will require must be reported on the basis of common standards, which is currently under development by the European Financial Reporting Advisory Group (EFRAG).

This is also the context for action by the International Accounting Standards Board (IASB). On September 30, 2020, the trustees of the IFRS Foundation published the “Consultation Paper on Sustainability Reporting” (CPSR). This consultation project, open until December 31, 2020, aimed at assessing the demand for sustainability reporting standards, and the role of the IFRS Foundation in the development of such standards. At a time of increased attention to ESG issues, the trustees are engaging various potentially interested stakeholders in identifying their views on the need for global sustainability standards and possible ways to implement them to improve consistency and comparability in sustainability reporting.

Based on that debate, our purpose is to provide an informed study of the accounting community’s contributions to the policy-making process. Our analysis of the respondents’ comment letters about the CPSR aims to understand the community members’ main positions and opinions in relation to critical issues of the standard setter process on reporting of sustainability information (Reuter and Messner, 2015). A deep analysis of the accounting community’s perspective could be useful for Standard Setters to understand what are the main comments and criticalities to the CPSR given by a skilled and experienced community. This could enhance the quality of the revised version of the directive.

Regarding such an institutional setting, we have structured the rest of this paper as follows. In Section 2, we present our literature review. We introduce our methodology in Section 3 and discuss our results in Section 4. Finally, we draw our conclusions and provide policy implications.

2. Literature review

Academic literature on the sustainability reporting standard-setting process has increased in recent years (Adams and Abhayawansa, 2021; Adams and Mueller, 2022; Christensen et al., 2021; Einwiller et al., 2016; Fortanier et al., 2011; Giner and Luque-Vílchez, 2022; Larrinaga and Bebbington, 2021). Researchers in this field have studied the harmonisation process for

sustainability reporting and more recently (in 2020 and 2021), the new aforementioned proposals, with the aim of examining the main contents of the sustainability reporting standards' draft (Adams and Abhayawansa, 2021; Adams and Mueller, 2022) and the roles of institutions such as the IFRS Foundation and the EFRAG (Giner and Luque-Vílchez, 2022). Comparing the harmonisation process of sustainability reporting and that of financial reporting, Giner and Luque-Vílchez (2022) emphasise that "*the field of research (regarding sustainability) is still very recent and limited compared to corresponding financial reporting-related research*". The debate about the sustainability standard-setting process lacks policy-relevant studies that explain how the academic community could improve the policy-making process (Garcia-Torea et al., 2020; Giner and Luque-Vílchez, 2022) and how such academic research could have a real impact on the standard-setting process (Adams and Mueller, 2022; Pizzo et al., 2018). Adams and Mueller (2022) stress "*the importance of evidence-based academic engagement*" and the fact that academics have to persist in that direction, although there seems to be a lack of responsiveness by policy makers.

As far as we know, this study is the first to provide an analysis of all contents of the comment letters from the accounting community, received in response to the CPSR. This will enrich Adams and Mueller's (2022) paper which only presents an analysis of the comment letters sent by academics.

Our paper fills the gap described by Garcia-Torea et al. (2020) and Giner and Luque-Vílchez (2022) in two ways. First, we analyse who are the interested parties in the accounting world and who have sent their comment letters, that is, those who have participated in the due process (Pizzo et al., 2018). Second, we identify the accounting community's positions on various issues addressed in the CPSR, whether there are common positions, for example, between practitioners and academics, or whether there are different opinions and approaches, even within the same accounting system. In our ultimate consideration, the need emerges to identify the main divergences and assess their complexity.

This could inform the policy-making process with a clear picture of the accountants' and academics' perspectives on the sustainability standard-setting process.

Based on Reuter and Messner's (2015) work, the framework adopted for this study is the lobbying in the standard-setting process. The standard-setting process is not only a technical but also a political one (Fogarty et al., 1994; Watts and Zimmermann, 1978); therefore, it involves various interests and points of view from diverse stakeholders. Reuter and Messner (2015) used the lobbying as theoretical and empirical background to understand different stakeholders' positions towards the IIRC for the integrated reporting process. The lobbying

framework states that interest groups “*can try to influence the standard-setter by means of different forms of lobbying. Sutton (1984, pp. 92-93) defines lobbying as [t]he efforts of individuals and organizations to promote or obstruct new regulations, whatever the source*” (Reuter and Messner, 2015, p. 367).

According to that framework, the promotion or the obstruction of new regulations could be done using direct or indirect methods (Kwok and Sharp, 2005). Literature suggests that direct methods of obstruction include comment letters, meetings or participations in public conferences, while indirect methods involve using intermediaries, for example, the media, to propose views towards new standards. In this paper, we chose to focus on direct methods, specifically the comment letters. The literature on lobbying in the standard-setter process using comment letters has been studied in the financial regulation process (Georgiou, 2005, 2010; Giner and Arce, 2012; Jorissen et al., 2006, 2012, 2013). However, the recent non-financial standard-setting process is still in its infancy, and the related lobbying has not yet been studied. Reuter and Messner (2015) are the only authors who have adopted a lobbying framework for the non-financial standard-setting process, as they have studied the lobbying of the IIRC for integrated reporting that differs “from financial reporting in terms of its particular content and institutional context” (p. 369). Regarding this framework, the same could be said for the sustainability standard-setting process, as it is more recent and differs from the financial one.

We analyse the lobbying positions and the related motivations and stimuli for a specific group of subjects. We have decided to apply this framework, considering the accounting community’s comment letters for the CPSR.

According to the purpose of this paper, the accounting community is considered as the group consisting of the following respondent types:

- academics in the accounting and the managerial areas;
- audit firms (i.e., KPMG, Ernest & Young, Deloitte & Touche and Pricewaterhousecoopers);
- accounting firms/consultants¹ (i.e. independent market advisor, advisor focuses on fund placement or accounting capital advisor)
- accountancy bodies (chartered accountants, accounting professional bodies, i.e., CIMA and ICAEW).

Following the IFRS Foundation’s approach in the analysis of the comment letters, the first step is to identify the respondent types. Previous studies (Jorissen et al., 2006, 2012; Reuter and Messner, 2015) identify the “accounting profession” as the group that comprises the audit firms and the associations and bodies of professional accountants. However, according to the purpose of

¹ In this paper, accounting firms and consultants are synonymous.

this paper, our aim is to probe deeper and differentiate among the members of that category, also considering the academics in the accounting and the managerial areas and the accountancy bodies, while separating the audit firms from the accounting ones.

The academics could have an impact on the due process, with their research findings regarding the social and environmental accounting (SEA) and CSR issues (Adams and Abhayawansa, 2021).

The auditors provide assurance to the non-financial information and will provide their perspectives on and experiences with the sustainability issues.

The consultants will advise firms in developing their reports and Key Performance Indicators (KPIs) and would like to assume a role in the sustainability process.

The accountancy bodies could portray their associated practitioners' views on the sustainability reporting and the impact that kind of regulation could have on their clients/stakeholders. Their position will provide information from a broader perspective.

They all have an interest in the CPSR to make their voices heard in the sustainability reporting process (Reuter and Messner, 2015).

Thus, according to the framework of understanding the role of “promotion or obstruction” to the regulation done by the accounting community, we would answer to the research question:

“What are the accounting community members’ positions on various issues?”

In order to contribute to the literature with a policy-relevant study (ref. to Garcia-Torea et al., 2020; Giner and Luque-Vílchez, 2022) on the main criticalities and discussion on the CPRS draft made by skilled and experienced community's members.

3. Research design

3.1. Analysis of the Comment Letters

The CPSR, published on September 30, 2020, and available for consultation until December 31, 2020, was prepared by a task force specifically established by the trustees of the IFRS Foundation in October 2019. The trustees called for detailed comments from interested parties on the issues set forth in this document, providing a consultation period of no less than 90 days.

With specific reference to the project, the consultation document includes 11 questions (Appendix 1).

The content of each question could be summarised as follows:

- Q1. Request for a consistent global set of sustainability reporting standards. This question investigates the need for a global set of internationally recognised sustainability reporting standards.
- Q2. Development of the Sustainability Standards Board (SSB). This question concerns the development of a committee that operates within the governance structure of the IFRS Foundation.
- Q3. Key requirements for success. Through this question, the IFRS Foundation requests the respondents to formulate comments or proposals on the “requirements for success” of the SSB activities, such as: a) achieving a sufficient level of global support from public authorities, global regulators and market stakeholders, including investors and preparers, in key markets; b) working on regional initiatives to achieve global consistency and reduce the complexity in sustainability reporting; c) ensuring the adequacy of the governance structure; d) achieving appropriate technical expertise of the trustees, SSB members and staff; e) achieving the level of separate funding required and the capacity to obtain financial support; f) developing a structure and a culture that seek to build effective synergies with financial reporting, and; g) ensuring that the current mission and resources of the IFRS Foundation are not compromised.
- Q4. The IFRS Foundation’s relationships with other institutions and initiatives. This question explores the opportunity to use the IFRS Foundation reports to drive the adoption and consistent application of SSB standards globally.
- Q5. Consistency with existing initiatives in sustainability reporting. The interest is in the comments regarding the methods of collaboration on the existing initiatives in the field of sustainability reporting to foster global consistency.
- Q6. Consistency with existing jurisdictional initiatives in sustainability reporting. The question is an extension of the previous one. With this, the IFRS Foundation requests comments regarding the methods of collaboration on the existing jurisdictional initiatives in the field of sustainability reporting to foster global consistency.
- Q7. Scope relative to climate-related financial information. The question is about the extent of the SSB’s initiatives, particularly whether it should initially develop climate-related financial disclosures before potentially broadening its remit to other areas of sustainability reporting.
- Q8. Scope related to climate-related risks or other broader environmental factors. Through this question, the IFRS Foundation asks for comments on

whether to focus attention on climate-related risks or whether broader environmental factors should be considered.

- Q9. Materiality. The IFRS Foundation focuses on the approach to materiality that should be followed by the SSB. In detail, the IFRS Foundation requests comments on the agreement to initially focus the SSB's efforts on the most relevant sustainability information for investors and other market participants, not adopting the "double materiality" approach.
- Q10. Assurance. The request for comments focuses on the reliability of sustainability information, particularly whether it is appropriate to subject sustainability information to external assurance or to other methods of reliability.
- Q11. Other issues. This last question is open to any other relevant comment or issue to be submitted for the consideration of the IFRS Foundation.

3.2. Content analysis methodology

In order to collect unit-level data to test the respondents' positions, we first categorised their positions regarding the CPSR of the IFRS using the categories "agree", "neutral" and "disagree" and assigning +1, 0 and -1 scores to the categories, respectively (Reuter and Messner, 2015). This assessment was made in relation to each respondent's analysis, considering the overall questions from Q1 to Q11, and the examination of the entire comment letter from a general point of view. To avoid subjectivity of the rating, a double check between researchers was put in place. This approach is consistent with those of previous research (Jorissen et al., 2006; Tutticci et al., 1994). Please see Table 1 for examples of the coding grid (adapted from Demaria et al., 2012).

Table 1 – Examples of the coding scheme Agree/Neutral/Disagree

Manifestation	Example of literal expression
Agree	<i>"It is important for corporate reporting on environmental and social topics relevant to capital allocation decisions to be integrated with financial reporting so these topics are given adequate weight in capital allocation decisions. IFRS Foundation's role in this integration should be similar to its role for financial reporting. Namely, to engage with subject matter experts, regulators and other government authorities to create non-financial reporting standards which are used globally for corporate reporting".</i>
Neutral	The response is "Yes" or "No".
Disagree	<i>"We are seriously concerned about assertions made in your Consultation Paper and other reports informing your proposals including those of Accountancy Europe and the World Economic Forum with the Big 4. Your proposals lack adequate evidence-based justification".</i>

Second, delving deeper, responses to Q1, Q2, Q4, Q5, Q6, Q7, Q8, Q9 and Q10 were coded using the dichotomous variables 0 for the no/disagree response and 1 for the yes/agree response. In contrast, Q3 and Q11 were open-ended questions that were considered for comments and the general examination above.

To study the contents of those comment letters, we performed a content analysis to capture the unit-level data needed to test the types of arguments, conceptual or pragmatic, applied in the comment letter responses in order to categorise the respondents’ overall vision. The conceptual arguments refer to those based on theoretical issues regarding the topics of the CPSR, not reporting practical consequences or implications. In contrast, the pragmatic arguments refer to those based on practical and operational issues that provide examples and direct implications for daily activities. The literature highlights how arguments are used as strategies to persuade the standard setter (Giner and Arce, 2012; Stenka and Taylor, 2010; Tutticci et al., 1994).

Due to the nature of some of our research questions, we conducted a qualitative content analysis, based on the methodologies suggested by Bryman and Bell (2011) and Mayring (2000). Such content analysis requires capturing the meanings behind the words. In other words, the types of topics presented by the respondents and their thematic focus were derived deductively and are consistent with previous research findings (Giner and Arce, 2012; Jupe, 2000; Tutticci et al., 1994). The specific steps taken in the coding process were based on the procedure suggested by Bryman and Bell (2011). Examples of pragmatic or conceptual arguments, extracted from the comment letters, are presented in Table 2.

Table 2 – Examples of the coding scheme Pragmatic/Conceptual

Argument	Example of literal expression
Pragmatic	<p><i>"[...] For a start I recommend focusing on three interrelated stakes [...]:</i></p> <ul style="list-style-type: none"> <i>- climate can be priced per ton of equivalent CO₂ emitted;</i> <i>- biodiversity can be priced both per physical artificialized hectare: corporate buildings surfaces (two-fold, in order to account for global infrastructures available to corporates), and hectare of ecological footprint (ecosystem surfaces necessary to provide and sustainably renew ecosystemic services used by corporate);</i> <i>- fresh water can be priced per cubic meter cost of sustainable renewal of the resource".</i>
Conceptual	<p><i>"the SSB board must have a clear definition of climate, environmental, and even social risks, as established by international accounting, auditing and assurance information standards, not only in setting but also in managing and controlling these, with improvement plans to minimize, mitigate or eliminate them....".</i></p>

The responses to the questions were categorised according to the types of subjects constituting the accounting community: there are 91 out of 577 re-

spondents or approximately 16%. Table 3 presents how the comment letters are distributed based on the types of respondents from the accounting community.

Table 3 – Comment letters from the accounting community

	n.	%	Cumulative %
Comment letter	577		
Accounting community	91	15.7	
- Accountancy bodies	42	46.2	46.2
- Academics	33	36.2	82.4
- Audit firms	8	8.8	91.2
- Accounting firms/Consultants	8	8.8	100.0

Moreover, as the IFRS Foundation did in the analysis of the comment letters, we identify the geographic regions (Table 4) (Jorissen et al., 2013).

Table 4 – Comment letters' frequencies by geographic area

Area	Counts	% of Total	Cumulative %
Europe	36	39.6	39.6
Asia	14	15.4	55.0
Africa	10	11.0	66.0
South America	9	9.9	75.9
Australia	7	7.7	83.6
International	7	7.7	91.3
North America	7	7.7	99.0
Russia	1	1.0	100.0

3.3. Statistical test performed

We tested the differences in the frequency with which the group sent comment letters by χ^2 goodness of fit. The χ^2 goodness of fit tests the null hypothesis that the proportion of observations is distributed equally among different groups. A low p-value (i.e., < 0.05) suggests that the null hypothesis is false and that the true proportions are different from those tested (Reuter and Messner, 2015).

The use of conceptual and pragmatic arguments was tested with the χ^2 goodness of fit. In this regard, we used increasing scores from 0 to 2, where 0 denotes “no interest”, 1 means “with little interest”, and 2 signifies “with much interest” (Reuter and Messner, 2015).

Table 5 – Examples of coding scheme 0/1/2

Score	Example of literal expression
2	<i>"Given the diversity in the current level of ESG practices, it will be better if three levels of standards be developed: • Initial/ Preliminary, • Intermediate; and • Final. Taking into consideration present state of ESG disclosures/ standards, a considered decision be taken as to which standard must be the starting point and what should be the road map to reach and implement final level of standards. It is felt that 5-10 years must be given (or less) to reach universal disclosure standards. Similar process as followed in case of Accounting Standards, could be adopted for the Sustainability Standards also".</i>
1	<i>"It would possibly make sense to include national/regional representatives as members of the Monitoring Board (or as trustees) and thus involve them more intensively"</i>
0	<i>"We have always believed, and continue to believe, that accounting can play an important role in moving business and society towards a more sustainable world"</i>

This categorisation allowed us to determine whether the respondents relied on both topics and focus, without any attempt to justify their positions. We also combined the responses with the respondent's type using a χ^2 test of association based on contingency tables. The χ^2 test of association is used to test whether two categorical variables are independent or associated. A low p-value (i.e., < 0.05) suggests that the variables are not independent and that a relationship exists between them (Reuter and Messner, 2015). A contingency table (also known as a cross-tabulation or a crosstab) is a type of table in a matrix format that displays the (multivariate) frequency distribution of the variables. This statistical tool provides a basic picture of the interrelation between two variables and can help find interactions between them.

In the following section, we discuss our main findings. In the text, the value of the statistic (χ^2), the degree of freedom (df) and the p-value (p) are enclosed in parentheses.

4. Main findings

4.1. Results

First of all, the χ^2 goodness-of-fit test confirms that the participation in the CPSR reveals different perspectives by the respondents from the accounting community.

In this regard, it is confirmed that the association between the answers given by the respondents from the accounting community and the category where each of them belong is statistically significant ($\chi^2 = 40.0$, $df = 3$, $p < 0.001$). It is clear from the responses that accountancy bodies (42) and academics (33) show greater participation than auditors (8) and consultants (8) (Table 1).

Similarly, in the χ^2 goodness-of-fit test, a significant difference emerges between the geographic areas where the respondents live ($\chi^2 = 65.6$, $df = 7$, $p < 0.001$). The European area (no. 35) significantly exceeds the other geographic areas and alone represents 38.9% of the responses (Table 4). This can be justified by the European area's greater sensitivity to sustainability issues (European Union [EU] Green Deal, Next Generation EU, various policies on the sustainability and climate-related activism of the EU).

When looking at the respondents' opinions on the overall content of the consultation paper ("agree", "neutral" or "disagree"), the χ^2 goodness-of-fit test shows a significant difference ($\chi^2 = 74.5$, $df = 2$, $p < 0.001$) (Table 6).

In this regard, we determined the differences among the respondents with a test of association based on the contingency table ($\chi^2 = 46.8$, $df = 6$, $p < 0.001$). The positions of accountancy bodies and auditors are decidedly in favour of the project. The accounting firms/consultants show the most favourable attitudes towards the content of the consultation paper. According to the regulation theory, the members of the accounting profession (i.e., auditors, chartered accountants and consultants) will lobby mainly for their own benefit, even if their positions may conflict with the preparers' preferences (Reuter and Messner, 2015). For example, Puro (1984) finds that auditors are likely to approve standards that require increased information disclosure, as this extends the demand for their services. Accounting professionals are likely to benefit from the sustainability reporting project as it constitutes a new (assurance and consulting) market for them (Deloitte & Touche, 2011a, 2011b; Ernst & Young, 2011, 2012; KPMG, 2010, 2012; PricewaterhouseCoopers, 2010, 2012; Reuter and Messner, 2015).

Table 6 – Respondents' approach, cluster contingency table

Respondents	Approach			Total
	Disagree	Neutral	Agree	
Academics	20	0	13	33
Audit firms	0	0	8	8
Accountancy bodies	1	0	41	42
Accounting firms/consultants	2	1	5	8
Total	23	1	67	91

The vast majority of the accounting community (73.6%) has a positive approach to the issue under discussion, consciously linked to the role that it may play in the future development of information and documents related to sustainability. Information relating to ESG factors will become important control tools for the companies, also useful for a correct assessment of risks

and for the definitions of strategic objectives. Audit and accounting firms representatives themselves in a similar way, with the exception of academics who claim their role as promoters of “significant and validated sustainability research” (quote from a comment letter) inherent in sustainability reporting practices. Academics emphasise that the content of the consultation paper should take into account the “existing substantive body of independent academic research” (quote from a comment letter) that has not yet been considered.

Regarding the types of arguments – conceptual or pragmatic (Table 7) – that were applied in the comment letter responses, it is noted that the accounting community as a whole tends to favour conceptual arguments. This result is consistent with Reuter et al. that states respondents use conceptually based arguments more frequently than arguments about economic consequences (Reuter and Messner, 2015).

Moreover, the content analysis shows a lot of interest (2 points) from all types of respondents. With specific regard to pragmatic topics, there is a strong association between the responses and the accounting professionals (audit firms, accountancy bodies and accounting firms) ($\chi^2 = 21.1$, $df = 6$, $p = 0.002$). In general, academics have no interest or limited interest in pragmatic topics, while the other respondents emphasise the pragmatic approach, addressing the questions posed by the IFRS Foundation also in operational terms.

Table 7 – Respondents’ conceptual and pragmatic arguments, cluster contingency table

Respondents	Conceptual arguments				Pragmatic arguments			
	0	1	2	Total	0	1	2	Total
Academics	0	11	22	33	10	19	4	33
Audit firms	0	1	7	8	0	7	1	8
Accountancy bodies	0	5	37	42	5	34	3	42
Accounting firms/Consultants	0	3	5	8	3	1	4	8
Total	0	20	71	91	18	61	12	91

4.2. Qualitative analysis: Discussion on CPSR questions

After defining the framework that characterises the respondents, we now focus on the responses (provided in the comment letters) to the 11 questions posed by the IFRS Foundation.

The central question concerns the actual need to have a new global set of internationally recognised sustainability reporting standards, despite the existence of international frameworks, guidelines and standards (Q1) (Table 8).

The responses show a clear need (80.2%) “*to promote comparable reporting and reduce the complexity in approaches*” (IFRS Foundation, 2021), leading to a single set of standards and enhancing the guiding role that the IFRS Foundation could play in this sense, also in collaboration with other bodies, provided that it extends (formally and substantially) the range of its activities towards ESG, which require skills that differ from the traditional ones.

“The xxx believes that investors and other providers of capital have a growing and urgent need for sustainability information that is: Comparable across companies; Consistent from one time period to the next; Prepared in an environment of strong internal controls and board governance; Material to enterprise value creation; Inter-connected with the information in the financial statements; Industry-specific; and Quantitative and metric-based with qualitative information used to provide context.

The xxx believes that the development of the above described sustainability information can best be derived from reporting standards that: Are connected with financial reporting standards; Have widespread acceptance and use; Are acknowledged by regulators; Allow a tailored approach depending on the size of the enterprise; and Are developed using due process that is widely respected.

A single set of high-quality sustainability reporting standards will bring significant benefits to the global economy, society at large, and serve the public interest”.

Of course, there are also opposing positions (13.2%), which consider the potential set of standards (IFRS) too binding and as such, not conducive to the dissemination of information, also taking into account the wide international diffusion of GRI standards. An Academic expressed this view as follows.

“My key concerns are: As formulated, this proposal is not in the public interest; The proposal is not cognisant of current investor and corporate best practice and findings of evidence-based research; A focus on the financial materiality of sustainable development issues is not in the long-term interests of investors, companies, society and governments that have committed to the UN SDGs; By focusing on narrow interests of a sub-set of stakeholders, the proposal will not achieve a stated goal of IFRS Foundation Trustees to reduce the number of frameworks/standards”.

We should also not overlook the lack of neutrality of the IFRS, which has an eye on the capital markets, with the risk of excessive simplification in

order to allow investors to assess sustainability based on a limited series of indicators. In fact, the theme of sustainability appears broader than the efficient functioning of capital markets, with the significant risk of slipping into greenwashing behaviour. It is interesting to note that the position of accounting professionals (audit firms, accountancy bodies and consultants) is uniformly oriented towards having a global set of reporting standards. Contrary positions are manifested almost exclusively by academics.

“I am surprised at this question as we already have sustainability reporting standards – the GRI Standards, which are internationally recognised. The IFRS Foundation could use its relationships and networks to help enforce the uptake of those Standards around the world. I do not see the point of creating additional sustainability standards, particularly as the case for doing that is not clearly explained in the paper. I also highlight here that the main thrust of the paper is to help reduce complexity of sustainability reporting, so developing additional set of standards would have to be based on independent and rigorous evidence, which I struggle to see in the Consultation Paper”.

Table 8 – Demand for a consistent global set of sustainability reporting standards (Q1)

Respondents	Yes	No	Total
Academics	16	11	27
Audit firms	8	0	8
Accountancy bodies	42	0	42
Accounting firms/Consultants	7	1	8
Total	73	12	85

In relation to Q2 (Table 9), consistent with previous positions, the large majority (72.5%) believes that the development of an SSB by the IFRS Foundation is an appropriate approach to achieve consistency, high quality and comparability in sustainability reporting, functional enough to affect the current regulatory fragmentation, also making the approach more streamlined (although there are some doubts about this).

“We believe that the development of a sustainability standards board (SSB) to operate under the governance structure of the IFRS Foundation (three-tier structure) is the most appropriate approach to achieve greater consistency and global comparability in sustainability reporting. It is quite right to entrust an independent group of experts, with an appropriate mix of knowledge and practical experience in sustainability issues, with the task of developing and issuing global standards that are internationally recognised and accepted. The model we have in mind is the success achieved by the International Accounting Standards Board (IASB) in its work as the IFRS standard-setting body, which is due, to a great extent, to the fact that

they follow a due process in their standard-setting, technical consultations, stakeholder engagement register, process for Board member appointments, work plan, etc. By developing an SSB similar to the IASB, the new body incorporation process would be shortened as the existing organizational structures would be leveraged. This would allow the new board to focus on its mission objectives and not to spend too much time and resources on developing a structure from scratch. Somehow or other, a career is already carved and that must be harnessed”.

What appears to a limited extent in the comment letters and which should instead represent a qualifying point, is the possible coherence emerging, in the event of an SSB, between sustainability and financial reporting issues.

“While consistency and comparability are important for a specific goal of allocating financial resources across different investments scenarios, they are not the most important. Contribution to system value and using sustainability context-based metrics is probably the most important element of sustainability accounting and reporting, thereby allowing investors/banks and market regulators to push investments towards those that do not continue to “eat” several earths per year”.

In short, it is thought to exploit the diffusion of the IFRS and its growing influence on the individual national jurisdictions in order to confer legitimacy on the new SSB and the standards they prepare.

The responses are statistically significant, making it possible to reject the null hypothesis of fair proportionality based on the goodness of fit ($\chi^2 = 33.8$, $df = 1$, $p < 0.001$). Once again, it can be observed that the most critical positions are proposed by academics, while there is a substantial uniformity of views on the part of the accounting profession.

Table 9 – Development of the Sustainability Standards Board (Q2)

Respondents	Yes	No	Total
Academics	12	11	23
Audit firms	8	0	8
Accountancy bodies	40	1	41
Accounting firms/Consultants	6	2	8
Total	66	14	80

On Q4 (“*Could the IFRS Foundation use its relationships with stakeholders to aid the adoption and consistent application of SSB standards globally? If so, under what conditions?*”), the responses to the consultation paper are in agreement that ultimately, the IFRS Foundation should use its relationships with stakeholders to aid the adoption and consistent application of SSB standards globally.

“Yes, the IFRS Foundation will make a valuable contribution if it uses its relationships to assist in the adoption and consistent application of SSB standards. The IFRS Foundation has a key advantage to achieve synergies through the pooling of expertise, other resources, and influence to progress this important initiative. It is expected that the IFRS Foundation would use consultation processes with key stakeholders, including the accounting profession, to ensure that the standards can be effectively applied. The IFRS Foundation has experience working towards a global approach that also enables regional specific disclosure requirements to be added on at a national level”.

Of course, the SSB will have to be separate and should not detract from the IASB’s work and role, but the positive impact on the compatibility of different types of disclosures (financial and non-financial) is undoubted. Even if there is no unanimity, the autonomy of the new board should hopefully lead to operating more quickly than the current one and with more defined projects. This is also because the definition of sustainability reporting standards requires expertise in vast areas of the physical, human and social sciences, not currently present in the IFRS Foundation.

“There would be little for the IFRS Foundation to use its relationships with existing stakeholders in the process of developing disclosure standards, based on the fact that financial information and sustainability information have, respectively, different stakeholders. There is no doubt that the know-hows and expertise the IFRS Foundation have long accumulated in the process of standardizing existing financial reporting should be used, but the Foundation should build up new, separate networks.

Sure, Foundation’s existing relationships could work to a certain degree, given that users of financial and non-financial information have similarities from the perspective of some users (e.g. investors) and many parts of the provision of assurance to financial information could be referred to the assurance of non-financial information. Still, Foundation’s relationships with existing stakeholders have limited impacts, which requires the Foundation to build-up additional relationships with stakeholders from the non-financial information sector.

In the process of adopting/implementing disclosures after pronouncing disclosure standards, however, it is expected that Foundation’s relationships with existing stakeholders could work in various areas (based on the condition that disclosure would be achieved as a form of including sustainability information to the existing financial filing). Foundation’s relationship build-up, particularly with international bodies, national pension funds, and institutional investors that could have direct influences over respective governments, would be very important, and it would be equally essential to come up with ways to engage and collaborate with existing professional standard-setters”.

The idea of a new SSB that develops specific standards has therefore received the positive opinion of the accounting community, which sees new opportunities for work or research on sustainability. The fact of supporting the new board can be partly linked to the greater similarity of approach to that of the IFRS, compared with the proposals emerging from other institutions, however prestigious. The umbrella of the IFRS Foundation can provide greater similarity in approach, more comparability (even if this is not always the case with the IFRS), greater international diffusion, given the current level of use of the IFRS, and forms of collaboration already established with international institutions (for example, the EU). What is expected is greater flexibility on one hand, and more simplification on the other, with the proposal of a limited number of indicators for external communication.

Considering then the consultation question, *“How could the IFRS Foundation best build on and work with the existing initiatives in sustainability reporting to achieve further global consistency?”* (Q5), the respondents’ position is open. It is necessary that the new standard leads to consistency regarding existing initiatives in sustainability reporting, as indicated by 87.9% of the respondents.

“As stated in the CP, diverse approaches, numerous reporting frameworks and their objectives pose the threat of increasing fragmentation globally. The IFRS Foundation’s global position and relationships put it in good stead to engage stakeholders and other major reporting frameworks to work towards a common solution. There are several initiatives with a similar approach to that of the SSB. These initiatives seek to build upon the existing standards and reporting frameworks to develop a single reporting framework widely adaptable for non-financial reporting.

...

As evident above, there is significant overlap between the SSB and these initiatives in their objectives, approaches, as well as major players involved. The common objectives and willingness to collaborate demonstrate the significant opportunity for all the major players to pool their resources, coordinate and work more efficiently together. Via such collaboration, the formation of the SSB may even provoke consideration about whether similar initiatives can be consolidated into one focused framework, thereby reducing confusion arising from the number of available reporting frameworks. Regardless of the number of existing frameworks, there remains a current need for a single global solution for consistent and comparable sustainability reporting. The IFRS Foundation is best placed to deliver this solution by being the clear choice for sustainability reporting to jurisdictions for filing or reporting purposes. The SSB must, and would, avoid adding to the complexity of selecting from existing initiatives by clearly differentiating from existing options available.

Collaboration between the SSB and other initiatives is crucial to ensure that the introduction of the SSB does not cannibalise global efforts to develop critical sustainability reporting standards and capacity building to apply those standards. For example, the SSB and other initiatives could identify existing requirements and reporting capacities and build on them, instead of introducing new requirements which would require capacity building in a different direction altogether. Mapping of similar requirements between the initiatives would also be important to minimise incremental effort to learn and apply new initiatives and also identifies core skills that companies need to possess in sustainability reporting. Consistent with the IFRS Foundation’s mission, we envision that the SSB’s standards for its sustainability reporting will primarily be used to meet reporting and filing requirements by the different jurisdictions, and standards from other initiatives can complement its sustainability reporting for other kinds of non-financial reporting. In this manner, each initiative will develop a clear role in the marketplace and minimise confusion. Finally, the SSB can also build on accumulated experience and knowledge of challenges in implementing sustainability reporting by appointing the subject matter experts from the existing initiatives and reporting frameworks to the board”.

Similar consistency with jurisdictional initiatives (“*How could the IFRS Foundation best build on and work with the existing jurisdictional initiatives to find a global solution for consistent sustainability reporting?*” [Q6]) is requested by 79.1% of the respondents.

“In pursuing the important endeavour of harmonising sustainability reporting standards for global application, the IFRS Foundation should stay true to its mission “to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world”. The sustainability reporting standards developed by the IFRS Foundation should retain the focuses on enabling investors to make informed economic decisions and improve capital allocation across the world and becoming of vital importance to regulators by facilitating the reporting of globally comparable information. In order to both further these objectives and maximise implementation of meaningful sustainability reporting by companies, the IFRS Foundation can engage its stakeholders to promote the use of the standards. By leveraging its relationships with regulators such as central banks, market regulators and public policy makers, it could seek their views and encourage the standards to be considered in sustainability-related regulations, thereby promoting adoption by companies and catalysing global application. Engagement and collaboration with the International Organization of Securities Commissions (IOSCO), whose membership regulates more than 95% of the world’s securities markets in more than 115 jurisdictions, may prove to be effective in this aspect. For example, the Singapore Exchange (SGX) requires listed companies to prepare an annual sustainability report and issued a sustainability reporting guide to provide guidance on the expected structure and contents and the preparation of the sustainability report. The SGX also disclosed in its 2020 annual report that it will be consulting the public on providing

further guidance to climate-related disclosures, in line with the recommendations by the TCFD. This is an example of how financial centres are turning their attention to sustainability reporting and climate-related disclosures and have issued guidance's to provide direction in these areas. The IFRS Foundation possesses the international recognition to provide trusted sustainability reporting standards which complement existing requirements. In this manner, a well-coordinated global solution is provided to companies which are required to issue sustainability reports. Such acceptance could be achieved by continuing to engage stakeholders via exposure drafts and active outreach, both of which are already conducted regularly by IASB. Via such stakeholder engagement, regional perspectives must be understood and incorporated into the sustainability reporting standards to encourage these regions to apply the standards meaningfully, as mentioned earlier. As a means to contribute to the success of this entire exercise, the IFRS Foundation needs to promote and speak about the new sustainability reporting standards in the same breath as when it speaks to accountants about financial reporting standards. Only when both non-financial and financial reporting standards are promoted and dealt with together, will this effort gain the seriousness that it deserves”.

Emerging from the comment letters is the awareness of the presence of numerous principles and standards to be followed in sustainability reporting and of how financial information and sustainability information have different stakeholders. There is also an expectation of rapprochement between financial information and that relating to the environment and society.

“That notwithstanding, there is need for a coordinated effort to establish international sustainability reporting standards to avoid duplication of effort. Organisations like Sustainability Accounting Standards Board (SASB) already exist to set standards intended to provide disclosures of financial sustainability reporting by entities. While the existing structures have their own limitations, e.g. SASB standards are limited in the sense that they are only quantitative, collaboration such as the recent announcement of a merger between SASB and International Integrated Reporting Council (IIRC) would improve the standard setting process to include qualitative reporting. In our view, given the established sustainability reporting structures, IFRS Foundation should work with them rather than establishing a new sustainability standards setting arm. For common reporting criteria, IFRS Foundation should lead a collaboration dialogue with international bodies including Global Reporting Initiative (GRI), SASB, IIRC and Climate Disclosure Standards Board (CDSB). IFRS Foundation has achieved a significant milestone in advocating for adoption of IFRS globally, for this reason they are better placed to lead an international sustainability reporting standards collaboration”.

Regarding Q7, related to the initial development of SSB activities, 58.2% of the respondents maintain that the SSB should initially develop financial reporting related to the climate before potentially expanding its mandate to

other areas of sustainability reporting (Table 10). This percentage declines, similar to other environmental factors to be reported alongside climate, further reinforcing the previous position. Undoubtedly, climate change is the most pressing global issue. However, the purpose of the standards is to provide information on how companies tend to redefine their roles and business models as a whole, not on specific aspects individually.

“We believe that the IFRS Foundation should begin with sustainability reporting standards for climate related information for the reasons stated in the Consultation Paper. We think that climate change is an urgent existential issue that is material to many companies across sectors and jurisdictions. High-quality consistent and comparable information is vital to investors and other capital market participants managing the transition to a low-carbon economy. However, climate change affects and is related to a broad range of economic, social and governance topics, including impacts on water, oceans, biodiversity, land use and loss, migration, and social topics such as nutrition, communities and livelihoods, equality, and inclusion. How companies and boards respond to these factors also affects their reputation, ability to attract financial capital, and ability to attract customers and employees. Environmental, social and governance issues are interconnected and whilst a climate-related reporting standard is urgently needed, and should be the first priority, the SSB should proceed without delay to other sustainability topics. As noted earlier, there is a valuable body of work already available that could be used as the basis for subsequent sustainability reporting standards, including the work of the five leading international standard-setting organizations. Furthermore, the IFRS Foundation has established arrangements to cooperate with other bodies, drawing on expertise wherever it is, for example the Accounting Standards Advisory Forum and the National Standard Setters. These arrangements can be replicated where necessary to facilitate the SSB’s work and accelerate progress on standards on other sustainability topics. Sustainability reporting will continue to evolve – just as financial reporting has evolved – as it seeks to respond to a changing planet. Consequently, whilst a climate-related reporting standard is urgently needed, and should be the first priority, the SSB should proceed without delay to other sustainability topic”.

With reference to Q7, the χ^2 goodness-of-fit test confirms the null hypothesis of the convergence of the responses ($\chi^2 = 2.14$, $df = 1$, $p = 0.144$). In other words, there is no statistically significant difference between the two responses about the rejection or the acceptance of the focus on climate-related financial disclosures. These results are also confirmed by conducting the association test to observe the distribution of response frequencies among the various respondents of the accounting community, confirming the presence of response/respondent independence ($\chi^2 = 4.39$, $df = 3$, $p = 0.222$). This means that the theme in general is debated because no clear position emerges; the only exception is found in the responses of auditors (87.5% acceptance).

Table 10 – Scope related to climate-related financial disclosures (Q7)

Respondents	Yes	No	Total
Academics	11	13	24
Audit firms	7	1	8
Accountancy bodies	24	16	40
Accounting firms/Consultants	4	3	7
Total	46	33	79

With reference to Q8 (Table 11), the answers are equally distributed between those in favour of the scope related to climate-related risks and those who prefer other broader environmental factors. The null hypothesis of the χ^2 goodness-of-fit test is therefore confirmed ($\chi^2 = 0.0123$, $df = 1$, $p = 0.912$).

Academics are more likely to support broader environmental factors, per Q7, while the accounting profession (audit firms, accountancy bodies and consultants) is divided. Auditors and consultants are undecided on whether to limit the scope to climate-related risks or expand it with broader environmental factors. Among accountancy bodies, 30% have expressed a preference for broader environmental factors, while 70% favour climate-related risks. This is the opinion of an Accountancy body:

“In line with our response to question 7, xxx considers that the scope of the standards set by the new board should cover a range of sustainability topics, including broader environmental factors”.

“We believe that when a global sustainability reporting standard is developed, the SSB should focus and address all factors and risk and not just climate related risk. Sustainability is the concept that to be truly successful, a corporation must pursue environmental and social values as well as economic growth. We believe that corporate disclosure on environmental, social, and internal governance issues require equal attention and carry importance”.

Table 11 – Scope related to climate-related risks (Q8)

Respondents	Yes	No	Total
Academics	5	21	26
Audit firms	5	3	8
Accountancy bodies	28	12	40
Accounting firms/Consultants	3	4	7
Total	41	40	81

Referring to materiality (Q9), a strongly debated topic in the literature (Adams et al., 2020; Cerbone and Maroun, 2020; Clark, 2021). Nearly half

of the respondents (45%) argue that the SSB should initially focus its efforts on the sustainability information that is most relevant to investors (financial materiality) and later consider how to expand its scope to provide a more comprehensive assessment of risks and opportunities. Other respondents (43%) argue for the adoption of double materiality because sustainability reports are relevant to all stakeholders, not only to investors. “*Double materiality, under which the impact of the reporting entity on the wider environment would also be reported. In this case, the disclosures are typically about issues that are material to multiple stakeholders’ understanding of a company’s effect on its environment*” (CPSR). For the remaining 12% of the respondents, their answer is “not applicable”.

An Audit firm believes that:

“The materiality lens is important. In our view, there are two materiality concepts used by companies for sustainability disclosure:

- *A company determines the sustainability topics that are material for disclosure based on the organisation’s significant impacts on the economy, environment and people, and their importance to its stakeholders.*
- *A company delineates the sub-set of sustainability topics that are material for enterprise value creation, recognising that some of that performance may already be reflected in the annual financial accounts. We think that sustainability reporting standards need to be and can be progressed quickly. High-quality consistent and comparable information is vital to investors and other capital market participants managing the transition to a low-carbon economy. Investors can only respond to climate-related financial risks and opportunities if they have access to consistent, comparable and decision-useful information across jurisdictions.*

Sustainability reporting standards viewed through the lens of investors and capital market participants (i.e., materiality focused on enterprise value/financial materiality) will attract the broadest range of global support and promote the international consistency needed by global capital markets. Consequently, we support the approach proposed in paragraph 50 that “the SSB would initially focus its efforts on the sustainability information most relevant to investors and other market participants.” We also agree with the view in paragraph 47, that the SSB’s initial approach to materiality should “focus on producing information about the effects of relevant events (for example, climate change) on the reporting entity, as this would support the decisions of investors and other market participants.” The Institutional Investors Group on Climate Change and the UN Principles for Responsible Investment are clear that climate risk is a material risk for entities across all industries. Physical and transition risks relating to climate are closely related to wider environmental topics such as water and land use, oceans and biodiversity loss. Global standards focused on enterprise value creation would incorporate many of these related topics, particularly because they need to address the ‘circularity’ of impacts and dependencies—the fact that a company’s impacts on the environment can lead

directly to impacts on its own access to natural and other resources that are an essential part of the value creation process (dependencies). Therefore, information that is relevant to enterprise value creation forms a sub-set of company's impacts on the economy, environment and people, as explained in the Joint Statement (pp. 7-8). Furthermore, as sustainability information becomes further embedded in investment decisions, the range of sustainability topics that are seen as financially material to the long-term success of a business will increase”.

Finally, with reference to the issue of assurance (Q10), there is a substantial agreement; 84.0% of the respondents (16% express no opinion) affirm that the sustainability information to be disclosed should be auditable or subject to external assurance. However, there are some problematic aspects; therefore, it seems necessary to collaborate with other international organisations to assess common projects by evaluating the extension of the audit (limited or full).

5. Conclusion and policy implications

Exploring the accounting community's perspective on the CPSR makes it evident, from our findings, that this community actively participates in the due process (with 91 comment letters).

Our research results reveal that accountancy bodies (n = 42) and academics (n = 33) show greater participation than the other types of respondents – auditors (n = 8) and consultants (n = 4). This is in accordance with the literature that reports the accounting community as very actively involved in discussion papers (Adams and Mueller, 2022; Jorissen et al., 2012; Reuter and Messner, 2015). In this case, it is also revelatory that academics have consistently taken part in the debate, given their active participation in the topic for many years (Adams and Abhayawansa, 2022). Our findings confirm the results reported by Adams and Mueller (2022) regarding the academics' opposition to the CPSR proposal on key issues. Authors discover that the majority (72%) of academic submissions were opposed to the IFRS Foundation Trustees' proposals on key issues. This dissenting majority collectively has substantial research records in sustainability reporting and its outcomes. Those supportive were significantly less likely to reference research or state their credentials and, despite being supportive, nevertheless raised concerns with the proposals.

In fact, according to the lobbying framework, the positions of the respondents are clearly different, with divergent perspectives between the accounting professionals and the academics. The approach of the former is uni-

vocal and oriented to pragmatic answers to the questions asked in the CPSR. In contrast, the academics demand a space as promoters of “*significant and validated sustainability research*” (excerpt from a comment letter) concerning sustainability reporting practices, hoping for proposals that take into account the “*existing substantive body of independent academic research*” (excerpt from a comment letter). This position implies that the IFRS Foundation did not consider these studies in formulating the proposal; the same finding is underlined in Adams and Mueller’s (2022) research as a lack of responsiveness by policy makers.

This contributes to the literature on policy-relevant studies in the sustainability standard-setting process as it reveals the academics’ strongly opposing position that is in contrast to the accounting practitioners’ positive approach to the CPSR. Future research might like to answer the further question of why policy makers have not taken into account academics’ research.

Our current work could inform that debate by looking at the two approaches: pragmatic and conceptual.

Those two analysed approaches should not be in opposition, but one should inspire the other in order to achieve shared, high-quality standards. On one hand, academics must provide their theoretical contributions in a language that is easily understood by accounting professionals, and they must also propose useful ideas for solving certain problems. On the other hand, the accounting professionals, more oriented towards a pragmatic approach, must make the effort to frame their proposals in a shared theoretical framework in order to make them more solid and effective.

Probing deeper, we have analysed the key issues reported in the comment letters; our findings reveal two different trends.

The first trend, common to the respondents, is that there is substantial convergence on the following themes of a more general nature:

- 1) Have a new global set of internationally recognised sustainability reporting standards.
- 2) The development of an (SSB) by the IFRS Foundation is an appropriate approach to achieve consistency, high quality and comparability in sustainability reporting.
- 3) The IFRS Foundation should use its relationships with stakeholders to aid in the adoption and consistent application of SSB standards globally.
- 4) The sustainability information to be disclosed should be auditable or subject to external assurance.

This last point in particular will certainly have implications from both educational and professional perspectives. In other words, there is a need to

create new transversal skills in order to meet this need for assurance on issues that are no longer just accounting but also environmental and social.

The second trend, which concerns more specific issues, shows discordant responses among the respondents, without a clear position emerging. In particular, the problem involves the content of sustainability reporting and the main stakeholders to whom it is addressed.

The focus is on climate-related topics and risks that have to be reported, primarily by 50.5% of the respondents. The lobbying position of auditors is strongly geared to this direction, while the majority of the academics' position is against the sole focus on climate-related disclosures. The remaining 49.5% show a broader vision of the problems connected with sustainability and thus the need to deal with them in the sustainability report. Looking at climate-related risks shows that the academic position is clearer and against an exclusive focus on this issue. Consistent with this result, the respondents' controversial position emerges with reference to dual materiality – whereby sustainability reports are relevant to all stakeholders but requested by only 43% of the respondents.

It seems that a lobbying position for financial materiality prevails – but only in a limited way – versus dual materiality, as well as a climate-related focused position versus a broader perspective.

The fact of not supporting, in a shared way, the idea of a more complete sustainability report addressed to all stakeholders could hide a critical element. Specifically, the focus on climate-related topics and risks could be the result of a short-term vision, which asks how to communicate what is on everyone's lips, and not of a strategic vision, that is, how a company will attain its sustainability objectives in the medium term and what overall contribution it will make to the outside world.

For future research, the methodology of the analysis can be extended to the study of all the other comment letters. The aim will be to obtain a complete picture of the different positions that will emerge in the process of consultation on this extremely relevant and topical issue.

Moreover, the analysis of the comment letters and the entire due process for the recent Exposure Draft Proposal IFRS S1, General Requirements for Disclosure of Sustainability-Related Financial Information, and Exposure Draft Proposal IFRS S2, Climate-Related Disclosures, proposed by the International Sustainability Standards Board (ISSB), will enrich the debate on the lobbying in the sustainability standard-setter process.

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Appendix 1

Question 1 (Q1)

Is there a need for a global set of internationally recognized sustainability reporting standards?

- (a) If yes, should the IFRS Foundation play a role in setting these standards and expand its standard-setting activities into this area?
- (b) If not, what approach should be adopted?

Question 2 (Q2)

Is the development of a sustainability standards board (SSB) to operate under the governance structure of the IFRS Foundation an appropriate approach to achieving further consistency and global comparability in sustainability reporting?

Question 3 (Q3)

Do you have any comment or suggested additions on the requirements for success as listed in paragraph 31 (including on the requirements for achieving a sufficient level of funding and achieving the appropriate level of technical expertise)?

Question 4 (Q4)

Could the IFRS Foundation use its relationships with stakeholders to aid the adoption and consistent application of SSB standards globally? If so, under what conditions?

Question 5 (Q5)

How could the IFRS Foundation best build upon and work with the existing initiatives in sustainability reporting to achieve further global consistency?

Question 6 (Q6)

How could the IFRS Foundation best build upon and work with the existing jurisdictional initiatives to find a global solution for consistent sustainability reporting?

Question 7 (Q7)

If the IFRS Foundation were to establish an SSB, should it initially develop climate-related financial disclosures before potentially broadening its remit into other areas of sustainability reporting?

Question 8 (Q8)

Should an SSB have a focused definition of climate-related risks or consider broader environmental factors?

Question 9 (Q9)

Do you agree with the proposed approach to materiality in paragraph 50 that could be taken by the SSB?

Question 10 (Q10)

Should the sustainability information to be disclosed be auditable or subject to external assurance? If not, what different types of assurance would be acceptable for the information disclosed to be reliable and decision-useful?

Question 11 (Q11)

Stakeholders are welcome to raise any other comment or relevant matters for our consideration.