

A Matter of Principles – The Future of Corporate Reporting
(Discussion Paper, Oct. 2020, Financial Reporting Council, UK)

Comments from Alan Willis, FCPA, FCA

I commend the UK's Financial Reporting Council (FRC) for issuing a thoughtful, constructive Discussion Paper at a time when there is broad, growing momentum towards global convergence of corporate reporting frameworks and standards, with a focus on meeting the related but different information and decision-making needs and objectives of, on the one hand, investors and capital markets, and, on the other hand, corporations' other stakeholders and society in general.

In view of the important statements and proposals issued in the second half of 2020 from organizations such as the IFRS Foundation, GRI, SASB, the IIRC, IFAC, the WEF and IOSCO – organizations with a global remit rather than a domestic or even regional one – I view the UK's FRC Discussion Paper and its proposals as a valuable contribution to the melting pot of conversations now in progress, whose aim is to develop globally accepted corporate reporting standards to meet the needs of (a) investors and capital markets for information relevant and material to assessment of and decisions about enterprise financial value creation – which may sooner or later be affected by environmental and social issues within or beyond the control of any given enterprise - and (b) other stakeholders and society at large, for information relevant and material to their assessment of and decisions regarding a company's impacts on society and the planet, and how it views and manages its obligations about such matters.

The FRC is a UK domestic regulatory authority whose pronouncements and proposals must of course be suitable for business and capital markets within its jurisdiction and take into account as appropriate other recent studies, reports and proposals specific to the UK's capital markets as well as company law. Nevertheless, I consider that many of the concepts, principles and proposals in the FRC Discussion Paper not only build on work done by existing international initiatives, including several to which I have contributed, but will also be valuable to consider within the context of the broader international proposals about business and sustainability reporting that we are now witnessing. Through appropriate collaborative dialogue, the UK's future corporate reporting landscape and requirements will hopefully be aligned with whatever emerges on the global landscape in the coming few years, especially regarding future sustainability reporting as well as mandatory reporting to providers of financial capital.

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