

Paris La Défense, September 26, 2018

**European Financial Reporting Advisory Group (EFRAG)**

**Mr. Jean-Paul Gauzès, European Lab SG Chairman & EFRAG Board President**

**Mr. Alain Deckers, European Commission DG FISMA Head of the Corporate Reporting, Audit and Credit Rating Agencies Unit, and European Lab Steering Group Vice-Chairman**

**Via email address:** [europeanlab@efrag.org](mailto:europeanlab@efrag.org)

35, Square de Meeûs  
B-1000 Brussels

Re: EFRAG European Corporate Reporting Lab (European Lab) consultation on future projects agenda

Dear Sirs,

MAZARS is pleased to submit this letter in response to your invitation to comment on the EFRAG European Corporate Reporting Lab (European Lab) consultation on future projects agenda.

MAZARS is an international, integrated and independent partnership, specialising in audit, accountancy, advisory, tax and legal services. As of today, including its recent alliance in North America, there are over 40,000 professional staff, 24,000 in our partnership, including more than 1,000 partners, in 89 countries worldwide, trusted and committed in serving major international groups, entrepreneurial and small businesses, private investors and public bodies at every stage of their development.

MAZARS is a member of the IFAC Forum of Firms, and has been for more than 12 years, fully supporting the initiatives of IFAC IAASB, IESBA, Forum of Firms and Transnational Auditors Committee, as well as regulators in areas of common concern for public interest, promoting high quality standards as part of the international roll-out of audit engagements. All MAZARS firms and correspondents are committed to supporting and applying those initiatives.



We hope MAZARS responses will help to illustrate our commitment and our effort for continuous improvement of corporate reporting, financial and non-financial, and its audit.

We would be pleased to discuss our detailed comments with you and remain at your disposal, should you require further clarification or additional information.

Yours sincerely,



**Jean-Luc Barlet**  
*Mazars Partner and Chief Compliance Officer*

**Questions to stakeholders****General information about the respondent**

37. Please provide the following details:

(a) Your name:

BARLET Jean-Luc

(b) Your contact e-mail address:

jean-luc.barlet@mazars.fr

(c) Your job title/role:

Partner, Group Chief Compliance Officer & Head of Quality & Risk Management  
Also Chair of the CSR Task Force and of the Public Interest Entities' Auditing Committee of the *Compagnie Nationale des Commissaires aux Comptes* (CNCC, French Association of Statutory Auditors), in charge to prepare the answer of the French Profession to the recent European Commission Fitness Check exposure draft, for the questions regarding non-financial reporting and digital.  
Also member since 2016 of the IIRC Framework Panel, in charge of developing guidance and application materiel for Integrated Reporting <IR>.

(d) Name of the organisation on behalf of which you are responding:

MAZARS

(e) Country of operation:

89 countries

(f) Which type of respondent are you representing?

- Reporting company    User    **Accountancy profession**    Academic  
 Financial institution    Civil society    Other (please specify)

(g) Short description of activity/industry:

Audit, Advisory & Tax

(h) If you are responding on behalf of a reporting company, are you directly involved in the preparation of corporate reports?

- Yes    No    **Not applicable**

**Information required on proposed projects**

38. Please rank the proposed project topics outlined in paragraphs 12 to 36 above by order of priority, and explain your selection with details of the distinct added value you would expect of a potential European Lab project on each topic:

	Priority	Reasoning for your selection and ranking
<b>Project 1.1</b> – Reporting on human rights and other social matters in the supply chain	<input type="checkbox"/> Highest <input type="checkbox"/> <b><u>Medium</u></b> <input type="checkbox"/> Lower	<p>The Directive 2014/95/EU on non-financial information reporting (NFRD) already set the scene. In France, most European advanced country on the NF reporting, the law “Devoir de Vigilance” and the regulation on sustainability of the supply chain complete the framework. Besides, it would be interesting to investigate how to use new technologies such as Blockchain in this project. We also believe that the added value of this project would be the insights on different sectors.</p>
<b>Project 1.2</b> – Reporting on human capital management	<input type="checkbox"/> <b><u>Highest</u></b> <input type="checkbox"/> Medium <input type="checkbox"/> Lower	<p>This project is certainly a key one, to help reconcile Society and Finance, especially if the project encompasses the split of added value between all stakeholders, in particular the employees. Human capital project should also include a prism on Health and Safety, in order to bridge with Climate considerations.</p>
<b>Project 1.3</b> – Reporting on human capital and social capital impacts of climate adaptation and mitigation policies	<input type="checkbox"/> Highest <input type="checkbox"/> <b><u>Medium</u></b> <input type="checkbox"/> Lower	<p>This is clearly the major risk for the Society but reporting is not the priority, as actions first matter.</p>
<b>Project 2</b> – Reporting of non-financial risks and opportunities, and linkage to the business model	<input type="checkbox"/> <b><u>Highest</u></b> <input type="checkbox"/> Medium <input type="checkbox"/> Lower	<p>This is the most important and achievable project, as the sustainability of the business model is at the centre. This project is also linked to integrated thinking and reporting. Insights on sectorial guidance would be of added-value.</p>
<b>Project 3</b> – Reporting on the materiality assessment process and outcomes for Environment, Social and Governance (ESG) matters	<input type="checkbox"/> Highest <input type="checkbox"/> Medium <input type="checkbox"/> <b><u>Lower</u></b>	<p>We believe that this project is not mature enough and comes too early, as the European Taxonomy for investors has not been released yet. We believe that convergence and consensus on metrics and choice of criteria could be long to achieve.</p>

39. Are there other topics that you advise the European Lab to add to its agenda? If so, please provide a description of the topic and the priority you would assign to it:

Future organisation and agenda of the European Lab is also to consider in line with recent call for a dedicated European regulator (level 2) on non-financial information. It thus is one of the recommendations of the the report prepared by Patrick de Cambourg, President of the French Accounting Standards Authority, at the end of his assignment by the French Minister of Finance on the development of non-financial information for companies.

- ➔ Entitled "*Ensuring the relevance and quality of non-financial corporate information: an ambition and an asset for a sustainable Europe*", the report notes the strong momentum in the development of non-financial corporate information, in addition to accounting and financial information, in order to inform stakeholders on their social, environmental and societal performance.
- ➔ The report proposes a decisive step forward, at European and international level, to improve non-financial reporting and provide high guarantees of reliability and relevance, while offering greater comparability. This standardization project, which is intended to be undertaken at European level, will be conducted in direct contact with all stakeholders, under the aegis of the relevant public authorities.
- ➔ <http://www.anc.gouv.fr/cms/news/rapport-de-cambourg-sur-les-informations-extra-financieres--de-cambour>

The role of EFRAG Lab could then be more structuring than voluntary:

- to set guidelines,
- to work on harmonization, especially on the convergence of the frameworks, and
- to benchmark on best practices within European countries, but also benchmark outside Europe to make sure that the reporting guidance enable for the European companies and stakeholders to compete and develop fairly.

Last, we believe that there should be a good coordination between the work effort and guidelines imposed to the companies and the one imposed to the auditors to avoid a scissor effect.

40. Please provide any details of interaction you may be aware of with the work of other initiatives, in respect of the topic you rank as highest priority:

Coordination with different organisations should be made on those projects, especially Corporate Reporting Dialogue, IIRC, SASB, Accountancy Europe and TCFD.