Academics and policy makers at odds: the case of the IFRS Foundation Trustees' Consultation Paper on Sustainability Reporting

Abstract

Purpose: This paper considers the nature of academic engagement with policy and the (lack of) responsiveness by policy makers to the scientific community through the development of the IFRS Foundation Trustees' *Consultation Paper on Sustainability Reporting* (IFRS Foundation, 2020).

Method: The 577 submissions to the IFRS Foundation consultation were reviewed and 39 identified as being submitted by academics. These 39 included collectively 104 academic signatories from 74 organisations or networks and 20 countries. They were analysed using NVivo. Drawing on the literature on techniques used to discredit or credit arguments we examine the academic responses to the consultation questions particularly those concerning: the role of the IFRS Foundation; perceptions of the 'investor perspective'; the audience for reporting; the definition of materiality; and a climate first approach.

Findings: The majority (72%) of academic submissions were opposed to the IFRS Foundation Trustees' proposals on key issues. This dissenting majority collectively have 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.

Practical implications: Senior academics undertaking research in the field have engaged, in unusually high numbers, with a policy development they believe will not work and may be counter to achieving sustainable development. Our findings underscore the importance of highlighting the discrediting strategies and tactics employed in this discursive 'battle'. The findings have implications for the legitimacy of policy makers on sustainability-related initiatives who are not engaging with the relevant scientific community.

Social implications: Policy initiatives that are judged as potentially harmful to sustainable development attract more intense, activist and sustained engagement supported by research evidence.

Originality/value: The paper identifies the importance of evidence based academic engagement and highlights strategies that engaging academics need to persist over. It highlights the collective view of academics in the field to the IFRS Foundation consultation paper.

Keywords: Academic engagement, IFRS Foundation, sustainability reporting

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Introduction

Over the last few years there has been a substantial increase in policy developments concerning organisational accountability for impacts on climate change and sustainable development issues. Indeed, research in the field of sustainability reporting, corporate accountability and accounting in the public interest over several decades has revealed significant shortcomings in corporate voluntary disclosures[1]. In addition, there is increasing concern that sustainable development megatrends such as climate change, poverty, inequality and food security pose a risk to investors and that we must expect the unexpected (KPMG, 2012). Identifying and mitigating sustainable development risks and seeking opportunities to address them is therefore a critical task for the accounting profession. Our question in this contribution is 'how have academics engaged with the IFRS Foundation Trustees' *Consultation Paper on Sustainability Reporting*?' (IFRS Foundation, 2020). In addressing this question, we consider both the content of academic responses and the approaches taken to making their case, such as the extent to which evidence has been referenced in justifying arguments.

Following on from germane ideas in strategy (Whittington *et al*., 2003; Whittington, 2006, 2007), Laughlin (2011) argued that the triad of accounting research, policy and practice need to work together such that "developments are led primarily by policy makers and practitioners but are enabled by academic researchers" (Laughlin, 2011: 22)[2]. In developing this point, Tucker & Lowe (2014: 406) argued that "professional accounting bodies act as mediators between academia and practice ...". Indeed, recent examples of this dynamic related to our topic include Adams (2017, 2020; Adams *et al*., 2020) and Baboukardos *et al.* (2021), all reports that have been published by professional accounting bodies. Furthermore, professional accounting bodies have worked collaboratively on these matters through the Accounting Bodies Network of the Prince of Wales' Accounting for Sustainability charity[3].

Practices and practitioners are linked to form the profession: together they secure the legitimacy of a discipline in a field (Whittington *et al*., 2003). A discipline like accounting itself needs to be legitimate in order then to be able to provide legitimacy *to* organizations. Indeed, by adapting a point made by Whittington *et al*., (2003: 406) about strategy discourse we can say that *accounting* discourse is used "to legitimate the actions of organizations across an increasing range—private sector and public sector, advanced Western societies and beyond". It follows that companies use accounting discourse "to show a fit between the social, ecological and economic influences of its operations and the set of norms and values of society through CSR reporting."[4] (Beske *et al*., 2020:167) Companies must

[1] Professors of Accounting working in the field of sustainability reporting and editors of key journals publishing this work cited the voluntary nature of reporting as a key impediment to accountability and transparency. See http://eifrs.ifrs.org/eifrs/comment_letters//570/570_27002_CarolAdamsProfessorsofAccountingresearchingSustainabilityAccountingandReporting_0_ProfessorsofAccounting.pdf and the list of references subsequently submitted at https://drcaroladams.net/research-supporting-ifrs-submission-from-professors-of-accounting-researching-sustainability-accounting-and-reporting/ [Accessed 22 October 2021). This submission resulted in a call from the Finnish chair of the IFRS Foundation Trustees to the Finnish signatory of this letter, Professor Matias Laine.

[2] This is supported by the ICAS research policy: "ICAS is committed to promoting evidence-based policy making and therefore commissions research in key areas to support the development of policy." https://www.icas.com/thought-leadership/research/Research-at-ICAS/research-funding-at-icas [Accessed 22 October 2021]

[3] See https://www.accountingforsustainability.org/en/about-us/our-networks/abn.html [Accessed 22 October 2021]

[4] "Thus, one would expect companies to provide detailed explanations about their materiality analysis if these seek for stakeholder management. On the other hand, if companies use sustainability and integrated reports to strive for legitimation, one would expect the topics reported to be driven by the companies' choice addressing

maintain their legitimacy in order to safeguard their future operations and earnings. Like other professions such as medicine and law, accounting needs to assert its distinctive values and its distinctive 'logic'. In the contemporary accounting field, an investor perspective (the accountants' investor logic) co-exists with a business sustainability perspective (the accountants' sustainability logic) (Narayanan and Adams, 2017), requiring a balancing of these conflicting demands, something to be accomplished by (McPherson and Sauder, 2013: 166): "actors [who] mediate institutional demands and the requirements of day-to-day organizational activity" (see also Kallio, *et al*., 2021). Engagement is unlikely to be effective unless it addresses the accounting profession's perspective on both logics. This is not a new challenge and researchers in the field note the lack of alignment of this logic with achieving sustainable development (see Gray, 2006 and Dyllick and Muff, 2016 for a discussion of this issue.)

A legitimation problem for the companies would occur if the underlying principles and practices of accounting and reporting were to be discredited. Thus, successful discrediting of IFRS Foundation proposals as grossly insufficient and driven by a broadly 'right-wing' investor perspective, would potentially jeopardize the acceptability of these proposals. Discrediting scientific data and evidence is a common technique used to justify limitations in climate and environmental policy (Sievert *et al*., 2021).

Responses by academics to the raft of consultations on sustainability matters in recent times have been limited. However, several key policy influencers and policy makers are seeking to engage with academics prior to developing their proposals (see, for example, CIPFA, 2021; EFRAG, 2021). In contrast, the IFRS Foundation Trustees appear not to have included academics in the informal consultation conducted prior to issuing their consultation paper[5]. The references in the consultation paper labelled as 'thought leadership' included only two that named academics as authors. Relevant non-academic material published by significant bodies was also omitted (see Adams and Abhayawansa, 2022).

The three related Consultation Papers put out by the IFRS Foundation (2020, 2021a, 2021b) can, we contend, reasonably be regarded as controversial in that, far from their stated aim of harmonising sustainability reporting, they appear to have polarised the debate. The very nature of sustainability reporting has been challenged by an apparent attempt to shift it from a focus on the accountability for organisational impacts on society and the environment to one that focuses on the impact of sustainable development on 'enterprise value'[6] and cash flows. Several tensions have arisen and these are briefly outlined here.

Firstly, the IFRS Foundation (2021a) proposes a financial materiality approach to guide the development of standards whereas sustainability reporting has traditionally used a double materiality approach (see Adams *et al*., 2021 for a summary of findings and implications of extant research). That is, in addition to acknowledging the need for financial materiality considerations in corporate reporting, they consider material impacts of organisations on economies, society and the environment. Research over decades has observed how accounting makes some things visible and

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the broad public thereby neglecting specific stakeholders to some extent. Hence, explanations about the materiality processes in sustainability and integrated reports are expected to be limited from a legitimacy theory perspective." (Beske, *et al*., 2019)

[5] "The Trustee Task Force has informally engaged with a cross section of stakeholders involved in sustainability reporting (including the investor and preparer communities, central banks, regulators,[3] public policy makers, auditing firms and other service providers)." IFRS Foundation (2020: 4).

[6] The term enterprise value has not been defined but given the intent to use financial materiality appears to focus on the balance sheet.

others not (see, for example, Adams and Harte, 1998; Adams and McPhail, 2004; Burchell *et al*., 1985; Milne, 1996). There's a risk that by focussing on the financial we downplay the non-financial, which influences the prosperity of business (and their investors) in the long term.

Secondly, the IFRS Foundation seeks to consider sustainable development risks from an (apparently homogenous) "investor perspective". There is substantial academic concern that this is counter to achieving sustainable development (see, for example, Gray, 2006). Apart from investors having a range of views[7] there's a question mark about whether some investors *know* what information is going to lead to the best performance because current levels of reporting on key sustainable development risks are low (Abhayawansa and Adams, in press). The IFRS Foundation Trustees are seeking to develop 'sustainability reporting' to meet the information needs of investors and creditors despite over 10,000 companies worldwide preparing sustainability reports using GRI Standards[8] to demonstrate accountability to a broad stakeholder audience on their impacts on economies, society and the environment. (KPMG, 2020).

The submissions from academics to the IFRS Foundation Trustees (IFRS Foundation, 2020) *Consultation Paper on Sustainability Reporting* are examined through this lens. We contend that this examination sheds some light on why the dominant views in academic submissions were acknowledged (IFRS Foundation, 2021c), but not incorporated (see for example IFRS Foundation, 2021a and 2021b issued post the consultation period for IFRS Foundation 2020).

Literature review

Our literature review examines the nature and types of academic engagement and impact; but, we also discuss the tactics used to discredit research-informed views or give credit to such views. Our argument is that impact and engagement activities can be credited (praised, advocated, supported etc) or discredited (described as driven by nefarious motives, such as ideological or financial interests etc). In the literature review, we provide the theoretical background for the crediting and discrediting arguments as well as examples. These examples represent different types of engagement, ranging from low to high. Examples for the former are written submissions during a consultation exercise and writing opinion pieces for the press. Examples for the latter include lengthy testimony during a Public Accounts Committee hearing, co-creating a new practice and writing commissioned reports to feed into a policy debate. We conclude that for engagement to be immediately effective, it needs to be aligned with the logics of the policy influencer or maker and, as discussed earlier, in this case, that requires awareness of the two pertinent logics. Where this does not occur, the policy influencer or maker may seek to give the appearance of having taken the outcomes of engagement on board or ignore it. In such a case persistent, evidence-informed, activist engagement may be needed.

Types and forms of engagement and impact

We can distinguish between types and degrees of engagement which can be represented on a continuum. By way of illustrating a broad definition, let us quote a team of prominent innovation and entrepreneurship academics (Perkmann *et al*., 2021: 1): "Academic engagement refers to knowledge-related interactions by academic researchers with non-academic organisations, as distinct from teaching and commercialisation. These interactions include collaborative research, contract research

[7] See, for example, this *Sustainability Accounting Management and Policy Journal* webinar discussion with investors and lenders https://youtu.be/-MIr2LheiPg?t=9 (Accessed 22 October 2021).
[8] One of the authors is a former member and chair of the GRI Stakeholder Council.

and consulting as well as informal activities such as providing ad hoc advice and networking with practitioners." This is a wide, encompassing definition that includes more minimalist types of engagement, such as a written submission or consulting activities with senior managers. At the more maximalist end, it includes more activist and politically motivated engagement. Impact achieved will naturally vary with these different forms of engagement.

Some types of engagement will be motivated by a desire to change practice and policy, hopefully leading to impact. Thus, in the latter understanding of engagement, engagement needs to go beyond just feeding back through the existing formal channels – say a *Public Accounts Committee* holding government to account – and *create new* channels of policy-shaping engagement; i.e. "link(ing) the academy to the civil realm." (Keith, 2008) Creating a new channel of say a social protest organization would be a form of *political actio*n which can be combined with other forms of engagement, like writing a commissioned policy report.

Following the recommendations of the Warry Report, the 2014 UK Research Evaluation Exercise (known as the Research Excellence Framework or REF) allocated 20% of funding for universities on their capability "for being able to demonstrate 'beneficial impact' defined widely to include social and cultural benefit as well as economic." (Power, 2018: S26-7) This was increased to 25% in the 2021 REF exercise. Academics learnt to distinguish between 'pathways to impact' (say a noteworthy public lecture) which were examples of worthy 'knowledge exchange' but "were not themselves examples of impact" (Power, 2018: S27). An important method for demonstrating impact is "'solicited testimony' [whereby]… the researcher seeks testimony from identified users of her research who kindly confirm that they have been 'impacted' by it." (Power, 2018: S28) An unintended, negative outcome of these arrangements was that academics became "incentivized to work on 'easy-impact' problems rather than the complex kind of engagements involved in being a public intellectual who seeks to influence public policy" (Power, 2018: S32). Blagden (2019) has similarly pointed to the impact agenda incentivizing "sub-optimal forms and modes of research".

These positions seem to be points along a continuum. Somewhere on this continuum is a position which emphasizes academics' role in problematizing and facilitating a debate, by "engaging with not only regulators but also practitioners, academics problematized social and environmental reporting regulation, bridged the gap between regulation and practice, and facilitated the debate about social and environmental reporting." (Garcia-Torea, Larrinaga & Luque-Vílchez, 2020: 287). The *Sustainability, Accounting Management and Policy Journal* was established with this purpose in mind and Adams and Larrinaga (2019) report on the increase in what they call 'engagement research'.

Both Perkmann *et al*. and Garcia-Torea *et al*.'s position would allow academics to remain in a largely non-political space - if that is their preferred course of action. They could define their engagement very much in the Weberian tradition as not taking up political space themselves, but providing means-end scenarios to the policy-maker. It is for the policy-maker and the government to make the hard choices, knowing about trade-offs, costs and benefits and then accepting the responsibility for the chosen course of action.

Methods of discrediting: research and policy

The most obvious way of rejecting a competing theory, or a theory viewed as 'wrong', is by providing (empirical) counter evidence which allows a refutation of the theory. However, such empirical evidence may not be at hand, may in principle be hard to get or may itself be under 'a cloud' of suspicion. This leads us to other forms of discrediting, which aim more indirectly at the source or at the proponents of a theory. A theory held by persons who are highly disreputable will be discredited or dismissed just by association: in the social sciences it will normally not even be subjected to an empirical test. This basic argument holds more generally however: due to obstacles to investigate a theory properly, people will conduct indirect interrogations which can take the form of questioning the 'stake' or interest that the proponent has. The basic pattern here is as follows: A says that B upholds their theory not for 'valid' reasons, such as empirical evidence, but for dubious reasons of stake – the latter might include ideology, or the seeking of money, power, status. In the (stereo)typical cases, a left-wing scholar may have their theory or argument discredited due to it being driven (according to the 'accuser') by a discredited 'radical-left' ideology. A centrist or right-wing scholar might have their position discredited with reference to their monetary or power interests or also their ideology. Thus, research and engagement can potentially be discredited by side-lining or bracketing its 'truth' or effectiveness status and instead highlighting the stake that is involved in upholding or propagating it.

Gilbert and Mulkay (1984) aimed to test this proposition empirically and develop a more refined analytical version. In their classic study from 1984, the authors demonstrated how academics explain their own findings and the position they hold with reference to it being 'the truth' and supported by empirical evidence, i.e. the 'empiricist repertoire'; whilst discrediting other researchers' findings (or position held), which is seen as false, with reference to their 'stake', i.e. 'the contingent repertoire'. The argument is that if a position cannot be explained with reference to empirical evidence, i.e. good reasons, other motivational causes need to be found. The latter include more nefarious motivations such as ideology, research funding, financial, policy influence, industry linkages, industry funding, seeking a position of power. Certain commentators and politicians have enthusiastically embraced the 'fake news' label; such that the term 'fake news' "is utilised by different positions within the social space as means of discrediting, attacking and delegitimising political opponents" (Farkas and Schou, 2018: 298).

We contend that this argument is plainly relevant and pertinent to current debates, whether in vaccine deployment or sustainability reporting. In both debates, reference to 'stake' can often be used in order to discredit, and thereby delegitimate, someone's intellectual or scientific position or stance. In one typical scenario, anti-vaxxers will use the commercial interests of pharmaceutical companies and the 'medical establishment' in order to sidestep or ignore empirical evidence, and discredit the latter's stance and policy with regard to vaccine deployment and thereby attempt to undermine vaccination policies[9]. This also demonstrates that discrediting is linked to delegitimation: successful discrediting typically results in removing or challenging the legitimacy of the position that has been challenged (Farkas and Schou, 2018). A completely discredited stance we can say, therefore has lost its legitimacy. Discrediting with the aim of delegitimation can of course take place in both political directions: McKewon (2012:290) discussed how the Institute of Public Affairs (IPA), a conservative, neoliberal Australian think tank and writers associated with them "devote a considerable proportion of their IPA Review articles, op-eds, media interviews and books to deploying the IPA's fantasy themes […] which they use to vilify, demonise and delegitimate climate scientists and other citizens who accept the scientific consensus and the need for action on climate change." The discrediting methods employed are the usual ones: climate scientists' base motivation is "to extract lucrative research grants from the government" and "pursue political goals". (ibid p.285)

The role of academics in engagement and policy

[9] Trust in vaccine can be eroded if there is belief that pharmaceutical companies have a significant material interest (stake). Vergara et al's (2021) "study suggests however that a more 'localized' public education and role-modelling from public officials and health authorities can help a lot in building public trust."

Let us look at some examples where academics have entered the fray of policy-relevant engagement. When discussing accounting academics' influence on practice, somewhat predictably, a range of answers have been given: at one end, we have Kaplan (2011, p. 372) with regard to the U.S., suggesting a pessimistic answer when asking "How often, other than for expert testimony, do leading accounting professors get asked for advice on difficult issues arising in practice?" At the other end, we find the argument that U.K. accounting academics can engage and have impact on policy questions insofar as "their outlook and positions can be counted on to offer an unbiased look at proposals and alternatives." (Larson *et al*., 2011: 102) Here, policy influence is linked to lack of apparent bias: ''[B]ecause academics do not have a stake in the outcome of the research, research is typically unbiased'' (Barth, 2007, p.7). The latter two contributions support and develop Tucker & Lowe's (2014) point about accounting academics acting as mediators between academia and practice but it is dependent on their perceived lack of bias. If a bias can be plausibly attributed to a position it can then be used to discredit and delegitimate said position.

Far from denying bias, we can at the other end of the spectrum discuss Prem Sikka's long-standing academic publications and policy (activist) engagement[10] in respect of the role of the Big Four in the financial crisis but also as potential enablers and facilitators of corporate tax avoidance. Prem Sikka on multiple occasions has 'entered the fray', through 'activist engagement', by giving testimony during inquiry processes, with a view to influencing a public policy making process. An example would be his testimony during the inquiry into the role of auditors in the financial crisis[11] (Sikka 2008, 2009) or his activities and publications devoted to shining the light on corporate tax avoidance (Sikka 2015, 2013; 2014). Now a Professor emeritus, Sikka continues his activities via practitioner publications but also through his role in the House of Lords; he also has a significant twitter profile with 57k followers. Whilst his long-standing academic record and undoubted expertise can be used to credit and credentialize his stance on any one issue, his political stance and proximity to the former Labour leader Jeremy Corbyn has been used in order to paint him as 'very left wing' which can be used to (try and) discredit his academic stance. If one views him as an effective mediator then that would constitute a counter-example against the points made by Larson *et al.* (2011) and Barth (2007) (see above). Or one could accept their argument in which case one would conclude that Sikka has little credibility in mediating effectively.

Our review has focussed more on engagement than impact: in this paper, we analyse submissions which constitute *engagement* but not yet, and not necessarily, impact. We have shown that engagement can be legitimated (credited) by pointing to the knowledge base it rests on. Engagement in an academic discipline, like medicine, law or accounting, links academics with practitioners and other members of the profession. This is crucial for the development and the ongoing legitimation of a professionalised field. Legitimacy deficits can become apparent where discrediting activities predominate – as was shown, discrediting happens when critics decide to point to discrediting motives, financial or ideological, that are seen as driving the research.

Method

The 577 submissions to the IFRS Foundation Trustees' *Consultation Paper on Sustainability Reporting* were reviewed to identify submissions where the signatories included academics. In some cases, this

[10] Which found recognition in the form of his elevation to the House of Lords upon nomination by UK Opposition leader Jeremy Corbyn in December 2019.
[11] See https://publications.parliament.uk/pa/cm200809/cmselect/cmtreasy/144/144w202.htm (Accessed 11 April 2022).

was obvious, for example, where the university of a signatory was named or where individual's name listed included an academic title (e.g. Professor)[12]. Submissions from individuals that did not include either an academic title or reference to an academic organisation were excluded.

Three submissions were excluded from the initial list either because: although they were from a university, the signatories were not academics; or, whilst signed by someone using a title Professor (possibly an honorary professor) the submission was associated with an organisation that is not a university. Submissions whose signatories included retired professors were retained due to their academic background.

The 39 submissions identified had collectively 104 academic signatories[13] from 74[14] organisations or networks and 20 countries with two also representing global networking bodies. Submissions ranged from a summary of a book and a letter from a retired Vice Chancellor to short submissions summarising key points and recommendations, to submissions that were several pages long responding to individual consultation questions.

Twenty of the submissions included academic references (three from submissions assessed as supportive and 17 from submissions assessed as opposed), while 29 included credentials of the signatories (six from submissions assessed as supportive and 23 from submissions assessed as opposed). Credentials ranged from an academic title (Professor, Dr) and name of their academic institution to a statement regarding their research standing in the field.

The submissions were coded using NVivo 12 software. The broad node codes representing key tensions in the debate in Table 1 were identified from the Consultation Paper and confirmed with themes identified as tensions through various speeches, webinars and through social media (materiality, investor perspective, audience, climate change)[15]. These two approaches drew the same conclusion as to the key tensions. Comments on themes of interest appearing in general opening text, in summaries of key points or in answer to a question other than the one addressing a particular theme were also coded. Checks were made of the analysis through key word searches of the submissions and reviews of the original submissions. Specific codes within the broad node codes were identified from the data.

Findings

The findings are discussed according to themes that emerged from the data. Table 1 sets out broad node codes and specific codes arising from the data. Notably, many of the matters arising from the data (the responses to the consultation) were matters on which the IFRS Foundation Trustees had not sought views. Table 1 summarises these separately for responses judged to be overall in support of the IFRS Foundation Trustee's proposals and those opposed.

[12] Initially, many submissions from academics did not include their title in the IFRS Foundation's list of responses so they were not easily identifiable as academic responses. One of the authors of this paper wrote to the CEO of the IFRS Foundation arguing that it was important that academic responses should be identifiable and requesting that academic titles (such as Professor, Dr) were added. This was done.

[13] This excludes the 84 'endorsements' to submission 9 that had eight signatories.

[14] This counts institutions represented on each individual submission (a small number of submissions had common signatories)

[15] For example, one of the authors took part in a number of panel discussions related to the issues on which the Consultation Paper (IFRS Foundation, 2020) sought views, listened to other such discussions, including recordings of the IFRS Foundation's Advisory Council meetings and read articles in the news media and specialist media such as *ESG Investor* and *Responsible Investor*. In addition, commentary on LinkedIn was regularly reviewed.

In most cases it was clear where responses were overall opposed to the IFRS Foundation Trustees' proposals, particularly from questions regarding the proposed involvement of IFRS and proposals on financial materiality and investor audience. Twenty-eight submissions (72%) were assessed as opposed. Eleven submissions (28%) were judged to be overall supportive. The assessment with regard to overall support involved identifying any statement or otherwise of overall support or, in the absence of such a statement analysis of responses concerning the key elements of the proposals. The assessment of "supportive" submissions was somewhat generous on two counts. Firstly, the support of some signatories was conditional on matters: a) that were not favoured by the IFRS Foundation Trustees in their proposal including broadening out the definition of materiality to be more appropriate for sustainability matters and to include other stakeholders in the audience (see, for example, submissions 399 and 503); or, b) that, at the time of conducting the analysis, had been ruled out by the IFRS Foundation. This includes matters such as: being aware of Planetary Boundaries (see submission 9); engaging with the Global Reporting Initiative (see, for example, submission 9, 399, 472, 503); and supporting investors who seek to understand how a company contributes to the needs of society (submission 399).

Of the 11 submissions assessed overall to be supportive only three (27%) included a list of references while 18 (64%) of those opposed did so. The 11 submissions assessed as overall supportive include seven submissions that were found to contain limited analysis, evidence or supporting references to justify that support. Significantly, none of the responses that supported the IFRS Foundation's proposals set out research credentials of signatories in the field of sustainability reporting[16]. The signatories are not known to the authors of this paper as substantially sustainability reporting researchers. Submissions considered opposed to the proposals included internationally recognised researchers in the field of sustainability reporting and corporate reporting more broadly including Professors Abdelsalam, Adams, Annisette, Cho, Cooper, Cooper, Ferguson, Gibassier, Ginier, Guthrie, Larrinaga, Lodhia, Michelon, Milne, O'Dwyer, Parker, Patten, Rodrigue, Slack, Tilt, Tregidga. The research credentials of these signatories were largely noted in their responses and significant. Notably, across both those in support and those opposed there was broad and strong support for mandatory sustainability reporting.

Interestingly, while a number of submissions noted that financially material sustainability matters should be included in standards set by the IASB and hence the financial statements (see, for example, submissions 5, 23, 165, 295, 367), submission 472 argued against on the grounds that sustainability-related disclosure that can be required by standards set by the IASB "is marginal at best in relation to the range of sustainability matters that are financially material yet not related directly to amounts recognized in the financial statements." This clearly poses challenges for determining the financial materiality of sustainability issues. Both sides of the debate, in different ways, query the accuracy of financial statements.

[16] The IFRS Foundation Trustees did not ask for information regarding the research credentials of respondents but we believe it is relevant information to our discussion on crediting and discrediting arguments.

Table 1 Broad node codes identified from the consultation paper and specific codes arising from the data

Broad node codes identified from the consultation paper	**Specific codes arising from the data**	
	Opposed (28 responses)	**Supportive (11 responses)**[17]
The need for a global set of sustainability reporting standards	• (Mis)leading question • There already is one - Global Reporting Initiative • The focus should be on incorporating sustainability matters into IFRS Standards set by the IASB	• IFRS could contribute to the financial aspects of convergence • Investors seek to understand how a company creates long term value and contributes to the needs of society[18] • A large amount of sustainability matters that are financially material are not directly related to matters in the financial statements.
The IFRS Foundation is best positioned to set them	• Lack of analysis (e.g of desired and alternative governance structures) • Lack of reference to evidence-based research in the field, relevant reports and current best investor and corporate practice • IFRS Foundation lacks legitimacy to set sustainability reporting standards • The IFRS Foundation does not have the required expertise. • Other standard setters (particularly GRI) have important networks and relationships with investors, national governments and other key stakeholders.	• IFRS Foundation is the only body in the world that fills the required criteria of a standard setter • Establishment of an ISSB could signal readiness to engage with others on Modern Slavery including NGOs. • Must be aware of Planetary Boundaries and work of GRI, TCFD and others • Relationship with IOSCO and national standard setters.

[17] Seven of these responses provided little or no analysis, evidence or references to support their position

[18] Text in blue indicates assumptions made or desires expressed by submissions judged overall to be positive that are not, to the best of our knowledge, part of the IFRS Foundation's current strategy.

Materiality	• Not compatible with the commitment of governments to the UN SDGs • Financial materiality will not satisfy investor information needs - double materiality is necessary • Will encourage short-termism and omission of negative externalities, greenwashing, SDG washing • Contrary to the going concern principle	• The IFRS Foundation should be responsible for sustainability reporting focussed on financial materiality, but a double materiality approach is still desirable. • Mixed views on whether a double-materiality approach should be adopted
Audience	• Investors are not homogenous, some lack know-how and knowledge of their information gaps • Sustainable development requires a multi-stakeholder approach • Must consider broader stakeholders to identify what matters to investors • Focus on investors will not lead to harmonisation • Focus on investors will not lead to change within organisations	• Mixed views – including must address other stakeholders and must address only investors.
Scope	• Will lead to lack of accountability on other issues • Sustainable development issues are interconnected • Ignores planetary boundaries	• The scope should be wider than climate-related factors.
Other standard setters	• Must collaborate with the Global Reporting Initiative • Draw on the TCFD recommendations • Draw on the work of 'existing initiatives'/'the five'	• Collaborate with other standard setters including the Global Reporting Initiative
Other matters	• Skewed consultation, support comes from those whose interests the proposals serve • Lack of consultation with the scientific academic community researching in the field • Not in the public interest • Little or no social or ecological benefit and could make things worse • Insufficient resources allocated by investors and reporters to handle complexity	

The need for a global set of sustainability reporting standards

The first consultation question regarding whether there should be a global set of internationally recognised reporting standards was noted as a (mis)leading question by four submissions because it suggests there isn't already such a body. Several submissions (see, for example, 5, 19, 24, 453, 484) explicitly referred to the Global Reporting Initiative as being a global sustainability reporting standard setter. Despite the proposed audience for sustainability reporting and approach to materiality being fundamentally different to that of GRI, and opinion on GRI Standards not being sought, twenty-three of the 39 submissions commended GRI's work to the IFRS Foundation and or explicitly encouraged the IFRS Foundation to work with them.

> "The lack of consideration of… the scientific accounting community or the existing standard setters that have worked for more than 20 years on developing sustainability reporting standards, such as the Global Reporting Initiative, is quite surprising." (Submission 436[19])

In contrast only eight responses mentioned the proposal to work with SASB, with one of these noting:

> "…sustainability reporting standards with an investor perspective on materiality would most likely add very little additional value and insight to the information already publicly available via SASB standards" (submission 356).

Considerable concern was expressed about the "informal" approach to consultation leading up to publication of the Consultation Paper (see, for example, Submission 295) and:

> "The proposal does not include findings of evidence-based sustainability reporting research, and relies on informal feedback from a limited sub-set of stakeholders. While I appreciate that this is a consultation paper, it claims to have 'assessed the current situation' (Part 1) but does not present a neutral view; this means than anyone reading the consultation paper could be led to believe there is no alternative view, which is not the case." (Submission 19, Professor Carol Tilt)

The skewed pool of those engaging with the Consultation Paper was also noted. For example:

> "The letters to date supporting this proposal overwhelmingly come from those with a narrow and vested interest in the welfare of investors and the financial sector." (Submission 387, Professor David Cooper)

The Consultation Paper did not seek views on whether sustainability matters that affect the financial statements should be incorporated into IFRS Standards set by the IASB. Nevertheless, Submissions 5, 23, 165, 295 and 367 argued that they should. For example:

> "None of the proposals now made for sustainability reporting mentioned by you in your proposal bring the cost of addressing climate and biodiversity related changes within the general ledger of a corporation. That is not to criticise those proposals: to date your own refusal to address this issue has made achievement of this goal a near impossibility for those campaigning for the integration of financial and sustainability reporting." (Submission 23)

[19] Names of signatories are only provided against quotes where there was a sole signatory – they are not provided where there were multiple signatories or where a signatory represents a group or network. Comment letters are publicly available (IFRS Foundation, 2020).

Although the consultation paper did not seek to test its sustainability logic, several responses noted the absence of reference to the sustainability context, planetary boundaries and science-based targets.

The IFRS Foundation is best positioned to set them

The unsupported assumption that the IFRS Foundation was best placed to deliver such standards was challenged:

> "I would expect to see some evidence-based analysis of what the criteria are for successful sustainability reporting standard setting or what the IFRS Foundation could add relative to existing global offerings." (Submission 5, Professor Carol Adams)

The lack of evidence-based analysis in the IFRS Foundation Trustees' proposals was noted in 11 submissions. An additional three submissions referred to a lack of demonstrated understanding of sustainability and/or sustainability science informing the consultation paper. Several submissions specifically noted the lack of reference to research in the field:

> "It is noteworthy that the Consultation Paper does not seem to mention how academic research will be used to inform the… the development of a global set of sustainability reporting standards. This would ignore vast experience from more than three decades…" (Submission 356)

> "The search for relevant and purposeful sustainability reporting has been prevalent in [a specific branch of] accounting research during the last 30 years, but this research has been ignored in the consultation paper." (Submission 497)

These concerns are aligned with those of Adams and Abhayawansa (2022) who demonstrate that the Consultation Paper also does not draw on various non-academic reports leading up to its release that also sought to propose solutions to the so-called 'alphabet soup' issue. In addition to ignoring relevant academic research and reports, submission 5 noted that "proposal is not cognisant of current investor and corporate best practice".

This lack of evidence-based analysis prompted comments concerning the influence of vested interests:

> "…The proposed move to monopolize the setting of global sustainability standards fails to address anything but investor and financial interests. It would represent yet another example of the dominance of Anglo- American perspectives on globalization (Botzem and Quack, 2009)." (Submission 387, Professor David Cooper)

This suggestion is perhaps supported by concerns about the lack of reference to planetary boundaries (see, for example, 19, 190, 295, 402) or science-based targets (submission 427) and concerns that there would be little benefit to sustainable development, or indeed that the proposals might make things worse:

"…much energy will be expended for little social and ecological benefit." (Submission 464, Professor Jan Bebbington)

Several responses (see, for example, submissions 19, 23, 190, 419) expressed concern that the approach would not lead to harmonisation and could add to the complexity. For example:

> "…I am not certain, given all these complexities, that the IFRS Foundation and the addition of a Sustainability Standards Board (SSB) will be successful in "reducing the level of complexity and achieving greater consistency in sustainability reporting" (Paper, 17). Rather it could

> become one more voice in a complicated space." (Submission 419, Associate Professor Susan Hughes)
>
> "There is a continual assertion that the Foundation's stepping into this space will reduce complexity and increase comparability. We believe this is flawed. Sustainability issues are complex, interconnected and uncertain, "wicked" problems. Attempts to reduce complexity (to increase consistency / comparability) will provide partial and potentially flawed information." (Submission 190)

These issues led some submissions to speculate or conclude that the IFRS Foundation lacks expertise and legitimacy to set sustainability reporting standards. Nevertheless, a minority of submissions supported the IFRS Foundation's claims to superiority. For example, submission 9 claimed that the "IFRS Foundation is the only body in the world that meets" a set of criteria that included having legitimacy, robust governance, expertise, and the ability to be 'up and running' quickly. No evidence or analysis was provided.

Materiality

The Consultation Paper ruled out a double-materiality approach 'initially' but left open the possibility of "a more comprehensive assessment of risks and opportunities" (p 14) down the track. Whilst there was no explicit suggestion of switching to a double materiality approach the possibility of later changing the approach was noted as "particularly important if more jurisdictions embrace the double-materiality concept" (p 14).

Only five responses (9, 414, 421, 472, 480) agreed with this approach. Three of these (9, 472, 480) had two common signatories (Barker and Eccles) and collectively argued for the IFRS Foundation to take a financial-materiality investor-oriented approach. Submission 472 argues that there should be two types of sustainability reporting (A and B) with Type A having a single financial materiality focus and Type B a double-materiality focus. The submission argues for the IFRS Foundation to address only Type A. Type B was felt to be a matter for public policy for which the IFRS Foundation was "not currently recognised as a legitimate authority" and should be left to "governments and others". It was noted that a single set of standards incorporating Type A and B disclosures might not meet all the information needs of either. The other two responses in agreement with the IFRS Foundation (2020) proposals regarding materiality and audience did not present a justification. Submission 480 notes that the "…EU's Non-Financial Reporting Directive… requires disclosure of all of a reporting entity's impacts, rather than those incremental to sustainability-related financial disclosures." Other responses point to the difficulty in drawing the line between Type A and Type B disclosures.

Thirty-one of the thirty-nine academic submissions did not agree with a financial materiality approach with a further three not commenting on this important issue. The thirty-one opposing submissions argued for a double-materiality approach, reporting to broader stakeholders and/or consideration of the impacts *of* organisations. Three of these (4, 5, 165) had a common signatory (Adams). Submission 427 noted the failure of financial reporting (and hence financial materiality) to recognise the negative externalities that are caused by business along with incentives for short-termism.

Several submissions explicitly argued that consideration of the impact of an organisation on society and the environment, or a double-materiality perspective, is *necessary* to satisfying investor information needs (see, for example, submissions 5, 19, 23, 24, 165, 190, 295, 324, 446, 497). For example:

> "We argue that… *[investor information needs]* can only be fulfilled if reporting was prepared using a double-materiality perspective, which requires companies to engage with stakeholders to assess how corporate activities are creating externalities, which may not (yet?) have created a financial obligation or financial implications for the company." [Submission 190] *[emphasis added]*

The difficulty in identifying and measuring financially material matters was also noted:

> "Views on what is ultimately financially material for investors varies widely. Organisations cannot continue to create value for themselves, their shareholders or society more widely unless sustainable development issues are addressed." [Submission 5, Professor Carol Adams]

Significantly, the two submissions from global networking bodies (324 and 398), the *European Accounting Association* and the *Centre for Social and Environmental Accounting Research* were strongly opposed to this narrow focus. Submission 324 from the Stakeholder Reporting Committee[20] of the *European Accounting Association* noted that sustainability standards are by nature intended to capture concerns that "do not directly or immediately feed into the bottom line". The submission also expressed concerns that the narrow focus would result in the proposed Standards not satisfying user needs leading to lower adoption. The Committee argued that a gradualist approach to broadening standards proposed by the IFRS Foundation (2020) would "increase complexity instead of reducing it, and make early standards not fit for purpose". The group submission from Professors of Accounting at the University of Hamburg (submission 356) similarly argued that the narrow focus of the Standards would "hamper" their global relevance. They were concerned that sustainability issues perceived as less financially material would be excluded even though "highly relevant to several other stakeholder groups". Professors of Accounting at the Universities of Montpellier (France) and Burgos (Spain) (submission 367) were similarly concerned that the proposed approach would not address "the well-being of future generations". Submissions 190 and 417 explicitly expressed concerns that the materiality approach would lead to increased green washing or SDG washing while other submissions inferred it. An additional five submissions (5, 23, 53, 356, 436) expressed the problem in terms of accountability for the impacts of an organisation being marginalised.

Along with a frequently repeated concern that what the IFRS Foundation was proposing was not sustainability reporting (i.e. not about sustainable development or sustainability impacts *of* the organisation) there were warnings concerning the consequences of the IFRS Foundation's proposed approach:

> "The greatest unintended consequence we foresee is that… companies may be encouraged to report "sustainability" information for investors and leave aside proper stakeholder engagement and at least some accountability over externalities, bringing us back to the late 1990s, when the first stand-alone sustainability reports... (Submission 190)

Submission 23 argued that applying financial materiality to sustainability matters was in contradiction with the going concern concept:

> "… going concern requires is that a company demonstrate its ability to survive as an operating entity in an era when net zero carbon emissions will be required of it... We think that this goal can only be achieved if the full potential cost of a corporation meeting its net zero carbon and,

[20] See http://www.eaa-online.org/r/SRC (accessed 23rd September, 2021)

> if appropriate, biodiversity sustainability goals is reflected as an up-front provision… in its financial reporting." (Submission 23)

Audience/ Investor perspective

Respondents to the Consultation Paper were asked if they agreed that the focus, at least initially, should be on "the sustainability information most relevant to investors and other market participants" (p 14). Responses pointed out that this would not lead to harmonisation (see, for example, responses 19, 23,190, 419), incorrectly assumed that all investors have the same 'perspective' on these matters or shared the perspective of the IFRS Foundation Trustees (see, for example, submissions 24, 295, 387, 446, 464).

The IFRS Foundation's logic, assumptions, and knowledge of the "investor perspective" was challenged:

> "By definition, sustainability is a universal concern. Reporting on it must be similarly comprehensive." (Submission 23)

> "… even if a focus on investors was warranted, the IASB has become committed to an outdated 'model' of investor interests and information needs… Concerns by those interested in ethical and social investing are treated as abnormal and special interests." (Submission 387, Professor David Cooper)

> "Investors are a heterogeneous group with different views on financial and non-financial risks, which ultimately informs their strategic decision-making..." (Submission 24, Associate Professor Anna Tilba)

There were also concerns that investors lacked the know-how and allocation of resources to understand their information needs:

> "A significant number of investors ignore climate change and other sustainable development risks that have an impact on long term value creation… Corporate and investor know-how is under-developed and resourcing of their responses to sustainable development issues insufficient to meet the complexity of the challenge." (Submission 4)

Perhaps most damning were the comments specifically about inconsistency with public interest (see, for example, submissions 5, 19, 190, 295, 417, 436) or more generally about whether an investor perspective was appropriate for sustainability reporting, a point raised explicitly by 15 submissions.

The public interest issue was perhaps expressed most eloquently by Professor David Cooper:

> "…only under the completely unrealistic model of a purely competitive economy where every participant has an equal endowment of resources and there are no externalities to behaviour, can the welfare of investors be equated to the public interest." (Submission 387)

It was also argued that an investor focus could not lead to change within organisations (see, for example, submission 401, Dr Chris Kelsall).

Scope / climate first

Five responses agreed with the proposed climate first approach (13, 15, 414, 472, 480), including three of the responses that also agreed with a financial materiality, investor-oriented approach. Twenty-six responses disagreed arguing for broader coverage. For example,

> "We view the climate first approach… as a backward step. The desire to prioritise investors and to reduce complexity may lead to a weaker form of accountability where organisations are not held to account for their long-term social and environmental impacts." (Submission 190)

Relationship with other framework and standard setters

The Global Reporting Initiative was by far the most mentioned standard setting body that the IFRS Foundation should collaborate with. To date it is the only major standard setting body with any relevance to sustainability reporting that the IFRS Foundation is not collaborating with.

> "I have yet to understand how the IFRS Foundation Sustainability Standards Board would supplant the use of the GRI standards." (Submission 419)

> "The lack of consideration of other vital non-market stakeholders such as the scientific accounting community or the existing standard setters that have worked for more than 20 years on developing sustainability reporting standards, such as the Global Reporting Initiative, is quite surprising." (Submission 436, Associate Professor Susan Hughes)

A submission supporting the proposal argued that with EU help the IFRS Foundation "could realise this *[harmonisation]* achievement on a global scale." (Submission 480) *[emphasis added].*

The same submission noted:

> "The *[Global Sustainability Standards Board]* GSSB is, however, underdeveloped in relation to the IASB. It is relatively young, having been established in 2015, and issuing its first standards in 2016. Its governance structure has not yet developed a strength or credibility on a par with that of the IASB. And while its standards enjoy worldwide adoption, they remain primarily voluntary and generally without statutory backing (KPMG, 2020). …Second, GRI is at heart a mission-driven organization, with roots in advocacy, which works directly with companies in encouraging them to adopt sustainability reporting, and derives an important source of funding through education and guidance directed at encouraging sustainability reporting. This function has no direct analogy within the IFRS Foundation and creates a potential conflict, much as if the IFRS Foundation were to offer an advisory service to companies on how to adopt IFRS." (Submission 480) *[emphasis added]*

This is a somewhat partial analysis, failing to note that: a) the standards issued in 2016 were developed from guidelines with a history going back to 2000; b) the GRI governance structure is modelled on that of accounting standard setters, but with each governance body having multi-stakeholder representation (deemed appropriate by the majority of academic response to the Consultation Paper); c) the GSSB standard setting process is such that sources of funds does not influence Standards; d) the framing of any organisation as 'mission-driven' seems odd given that most organisations are and this is generally considered a positive. On the other hand, the submission does not, as others did, question the authority of a body serving the private sector (the IFRS Foundation) to set sustainability reporting standards.

Conclusion

Our question in this paper was 'how have academics engaged with the IFRS Foundation Trustees' *Consultation Paper on Sustainability Reporting*?' (IFRS Foundation 2020). As we outlined earlier, in addressing this question, we considered both the content of academic responses and the approaches taken to making their case, such as the extent to which evidence has been referenced in justifying the relevant arguments.

As was shown in the findings section, most responses (72%) did not support the IFRS Foundation's proposals to establish an International Sustainability Standards Board. They included signatories from leading researchers in the field of sustainability reporting and its outcomes for organisations, society, and the environment. Reasons put forward include the:

- focus on financial materiality.
- focus on investors when sustainable development requires a multi-stakeholder approach.
- proposals are not compatible with the commitment undertaken by national governments with regard to the UN Sustainable Development Goals
- focus should be on incorporating sustainability matters and aspects of non-financial reporting such as reporting on intangibles into IFRS Standards.
- IFRS Foundation does not have the required expertise and other bodies (particularly the GRI) have a long experience.
- IFRS Foundation lacks legitimacy to set sustainability reporting standards and what is being proposed is not sustainability reporting.
- proposals represent the capture of the standard setting process by powerful groups such as large accounting firms and large asset managers.

The remaining responses that were judged as overall supportive of the IFRS Foundation contained limited analysis or evidence to justify that support but nevertheless included recommendations that, as far as we are aware at the time of writing, have not been taken up (see blue text in table 1). These include broadening the audience to wider stakeholders, contributing to the needs of society in the investor focus, being aware of planetary boundaries and the need for a double materiality approach.

Our findings showed that the scientific community in the field of sustainability reporting were not properly heard by the IFRS Foundation. They were not amongst stakeholder groups identified as having been consulted prior to publication of the consultation paper (IFRS Foundation, 2020) and the IFRS Foundation did not adapt their approach in response to the dominant views expressed by academics (IFRS Foundation, 2021c). However, some 15 months after the closure of the consultation, and a few days before the release of the first Exposure Drafts by the two-member[21] International Sustainability Standards Board (ISSB), the IFRS Foundation and GRI announced[22] a Memorandum of Understanding regarding aligning their work programmes. Whilst both organisations will maintain their current focus, it argues for a 'two pillar' or double materiality approach which the GRI has been arguing for. Whilst the mechanisms for this need to be worked out, the agreement serves to address a key bone of contention of academics (including some who supported the IFRS Foundation Trustees' proposals), and other stakeholders, namely the lack of collaboration with the GRI. Implementing the MOU is likely to bring challenges (see Adams, 2022). Fully addressing the evidence-informed concerns

[21] This is relevant because the consultation paper argued that the IFRS Foundation had appropriate governance mechanisms to *be* the global standard setter without providing any consideration of what the criteria for sound governance of sustainability reporting standards might be and without analysing the governance of existing standard setters.

[22] See https://www.globalreporting.org/about-gri/news-center/ifrs-foundation-and-gri-to-align-capital-market-and-multi-stakeholder-standards/ (Accessed 11 April 2022).

of the scientific accounting community that responded to the consultation will require ongoing evidence-based input and critique of attempts to discredit it.

Our literature review highlighted how positions can be discredited, either regarding empirical (or other) evidence; or, more indirectly, by highlighting the stake that proponents supposedly have. As we saw earlier, stake accusation has a history in climate change advocacy and climate change scepticism: climate change advocates have typically been accused of being driven by a left-wing ideology and / or lucrative research grants; climate change sceptics have typically been accused of being driven by financial interests tied to fossil fuel friendly think tanks or foundations. McKewon (2012) analyzed in great detail the attempt by right-leaning, climate sceptic writers to discredit climate scientists with reference to their political beliefs and/or putative desire to increase or retain public research grants.

Our review of the literature has shown that engagement can be legitimated (credited) by pointing to the knowledge base it rests on. Our findings highlight that the majority of academic submissions opposed to the IFRS Foundation's Consultation Paper cited relevant peer reviewed research to support their argument.

Engagement in an academic discipline of accounting links academics with practitioners and other members of the profession. Where the ongoing legitimation of a professionalised field is in doubt, legitimacy deficits can arise. As was shown earlier, discrediting happens when critics decide to point to discrediting motives, financial or ideological, that are seen as driving the research. Questions over the legitimacy of a profession or discipline persist when arguments driven by stake accusations predominate over arguments driven by reference to our empirical knowledge base. This appears to have been the case in the IFRS Foundation Trustees consultation paper (IFRS Foundation, 2020) and has been met, by opposing responses with reference to evidence. We expect this to continue through ongoing academic research, and believe it must given that sustainable development is at stake and an inhabitable planet an increasingly likely prospect.

Defendants or direct stakeholders of the IFRS Foundation might claim that it stands 'above the fray' and is not biased. Or defendants might claim evidence for *their stance* (though we found very limited evidence in responses that were supportive of the IFRS Foundation Consultation Paper) or accuse critics of being driven by a left-wing (or right-wing) ideology or being 'grumpy', both of which Eccles did of Adams[23]. In their response to the SEC climate change consultation, Barker and Eccles argued for adoption by the SEC of sustainability reporting standards set under the IFRS Foundation umbrella by emphasizing their credentials through their positions at Oxford University and Eccles' former position at Harvard University[24]. The letter does not mention that Eccles was the founding chairman of the Sustainability Accounting Standards Board, considers himself one of the founders of the International Integrated Reporting Council (bodies which merged to form the Value Reporting Foundation which has influenced the IFRS Foundation approach through representation on their Technical Readiness Working Group[25]) or that Eccles is involved in asset management[26]. Nor does it mention that Barker

[23] See https://www.forbes.com/sites/bobeccles/2021/07/13/the-international-sustainability-standards-board-as-an-ideological-rorschach-test/?sh=3934afa53a6e [Accessed 22nd October 2021]

[24] See https://www.sec.gov/comments/climate-disclosure/cll12-8918032-245070.pdf [Accessed 22nd October 2021]

[25] See https://www.ifrs.org/news-and-events/news/2021/10/technical-readiness-working-group-purpose-and-progress/ [Accessed 22nd October, 2021]

[26] See https://www.icgn.org/speakers/robert-eccles-chairman-arabesque-asset-management [Accessed 22nd October, 2021]

has served as a Research Fellow for the International Accounting Standards Board[27]. Others will disagree and argue that the IFRS Foundation's stance on an enterprise value and financial materiality approach to sustainability reporting and the way it operates gives justified grounds for accusing it of being overly sympathetic to investor interests.

In the case of our study, the arguments put forward by the opposing majority suggest that, in light of the limited or weak empirical evidence that the single materiality position can draw upon, it is not unreasonable to conclude that it is open to plausible discrediting and as a result is likely to lack legitimation. This conclusion would be in line with our earlier discussion based on existing literature that positions with a weak basis in (empirical) evidence open themselves up to plausible and often devastating critique pointing to their stake or interest. This is the approach of those opposed to the Consultation Paper. In fact, the conclusion of those opposed to the approach in the Consultation Paper is also largely aligned with the approach that is taken by the EU with EFRAG and the GRI – that is using a double materiality approach, addressing a broad range of interested and impacted stakeholders and focussing on a range of issues, including a strong emphasis on human rights. The signatories mostly make it clear that they are informed by research.

We conclude that the opposing academic voice with respect to the IFRS Foundation Trustees' proposals on sustainability reporting was credible and supported by research evidence. Yet it has not been taken into consideration. Just as the IFRS Foundation Trustees' Consultation Paper (IFRS Foundation 2020) did not provide analysis or evidence to support its proposals, to a large extent, neither did the academic submissions that were supportive of them.

In their response to the comment letters received (IFRS Foundation 2021c), the IFRS Foundation Trustees did not mention the scientific community as a stakeholder[28]. They reiterated their intention to take an "investor focus for enterprise value" (p 3) and "work by the alliance of leading standard-setters in sustainability reporting focused on enterprise value" (p4) which excludes the GRI. Further, missing the key points made by academics on the nature of reporting needed for the transformation to sustainable development and reporting characteristics that would hinder it:

> "The Trustees recognise that more consistent disclosure from companies on sustainability topics relevant to enterprise value can increase capital allocation toward more sustainable business activities, since enterprise value creation or erosion is fundamentally interdependent with value created or eroded for society and the environment." (IFRS Foundation, 2021c, p 27)

Our view is that recent policy discussions on sustainability reporting have not considered what drives change in organisation. The IFRS Foundation Trustees' Consultation Paper indicates that they see reporting as an end in itself to make things simpler for investors. This ignores the potential for reporting to drive positive change or, by making some corporate impacts invisible, negative change. Further, the IFRS Foundation Trustees, in paying little attention to scientific evidence on this matter and in the proposals they have put forward (IFRS Foundation 2020, 2021a) have demonstrated a lack

[27] See https://www.sbs.ox.ac.uk/about-us/people/richard-barker [Accessed 22nd October, 2021]

[28] "Respondents to the Consultation Paper included members of various stakeholder groups such as the policy and regulatory community, the accounting community, the environment, social, and governance (ESG) community, individuals and market participants." (IFRS Foundation, 2021c, p 2)

of awareness of the importance of this and/or limited interest in contributing to sustainable development.

In way of further research, there will be the obvious stream of research that addresses the issues directly and head-on with reference to empirical evidence. This may be through: the examination of what is and what is not reported (greenwashing); the views of corporate stakeholders including investors concerning future sustainability reporting; issues in implementing the ISSB Standards by companies and national regulators[29]. As a supplementary stream of research there will be stake- and interest-oriented publications that will, in a more indirect way, attempt to discredit either position with reference to their supposed stake or interest. This is an important and valid supplementary endeavour. Our paper demonstrates that academics must continue to engage and present evidence, including challenging the dominant investor and sustainability logics favoured by accountants and capital markets policy influences and policy makers.

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[29] The recently released Exposure Draft on general disclosures, for example, requires considerable judgement which raises questions about the likelihood of greenwashing, expenditure on consulting fees, and difficulty in providing assurance (See IFRS Foundation, 2022).

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