



*CFA UK is a member society of*



28<sup>th</sup> January 2011

Dear sir/madam,

The Chartered Financial Analyst Society of the United Kingdom (CFA UK) welcomes the opportunity to respond to public consultation on disclosure of non-financial information by companies.

The CFA Society of the UK represents more than 9,000 investment professionals working across the financial sector. For advocacy purposes on financial and non-financial reporting, these members are represented by the Financial Reporting and Analysis Committee (FRAC).

The FRAC believes that it is not necessary to add to the existing Business Review; in terms of mandatory requirements it sets down an acceptable minimum. This sets an acceptable minimum standard. Member states should be left to add to that as they see fit. In the UK, for instance, there is best-practice guidance in a Reporting Statement on the Operating and Financial Review, issued by the Accounting Standards Board.

The over-riding requirement is that companies should explain what drives business performance and what the key risks are. The disclosure of non-financial matters is only important to the extent that it is relevant to the long-term success of the business. The factors implied by this vary - eg some companies (oil & gas, chemicals) are very exposed to environmental risk, others (IT, professional services) are not, and exposure can vary between companies in a single sector.

We therefore, believe that companies should be empowered to discuss the matters relevant to their business, not constrained.

#### About CFA UK and CFA Institute

The CFA Society of the UK (CFA UK) represents the interests of more than 9,000 leading members of the UK investment profession. The society, which was founded in 1955, is one of the largest member societies of CFA Institute and is committed to leading the development of the investment profession through the promotion of the highest ethical standards and through the provision of continuing education, advocacy, information and career support on behalf of its members. Most CFA UK members have earned the chartered financial analyst (CFA) designation, or are candidates registered in CFA Institute's CFA Program. Both members and candidates attest to adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct.

CFA Institute is the global association for investment professionals. It administers the CFA and CIPM curriculum and exam programs worldwide; publishes research; conducts professional development programs; and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has more than 100,000 members in 140 countries, of whom more than 90,000 hold the Chartered Financial Analyst® (CFA®) designation

Yours,

Jane Fuller, Chair, Financial Reporting and Analysis Committee

Will Goodhart, Chief Executive