

17th February 2021

Dear Members and Colleagues,

RE: Research Project on “The Production and Consumption of Information on Intangibles: An Empirical Investigation of CFOs and Investors”

With this letter we would like to introduce to you a research project that our three organisations support for its potential in advancing reporting.

As is widely recognised, intangibles are critical to the business model of many companies, and fundamental for explaining the value creation process particularly as we continue to move towards a knowledge-based economy. Notwithstanding their relevance, they largely do not appear on financial statements or in the related disclosures, especially when they are internally generated.

Thus far, only limited evidence has been gathered with regards to how preparers (i.e., CFOs, CAOs) and users (i.e., investors and financial analysts) view the production and utilisation of intangibles-related information, especially on unaccounted intangibles. Even though innovative reporting tools have been implemented recently by companies, such as sustainability and integrated reporting, which should drive the production of information on intangibles outside financial statements, these resources remain as yet under-reported.

In 2019, ICAS issued a Positioning Paper on “Intangibles” which raised those issues and concerns, while EFRAG initiated a project on “Better Information on Intangibles” by commissioning an academic literature review on the subject and setting up an “Advisory Panel on Intangibles” (API). In turn, EFFAS has actively contributed to the international debate through its Commission on ESG (CESG) and its participation in the WICI Global Network, WICI Europe and the “WICI Intangibles Reporting Framework” (2016).

In light of the above, we have decided to **jointly support this research project** to be carried out by a team from the **University of Ferrara (Italy)** with the aim to provide evidence and to hear the opinion of preparers and users, as well as other relevant professional and institutional actors, on the production and consumption of the under-reported information on intangibles.

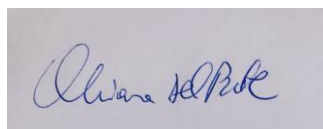
Therefore, we would like to kindly ask you **to participate in this research and the associated survey by filling in the online questionnaire that the research team is providing to you.**

We thank you for your invaluable support with this.

Best regards,



Jesús López Zaballos
President EFFAS



Chiara Del Prete
EFRAG TEG Chairwoman



Bruce Cartwright
CEO ICAS