10èmes États Généraux de la Recherche Comptable

14 décembre 2020

AVEC LE SOUTIEN DE :

Mouvement des Entreprises de France MEDEF

afep

middlenext

CNCC Compagnie Nationale des Commissaires aux Comptes

Ordre des Experts-Comptables Conseil Supérieur

L'Académie

10èmes États Généraux de la Recherche Comptable

14 décembre 2020

AUTORITÉ DES NORMES COMPTABLES

Présentations Après-midi

10èmes États Généraux de la Recherche Comptable

14 décembre 2020

La distinction entre dettes et capitaux propres

Pascal BARNETO – Université de Bordeaux
Stéphane OUVRARD – KEDGE Business School
Yves RANNOU – ESC Clermont Business School
Hebattalah ABOULMAAATY - ESSCA

Autorité des Normes Comptables

Illustration : Annonce publiée par la société ENGIE le 11/04/2017

« En 2017, la société ENGIE a annoncé le placement de titres super subordonnées à durée indéterminée hybrides pour un montant de 600 millions d'euros. Ces obligations offrent un coupon initial fixe de 2,875% révisé pour la première fois sept ans après l'émission sur la base du taux de swap à 5 ans puis tous les 5 ans ».

Le communiqué de presse précise que ces titres sont comptabilisés en **fonds propres à 100% en IFRS** et à **50% par l'agence de notation Moody's**.

Conformément aux dispositions de la norme IAS 32, ces titres ou obligations hybrides constituent un instrument de capitaux propres et non une dette dans les comptes consolidés du Groupe (p. 317 du DDR 2017)

Ces titres sont classés en **dettes financières** dans les comptes sociaux de la mère

Conformément à l'avis de l'Ordre des Experts Comptables n°28 publié en octobre 1994, les titres super subordonnés sont classés en dettes financières (p. 343 du DDR 2017).

« Le rôle de pierre angulaire des capitaux propres dans le financement des entreprises est tel qu'il faut appeler un chat un chat, et des dettes des dettes »

Pascal Quiry et Yann Le Fur

Les errements des IFRS, *Lettre Vernimmen* 163, décembre 2018.

Présentation du projet ANC

Le document de travail : trois parties structurées en trois articles distincts :

- une **synthèse sur la structure financière** des groupes cotés français sur le SBF 120 entre 2010 et 2018 (en distinguant ceux membres du CAC40 des autres)

- une **comparaison internationale** sur les différences juridiques, fiscales et comptables des titres hybrides, en s’appuyant sur 5 pays (US; UK; Canada; Australie; France)

- une réflexion théorique sur la **classification des titres hybrides** à partir de la **notion de contrôle** et d’un enjeu plus large de **gouvernance**

A1 – Structure financière du SBF 120

- Endettement / Capitaux propres entre 2010 et 2018
  - Les groupes du CAC 40 ont renforcé leurs CP alors que les Next 80 ont augmenté leur endettement à LT
  - Les dettes financières de CT sont plus importantes pour les groupes du CAC 40
  - le degré de sophistication de l’endettement financier est plus élevé pour les sociétés du CAC 40

- 53% des entités du SBF se sont financées par au moins un titre hybride (montant faible au regard des CP et des dettes)
  - La famille des titres subordonnés (TSDI, TSSDI, TDIRA, etc.)
  - La famille des OC (OCA, OCEANE, ORDINANE, ORANE, etc.)
  - Les autres (TP, etc.)

A1 – Structure financière du SBF 120

- Au 31/12/ 2018 : 17 sociétés émettent des Titres Subordonnés (4 sociétés des TP)
- Pas de corrélation entre secteur d’activité et financement par des titres hybrides (cas du secteur informatique)
- Constance dans le temps en matière de choix d’instruments financiers (cas d’URW, d’EDF, d’Orpéa, etc.)
- Pas de différence significative entreprises familiales/managériales. Mais certaines ont pu connaître, à un moment donné, soit des difficultés financières (CGG, EDF, etc.), soit des problèmes de gouvernance (Air France-KLM, Orange, etc.), soit des conséquences d’un contrôle, liées à des opérations de fusions/acquisitions/scissions (Accor, Danone, etc.).
- Absence de clarté dans l’affichage des titres hybrides dans les comptes (Accor, URW, etc.) et d’explication sur les motivations de recours aux hybrides
- Cas particulier de la banque et de l’assurance

A1 – Structure financière du SBF 120

Plusieurs interrogations à la suite de ce papier 1 :

- Quels sont les principaux titres hybrides utilisés dans le monde ?
- Quelles sont les raisons qui conduisent les dirigeants à recourir aux instruments hybrides ?
- Existe-t-il des phases de vie (croissance, fusion, restructuration ; etc.) durant lesquelles le recours à de tels instruments est plus fréquent ?
- Devrait-on dissocier dans la réflexion du normalisateur comptable, la situation des sociétés industrielles et de services, des sociétés relevant du secteur bancaire et assurantiel qui sont soumises à des contraintes réglementaires ?

A2 – Comparaison internationale

- Croissance forte des hybrides depuis les 90’s (multiplication par 5)
- La diversité et la complexité des titres interdisent toute généralisation, créent des divergences entre les différentes juridictions et des incohérences dans le reporting financier. L’OC est le titre le plus répandu (Dutordoir *et al*, 2014)
- Trois catégories juridiques mises en évidence : titres de capital, quasi-fonds propres et titres de créances assimilés à des titres de capital
- Sur le plan comptable :
  - les US GAAP sont plus précises que les IFRS
  - Différence de traitement entre IFRS et PCG pour les titres hybrides
- Dépendance de l’environnement juridique, fiscal et comptable du pays d’émission (un enjeu de gouvernance entre le *Soft Law* et le *Hard Law ?*)

A3 – Les titres hybrides : un enjeu de gouvernance?

- Classification des instruments hybrides : DP 2018/1 FICE (*Financial Instruments with Characteristics of Equity)*

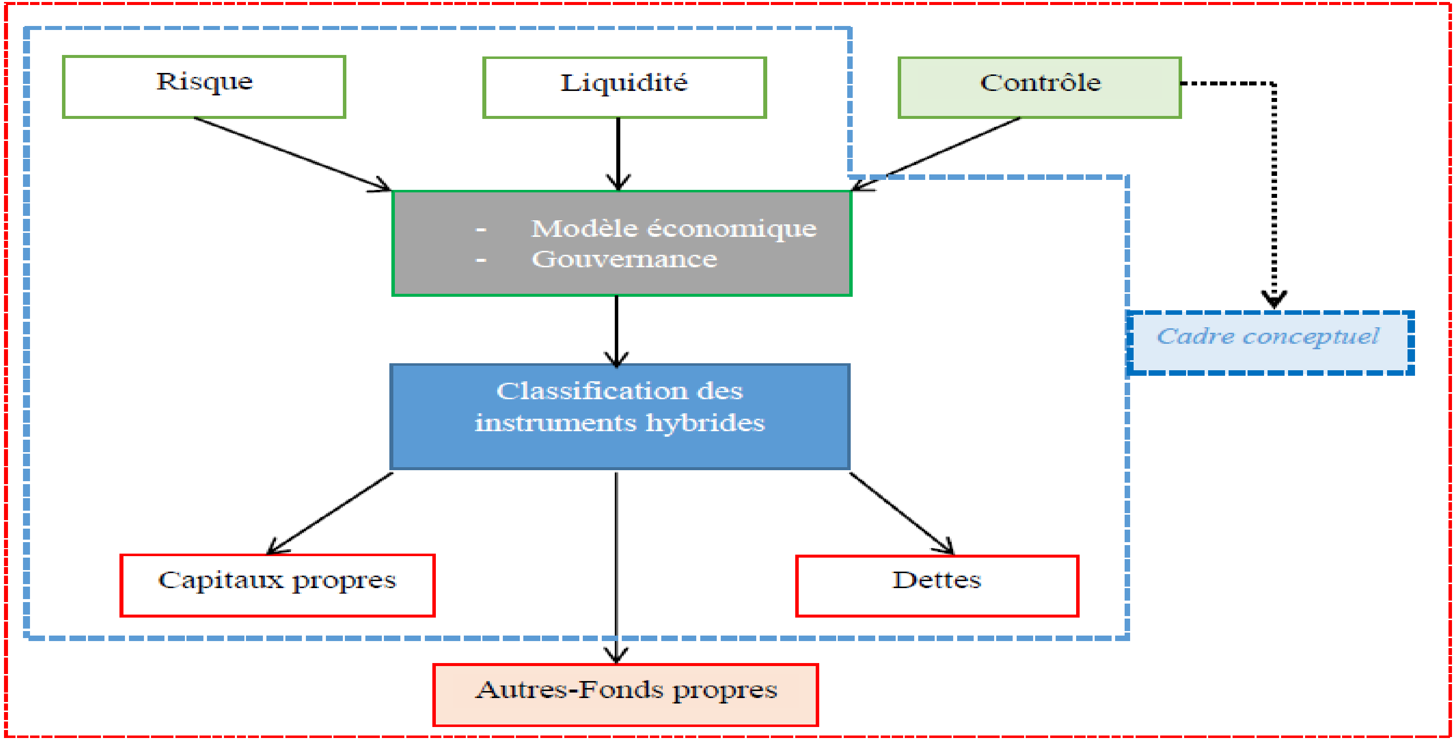
- IASB : approche risque/liquidité des instruments financiers

- Les théories financières n'expliquent pas dans un cadre général le recours aux titres hybrides

- Les titres hybrides seraient un moyen d'apprécier la qualité de la gouvernance : encadrement du comportement des acteurs, asymétrie d'information, etc.

- Les titres hybrides apparaissent alors comme des **contrats incomplets** entre émetteurs et investisseurs

A3 – Les titres hybrides : un enjeu de gouvernance?



A3 – Les titres hybrides : un enjeu de gouvernance?

- Proposition d'introduire la notion de **contrôle** pour appréhender les titres hybrides

- L'IASB utilise la notion de **contrôle** (IFRS10, IFRS15, IFRS16, etc.). Projet de recherche lancé par l'ANC en 2020 !

- Proposition : prise en compte de la notion de **contrôle** dans le cadre conceptuel des IFRS avec un sous-bassement théorique dans les courants de la Corporate Governance

Conclusion

- Ouvrir le débat de la classification des instruments financiers sur des enjeux multiples (autres que ceux habituels)

- Importance de cette classification pour la structure financière et pour la déclinaison du modèle économique

- Conséquences de la classification sur le coût du capital

Merci de votre attention

AcSB
Accounting Standards Board

10èmes États Généraux

dela Recherche Comptable

December 14, 2020

The Distinction Between Debt and Equity: Improving reporting in these times

Linda Mezon
Chair, Accounting Standards Board
FCPA, FCA, CPA (MI), CGMA

The views expressed in this presentation are those of the presenter, not necessarily those of the AcSB.

Debt vs Equity?

Key findings

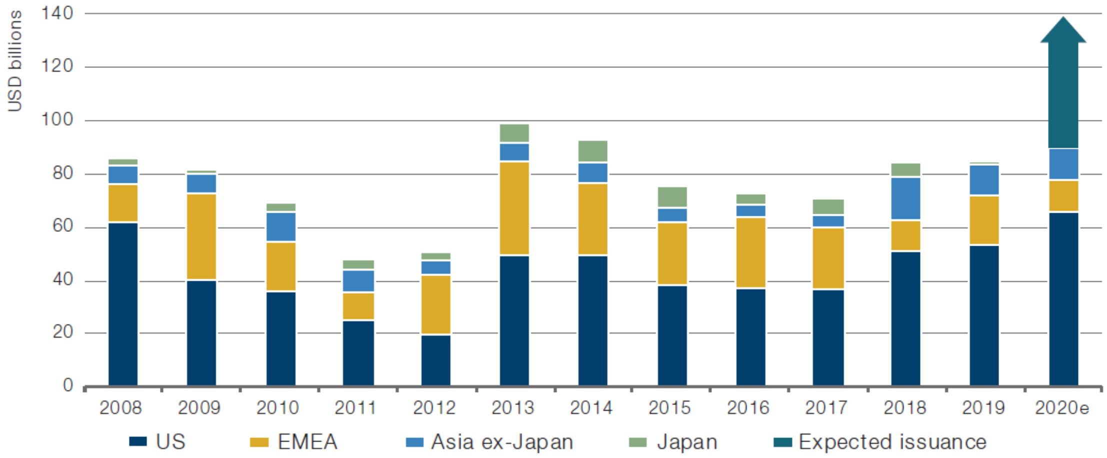
- Classification concerns of hybrid instruments are concentrated in 25% of SBF 120 Index (excluding banks and insurers)
- Convertible bonds most widely used, are “tailor-made” and reported inconsistently from a global review
- Call for improved governance approach – so control exercised by management is transparent through separate ‘mezzanine’ presentation

Some observations

- Many complex instruments and marketplace is evolving
- Level of debt, the accounting, the disclosures appropriate?
- Are the classifications and disclosures informing users’ decisions? Proposals improve decision-making?

USD $137B Global Convertible Offerings YTD – Highest level since 1980*

Figure 2. Convertible Bond Issuance – First Half and Expected



Source: Man Group, Bank of America-Merrill Lynch; as of 30 June 2020.

AcSB

Hybrid instruments: Support users' decision-making

Be practical, be tactical

- Minimize additional costs on preparers yet provide information users need
- Not the time for rethink or major change

Improve note disclosures

- Explain contractual terms and conditions
- List instruments by priority on liquidation
- Enable users to make the judgements and model the outcomes given uncertainties

AcSB

For more information, visit www.frascanada.ca

Contact

Linda F. Mezon, FCPA, FCA, CPA (MI), CGMA
Chair, Accounting Standards Board
Cell: +1 (416) 560-1429
Email: lmezon@acsbcanada.ca

Let’s connect!

10èmes États Généraux de la RECHERCHE COMPTABLE

14 décembre 2020

AUTORITÉ DES NORMES COMPTABLES

Materiality

Delphine GIBASSIER

Professeur de Comptabilité du Développement Durable

Introduction

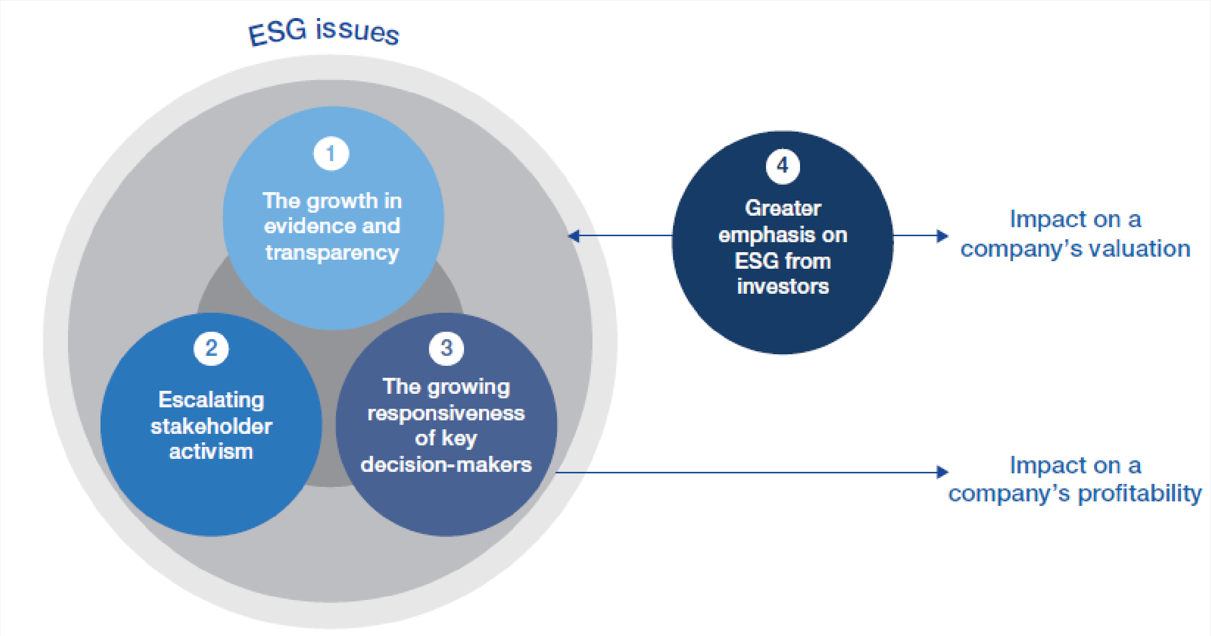
- The state of play of materiality practice in sustainability disclosure today demonstrates that this concept is widely implemented:
  - 80% of the world’s largest 250 companies (KPMG, 2014), and more recently,
  - a Datamaran study (2019) shows that there has been an increase in the number of companies with a market capital above $ 20 billion doing the assessment, from just 69 companies reporting on materiality in 2011 to 329 in 2018.

- Despite the now widespread use of materiality in sustainability disclosure:
  - there is no common definition of materiality, no common process to determine materiality, and therefore quality of this process varies widely.
  - This leads to potential greenwashing use (avoidance of certain material issues), wrong decision-making (materiality led by “fashionable sustainability issues”), and therefore to wrong information being published to stakeholders.

- Today, materiality analysis can be considered as a dynamic process: In its report entitled "Embracing the New Age of Materiality - Harnessing the Pace of Change in ESG", the World Economic Forum highlighted this reporting "pressure", particularly due to the "**era of hyper-transparency**" in which companies are evolving, leading to increased demands on companies for ESG data.

Introduction

- **The rate** at which issues that are now considered non-material are becoming material for enterprises **is accelerating**



- IASB
  - « Information is material if **omitting, misstating or obscuring** it could reasonably be expected to influence the decisions that **the primary users of general purpose financial statements** make on the basis of those financial statements, which provide financial information about a specific reporting entity. » (2018)

- FASB
  - « Information is material if **omitting it or misstating** it could influence decisions that **users make on the basis of financial information** of a specific reporting entity. » (2010)

Financial Materiality

CDSB

Environmental information is material if: (1) The environmental impacts or results it describes are, due to their size and nature, expected to have a significant positive or negative effect on **the organization's current, past or future financial condition and operational results** and its ability to execute its strategy; or (2) Omitting, misstating or misinterpreting it could influence decisions **that users of mainstream reports make about the organization**.'

IIRC

A matter is material if it could substantively affect the organization's ability **to create value in the short, medium or long term.**

SASB

SASB standards are developed using the definition of "materiality" applied under the U.S. federal securities laws. That definition, set forth by the U.S. Supreme Court in TSC Industries v. Northway, 426 U.S. 438 (1976), is that a fact is material if **"there is a substantial likelihood" that a "reasonable investor" would view its omission or misstatement as "having significantly altered the total mix of information."**

TCFD

The Task Force determined that preparers of climate-related financial disclosures should provide such disclosures **in their mainstream (i.e., public) annual financial filings**

Holistic & Env/Social Materiality

GRI

Material Aspects' are those that reflect the organisation's **significant economic, environmental and social impacts**; or that **substantively influence the assessments and decisions of stakeholders**

ISO

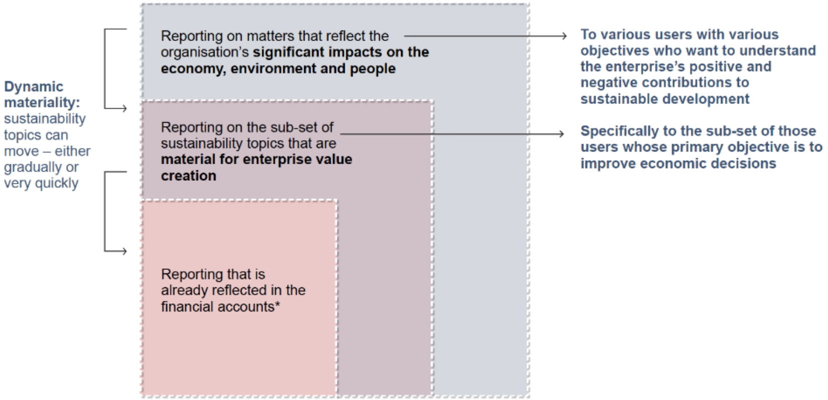
An organisation should review all the core subjects to identify which issues are relevant. The identification of relevant issues should be followed by an assessment of the significance of the organisation's impacts. The significance of an impact should be considered **with reference both to the stakeholders concerned and to the way in which the impact affects sustainable development**."

SHIFT

Something that is salient is prominent or important. It stands out conspicuously. A company's salient human rights issues are **those human rights that stand out because they are at risk of the most severe negative impact** through the company's activities or business relationships. **This concept of salience uses the lens of risk to people, not the business**, as the starting point, while recognizing that where risks to people's human rights are greatest, there is strong convergence with risk to the business

Dynamic Materiality

Figure 1. Dynamic materiality[11]



*Including assumptions and cashflow projections

As a result, there are two materiality concepts used by companies for sustainability disclosure:

a. A company determines the sustainability topics that are material for disclosure based on **the organisation's significant impacts** on the economy, environment and people, and their importance to its stakeholders. The resulting information can serve a broad range of users and objectives and is often referred to as "sustainability reporting".

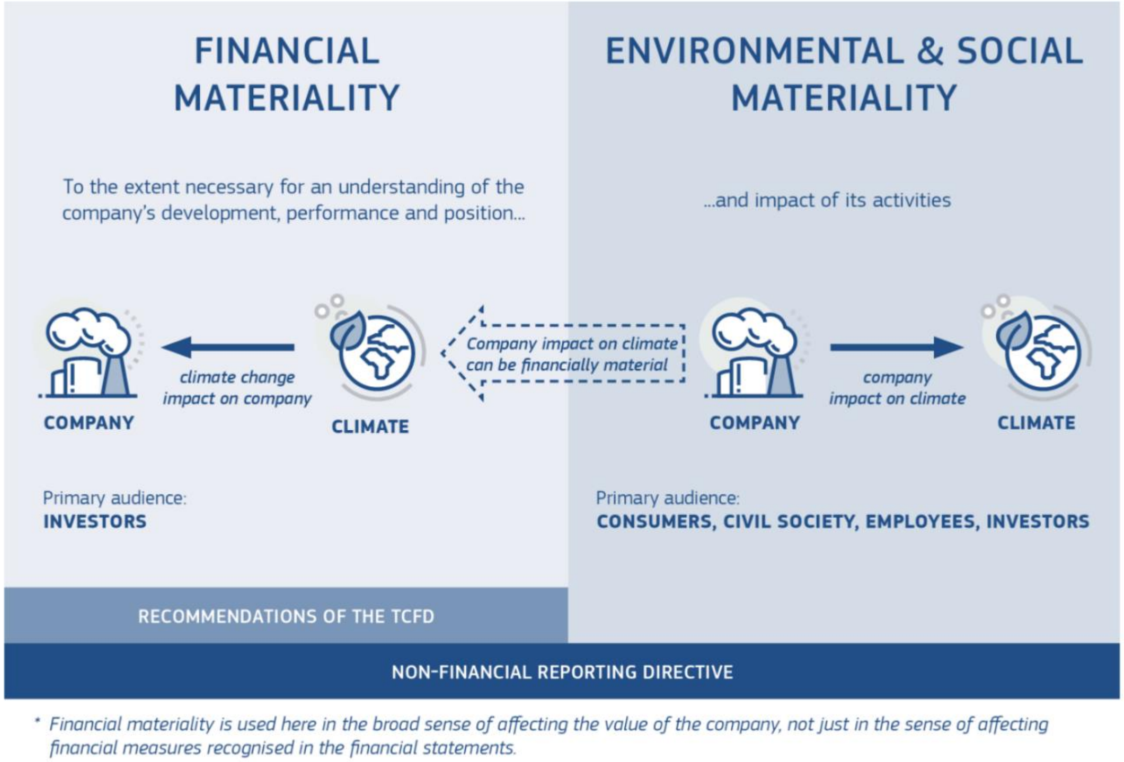
b. When a company discloses information to the sub-set of those users whose primary objective is economic decision-making (such as many institutional providers of financial capital), the company delineates the sub-set of sustainability topics that are **material for enterprise value creation**[9], recognising that some of that performance may already be reflected in the annual financial accounts.

EU definitions

- The current definition of “materiality” within the accounting directive of the EU is “the status of information where **its omission or misstateme**nt could reasonably be expected to influence decisions **that users make on the basis of the financial statements** of the undertaking. The materiality of individual items shall be assessed in the context of other similar items.”

- Double materiality (2019): “a company is required to disclose information **on environmental, social and employee matters, respect for human rights, and bribery and corruption**, to the extent that such information **is necessary for an understanding of the company’s development, performance, position and impact of its activities**.”

Double Materiality



Source: Guidelines on reporting climate-related information (EU, 2019)

Striking a balance?

- The Corporate Reporting Dialogue (CRD) has proposed a revised definition which goes beyond strict financial aspects: “Material information is **any information** which is reasonably capable of making a difference to the conclusions **stakeholders** may draw when reviewing the related information”.

Materiality Prioritization Criteria

- Financial materiality (source: SASB, Social & Human Capital Protocol):
  - “evidence of investor interest” (financial risks, legal drivers, industry norms, stakeholder concerns, innovation opportunity)
  - “evidence of financial impact” (revenues and costs, assets and liabilities, risk profile: cost of capital)

- Sustainability (Source: Materiality Tracker 2019):
  - According to “thresholds that refer not to financial accounting metrics but to the condition of ecology and society within which the business operates. It has for example been argued that sustainability requires contextualization within thresholds. The type of thresholds referred to are often environmental ones, employing concepts such as “critical loads”, “tipping points”, “ecological carrying capacity” or the nine “Planetary Boundaries” as defined recently by Swedish scientists (www.stockholmresilience.org)”. → That means that material topics are related to planetary boundaries for example, and more specifically if your organisation has an impact on those that are already in a dire situation (e.g. climate change).

- Destruction & Creation of Value (Source: Social and Human Capital Protocol):
  - “issues that substantively affect your business’s ability to create and destroy value – for the business and for key stakeholders – over the short, medium and long term. These will be issues that are crucial to decision-making.”

Inclusion Criteria (1)

- Material topics could include affecting **both internal and external items** (IIRC, 2013):
  - Internal (within the organisation) – Effect on continuity of operations, licence to operate, profitability, going concern (e.g., effect of customer boycott of products on ethical grounds).
  - External (outside the organisation) – Effect on external stakeholders and how this reverts back to pressure back on the organisation through enhanced or diminished organisational reputation (e.g., an oil spill in the ocean), or the availability, affordability and quality of capitals upon which the organisation relies (e.g., the availability of clean water)."

- Material topics should include **short, medium- and long-term effects** (IIRC, 2013):
  - Short – Direct effect is immediate (e.g., mining safety incident results in penalties and suspension of operations pending investigation, or quality issues that result in an immediate recall with rectification costs).
  - Medium – Effect will manifest in a three to five-year time span (e.g., impending water shortages threaten the production process in the future, safety track records affect ability to secure new mining rights and licenses, inability to maintain quality and innovation results in customer loyalty demise).
  - Long – Effect will reflect in the ability of the business to create value in the long term, typically defined as greater than five years into the future (e.g., fossil fuel technology businesses invest meaningfully in renewable energy solutions and demonstrate commitment to and progress against plans)"

Inclusion Criteria (2)

- Material items should both include “**positive and negative matters** (e.g., opportunities and risks, favourable and unfavourable results or prospects for the future)” (IIRC, 2013). → (This is also emphasized in the principled materialization process that the UN Global Compact introduced for SDG reporting in 2018, with two entry points “**risks to people and the environment**” and “**beneficial products, services or investments**” (UN Global Compact, 2018, p. 11)

A minimum list of topics?

- The IIRC and sustainability specialist Elaine Cohen advocates for a minimum set of materiality topics per sector:
  - “**There should be a harmonized standard baseline of disclosures that are relevant to all companies** - some will be more critical than others for different companies - but they are relevant - and material - for all. I call this **Operational Materiality**.
  - Then we should have materiality that is precise enough to differentiate - focusing on the specific aspects of a company's impacts that are a directly relevant to its business, the locations it operates in and the influence it has on society. Let's call that **Precision Materiality**.” (Elaine Cohen, 2017)

- The IIRC (2013) also points towards that direction:
  - “Comparing matters identified with those being reported on by organisations in the same or similar industries **may help to ensure that relevant matters have not been excluded from the population of relevant matters** for <IR> purposes. **Matters should not be excluded on the basis that an organisation does not wish to address them or does not know how to deal with them**.”