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ISSB RFI Agenda consultation Cover Note

Objective

1. The objectives of this session are as follows:
 - a. to discuss the comments received to EFRAG’s draft comment letter (DCL) to the *Request for Information: Consultation on Agenda Priorities* from the ISSB;
 - b. to discuss the results of the different outreach activities that were held during the consultation period; and
 - c. to agree on approve the final comment letter for issuance.
2. EFRAG received comments via electronic survey as well as via comment letters. Both results are incorporated in the comment letter analysis.

Background

3. EFRAG issued its draft comment letter on 2nd June with a comment deadline of 25 July 2023. That comment deadline was prolonged till 1 August 2023 via a news item issued on 5 July 2023 permitting stakeholders more time to provide their comments.
4. During the consultation period EFRAG held or participated in different outreach activities, the results of which are listed in the papers below. The following outreach activities were being held:

Date	Event
13 June 2023	EFRAG User Panel consultation
15 June 2023	Joint hybrid event ISSB-EFRAG
28 June 2023	EFRAG participates in DRSC event
4 July 2023	EFRAG FR TEG and CFSS consultation (European standard setters)
13 July 2023	EFRAG participates in EAA (European Accounting Association) event https://www.youtube.com/watch?v=mk4evRBchFg

EFRAG’s initial position on the RFI

5. In the draft comment letter, EFRAG noted the ISSB should put the emphasis on (i) a clear direction of travel with a definition of the universe of sustainability-related information to be ultimately covered and of the corresponding underlying concepts, (ii) the priority to be given to interoperability in structure and content with other sustainability reporting standards and (iii) connectivity to be included as a priority topic in the standard setting workplan, together with the topical standards.
6. EFRAG considered that the first priority should be beginning new research and standard-setting projects, including connectivity between financial and sustainability reporting information. The second priority should be supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and researching targeted enhancements to the ISSB Standards. Then priority could be given to enhancing the Sustainability Accounting Standards Board (SASB) Standards. EFRAG recommends the ISSB to



clarify the first selection criterion and explicitly integrate the investors' interest in impact materiality.

7. EFRAG will not put forward a prioritisation of the different research projects and the subsequent standards to be developed because it develops standards under a comprehensive coverage in accordance with the CSRD issues.
8. In general, when considering how to define the scope of the different sustainability topics and sub-topics, EFRAG recommended considering the ESRS architecture. This will facilitate interoperability between the two systems. EFRAG disagrees with the approach to describe the topic on biodiversity so broadly that it becomes all-encompassing and has significant concerns about the implied division and distinction between standards on human capital and human rights. EFRAG invites the ISSB to consider the structure of the topical ESRS. As a second-best option, for biodiversity we suggest renaming the project to “Nature” and aligning it with the work of the TNFD (Taskforce on Nature Related Financial Disclosures).
9. Finally, EFRAG considered that a project on connectivity should be given high priority to develop guidance on connected information.

Comment letters received

10. EFRAG received in total 19 contributions: nine comment letters (of which one in draft format), ten contributions through electronic survey¹.

Summary of comments received/EFRAG Secretariat proposals

11. For the summary of comments received as well as for the EFRAG Secretariat proposals to update the draft comment letter, we refer to the comment letter analysis (paper 03-03).

Questions for EFRAG SRB (+ FRB for integration in reporting)

12. Does EFRAG SRB – FRB have comments on the results of the consultation? Please explain.
13. Does EFRAG SRB – FRB agree with the EFRAG suggestions to update the letter? Please explain.
14. Does EFRAG SRB – FRB agree to approve the updated final comment letter for issuance? Please explain.

Agenda papers

15. In addition to this cover note, agenda papers for this session are:
 - a. Agenda paper 03-02 – final comment letter – clean
 - b. Agenda paper 03-02A – FCL compared to DCL
 - c. Agenda paper 03-03 – comment letter analysis ;
 - d. Agenda paper 03-04A - Outreach results – User Panel summary;
 - e. Agenda paper 03-04B – Outreach results – Summary paper of the joint hybrid event ISSB-EFRAG; and
 - f. Agenda paper 03-04C - Outreach results – main messages from the DRSC event and FR TEG and CFSS meeting.

¹ One respondent answered both through comment letter and through survey: the answer is counted as one unique answer.