



European Financial Reporting Advisory Group

35 Square de Meeüs

Brussels B-1000

Belgium

Subject: Comment letter on the EFRAG draft comment letter on ISSB's *Request for Information – Consultation on Agenda Priorities*

Madrid, 1st August 2023

Dear Madam/Sir,

In the present letter, the Instituto de Contabilidad y Auditoría de Cuentas (ICAC) gives its view on the EFRAG draft comment letter on the ISSB (International Sustainability Standards Board). Request for Information (RFI) – Consultation on Agenda Priorities. The ICAC appreciates the opportunity to express its opinion on the ISSB's work plan for the next 2 years.

First of all, the ICAC understands the need for the ISSB to work on the research and development of sustainability reporting standards in order to provide an international framework. We therefore welcome the ISSB initiative of proposing new topics such as biodiversity, ecosystems and ecosystem services, as well as human capital and human rights, as a starting point aimed to cover the sustainability matters.

In terms of ISSB activity priorities, we support EFRAG's position on the new research and development projects, combined with the approach that connectivity between financial reporting and sustainability reporting should be a top priority. We also support the implementation of IFRS S1 and IFRS S2, as well as the enhancement of SASB standards in parallel with the development of the sector specific ESRS (European Sustainability Reporting Standards). We have not identified any additional activities which should be included in the ISSB's scope of work, although we share the EFRAG's recommendation to ISSB about disclosing



its target universe of topics to be covered and the hope that this target would include all the topics included in ESRS.

Regarding the criteria for prioritisation of topics, ICAC supports EFRAG's position on the inclusion of the criterion of interoperability of the ISSB standards with other standards from other jurisdictions, to avoid the risk of multiple reporting that is one of the major concerns of preparers under various normative frameworks. We agree with ESRS should be specifically taken into account, considering also the effort carried out by EFRAG having the interoperability with ISSB standards as an essential aim of the normative process of the ESRS.

In response to the question of how to approach new research projects, ICAC, in line with EFRAG, considers more appropriate for the ISSB to focus on one of the proposed projects rather than a simultaneous approach, following the prioritisation criteria set out in the RFI document.

With respect to the new research topics proposed by the ISSB, the ICAC welcomes them and does not have a specific prioritisation among the different subtopics. Furthermore, the ICAC supports EFRAG's recommendation about considering the ESRS architecture when ISSB will define the scope of the different sustainability topics and sub-topics.

We reckon that connectivity between financial and sustainability information must be faced in the future ISSB's agenda. The stakeholders need to understand the borders of both sorts of information, moreover in the first steps of implementation. For this, we agree with EFRAG that the research about a future conceptual framework of sustainability information would be extremely useful to solve this issue.

Regarding the project on integration in reporting, the ICAC agrees with the advantages and disadvantages of a formal joint project as outlined by EFRAG. The ICAC is of the view that the integration of this information is key to the ISSB's strategy in developing new sustainability reporting standards. We believe that the ISSB should clearly assess the financial and operational resources available to decide whether to develop the project jointly with the IASB. The ICAC believes that this collaboration could generate more benefits in the long term, ensuring the quality of integration from the beginning of the implementation of the standards and taking advantage of the resources and expertise of both institutions.



We would like to end this letter by thanking you for the opportunity to allow this Institute to participate in this comment process and hope that our input will contribute to the development of the project.

Please don't hesitate to contact us if you would like to clarify any point of this letter.

Yours sincerely,

Santiago Durán Domínguez

Chairman of the ICAC