ISSB Agenda consultation

EFRAG FR TEG and CFSS meeting

4 July 2023

EFRAG

Europe's voice in corporate reporting

Overview and timeline

Overview

- Strategic direction and balance of ISSB activities

- Selection criteria for new projects

- New research and standard-setting projects

- New research and standard-setting projects: biodiversity, ecosystems and ecosystems services

- New research and standard-setting projects: human capital

- New research and standard-setting projects: human rights

- Integration in reporting

Timeline

2 June ´23 launch of EFRAG consultation	End of June – begin July : several outreach events	25 July ´23 end of EFRAG consultation	1 Sept ´23 end of ISSB consultation

- EFRAG User Panel
- Joint outreach with ISSB
- DRSC public event
- EFRAG CFSS
- Community outreach

- 21/22 August SR and FR TEG
- 28/29 August SRB and FRB

Strategic direction and balance of ISSB activities

Strategic direction and balance of ISSB's activities

- Rank proposed activities from highest to lowest priority

- Explain your reasons for ranking

- Other activities?

- ISSB to publice overall direction of travel in sustainability reporting

- Provide insight in timetable needed to develop a full set of standards

- Priorities as defined by EFRAG:
  - New research and standard-setting, including connectivity
  - Supporting implementation of IFRS S1 and IFRS S2 + research targeted amendments to them
  - Enhance SASB standards, sector approach recommended

- No other activities identified.

Selection criteria for new projects

Selection criteria for new projects

- Does ISSB identify the right criteria?
- Any other criteria to be considered?

- Criterion of interoperability to be added
- With regard to the criterion « importance of the matter to investors », include investors's interest in impact materiality

New research and standard-setting

New research and standard setting

- New projects considered:
  - Biodiversity, ecosystems and ecosystem services
  - Human capital
  - Human rights
  - Integration in reporting
- Which project(s) to prioritise?

- EFRAG does not put forward a prioritisation
  - EFRAG develops the ESRS under a comprehensive coverage in accordance with the CSRD
- Interoperability and synergies with other standard-setting initiatives can drive priority

New research and standard-setting – biodiversity, ecosystems and ecosystems services

New research and standard-setting: biodiversity, ecosystems and ecosystems services (BEES)

- As part of the proposed scope of BEES, which subtopics are more important?

- Are sustainability risks and opportunities the same/different across business models?

- Provide a list of materials to be considered.

- EFRAG disagrees with the catch-all approach to the scope description

- We suggest to consider [draft] ESRS Biodiversity and Ecosystems

- Alternatively, rename to Nature and align with TNFD

- Border between subtopics and sub-subtopics of sustainability matters represents dividing line between agnostic and sector-specific area

New research and standard-setting – human capital

New research and standard-setting : human capital

- As part of the proposed scope of human capital, which subtopics are more important?

- Are sustainability risks and opportunities the same/different across business models?

- Provide a list of materials to be considered.

- Support for inclusion of social topics in scope

- Intrinsic linkage between human capital and human rights > unbundling could extend misunderstandings on the inter-relationship

- Alignment with ESRS S1 for interoperability reasons

- Border between subtopics and sub-subtopics of sustainability matters represents dividing line between agnostic and sector-specific area

New research and standard-setting: human rights

New research and standard-setting: human rights

- As part of the proposed scope of human rights, which subtopics are more important?

- Are sustainability risks and opportunities the same/different across business models?

- Provide a list of materials to be considered.

- Considering importance of human rights to value creation:
  - Adopt a clear architecture aligned with the ESRS framework
  - Follow the OECD Guidelines and UN Guiding Principles on Business and Human Rights

Integration in reporting

Integration in reporting

- How to prioritise integration in reporting vis-à-vis other projects?

- Should it be a joint project with IASB?

- Should the project:
  - Include concepts from IASB's ED on Management Commentary?
  - Integrated Reporting Framework?
  - Other?

- Connectivity (not integration in reporting) is a high priority

- Connectivity is a foundational and strategic activity for both ISSB and IASB

- A joint project with IASB has both advantages and disadvantages

- EFRAG recommends to incorporate concepts from both Management Commentary and Integrated Reporting Framework

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Thank you!