

ISSB RFI Agenda Consultation – [Draft] comment letter

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Comments should be submitted by 25 July 2023.

International Sustainability Standards Board
IFRS Foundation
Opernplatz 14
60313 Frankfurt am Main
Germany
[XX Month 2023]

Dear Mr. Faber

Re: Request for information – Consultation on Agenda priorities

On behalf of EFRAG, I am writing to comment on the *Request for Information-Consultation on Agenda Priorities*, issued by the ISSB on 4 May 2023 (the ‘RFI’). This letter is intended to contribute to the ISSB’s due process.

EFRAG has been appointed as the advisor to the European Commission in the preparation of European Sustainability Reporting Standards (ESRS) for Europe in execution of the Corporate Sustainability Reporting Directive (CSRD). In that function EFRAG is developing draft ESRS. A first set was delivered as technical advice to the European Commission in November 2022, covering an extensive list of sustainability matters across environmental, social and governance topics and under a double materiality perspective. The European Commission is currently in the last phases of its own process with a view to publish in July the Delegated Act incorporating these standards into the EU legal framework. These standards are effective from 2024 for a first group of preparers¹ and from 2025 for the remaining preparers in the scope of the CSRD.² EFRAG has been as well tasked to develop standard(s) for small-medium enterprises and sector-specific ESRS.

Recital 43 of the CSRD specifies that *sustainability reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate*. In particular, *Union standards should take account of any sustainability reporting standards developed under the auspices of IFRS Foundation*. To avoid unnecessary regulatory fragmentation that could have negative consequences for undertakings required to apply the ESRS and operating globally, *ESRS should contribute to the process of convergence of sustainability reporting standards at global level, by*

¹ Currently in the scope of the Non-Financial Reporting Directive.

² Undertakings that exceed at least two of three following criteria: balance sheet total: 20 mio EUR; net turnover 40 mio EUR; average number of employees during the financial year: 250

supporting the work of the ISSB. ESRS should reduce the risk of inconsistent reporting requirements for undertakings that operate globally, by integrating the content of global baseline standards to be developed by the ISSB, to the extent that the content of those baseline standards is consistent with the Union's legal framework and the objectives of the Green Deal.

The legal text of the CSRD itself stipulates in its Art. 29b (2) that the standards shall take account, to the greatest extent possible, of the work of global standard-setting initiatives for sustainability reporting as required by point (a) of paragraph 5. This paragraph 5 stipulates that the standards :

... shall, to the greatest extent possible, take account of:

(a) the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting and for greenhouse gas accounting, responsible business conduct, corporate social responsibility, and sustainable development;

As a result, supporting and contributing to the work of the ISSB is integral part of the mandate of EFRAG and operationalising the interoperability between ESRS and IFRS sustainability standards is one of the drivers of the design of the ESRS content. The aim is in fact to reduce to the minimum the risk of double reporting.

The content of this letter has to be read in this context.

As a general comment, EFRAG would like to suggest the ISSB to 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.

EFRAG strongly recommends that the ISSB develops and publicises the overall direction of travel in sustainability reporting, i.e., the target universe of topics to be covered, also beyond the time horizon of the next workplan. In this respect, EFRAG would hope to see all the topics included in ESRS covered in the workplan.

EFRAG considers that the first priority should be beginning new research and standard-setting projects, including connectivity between financial and sustainability reporting information. In fact, in the absence of a (complete set of) topical standard(s), like IFRS S2, providing the necessary structure and granularity of the requirements, the resulting information will not be of the desired (high) quality and comparability. We also recommend the ISSB to provide insight into the overall timetable it expects to need to complete such a full universe of standards, even if such an estimation is considered indicative.

The second priority should be supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and researching targeted enhancements to the ISSB Standards (climate-adjacent disclosures).

Then priority could be given to enhancing the Sustainability Accounting Standards Board (SASB) Standards. This activity is of particular interest to EFRAG in the context of its development of the sector specific ESRS over the next few years as these will complement the sector-agnostic ESRS issued in November 2022. EFRAG also anticipates that the industry-specific SASB standards will support the preparation of ESRS sustainability statements before the issuance of sector-specific ESRS standards. In addition they are a source for EFRAG in the development of ESRS sector standards.

EFRAG recommends the ISSB to clarify the first selection criterion and explicitly integrate the investors' interest in impact materiality. EFRAG notes that a growing number of investors base their investment decisions on information on impacts whatever their direct

or indirect relationship with sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. These investors wish either to avoid harming people or planet through their investment decisions or even to have a positive impact. In this context, it would also be beneficial for the ISSB to explain how the current definition of materiality in IFRS S1 and S2 is derived from the existing evidence of the investors' needs. In addition, EFRAG suggests that the criterion interoperability should be added to the list of criteria in the RFI.

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. EFRAG accepts that for pragmatic reasons such as capacity one project is dealt with before another. Interoperability and synergies that can be developed with other standard setting initiatives could be a driver to assess priority.

In general, when considering how to define the scope of the different sustainability topics and sub-topics, EFRAG recommends 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).

EFRAG applauds the intention of the ISSB to broaden its coverage to social topics, as this will be a step forward in progressing toward a more complete reporting.

EFRAG highlights the intrinsic linkages between human capital and human rights (including labour rights). To this extent, unbundling such concepts into two different topics (human rights and human capital) would perpetuate misunderstandings with regard how they inter-relate.

Bearing in mind the importance of human rights matters to value creation, EFRAG urges that the ISSB adopts a clear architecture that is compatible with the one developed and consulted on by EFRAG and to incorporate and build on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights to the greatest extent possible.

EFRAG considers that a project on connectivity (not integration in reporting) should be given high priority to develop guidance on connected information. Such a project could consider initiating the development of a conceptual framework for sustainability reporting. Therefore we see the integration of reporting more as a longer-term project for which, given the current resources available and immediate other needs, there is no immediate place on the agenda.

Should the ISSB start a project on integration in reporting, EFRAG agrees with the ISSB incorporating concepts from the IASB's project on the Management Commentary and the Integrated Reporting Framework. EFRAG recommends that the ISSB and IASB further explore the similarities and differences between proposals in the management Commentary Practice Statement ED and the Integrated Reporting Framework and consider how the two frameworks could be further converged.

EFRAG's detailed comments and responses to the questions in the RFI are set out in the Appendix.

If you would like to discuss our comments further, please do not hesitate to contact Didier Andries or myself.

Yours sincerely,

Patrick de Cambourg
EFRAG SRB Chair

Appendix - EFRAG's responses to the questions raised in the RFI

Question 1 – Strategic direction and balance of the ISSB's activities

Notes to constituents – Summary of proposals in the RFI

- 1 As part of its next work plan, the ISSB's activities will primarily consist of:
 - (a) beginning new research and standard-setting projects;
 - (b) supporting the implementation of IFRS Sustainability Disclosure Standards (ISSB Standards);
 - (c) researching targeted enhancements to the ISSB Standards;
 - (d) enhancing the SASB Standards;
 - (e) ensuring connectivity between the ISSB's and IASB's respective requirements;
 - (f) ensuring interoperability of the ISSB Standards with other sustainability standards; and
 - (g) engaging with stakeholders.
- 2 While (a) relates to new research and standard-setting, (b)-(d) are part of the foundational work, i.e. committed activities to build upon IFRS S1 and IFRS S2 once issued. All the ISSB's activities are interrelated to some degree with the overall aim of delivering the comprehensive global baseline of sustainability-related disclosures. In particular, (e)-(g) are at the core of all the ISSB's activities, including new research and standard-setting and the foundational body of work.

Question 1

Paragraphs 18–22 and Table 1 of the RFI provide an overview of activities within the scope of the ISSB's work.

- (a) From highest to lowest priority, how would you rank the following activities?
 - (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB's work? If so, please describe these activities and explain why they are necessary.

EFRAG's response

EFRAG considers that the first priority should be *beginning new research and standard-setting projects* and that working on connectivity between financial and sustainability information should be part of it.

In this context, first and foremost, EFRAG strongly recommends that the ISSB develops and publicises its overall direction of travel in sustainability reporting, i.e. the target universe of all topics that are to be covered in its standard setting. This overall picture is necessary beyond the two-year proposed time period of the current Agenda consultation to allow stakeholders to make an informed assessment of the framework in development. We also recommend the ISSB to provide insight into the overall timetable it expects to need to complete such a full universe of standards, even if such an estimation is considered indicative. EFRAG would invite the ISSB to work on the list of topics covered in ESRS.

EFRAG considers that the second priority should be *supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and researching targeted enhancements to the ISSB Standards* (climate-adjacent disclosures). Expediently providing appropriate implementation support material would be highly beneficial in supporting the first application of the two standards and would facilitate the broader acceptance of the new disclosures.

Then, finally priority could be given to *enhancing the Sustainability Accounting Standards Board (SASB) Standards*. As mentioned in EFRAG's response to the SASB related RFI, this activity is of particular interest to EFRAG in the context of its development of the sector specific ESRS over the next few years as these will complement the sector-agnostic ESRS issued in November 2022. EFRAG recommends a sectoral approach to facilitate interoperability with the ESRS own standard setting. EFRAG also anticipates that the industry-specific SASB standards may play a role to support the preparation of ESRS sustainability statements before the issuance of sector-specific ESRS standards.

EFRAG has not identified any other activities to be included in the scope of the ISSB work.

Question 1 (a)

- 3 EFRAG would rank the activities as follows (from highest to lowest priority):
- (a) beginning new research and standard-setting projects;
 - (b) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and researching targeted enhancements to the ISSB Standards (climate-adjacent disclosures);
 - (c) enhancing the Sustainability Accounting Standards Board (SASB) Standards; and
 - (d) researching targeted enhancements to the ISSB Standards (post-implementation review).

Question 1 (b)

- 4 EFRAG considers that the priority should be *beginning new research and standard-setting projects*. The issuance of IFRS S1 is a step ahead and will contribute to the availability of initial disclosures on sustainability risks and opportunities other than climate-related aspects. However, IFRS S1 is a general standard that relies on an entity-specific identification of both the sustainability matters to report on, and the detailed disclosures. In the absence of a (complete set of) topical standard(s), like IFRS S2, providing the necessary structure and granularity of the requirements, the

resulting information will not be of the desired (high) quality and comparability. In EFRAG's view, the issue of connectivity is to be treated as the same level of importance as the other research projects (for which we do not express in principle a prioritisation). For more detail please refer to our answer to Question 7(a).

- 5 In this context, next to the identification of the first few topics that will be included in the work plan for the next two years, EFRAG strongly recommends that the ISSB develops and publicises the overall direction of travel in sustainability reporting, i.e. the target universe of all topics that are to be covered in its standard setting. This overall picture is necessary beyond the two-year proposed time period of the current Agenda consultation to allow stakeholders to make an informed assessment of the framework in development. We also recommend the ISSB to provide insight into the overall timetable it expects to need to complete such a full universe of standards, even if such an estimation is considered indicative. EFRAG in particular would hope to see the ISSB cover the list of sustainability topics in ESRS Standards: Climate change; Pollution; Water and Marine resources; Biodiversity and Ecosystems; Resource use and circular economy; Own workforce; Workers in the value chain; Affected communities; Consumer and end-users.
- 6 EFRAG understands that there may not be sufficient capacity to develop all the contemplated topical standards at the same time or within the two-year time period and recommends a clear communication of the planned prioritised topical additions and the rationale for prioritising them (fast-growing demand for data, maturity from a technical standpoint, international momentum, etc). EFRAG makes further suggestions with regard to sequencing of social-related standards in response to later questions in this survey.
- 7 EFRAG considers that the second priority should be *supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and researching targeted enhancements to the ISSB Standards* (climate-adjacent disclosures). In particular:
 - (a) EFRAG considers that expeditiously providing appropriate implementation support material would be highly beneficial in supporting the first application of the two standards and would facilitate the broader acceptance of the new disclosures. EFRAG has been requested in March 2023 by the European Commission to start working on implementation support, which includes the issuance of non-authoritative guidelines and addressing implementation questions, to supplement the first set of ESRS³. As such, for the disclosures in ESRS that pertain to the intersection with the ISSB disclosures, any initiative of the ISSB in this space would also benefit ESRS preparers. EFRAG stands ready to contribute and support the ISSB in this stream of activities.
 - (b) EFRAG considers that researching adjacent disclosures to climate as equally important as it allows to provide a complete depiction of the topic. In addition, EFRAG notes that the disclosures related to just transition to a lower-carbon economy are covered in the social ESRS, despite being triggered by the mitigation of climate change. In the ESRS architecture the nature of a sub-topic (just transition being a 'social' issue) prevails over the fact that it is triggered by the actions to mitigate another topic (climate change). A specific provision in [draft] ESRS 1⁴ *General Requirements* requires entities to illustrate the linkages between information covering sub-topics falling in

³ Released by EFRAG in draft in November 2022 by EFRAG and expected to be issued as Delegated Act in time for its first-time adoption in 2024 as per the Corporate Sustainability Reporting Directive (CSRD).

⁴ Paragraphs 56 and 57 of the November 2022 draft ESRS 1.

different ESRS standards. EFRAG invites the ISSB to consider aligning to this approach to facilitate interoperability.

- 8 Then, finally, priority could be given to *enhancing the Sustainability Accounting Standards Board (SASB) Standards*. As mentioned in EFRAG's response to the SASB Internationalisation Exposure Draft, this activity is of particular interest to EFRAG in the context of its development of the sector specific ESRS over the next few years as these will complement the sector-agnostic ESRS issued in November 2022. EFRAG recommends as well a sectoral approach to future standard setting, to facilitate interoperability with the ESRS own standard setting and timetable. EFRAG also anticipates that the industry-specific SASB standards may play a role to support the preparation of ESRS sustainability statements before the issuance of sector-specific ESRS standards (as foreseen in the transition provisions of ESRS 1⁵). In addition, the SASB standards are a source of inspiration for EFRAG in the development of ESRS sector standards. Any initiative of the ISSB could improve interoperability at sector ESRS level and EFRAG stands ready to contribute to and support the ISSB's activities.

Question 1 (c)

- 9 EFRAG has not identified any other activities to be included in the scope of the ISSB work.

Question 2 – Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan

Notes to constituents – Summary of proposals in the RFI

- 10 *The ISSB evaluates a potential new research or standard-setting project for its work plan primarily to determine whether the project will meet the information needs of investors in making decisions about providing resources to an entity, in accordance with the objective of IFRS S1. The ISSB considers the following criteria:*
- (a) *The importance of the matter to investors;*
 - (b) *Whether there are any deficiencies in the way companies disclose information on the matter;*
 - (c) *The types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others;*
 - (d) *How pervasive or acute the matter is likely to be for companies*
 - (e) *How the potential project interconnects with other projects in the work plan;*
 - (f) *The complexity and feasibility of the potential project and its solutions;*
 - (g) *The capacity of the ISSB and its stakeholders to progress the project in a timely way.*

Question 2

Paragraphs 23–26 of the RFI discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

- (a) Do you think the ISSB has identified the appropriate criteria?
- (b) Should the ISSB consider any other criteria? If so what criteria and why?

⁵ Paragraph 132 of the November 2022 draft ESRS 1.

EFRAG's response

EFRAG suggests that the criterion “interoperability” should be added to this list of criteria in the RFI. As for the criterion “importance of the matter to investors” EFRAG recommends to explicitly integrate the investor’s interest in impact materiality.

Question 2 (a)

- 11 Please refer to our answer to Question 2 (b).

Question 2 (b)

- 12 EFRAG considers that the ISSB should add facilitation of interoperability with other jurisdictional standards, including ESRS, or internationally applied frameworks and initiatives to its criteria. Simultaneously with the ISSB set of standards, other initiatives at jurisdictional or international level are being developed. Therefore, to reduce the future costs for preparers stemming from risks of double reporting, future requirements should be aligned as much as possible with existing standards or material and with standards or material under development. This is particularly relevant for companies in the scope of CSRD, including subsidiaries and branches of non-European parent companies,⁶ where in addition to reporting under ESRS these may have in due course to report according to the IFRS Sustainability Standards while they will also be asked to report on a group basis according to certain ESRS disclosure requirements.
- 13 EFRAG recommends the ISSB to clarify the first criterion and explicitly integrate the investors’ interest in impact materiality. EFRAG notes that a growing number of investors base their investment decisions on information on impacts *per se* whatever their direct or indirect relationship with sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects. These investors wish in particular either to avoid harming people or planet through their investment decisions or even to have a positive impact.
- 14 In this context, it would also be beneficial for the ISSB to explain how the current definition of materiality in IFRS S1 and S2 is derived from the existing evidence of the investors’ needs.

Question 3 – New research and standard-setting projects that could be added to the ISSB’s work plan

Notes to constituents – Summary of proposals in the RFI

- 15 *Appendix A of the RFI proposes a prioritised list of sustainability-related reporting matters that the ISSB could research as part of its new work plan. The ISSB could pursue new standard-setting for some or all of these matters, if appropriate. The ISSB has decided to seek feedback on a prioritised list of matters, instead of making an open call to stakeholders to suggest focus areas or proposing a longer list of potential focus areas, not all of which the ISSB would have the capacity to make progress on in its new work plan.*

⁶ Third-country undertakings which have a significant activity on the territory of the Union should also be required to provide sustainability information, especially on their impacts on social and environmental matters, in order to ensure that third-country undertakings are accountable for their impacts on people and the environment and that there is a level playing field for companies operating in the internal market.

- 16 To identify the wide range of sustainability-related reporting matters to consider in its work plan, the ISSB reviewed a wide range of internal and external sources. Internal materials included:
- (a) public feedback on the Consultation Paper on Sustainability Reporting issued in September 2020 by the Trustees of the IFRS Foundation;
 - (b) public feedback on [draft] IFRS S1 and [draft] IFRS S2;
 - (c) agenda priorities of the CDSB and VRF; and
 - (d) input from consultative and advisory bodies, including the TRWG.
- 17 External materials were also reviewed, including:
- (a) standards, guidance, recommendations and work plans published by other sustainability standard-setters and framework providers;
 - (b) the work of market-led initiatives focused on the measurement and disclosure of sustainability-related information;
 - (c) regulatory and policy developments in jurisdictions worldwide;
 - (d) the priorities of investor groups; and
 - (e) disclosures made by entities in a range of industries and geographical contexts.
- 18 Using this research, the ISSB compiled a preliminary list of broadly defined sustainability topics that could be considered for inclusion in its new work plan.
- 19 In order to prioritise this initial first list, the ISSB considered projects for its work plan that would improve the connections between information provided in the sustainability-related financial disclosures and the financial statements.
- 20 The ISSB also considered the internal anticipated available capacity and further considered various sources of information and engaged with IASB members and technical staff to understand the scope and timing of IASB projects with significant sustainability related implications.
- 21 Based on this research and outreach, the ISSB prioritised four projects:
- (a) Biodiversity, ecosystems and ecosystem services
 - (b) Human capital;
 - (c) Human rights; and
 - (d) Integration in reporting.

Question 3

Paragraphs 27–38 of the RFI provide an overview of the ISSB’s approach to identifying sustainability-related research and standard setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.

(a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make

significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

(i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project.

(ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

EFRAG's response

EFRAG will not put forward a prioritisation of the different research projects and the subsequent standards to be developed, because it develops the ESRS under a comprehensive coverage in accordance with the CSRD. EFRAG accepts that for pragmatic reasons such as capacity issues, one project is dealt with before another. Interoperability and synergies that can be developed with other standard setting initiatives could be a driver to assess priority.

Question 3(a)

- 22 EFRAG does not support the description of projects as proposed by the RFI (see our answers to Questions 4, 5 and 6). Further, EFRAG will not put forward a prioritisation of the different research projects and the subsequent standards to be developed, because **it develops the ESRS under a comprehensive coverage in accordance with the CSRD**. EFRAG accepts that for pragmatic reasons such as capacity issues, one project is dealt with before another. Interoperability and synergies that can be developed with other standard setting initiatives could be a driver to assess priority.

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Question 4 – New research and standard-setting projects that could be added to the ISSB’s work plan: biodiversity, ecosystems and ecosystem services

Notes to constituents – Summary of proposals in the RFI

- 23 *Reasons why the ISSB is seeing this project as a priority: Issues related to BEES have drawn increasing attention from investors. Human activities, including business, have directly and indirectly contributed to changes in BEES: consumption, production, trade and technological innovations cause changes in land and sea use, direct exploitation of organisms, climate change, pollution and invasive non-native species, which are all direct drivers of BEES loss. Nevertheless, entities can contribute to and benefit from the preservation, conservation and restoration of biodiversity, which can lead to increased business resilience due to the enhanced stability of raw material supply and pricing, as well as reduced costs for inputs to production (for example, due to water purification).*
- 24 *Biodiversity loss poses a significant threat to financial stability. Research by the World Economic Forum indicates that US\$44 trillion of economic value generation—more than half of the world’s GDP—is directly dependent on nature and the ecosystem services it provides.*
- 25 *Many ecosystem services are not replaceable and studies, such as those by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), have found that most ecosystem and biodiversity indicators are already in decline, highlighting the immediacy of the financial risk.*
- 26 *The interest in BEES among investors was confirmed by the ISSB’s research and outreach activities. BEES emerged as a priority topic because (1) it underpins all human activities, including business, and (2) research and work on BEES and the related risks and opportunities for investors are evolving at a significant pace.*
- 27 *Despite the significant progress of BEES-related research and work, a well-established and internationally accepted set of disclosure practices, tools and metrics has yet to emerge to facilitate understanding of how BEES affects an entity’s financial position, performance and prospects over the short, medium or long term.*
- 28 *Challenges in meeting investors’ needs include:*
 - (a) *defining, organising and categorising BEES-related topics and subtopics in the context of business and sustainability-related disclosures, and the lack of consensus on what ought to be prioritised for standard setting;*
 - (b) *the overlap with other sustainability-related risks and opportunities—for example, those related to greenhouse gas emissions (also related to climate-related risks and opportunities) or socioeconomic aspects (for example, access to water and land); and*
 - (c) *the fact that BEES-related risks and opportunities vary significantly among various geographical locations and business models, economic activities and other common features that characterise participation in an industry (for example, material information about sustainability-related risks and opportunities related to the use of natural resources, such as water, is influenced by the availability of the natural resource in the geographical location where it is used and by how the natural resource is used).*

Question 4

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A of the RFI. Please respond to these questions:

(a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors.

You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

EFRAG's response

EFRAG disagrees with the approach to describe the topic so widely that it becomes a "catch-all" topic.

Our preferred approach forward is that the ISSB considers the "[draft] ESRS Biodiversity and ecosystems" and how our standard has integrated the different nature-related sustainability matters. As a second-best alternative we suggest the ISSB to rename this project "Nature" and align it with the work of the TNFD.

Question 4 (a)

- 29 EFRAG disagrees with the approach to describe the topic so widely that it becomes a "catch-all" topic, as it risks degrading relevant subtopics by looking at them through the lens of biodiversity alone. This approach does not in our view allow to develop a comprehensive reporting view on the impact, risks and opportunities that can be associated with these subtopics. For example looking at water only through the lens of biodiversity does not provide insight into the use of water as a scarce resource.
- 30 In this regard we note that, in our view, it will be difficult to combine both "Nature" and "Circular economy" under the same heading and suggests that these subtopics become reporting areas in their own right.

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- 31 EFRAG developed four standards covering environmental topics beyond climate (water and marine resources; pollution; biodiversity and ecosystems; and resource use and circular economy). A potential ISSB scope of biodiversity different than the one used by EFRAG for the same term, would generate confusion.
- 32 Our preferred approach forward is that the ISSB considers the “[draft] ESRS Biodiversity and ecosystems” and how our standard has integrated the different nature-related sustainability matters [please refer to the table below]. As a second-best alternative we suggest the ISSB to rename this project “Nature” and align it with the work of the TNFD.
- 33 In developing its own set of topical sustainability reporting standards EFRAG has identified different sustainability matters for each of those areas identified in paragraph A11 of the RFI. In our view, a more granular approach to the definition of the matters should be taken, as a basis for determining disclosures.
- 34 The overview of these sustainability matters in the environmental area (except for climate change) are listed below and can be read in our [draft] ESRS 1 General Requirements, AR 12 and following:

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[Draft] topical ESRS	Sustainability matters covered in [draft] topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
[draft] ESRS E2	Pollution	<ul style="list-style-type: none"> • Pollution of air • Pollution of water • Pollution of soil • Pollution of living organisms and food resources • Substances of concern • Substances of very high concern 	
[draft] ESRS E3	Water and marine resources	<ul style="list-style-type: none"> • Water withdrawals • Water consumption • Water use • Water discharges in water bodies and in the oceans • Habitat degradation and intensity of pressure on marine resources 	
[draft] ESRS E4	Biodiversity and ecosystems	<ul style="list-style-type: none"> • Direct impact drivers of biodiversity loss 	<ul style="list-style-type: none"> • Climate Change • Land-use change • Direct exploitation • Invasive alien species • Pollution • Others
		<ul style="list-style-type: none"> • Impacts on the state of species 	Examples: <ul style="list-style-type: none"> • Species population size • Species global extinction risk
		<ul style="list-style-type: none"> • Impacts on the extent and condition of ecosystems 	Examples: <ul style="list-style-type: none"> • Land degradation • Desertification • Soil sealing
		<ul style="list-style-type: none"> • Impacts and dependencies on ecosystem services 	
[draft] ESRS E5	Circular economy	<ul style="list-style-type: none"> • Resources inflows, including resource use • Resource outflows related to products and services • Waste 	

Question 4 (b)

35 EFRAG is of the view that in answering this question one needs to consider the hierarchy and detail of sustainability matter-related areas. Taking into consideration our answer to Question 4 (a), EFRAG is of the view that the sustainability risks and opportunities defined at sub-topic level are substantially the same across industries and sectors, i.e., these sustainability risks and opportunities would benefit from the development of multiple topical standards under the ISSB framework. However, at sub-subtopic level important sector differences may occur. This border between sub-topic and sub-subtopic level marks the limit where in our view topical standards can bring added value and from where sector depending standards allow to ask for more relevant information. For example by requiring disclosures at a lower level of aggregation (development of metrics at operational site level).

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Question 4 (c)

- 36 EFRAG suggests in the first place that its own framework of [draft] sustainability reporting standards can be considered by the ISSB in building standards with regard to biodiversity. Other regulations that EFRAG would suggest considering are:

	General sources
	<p>EU Action Plan on Financing Sustainable Growth</p> <p>European Green Deal</p> <p>Corporate Sustainability Reporting Directive</p> <p>Banking Sector Pillar 3 disclosures on ESG risks</p> <p>TCFD</p>
Topical standard	Sources to be considered
Biodiversity and ecosystems	<ul style="list-style-type: none"> • CDSB Application Guidance on Biodiversity-related disclosures • SASB standards • GRI standards (GRI 2, 3, 304-3) • TNFD Technical scope (2021); TNFD draft disclosures recommendations (2022); TNFD LEAP (Locate, Evaluate, Assess, Prepare) • Science Based Targets Network • Global Capitals Coalition Biodiversity Guidance • Convention on Biological Diversity • Product Environmental Footprint • Biodiversity Guidance of the Natural Capital Protocol; • Kunming Declaration (2021)/Nagoya Protocol • ISO 14001; ISO 14097 • CDP Forests Questionnaire • EFRAG PTF-NFRS • IUCN; • Align project
Pollution	<ul style="list-style-type: none"> • Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances • Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) • Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, in conjunction with the Delegated Acts on Technical Screening Criteria for the environmental objectives. • EU Action Plan: "Towards a Zero Pollution for Air, Water and Soil" (ZPAP) • EU Regulation 166/2006 concerning the establishment of a European Pollutant Release and Transfer Register (E-PRTR Regulation) • Sustainable Finance Disclosure Regulation (SFDR) PAI indicators [Emissions to water; Emissions of inorganic pollutants; Emissions of air pollutants; Emissions of ozone-depleting substances] • Classification, Labelling and Packaging (CLP) Regulation ((EC) No 1272/2008 • Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

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	<ul style="list-style-type: none"> • Chemicals Strategy for Sustainability Towards a Toxic-Free Environment • Platform on Sustainable Finance's report on the four remaining environmental objectives from March 2022
Water and marine resources	<ul style="list-style-type: none"> • GRI 2 – GRI 3 • SDG 6 / 14 • CoP questionnaire • CDP Water questionnaire • CEO Water mandate • Alliance for Water Stewardship • UNGC Communication on Progress • CDSB Application Guidance • Alliance for Water Stewardship • UNGC Communication on Progress • SPOTT indicator framework • Joint publication of the WWF and the German Environment Agency • WBCSD's "Right tools for the job" • Future Fit Benchmark
Resource use and circular economy	<ul style="list-style-type: none"> • UN's SDG Goal 12 – Targets 12.2 and 12.5 • GRI 301 ; GRI 306 • ISO TC323 /WG3 • Value Reporting Foundation - based on the standards of the Sustainability Accounting Standards Board [SASB] • Circulytics indicators list

37 EFRAG further suggests considering the Explanatory note of how [draft] ESRS take into account the initiatives and legislation in Article 1 (8) of the CSRS adding article 29 (b)-5 to the Accounting Directive, released by EFRAG jointly with the first drafts of ESRS⁷.

⁷ Document available [here](#).

Question 5 – New research and standard-setting projects that could be added to the ISSB’s work plan: human capital

Notes to constituents – Summary of proposals in the RFI

- 38 *Reasons why the ISSB is seeing this project as a priority: Institutional investors around the world increasingly seek information on human capital management in making investment decisions. Efforts in the US and the UK include, respectively, the Human Capital Management Coalition, a group of 37 institutional investors representing more than US\$8 trillion in assets under management, and the Workforce Disclosure Initiative (WDI), an investor coalition of 68 institutions with US\$10 trillion in assets under management.*
- 39 *Consequently, many entities are seeking clearer guidance on how to prepare more effective disclosures about the management of their human capital. The interest in these issues was confirmed by the ISSB's research and outreach activities, which identified human capital as a priority topic. Although reporting on human capital is increasing, investors said they do not have information that is sufficiently decision-useful and comparable to evaluate.*
- 40 *Challenges in meeting investors' needs include:*
- (a) *the multifaceted nature of human capital management and differences in how risks and opportunities manifest in various business models, economic activities and jurisdictions;*
 - (b) *legal prohibitions on collecting workforce data in some jurisdictions;*
 - (c) *competitive sensitivities related to the disclosure of some information (for example, the use of alternative workforces);*
 - (d) *aspects of human capital, such as workplace culture, that can be inherently difficult to measure;*
 - (e) *other aspects, such as the use of alternative workforces, automation and artificial intelligence, which are rapidly evolving and less well established; and*
 - (f) *understanding the role of individual entities in managing related social impacts, values and culture. Some aspects of human capital management-or mismanagement-may be drawing increased scrutiny because of their potentially profound social impacts, but it is significantly less clear what role an individual entity plays in managing such impacts.*

Question 5

The research project on human capital is described in paragraphs A15–A26 of Appendix A of the RFI. Please respond to the following questions:

(a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors.

You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

EFRAG's response

EFRAG applauds the intention of the ISSB to broaden its coverage to social topics, as this will be a step forward in progressing toward a more complete reporting.

EFRAG highlights the intrinsic linkages between human capital and human rights (including labour rights). To this extent, unbundling such concepts into two different topics (human rights and human capital) will perpetuate misunderstandings with regard to how they inter-relate.

EFRAG questions the use of the term 'human capital' and suggests to rather refer to 'workforce'.

In terms of interoperability with other sustainability reporting frameworks, we note that the [draft] ESRS already cover human capital for its own workforce in ESRS S1 whilst workers in the value chain (human and labour rights) are described in ESRS S2. Therefore, we suggest that alignment with the ESRS architecture is to be sought for interoperability purposes and decrease the potential burden for double reporters.

Question 5 (a)

- 41 EFRAG applauds the intention of the ISSB to broaden its coverage to social topics, as this will be a step forward in progressing toward a more complete reporting.
- 42 EFRAG highlights the intrinsic linkages between human capital and human rights, including labour rights. To this extent, unbundling such concepts into two different topics (human rights and human capital) will perpetuate misunderstandings with regard to how they inter-relate. Human capital is built upon the basis that human rights are respected and encompasses a range of human rights. Additionally, EFRAG suggests that the use of the term "human capital" be understood as covering the intangible benefits for the undertaking as well as the considerations listed above.
- 43 When reviewing the contents of the proposed human capital topic as per A22, a variety of sub-topics that range between workforce investment and health and safety

measures are described. While we do not advocate for prioritisation, we suggest grouping or classifying the various social sub-topics therein; criteria for such grouping could be identified on the basis of para 49 below and, as a minimum, the fundamental labour rights should be included.

- 44 EFRAG has a number of concerns regarding the implied architecture of the ISSB social standards, which relate both to its proposal for a standard on human capital and to its proposal for a standard on human rights.
- 45 First, the scope of the human capital topic seems to suggest that it is limited to the entity's own workforce as per A15. Notwithstanding its note that labour conditions in the value chain could be possibly part of human capital (refer to A22 (f) and its related footnote 16), the ISSB's proposal in fact proposes treating human rights as particular to workers in the value chain under a separate human rights standard. Yet many of the human capital topics also equate with or contain human rights considerations, including Diversity, Equity and Inclusion (DEI) (which is based on tackling discrimination), health and safety in the workplace and compensation.
- 46 EFRAG has followed the requirements of the CSRD in terms of worker-related subtopics to be identified. In particular, the CSRD establishes three groups of social subtopics: working conditions, equal treatment and opportunities for all and other human rights. These groups of subtopics which are considered sector-agnostic relate both to an undertaking's own workforce, and to value chain workers.
- 47 Second, we suggest that alignment with the ESRS architecture is to be sought for interoperability purposes and to decrease the potential burden for double reporters. The [draft] ESRS already cover human capital/human rights for an undertaking's own workforce in ESRS S1 whilst the human capital/human rights of workers in the value chain are described in ESRS S2. More generally, the ESRS social chapter is split into four separate affected stakeholders' groups covering own workforce, value chain workers, affected communities, and consumers and end-users. This architecture of social standards has been tested through public consultation from both an impact materiality and financial materiality perspective and has received positive feedback. It sets a solid and comprehensive basis for the development of specific disclosures that relate to human capital and/or human rights issues from both an impact materiality and financial materiality perspective.
- 48 EFRAG urges that ISSB adopt a clear architecture that is compatible with the one developed and consulted on by EFRAG, and which begins with a broad and comprehensive vision of the 'social' domain for corporate disclosures. If ISSB selects categories of issues such as 'human capital' and 'human rights' as its starting point, with all the overlaps that it acknowledges, it will perpetuate conceptual and terminological confusion that EFRAG worked hard to avoid.
- 49 The overview of the own workforce and workers in the value chain equivalent sustainability standards in the ESRS (except for affected communities and consumers/end users) is provided below and can be read in our [draft] ESRS 1 General Requirements, AR 12 and following:

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[Draft] topical ESRS	Sustainability matters covered in [draft] topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
[draft] ESRS S1	Own workforce	<ul style="list-style-type: none"> Working conditions 	<ul style="list-style-type: none"> Secure employment Working time Adequate wages Social dialogue Freedom of association, the existence of works councils and the information, consultation and participation rights of workers Collective bargaining, including rate of workers covered by collective agreements Work-life balance Health and safety
		<ul style="list-style-type: none"> Equal treatment and opportunities for all 	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value Training and skills development Employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity
		<ul style="list-style-type: none"> Other work-related rights 	<ul style="list-style-type: none"> Child labour Forced labour Adequate housing Privacy
[draft] ESRS S2	Workers in the value chain	<ul style="list-style-type: none"> Working conditions 	<ul style="list-style-type: none"> Secure employment Working time Adequate wages Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Health and safety
		<ul style="list-style-type: none"> Equal treatment and opportunities for all 	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value Training and skills development The employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity
		<ul style="list-style-type: none"> Other work-related rights 	<ul style="list-style-type: none"> Child labour Forced labour Adequate housing Water and sanitation Privacy

Question 5 (b)

50 EFRAG is of the view that in answering this question one needs to consider the hierarchy and detail of sustainability matter-related areas. Taking into consideration our answer to Question 5 (a), EFRAG is of the view that the sustainability risks and opportunities defined at sub-topic level are substantially the same across industries and sectors. I.e. these sustainability risks and opportunities would benefit from the

development of multiple topical standards under the ISSB framework. However, at sub-subtopic level important sector differences may occur. For example, by requiring metrics that relate to particular hazards that are known to occur commonly in a particular sector is additional to the sector-agnostic sustainability information.

Question 5 (c)

- 51 EFRAG suggests in the first place that its own framework or [draft] sustainability reporting standards can be considered by the ISSB in building social standards that encompass risks and opportunities related to human capital. ISSB might also consider the Explanatory note of how [draft] ESRS take into account the initiatives and legislation in Article 1 (8) of the CSRD adding article 29 (b)-5 to the Accounting Directive.

Question 6 – New research and standard-setting projects that could be added to the ISSB’s work plan: human rights

Notes to constituents – Summary of proposals in the RFI

- 52 *Reasons why the ISSB is seeing this project as a priority: Entities may have processes in place to manage human rights-related risks according to national laws or international instruments providing guidelines. Nevertheless, entities are increasingly challenged to manage these risks as international economies become more interconnected and supply chains become more complex.*
- 53 *This situation creates increasing risks for entities that do not have appropriate due diligence processes and practices in place. Entities that contribute to-or are perceived to contribute to-human rights violations, through action or inaction may be subject to protests, consumer or group boycotts, or suspension of permits or of access to goods. They may also face substantial costs related to compensation, settlement payments or fines and write-downs in the value of their assets in sensitive areas. The effects of human rights-related risks on financial position and performance are materialising in the form of, for example, significant reductions in share price in response to investigations on harsh working conditions. Furthermore, human rights due diligence legislation (for example, the European Commission's Directive on Corporate Sustainability Due Diligence, France's Corporate Duty of Vigilance Law, the UK's Modern Slavery Act, and the German Supply Chain Due Diligence Act) is becoming more stringent.*
- 54 *In such a context, a growing number of investors view human rights information as relevant to their assessments and related decision making. For example, The UN Guiding Principles Reporting Framework is backed by a coalition of 88 investors representing US\$5.3 trillion in assets under management. The Investor Alliance for Human Rights-representing more than 200 organisations with more than US\$12 trillion in assets under management-has also called on entities to publicly disclose information in five areas, including how they prevent, mitigate and remediate adverse human rights impacts in their value chains.*
- 55 *Challenges in meeting investors' needs include:*
- (a) *difficulties in measuring and comparing human rights due diligence, which can lead to qualitative disclosures that may be less consistent, inadequate or incomplete, or susceptible to 'social washing';*
 - (b) *the overlap with other sustainability matters-for example, the just transition to a lower carbon economy or human capital;*
 - (c) *differing definitions and views of human rights-related topics across jurisdictions and cultures;*

- (d) complexities in standard-setting arising from industry-specific manifestations of human rights-related risks—such as those associated with privacy violations (technology), community relations (extractives) or child labour (apparel); and
- (e) the practical and technical issues inherent in taking account of risks and effects in an entity's value chain.

Question 6

The research project on human rights is described in paragraphs A27–A37 of Appendix A of the RFI. Please respond to these questions:

(a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB's research? You can suggest as many subtopics or issues as you deem necessary. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

EFRAG's response

Bearing in mind the importance of human rights matters to value creation, EFRAG urges that the ISSB:

- (a) **adopt a clear architecture that is compatible with the one developed and consulted on by EFRAG; and**
- (b) **to incorporate and build on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights to the greatest extent possible as the basis of the reporting standards, as human rights topics are anchored in international due diligence instruments.**

Question 6 (a)

- 56 EFRAG applauds the intention of the ISSB to broaden its coverage to social topics, as this will be a step forward in progressing toward a more complete reporting.
- 57 EFRAG reiterates that human rights impacts reflect the most severe impacts that an undertaking can have on people and, as a consequence, are sources of material risks for the entity's cash flows, access to finance or cost of capital over the short, medium or long term.
- 58 EFRAG refers to its response to Question 5(a) where we highlight the intrinsic linkages between human capital and human rights, which include labour rights. To this extent, unbundling such concepts into two different topics (human rights and human capital) will perpetuate misunderstandings with regard to how they inter-relate. As an example, we note that evidence shows that the payment of wages below a living wage is both relatively common within undertakings' own workforces in many sectors, and frequently a material risk.⁸ If ISSB selects categories of issues such as "human capital" and "human rights" as its starting point, with all the overlaps that it acknowledges, it could perpetuate conceptual and terminological confusion that EFRAG worked hard to avoid.
- 59 Bearing in mind the importance of these matters to value creation, EFRAG urges that, for interoperability purposes and to decrease the potential burden for double reporters, ISSB adopt a clear architecture that is compatible with the one developed and consulted on by EFRAG, and which begins with a broad and comprehensive vision of the "social" domain for corporate disclosures. (as further elaborated in paragraphs 46 and 47 above).
- 60 In doing so, EFRAG recommends that the ISSB incorporates and builds on (to the greatest extent possible) the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights as the basis of the reporting standards, as human rights topics are anchored in international due diligence instruments.
- 61 EFRAG is willing to support the ISSB's work related to the interrelation between impacts and dependencies and financial materiality on human rights.
- 62 The overview of these sustainability matters in the social area) are listed below and can be read in our [draft] ESRS 1 General Requirements, AR 12 and following:

⁸ See: <https://businessfightspoverty.org/new-report-the-case-for-living-wages-how-paying-living-wages-improves-business-performance-and-tackles-poverty/>; and <https://www.businessinsider.com/companies-should-invest-in-workers-and-pay-a-livable-wage-2022-5>

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[Draft] topical ESRS	Sustainability matters covered in [draft] topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
[draft] ESRS S1	Own workforce	<ul style="list-style-type: none"> Working conditions 	<ul style="list-style-type: none"> Secure employment Working time Adequate wages Social dialogue Freedom of association, the existence of works councils and the information, consultation and participation rights of workers Collective bargaining, including rate of workers covered by collective agreements Work-life balance Health and safety
		<ul style="list-style-type: none"> Equal treatment and opportunities for all 	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value Training and skills development Employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity
		<ul style="list-style-type: none"> Other work-related rights 	<ul style="list-style-type: none"> Child labour Forced labour Adequate housing Privacy
[draft] ESRS S2	Workers in the value chain	<ul style="list-style-type: none"> Working conditions 	<ul style="list-style-type: none"> Secure employment Working time Adequate wages Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Health and safety
		<ul style="list-style-type: none"> Equal treatment and opportunities for all 	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value Training and skills development The employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity
		<ul style="list-style-type: none"> Other work-related rights 	<ul style="list-style-type: none"> Child labour Forced labour Adequate housing Water and sanitation Privacy
[draft] ESRS S3	Affected communities	<ul style="list-style-type: none"> Communities' economic, social and cultural rights 	<ul style="list-style-type: none"> Adequate housing Adequate food Water and sanitation Land-related impacts Security-related impacts
		<ul style="list-style-type: none"> Communities' civil and political rights 	<ul style="list-style-type: none"> Freedom of expression Freedom of assembly

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[Draft] topical ESRS	Sustainability matters covered in [draft] topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
			<ul style="list-style-type: none"> Impacts on human rights defenders
		<ul style="list-style-type: none"> Particular rights of indigenous communities 	<ul style="list-style-type: none"> Free, prior and informed consent Self-determination Cultural rights
[draft] ESRS S4	Consumers and end-users	<ul style="list-style-type: none"> Information-related impacts for consumers and/or end-users 	<ul style="list-style-type: none"> Privacy Freedom of expression Access to (quality) information
		<ul style="list-style-type: none"> Personal safety of consumers and/or end-users 	<ul style="list-style-type: none"> Health and safety Security of a person Protection of children
		<ul style="list-style-type: none"> Social inclusion of consumers and/or end-users 	<ul style="list-style-type: none"> Non-discrimination Access to products and services Responsible marketing practices

Question 6 (b)

63 EFRAG is of the view that in answering this question one needs to consider the hierarchy and detail of sustainability matter-related areas. Taking into consideration our answer to Question 6 (a), EFRAG is of the view that the sustainability risks and opportunities defined at sub-topic level are substantially the same across industries and sectors. I.e. these sustainability risks and opportunities would benefit from the development of multiple topical standards under the ISSB framework. However, at sub-subtopic level important sector differences may occur. This border between sub-topic and sub-subtopic level marks the limit where in our view topical standards can bring added value and from where sector depending standards allow to ask for more relevant information. For example requiring metrics on free, prior and informed consent may not be relevant for each individual sector but may be very relevant in extractive industries operating in particular regions.

Question 6 (c)

64 EFRAG suggests in the first place that its own framework of [draft] sustainability reporting standards can be considered by the ISSB in building social standards that encompass risks and opportunities related to human rights. Other regulations that EFRAG would suggest considering are:

	General sources
	Just Transition Fund
Topical standard	Sources to be considered
Own workforce	<ul style="list-style-type: none"> UDHR 2+7, UDHR 12, UDHR 20, UDHR 23(1) UDHR 23 (2), UDHR 23(3), UDHR 23(4), UDHR 24, UDHR 25(1) ILO Co. 100 European Social Charter (revised) 2, 9, 10 UN Convention on the Rights of Persons with Disabilities ILO Violence and harassment convention No.190, ILO Co. 111, ILO Co.87+97, etc, ILO C138, ILO C182, ILO C029, ILO P029 EU Chart 21, UNGC Pr. 6, SDG 5, SDG 8.7, SDG 16.2

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	<ul style="list-style-type: none"> • UNCTAD • EU Charter of Fundamental Rights 7, 8, 27,31, 33, • UN ICESCR 7 • CoE Conv on HR 4 • European Social Charter (revised) 3, 8, 21 • UN ICESCR - Article 10 • UN Convention on the Rights of the Child, • CRBP United Nations (UN) Children's Rights and Business Principles, • UNGC LA.2.A. • Forced and compulsory labour, • Forced Labour Convention, 1930 (No. 29), • Protocol of 2014 to the Forced Labour Convention, 1933, C105 – • Abolition of Forced Labour Convention, 1957 (No. 105), • UN International Covenant on Civil and Political Rights
Workers in the value chain	<ul style="list-style-type: none"> • UNGP 15, 16,18, 19, 20, 21, 24, 29, 30, 31 • OECD II.A.1, II.A-14 , IV.4 and Commentary IV para. 44, IV.6, IV.45, VI.1 • OECD MNE Guidelines Section III.1-2 OECD DD Guidance II 3.1
Affected communities	<ul style="list-style-type: none"> • UNGP 15, 16,18, 19, 20, 21, 22, 24, 29, 30, 31 • OECD II.A.1, II.A-14 , IV.4 and Commentary IV para. 44, IV.6, IV.45, VI.1 • OECD MNE Guidelines Section III.1-2 OECD DD Guidance II 3.1
Consumers and end-users	<ul style="list-style-type: none"> • UNGP 15, 16,18, 19, 20, 21, 22, 24, 29, 30, 31 • OECD II.A14, II.A and IV, IV 4 and Commentary IV para. 44, IV.6, IV.45, VI.1 • OECD MNE Guidelines Section III.12 OECD DD Guidance II 3.1

65 EFRAG further suggests considering the Explanatory note of how [draft] ESRS take into account the initiatives and legislation in Article 1 (8) of the CSRS adding article 29 (b)-5 to the Accounting Directive.

Question 7 – Integration in reporting

Notes to constituents – Summary of proposals in the RFI

- 66 *The proposed research project in the RFI on 'integration in reporting' is intended to build on (and augment) the progress already achieved in IFRS S1 and IFRS S2 with respect to 'connected information' to develop guidance on how entities might bring sustainability-related financial information together with other qualitative and quantitative financial information.*
- 67 *Integrating this information could give investors a comprehensive, coherent and concise view of how an entity creates, preserves or erodes value. Integration in reporting encompasses where, what and how information on value creation can be connected through conceptual and operational linkages.*
- 68 *This project could also lead to establishing a corporate reporting framework that integrates disclosure across one or more documents.*
- 69 *The RFI makes a distinction between connection in reporting and integration in reporting and indicates the latter is broader notion than the former. It is noted that the connection in reporting requirements are included in IFRS S1 and S2 as stated in paragraphs A44 and A45. Both IFRS S1 and S2 require information within the sustainability-related financial disclosures to be linked to information in the financial*

statements by requiring disclosure of current and anticipated effects on the entity's financial statements due to sustainability related (IFRS S1) and climate-related (IFRS S2) risks and opportunities. IFRS S1 states that sustainability-related financial disclosures shall:

- (a) be prepared for the same reporting entity and reporting period as the related financial statements;
 - (b) be provided at the same time as the financial statements and as part of the general purpose financial report (which also includes the financial statements);
 - (c) include financial data and assumptions that are consistent with the corresponding financial data and assumptions in the financial statements, to the extent possible, considering the requirements of IFRS Accounting Standards or other relevant generally accepted accounting principles (GAAP); and
 - (d) discuss significant differences between financial data and assumptions the entity uses to prepare its sustainability-related financial disclosures and the financial data and assumptions the entity uses to prepare its financial statements.
- 70 Paragraph A46 describes integration in reporting noting that it not only encompasses where, what and how information on value creation can be connected through conceptual and operational linkages (for example, in terms of compatibility of assumptions), but also includes the collective consideration of the interdependencies, synergies and trade-offs between:
- (a) the various resources and relationships reported on in general purpose financial reports; and
 - (b) how the value that an entity creates for itself and for its investors is inextricably linked to the value the entity creates for other stakeholders, society and the natural environment.
- 71 In pursuing the project, the ISSB could consider the materials and projects of the IFRS Foundation, including the Integrated Reporting Framework and the IASB's Exposure Draft (ED/2021/6 Management Commentary) (the 'ED') to explore similarities and differences between that Exposure Draft and the Integrated Reporting Framework.
- 72 The ISSB could work with the IASB in pursuing this project as a formal joint project with joint decision making. Alternatively, the ISSB could pursue this project and coordinate with the IASB to exchange information and obtain input to inform the ISSB's decision making, as appropriate.

Question 7

New research and standard-setting projects that could be added to the ISSB's work plan: Integration in reporting

The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A. Please respond to the following questions:

- (a) The integration in reporting project could be intensive on the ISSB's resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation's suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity,

ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB's new two-year work plan?

(b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)? (i) If you prefer a formal joint project, please explain how you think this should be conducted and why. (ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.

(c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from: (i) the IASB's Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why. (ii) the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why. (iii) other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.

(d) Do you have any other suggestions for the ISSB if it pursues the project?

EFRAG's response

EFRAG considers that ensuring connectivity of reporting requirements and information (not a project on integration in reporting) is a high priority. EFRAG acknowledges that, as stated in the RFI, ensuring the connectivity of IASB and ISSB requirements is a foundational and strategic activity for both the ISSB and the IASB and as such it should not have to be prioritised relative to undertaking research and standard-setting activities on the topical Standards.

Should the ISSB decide to initiate a project on integration in reporting, EFRAG notes that there would be both advantages and disadvantages to adopting the project as a formal joint project of the IASB and ISSB. Should the ISSB start a project on integration in reporting, EFRAG agrees with the ISSB incorporating concepts from the IASB's project on the Management Commentary and the Integrated Reporting Framework. EFRAG recommends that the ISSB and IASB further explore the similarities and differences between proposals in the management Commentary Practice Statement ED and the Integrated Reporting Framework and consider how the two frameworks could be further converged.

Question 7 (a) – Priority of integration in reporting topic

- 73 EFRAG⁹ considers the connectivity between financial and sustainability reporting information to be a high priority, together with the development of topical standards. In this respect, a project on connectivity was added to EFRAG's proactive research agenda in June 2022. In its research, EFRAG will consider both ESRS and IFRS Sustainability Disclosure Standards requirements including those related to connected information. EFRAG acknowledges that, as stated in paragraphs 19-e and 22 of the RFI, (and as acknowledged in our response to Question 1) ensuring the connectivity of IASB and ISSB requirements is a foundational and strategic ISSB activity. The ISSB should work on connectivity jointly with the IASB.

⁹ In both EFRAG's October 2021 comment letter response to the 2021 IASB Third Agenda Consultation and its December 2021 comment letter response to the Management Commentary Exposure Draft, EFRAG stated that a project on connectivity between financial and sustainability reporting information should be a very high priority. It was the highest rated priority in the EFRAG agenda consultation.

- 74 As ensuring connectivity is essential to both the IFRS Foundation and EFRAG activities (i.e., connectivity of product and process), EFRAG also considers there to be an opportunity for the ISSB (and IASB) to collaborate with and, where appropriate, to leverage the work undertaken by EFRAG and other organisations, including standard setters.
- 75 EFRAG also acknowledges the importance, particularly in the long term, of the broad objective of a project on integration in reporting. Specifically, to create an integrated, coherent and comprehensive system of corporate reporting that provides a holistic and transparent view of how an entity creates value over time. Of note, the EFRAG's research project, which will be conducted in two phases, intends to consider integration in reporting in the second phase. However, taking into account the RFI's distinction between 'connectivity' and 'integration in reporting', for the following reasons, EFRAG has reservations on the immediate priority of a project on integration in reporting:
- (a) *Connectivity should be the immediate priority*: There is a difference between the scope of a project on integration in reporting as described in the RFI (i.e., paragraph A49 states the project could lead to establishing a corporate reporting framework that integrates disclosures, and paragraph A40 describes a broader notion than the connection of information via operational and conceptual linkages) and a focus on connectivity that would align with the first phase of the EFRAG research project on connectivity (see Paragraph 87 below in response to Question 7(d)). EFRAG considers the project on integration in reporting should be considered in the longer term and the immediate priority should be on the development and implementation of connectivity guidance. EFRAG acknowledges that, as noted earlier, ensuring connectivity of IASB and ISSB requirements is foundational and a strategic ISSB activity and, as stated in paragraphs A44 and A45 of the RFI, IFRS S1 and S2 contain requirements for connected information. However, these requirements are only a starting point to address the issues related to connected information. And there will be a need to focus on and learn from the practical implementation of these requirements. It will also be useful for the IASB and ISSB to ascertain from stakeholders if there are other facets of connectivity that ought to be considered. A project on connectivity will likely be less resource intensive, than one on integration in reporting. This is because a project on integration in reporting has a broader scope and will likely entail a longer period of completion than a focus on connectivity.
 - (b) *Sustainability reporting conceptual framework development needed*: Currently, there is only a conceptual framework for financial reporting. An effective Integration of reporting project would also need to be underpinned by a robust conceptual framework for sustainability reporting information. However, the development of the latter has not been considered a priority in the ISSB agenda consultation and we consider, as a prerequisite, that conceptual framework research should be conducted to avoid overlaps or gaps and ultimately confusion between two pillars of standardised corporate reporting that are bound and should be designed to complement each other. Correspondingly, a broad project on integration in reporting as described in the ISSB RFI is better addressed at a later stage.
 - (c) *Possible meaning and scope of the integration in reporting project should be further clarified*. The description of integration in reporting in Paragraph A40 of the RFI is too broad and may result in varied interpretations of the project objectives. In this regard, we also note there is a question on whether or not the framework for financial reporting would have to be amended to encompass integration in reporting. When referring to integration in reporting, EFRAG considers this under the existing framework for financial reporting (that is, no

change to the existing framework since we express reservation in principle on a possible expansion of financial reporting to cover certain sustainability-related risks and opportunities at the risk of blurring the meaningfulness of financial information).

- (d) *Risk of conflated objectives*: Paragraph A46 refers to stakeholder interest in the future of the Integrated Reporting Framework. Paragraph A47 refers to support for the incorporation of the work and feedback on the IASB Management Commentary project and for the IASB and ISSB to work together in finalising this project. The IASB climate related project should also be considered in our view. As stated in our response to question 7c, these are overlapping and important objectives for the IFRS Foundation to consider. However, even if viewed collectively, they ought to be only seen as a facet of integration in reporting. In other words, addressing these two objectives cannot be deemed to be equivalent to addressing all facets of integration in reporting.

- 76 We recognise that the envisaged 'integration in reporting' project would be a large and resource-intensive project for the ISSB that may impact the pace at which it will ultimately be able to develop topical standards (besides IFRS *S1 Climate-related disclosures*). EFRAG considers that it is beneficial to give a high priority to a project on connectivity because the consideration of connectivity may affect the way new standards (both sustainability or financial reporting) or major amendments are developed and subsequently implemented.

Question 7 (b) – ownership and coordination of possible project

- 77 Should the ISSB start a project on integration in reporting, EFRAG observes that such a project would require strong cooperation and coordination (and the combined skills and competencies) between the ISSB and IASB, including at the staff level. Therefore, regardless of which of the two Boards would be given the operational lead on the project, for practical and efficiency reasons, close collaboration between the two boards should be sought after and decisions should be based on consensus (when possible). It should also be clarified from the outset of the project how that collaboration would work in practice (see also paragraph 89 in the response to Question 7 (d)).

Question for constituents

78 *At this stage, EFRAG has not formed a final view on whether, from an operational standpoint, a project on integration in reporting should be advanced as a formal joint project with the IASB (with joint decision-making) or pursued as an ISSB-led project (which could still draw on input from the IASB on an as-needed basis without being a formal joint project). Thus, EFRAG is seeking constituents' views on these two options before forming its final view.*

79 *EFRAG identifies the following advantages and disadvantages for the setting up of a formal joint project with joint decision-making.*

80 *The advantages of a formal joint project would be that it is more likely to:*

- (a) *Ensure a balanced representation and consideration of both the financial and sustainability reporting views in the running of the project from inception and ensure that decision made reflects the consensus and majority views of both sides;*
- (b) *Better leverage on the different and complementary competencies of the two Boards;*

- (c) *Leverage institutional (IASB and IASB staff) knowledge related to the management commentary project and ensure continuity; and*
- (d) *Put less strain on the resources of the ISSB and its staff by spreading the efforts (including Board members' time) on the two Boards and their respective staff. In this regard, EFRAG notes that the importance of a topic, and not the resource constraints of the IFRS Foundation, should generally be the primary drivers the IFRS Foundations activities.*

81 *Conversely, the disadvantages of a formal joint project would be that it may:*

- (a) *Add complexities in terms of decision making which may affect the timeliness and resource intensity of this project;*
- (b) *Require more coordination efforts between the ISSB and IASB to advance the project and take decisions. In that regard, an ISSB-led project would offer more flexibility by leaving the possibility to coordinate with the IASB to exchange information and obtain input to inform the ISSB's decision making, only when and as appropriate.*
- (c) *Require time from the IASB and thereby delay the development in other areas of financial reporting. In this regard, EFRAG, however, notes that its constituents considered connecting financial and sustainability reporting to be a high-priority project, when providing input on EFRAG's response to the IASB's Third Agenda Consultation and EFRAG's proactive agenda consultation. It would therefore be consistent with this feedback for the IASB to prioritise a project on connectivity.*
- (d) *Create specific scope complexity to address since the ISSB Standards are designed to be 'GAAP agnostic' (that is applicable by entities applying reporting standards than IFRS) and that not all entities applying IFRSs will also apply the ISSB Standards. A joint project would need to address that additional complexity.*

Do you agree with the advantages and disadvantages of a formal joint project identified in paragraphs 80 and 81 above?

Do you think that a project on integration in reporting should be run as a formal joint project with the IASB or be run by the ISSB and only draw on the IASB input as needed?

Question 7 (c)- Building on Management Commentary Practice Statement, Integrated Reporting Framework and/or other sources

- 82 EFRAG notes that, in its recent outreach to stakeholders, the IFRS Foundation has conveyed it considers management commentary¹⁰/integrated report to be part of the investor-focused general-purpose financial reports¹¹(along with financial statements and sustainability-related financial disclosures), and that management commentary/integrated report can facilitate the connectivity between general-purpose financial reports by providing the management perspective on financial, sustainability-related and other factors to explain past performance and provide insights on future prospects. EFRAG notes that similar to other leading economies, the EU and its individual member states have their own requirements for the management report/management commentary. The EU's Corporate Sustainability Reporting Directive (CSRD) has specific regulations governing the content and

¹⁰ The IASB issued a non-mandatory management commentary practice statement in 2010, and in 2021, it issued an Exposure Draft for a revised management commentary practice statement.

¹¹ [April 2023 IFRS Advisory Council Slides](#)- see slides 4, 10, 12 and 13.

placement of financial and sustainability information in the Management Report. The IASB Management Commentary Practice Statement is not endorsed in the European Union.

- 83 Albeit with some concerns expressed, in its response to the Exposure Draft (ED/2021/6 *Management Commentary*) (the 'ED'), EFRAG welcomed many of the ED proposals and the IASB's initiative to overhaul the existing practice statement. EFRAG supported developing objectives-based guidance for the benefit of jurisdictions where guidance either does not exist or could be enhanced and to cross-fertilise best practices across jurisdictions. EFRAG notes the considerable resources expended (i.e., by both IASB and its constituents) during the development and obtaining or giving feedback to the ED proposals and reiterates its position in response to the ED that the IASB-ISSB should jointly complete the project.
- 84 EFRAG also notes that, although the Integrated Reporting framework is not mandated in the EU, a number of European companies prepare integrated reports¹². We recognise that, in developing the Management Commentary ED proposals, the IASB took account of the Integrated Reporting Framework and other relevant initiatives.
- 85 In considering integration in reporting within the EU context, EFRAG notes that the EU's CSRD requires that ESRS information be presented as part of a separate and dedicated section of the management report (referred to as sustainability statements). This does not preclude some form of 'integration', as ESRS 1 allows incorporation by reference including from other sections of the management report. Appendix A of ESRS 1 includes an illustration of an executive summary including integrated information in the management commentary, incorporated by reference in the ESRS sustainability statements. However, undertakings shall ensure that incorporation by reference and other forms of integration does not impair the understandability of the sustainability statements.
- 86 After considering all of the above, EFRAG recommends that the ISSB/IASB further explore similarities and differences between proposals in the management Commentary Practice Statement ED and the Integrated Reporting Framework and consider how the two frameworks could be further converged. In doing that, consideration should be given that these:
- (a) Both emphasise the need for connection between elements within the report; and the report and other sources of information (specifically financial statements in the case of the Management Commentary);
 - (b) Both incorporate the notion of value creation and focus on the entity's ability to create value for itself, and its impacts on others to the extent those impacts affect that ability (although the IR Framework also emphasises the link between value created or eroded for itself and others);
 - (c) Both give a prominent role to an entity's 'resources and relationships' (Management Commentary) or 'capitals' (Integrated Reporting);
 - (d) The Management Commentary and the Integrated Report target different (the audience for the Integrated Report includes also all stakeholders interested in value creation in a broader sense) and overlapping audiences¹³ (providers of capital).

¹² Based on information provided to EFRAG, we understand that approximately 450 companies in the EU prepares some type of integrated reports (that is, integrated reports that may not comply with all the aspects of the International Integrated Reporting Framework).

¹³ See, for example, slide 22 of Agenda paper 8 for the April 2023 IFRS Advisory Council meeting.

Question 7 (d) - Other suggestions for the ISSB if it pursues the project

- 87 EFRAG notes the ISSB's decision to reframe its proposed project in the RFI as a project on 'integration in reporting' rather than connectivity as initially intended. EFRAG understands that this decision was made on the assumption that the IFRS S1 and S2 requirements on 'connected information' (including the revisions made in the redeliberation process) would already address all the other aspects and challenges of connectivity.
- 88 EFRAG questions this conclusion especially since neither ESRS nor ISSB SDS are applicable yet and it will be necessary to observe sustainability statements/disclosures by entities under the mandatory requirements before being able to fully consider all the practical and conceptual challenges of connectivity. This is the reason why EFRAG's research project has a two-phase approach as follows:
- (a) The first phase will consider the definition of connectivity and how to operationalise it within the existing conceptual boundaries of financial and sustainability information; and
 - (b) The second and longer-term phase (possible scope and content still to be defined) in which EFRAG would consider how to enhance integration in reporting. The objectives of this phase would align with those of the IFRS Foundation project described in the RFI.
- 89 EFRAG's phase 1 research could also inform the ISSB's project and we encourage cooperation with the ISSB and other interested organisations, including standard setters, on the matter. As conveyed in EFRAG's response to the IASB Agenda Consultation, cooperation between financial reporting and sustainability reporting standard-setters is essential to ensure the continuity and coherence of corporate reporting. This collaboration could take place through a consultative working group.

Question 8 – Other comments

Do you have any other comments on the ISSB's activities and work plan?
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- 90 EFRAG has no further comments.