

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Outreach results – DRSC event – FR TEG and CFSS meeting

Objective

- 1 The objective of this paper is to provide a summary of the messages received during the DRSC event and the FR TEG and CFSS meeting.

DRSC (German standard setter) panel in Berlin, June 28, 2023

ISSB agenda consultation

1. Jennifer Bofinger-Schuster (IASB) gave a brief presentation on the agenda consultation (same as presented to the SRB in Brussels).
2. Kerstin Lopatta (EFRAG) presented the main topics of the Draft EFRAG comment letter.
3. Christian Schwedler (DRSC) presented first conclusions to be put in a DRSC comment letter going forward:
 - a. Strategic focus: giving implementation guidance for IFRS S1 / 2 is key;
 - b. Agree with criteria for priority setting; interoperability is key to provide global baseline;
 - c. New research and standard setting activities: prioritization is key and should be made on investor needs / risk or opportunities for companies – noting that social topics might also have high risk / opportunity; further environmental topics should be added to climate.

Open discussion:

4. Participants were especially concerned about the interoperability between ESRS and ISSB standards hoping that only a limited number of items remain as “additionally to be reported”
5. Biodiversity was mentioned as a top-priority.
6. Integrated reporting should not be dropped as a concept.

International Applicability of the SASB Standards

7. Jennifer Bofinger-Schuster (IASB) gave a brief presentation on the consultation (same as presented to the SRB in Brussels).
8. Kerstin Lopatta (EFRAG) presented the main topics of the Draft EFRAG comment letter.



9. Kati Beiersdorf (DRSC): DRSC comment letter not yet drafted. DRSC is in exchange with the 45 German sustainability reporters that use SASB industry standards as a voluntary basis for reporting:
 - a. Problem of users: how to apply US metrics? Answer = open / problem; therefore ISSB project is appreciated.
 - b. ISSB methodology is appreciated by users.
 - c. Also consider relevance of metrics; if nothing comparable at national level, might indicate less relevance=> consider removal
 - d. More general question: what is the conceptual position of SASB in ISSB standards? There is a need for clarification.
 - e. Interoperability ESRS and its sector standards and SASB is a concern. Eg 39 ESRS and 77 SASB alone this comparison shows that interoperability might cause “headache”.
10. Georg Lanfermann: Summarized discussion
 - a. noted that there is no major push-back to the overall ISSB approach for RFI and SASB internationalization.
 - b. Cooperation between EFRAG and ISSB is appreciated and necessary for example in areas where EFRAG is advanced – biodiversity and ESRS S1 for human rights.
 - c. Integrated reporting – beneficial to also work on this one.
 - d. Interoperability is of utmost importance.

EFRAG Financial Reporting Technical Expert Group – Consultative Forum of National Standard Setters (CFSS)

ISSB Agenda consultation

11. EFRAG FR TEG and CFSS members received a presentation relating to EFRAG’s draft comment letter responses to the ISSB consultation on its planned Agenda Priorities.
12. EFRAG CFSS members noted that interoperability - with other sustainability frameworks or frameworks under development - was the key element in developing the ISSB framework. Also the structure of current ESRS standards is to be considered for the same reason. Finally, standard setters were expecting practical examples – as application guidance – to the recently published ISSB standard on Climate.

SASB methodology

13. EFRAG FR TEG and CFSS members received a presentation relating to EFRAG’s draft comment letter responses to the ISSB consultation on the methodology used to internationalise the SASB standards.
14. EFRAG CFSS members discussed how the materiality assessment was being considered under ESRS standards versus the SASB standards. Also clarification was sought on how the SASB 77 industries were mapped with the 39 ESRS sectors.



Outreach results – DRSC event - EFRAG FR TEG and CFSS meeting

It was clarified that while NACE codes (the basis for building sectors under ESRS) were designed for economic data, SICS (the basis for building SASB industries) takes a different approach, relying on identifying industries that use similar business models to interact with various forms of capital.

