

1 AUGUST 2023

To: EFRAG (IVZW/AISBL)
35 Square de Meeûs
1000 Brussels
Belgium

SUBJECT: EFRAG's Draft Comment Letter (DCL) on the International Sustainability Standards Board (ISSB) Request for Information (RFI) on Agenda priorities

Dear Mr. Didier Andries,

The International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA) welcome the opportunity to provide comments on EFRAG's draft comment letter (DCL) on the ISSB RFI on Agenda priorities. We appreciate EFRAG's commitment to interoperability of the European Sustainability Reporting Standards (ESRS) and the International Sustainability Standards Board (ISSB) standards, and we applaud all your efforts to ensure convergence of the standards and more synchronised timing of implementation of new reporting.

IFPMA represents 39 innovative pharmaceutical companies and over 50 national associations. Based in Geneva, IFPMA has official relations with the United Nations and engages with global institutions, such as ISSB, to contribute industry expertise on global policy matters. EFPIA represents the biopharmaceutical industry operating in Europe. Through its direct membership of 37 national associations, 39 leading pharmaceutical companies and a growing number of small and medium-sized enterprises (SMEs), EFPIA's mission is to create a collaborative environment that enables our members to innovate, discover, develop, and deliver new therapies and vaccines for people across Europe, as well as contribute to the European economy. Similar to efforts between ISSB and EFRAG, IFPMA and EFPIA are coordinating efforts to ensure that our industry have consensus input into the inter-related consultations on sustainability reporting at the global and European levels. Our two associations bring the collective expertise and experience on sustainability and non-financial reporting of our member companies to this comment letter.

We share EFRAG's view expressed in the DCL that, "Interoperability and synergies that can be developed with other standard setting initiatives could be a driver to assess priority." We agree that ISSB should include the criterion of "interoperability" in the list of criteria when prioritising

sustainability-related reporting issues. As we noted in [our previous comment letter](#) on “EFRAG'S Draft Comment Letter (DCL) on ISSB ED on SASB Internationalisation and Taxonomy Updates,” we are concerned that misalignment in the timing of sector-specific ESRS standards and a more complete update of SASB standards will create an incompatibility between the two sets of standards, compromising interoperability. This could generate additional complexity for preparers, as well as market confusion among investors and other stakeholders. Therefore, we support EFRAG’s recommendation for “a sectoral approach to facilitate interoperability with the ESRS own standard setting” and suggestion for prioritizing enhancing the SASB Standards. However, we note that ranking this important work as #3 could put the timing out of sync with EFRAG’s timelines for sector-specific standards setting, particularly for standards that are outdated such as the 2018 SASB Biotechnology & Pharmaceuticals standards.

With respect to EFRAG’s future process for articulating sector-specific ESRS standards, we reiterate our previous comments that we sincerely hope that EFRAG can hold on finalizing its standards until the SASB standards have been fully updated. Sector-specific metrics should reflect what we want the sector to deliver – innovative treatments that bring value to patients and society. There is an opportunity to foster innovative thinking in how we set metrics on health. IFPMA and EFPIA members stand ready to provide our perspective towards this end and look forward to providing specific comments to ISSB and EFRAG on the SASB Biotechnology & Pharmaceuticals Standard.

Yours sincerely,



Fumie Griego, Ph.D.

Deputy Director General and
Chief Operating Officer, IFPMA



Kristine Peers

General Counsel,
EFPIA