

Mr. Jean-Paul Gauzès  
President of the EFRAG Board  
European Financial Reporting Advisory Group  
35 Square de Meeûs  
Brussels B-1000  
Belgium

**Re: EFRAG`S PUBLIC CONSULTATION ON DUE PROCESS PROCEDURES FOR EU SUSTAINABILITY REPORTING STANDARD-SETTING**

Dear Jean-Paul,

The Spanish Accounting and Auditing Institute (ICAC) welcomes the opportunity to comment on the EFRAG`s public consultation paper: due process procedures for EU sustainability reporting standard-setting.

This letter pretends to contribute to the EFRAG`s due process and to underpin some topics that we understand to be especially significant. We appreciate EFRAG`s work on its new role as technical advisor of the European Commission in the development of the sustainability reporting standards and we support the reforms necessary to create the new sustainability reporting pillar on EFRAG`s Governance structure.

We strongly believe that the development of the European Sustainability Reporting Standards (ESRS) is a big step towards the improvement of the sustainability reporting. Therefore, it is vital to ensure the rigor and transparency of the due process to be followed by EFRAG.

From our point of view, the due process requirements must ensure the compliance of the principles described in the consultation paper (transparency, public consultation and impacts). EFRAG has achieved to develop a transparent and public due process for its financial reporting activities. That is why we think that the due process to develop sustainability reporting





standards should be based on the same procedure, with the necessary adaptation to make the procedure agile and adaptable

From this perspective, we highlight four concerns:

- Regarding transparency, we think it is specially importance the proposal made about inviting other sustainability standard setters or initiatives to the EFRAG SRB and EFRAG SR TEG meetings. According to the proposal of Directive, the ESRS will take into account the existing standards and frameworks to contribute to the process of convergence and harmonisation of sustainability reporting at global level. In our opinion, the participation of these standard setters, initiatives and frameworks from the beginning of the process is the best way to ensure a proper alignment between them.

In that sense, we also consider vital the public consultation process.

- We also think that the creation of a Committee from among members of the Administrative Board to oversight the due process is a good way to guarantee that the EFRAG SRB and the EFRAG SR TEG follow the requirements set out in these due process procedures.
- From our point of view, it is certainly relevant that the recruiting of the staff involved in this new pilar takes into consideration the need of an appropriate degree of diversity about the expertise in the different issues included in sustainability reporting.
- We agree with the standard-setting due process described in Chapter 5, remarking the importance of field-testing specially in the case of Sustainability Reporting Standards for SMEs to make the cost-benefit analysis.
- We also want to remark the importance of the connectivity between both dimensions of the reporting under an integrated approach. That is why the due process to elaborate sustainability reporting standards and financial reporting standards must be connected. In that sense, we think that the activities of the European Lab can be crucial to include work on cross-cutting issues with the financial reporting activities.





On this basis, we support the proposal of the paragraph 4.59 of the document “Final report on the ad personam mandate on potential need for changes to the governance and funding of EFRAG” of setting up a coordination committee that includes members of the two boards and TEGs to ensure that interconnectivity is considered in a systematic way

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

Yours sincerely,

Santiago Durán Domínguez

President of ICAC

