



Brussels, 9th September 2021

Comments on the EFRAG public consultation paper: "Due Process Procedures for EU sustainability reporting standard-setting"

The members of the EACB gladly take the opportunity to comment on the EFRAG's public consultation on Due Process Procedures for EU sustainability reporting standard-setting.

We would like to express our support of the proposed objective and principles addressed in the Due Process Procedures. Indeed, as also mentioned in the amendments to the European Commission's proposed Corporate Sustainability Reporting Directive (CSRD), we welcome that the EFRAG aspires to prepare its Technical Advice with "*proper due process, public oversight and transparency, and with the expertise of relevant stakeholders*". We believe that transparent and sound due process procedures are crucial for the development of high-quality and relevant reporting standards.

The EACB welcomes the EFRAG's new organisation that incorporates under its governance structure a newly formed independent Sustainability Reporting Board (EFRAG SRB) that is tasked with the development of EU Sustainability Reporting Standards. This is an important step to ensure a timely implementation of a broad sustainability disclosure. The EACB believes that (co-operative) banks in their role of users and preparers of the new sustainability standards have a crucial role in bringing expertise that should be carefully taken into account for example via specific responsibilities in consultative bodies in the due process oversight.

Furthermore, the EACB Members highly appreciate that the Due Process Procedures proposed in the current document generally correspond to the high standards of the Due Process Handbook of the IFRS Foundation.

Due Process Oversight, Chapter 3

With regard to the Due Process Oversight in Chapter 3 of the current EFRAG consultation document, we think that it would be important to make some additions.

First, we believe that providing further details regarding responsibilities of the Committee in charge of the oversight of the Due Process (the DPC) in the paragraph 3.3 is necessary. We propose that the DPC operates *in a timely manner*; it has to be also pointed out that the DPC should promote and support "*the timely development*" of the EU Sustainability Reporting Standards (ESRS).

We also would like to suggest to supplement the paragraph 3.6 that the area of responsibilities of the DPC should not be extended beyond the topics concerning the due process oversight.



Standard-setting, Chapter 5

We especially appreciate the taking up in paragraphs 5.15-5.16 the consideration of the ESRS digital categorisation system which, in accordance with the mandate from the European Commission, has to be developed in parallel with the sustainability reporting standards.

In relation to the paragraph 5.25 stating that "*In some cases, it may be decided to re-expose proposals before proceeding to a finalized pronouncement*", even though we are aware that sometimes an accelerated due process may take place, the EACB nevertheless would like further clarification regarding what are the cases for re-exposure. After all, misapplication needs to be avoided.

EFRAG's new organisation, Appendix 2

The EACB believes that a close cooperation between the EFRAG SRB and other standard-setting organisations for sustainability reporting initiatives is of central importance in order to ensure high-quality sustainability reporting standards. These arrangements should be subject to the oversight of the EFRAG Administrative Board. It must be further ensured that high expertise and new developments regarding the sustainability reporting standard-setting are fed into the work of the EFRAG SRB.

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