RAAD VOOR DE JAARVERSLAGGEVING
Dutch Accounting Standards Board

DASB secretariat:
Mercuriusplein 3, 2132 HA Hoofddorp
Postbus 242, 2130 AE Hoofddorp

Tel: +31 (0)88 4960 391
secretariaat@rjnet.nl
www.rjnet.nl

EFRAG
35 Square de Meeûs
B-1000 Brussels
Belgique

Our ref:	RJ-EFRAG 636
Direct dial:	+31 (0)88 4960391
Date:	Hoofddorp, June 20th, 2025
Re:	DASB Commentletter on EFRAG's draft comment letter on the ISSB Exposure Draft ED/2025/1 'Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2

Dear EFRAG,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to provide a response to EFRAG's draft comment letter on the ISSB Exposure Draft ED/2025/1 'Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2', issued in April 2025.
In line with EFRAG the DASB generally supports the proposed amendments by the ISSB. Since application of IFRS S2 is not mandatory for nor applied by Dutch (listed) companies we cannot draw from reporting experience in the Netherlands. The DASB therefore reacts on a high-level only, mainly focussing on the following topics: interoperability of IFRS-SDS with ESRS, simplification and feasibility of the proposed amendments in practice.

The DASB is very much in favour of an international approach to sustainability reporting, also considering the fact that many undertakings are not merely acting in a local, regional or European environment. Consequently, interoperability of ESRS and IFRS-SDS is a key concern for the DASB. In that light the DASB supports the suggestion of EFRAG to regularly evaluate disclosure requirements and to adjust if necessary in line with reporting practices and legislative or methodological evolution. Given the current ESRS review process, a legislative evolution is expected, underlining the desirability of a periodical evaluation of disclosure requirements to support interoperability.
The DASB supports EFRAG's remarks on comparability. Additionally, the DASB questions whether the proposed full disclosure of deviations will be experienced in practice as a relief from disclosure requirements.

The DASB notices that EFRAG refers to the ESRS Q&A in its draft letter. The DASB prefers references to the ESRS over the ESRS Q&A, because the ESRS are legally binding, while the ESRS Q&A is non-authoritative.

We have included our response to EFRAG's draft answers to the Exposure Draft questions in the Appendix.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,

drs. G.M. van Santen RA
Chairman Dutch Accounting Standards Board

Appendix 1: Responses to Exposure Draft Questions

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Question 1—Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

The ISSB proposes to permit entities to limit their disclosure of Scope 3 Category 15 greenhouse gas emissions. This limitation would permit entities to exclude some of their Scope 3 Category 15 greenhouse gas emissions, including those emissions associated with derivatives, facilitated emissions and insurance-associated emissions, when measuring and disclosing Scope 3 greenhouse gas emissions in accordance with paragraph 29(a)(i)(3) of IFRS S2.

(a) The ISSB proposes to add paragraph 29A(a), which would permit an entity to limit its disclosure of Scope 3 Category 15 greenhouse gas emissions to financed emissions, as defined in IFRS S2 (being those emissions attributed to loans and investments made by an entity to an investee or counterparty). For the purposes of the limitation, the proposed paragraph 29A(a) would expressly permit an entity to exclude greenhouse gas emissions associated with derivatives. Consequently, this paragraph would permit an entity to exclude emissions associated with derivatives, facilitated emissions or insurance-associated emissions from its disclosure of Scope 3 greenhouse gas emissions.

The proposed amendment would not prevent an entity from choosing to disclose greenhouse gas emissions associated with derivatives, facilitated emissions or insurance-associated emissions should it elect to do so.

Paragraphs BC7–BC24 of the Basis for Conclusions describe the reasons for the proposed amendment.

Do you agree with the proposed amendment? Why or why not?

- *DASB, in line with, EFRAG supports the proposed amendments. The proposed amendments are in line with legislation for the financial sector and are expected to relieve reporters.*
- *The DASB suggests EFRAG to add an overall high-level answer in its response to underpin the most important aspects of the detailed answers on the specific topics (e.g. comparability, need for guidance/explanation and future-proofing the disclosure requirements)*
- *The DASB suggests to add to the answer in the 'Derivatives' paragraph of question 1(a) not only review necessary for "future technical developments" but also for legislative developments to ensure continuous strengthening of interoperability. This also in light of the current revision of ESRS.*

Question 1—Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

(b) The ISSB also proposes to add paragraph 29A(b), which would require an entity that limits its disclosure of Scope 3 Category 15 greenhouse gas emissions, in accordance with the proposed paragraph 29A(a), to provide information that enables users of general purpose financial reports to understand the magnitude of the derivatives and financial activities associated with the entity's Scope 3 Category 15 greenhouse gas emissions that are excluded. Therefore, the ISSB proposes to add:

- paragraph 29A(b)(i) which would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to disclose the amount of derivatives it excluded; and
- paragraph 29A(b)(ii) which would require an entity that has excluded any other financial activities from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to disclose the amount of other financial activities it excluded.

The term 'derivatives' is not defined in IFRS Sustainability Disclosure Standards, and the ISSB does not propose to define this term. As a result, an entity is required to apply judgement to determine what it treats as derivatives for the purposes of limiting its disclosure of Scope 3 Category 15 greenhouse gas emissions, in accordance with the proposed paragraph 29A(a). The proposed paragraph 29A(b)(i) would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to explain the derivatives it excluded.

Paragraphs BC7–BC24 of the Basis for Conclusions describe the reasons for the proposed disclosure requirements.

Do you agree with the proposed disclosure requirements? Why or why not?

- *The DASB supports EFRAG's observations as we belief that the exclusion of derivatives is currently common practice for banks when calculating financed emissions following the same reasoning as EFRAG already mentions.*
- *The DASB suggests to refer for the term 'derivatives' to the definition in IFRS 9 (or applied GAAP by the reporting company) to improve alignment between financial and sustainability reporting. Accordingly, the DASB is not in favour of disclosing the excluded derivatives as the carrying amounts can also be derived from the financial statements.*

Question 2—Use of the Global Industry Classification Standard in applying specific requirements related to financed emissions

Paragraphs 29(a)(vi)(2) and B62–B63 of IFRS S2 require entities with commercial banking or insurance activities to disclose additional information about their financed emissions. These entities are required to use the Global Industry Classification Standard (GICS) for classifying counterparties when disaggregating their financed emissions information in accordance with paragraphs B62(a)(i) and B63(a)(i) of IFRS S2.

(a) The ISSB proposes to amend the requirements in paragraphs B62(a)(i) and B63(a)(i) of IFRS S2 and to add paragraphs B62A–B62B and B63A–B63B that would provide relief to an entity from using GICS in some circumstances. Under the proposals, an entity can use an alternative industry-classification system in some circumstances when disaggregating financed emissions information disclosed in accordance with paragraphs B62(a)–B62(b) and B63(a)–B63(b) of IFRS S2.

Paragraphs BC25–BC38 of the Basis for Conclusions describe the reasons for the proposed amendment.

Do you agree with the proposed amendment? Why or why not?

(b) The ISSB also proposes to add paragraphs B62C and B63C to require an entity to disclose the industry-classification system used to disaggregate its financed emissions information and, if the entity does not use GICS, to explain the basis for its industry-classification system selection.

Paragraphs BC25–BC38 of the Basis for Conclusions describe the reasons for the proposed disclosure requirements.

Do you agree with the proposed disclosure requirements? Why or why not?

2a

- *The DASB supports EFRAG's response.*

2b

- *The DASB supports EFRAG's response.*
- *The DASB suggests to also add a positive remark such as the support for connectivity with financial reporting (e.g. B62B).*

Question 3—Jurisdictional relief from using the GHG Protocol Corporate Standard
The ISSB proposes to amend paragraphs 29(a)(ii) and B24 of IFRS S2 to clarify the scope of the jurisdictional relief available if an entity is required by a jurisdictional authority or an exchange on which it is listed to use a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) to measure greenhouse gas emissions for a part of the entity. The amendment would clarify that this relief, which permits an entity to use a different method for measuring greenhouse gas emissions, is available for the relevant part of the entity when such a jurisdictional or exchange requirement applies to an entity in whole or in part, for as long as that requirement is applicable. Paragraphs BC39–BC43 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

- *The DASB supports EFRAG's response.*
- *The last sentence of EFRAG's response "In the response EFRAG articulated […] calculation methodologies" is not entirely clear to the DASB. To which response does EFRAG refer?*
- *The DASB suggests EFRAG to elaborate a bit on the convergence of this amendment with the ESRS. The DASB feels the answer would be more clear with references to the ESRS.*

Question 4—Applicability of jurisdictional relief for global warming potential values
The ISSB proposes to amend paragraphs B21–B22 of IFRS S2 to extend the jurisdictional relief in the Standard. The ISSB proposes that if an entity is required, in whole or in part, by a jurisdictional authority or exchange on which it is listed to use global warming potential (GWP) values other than the GWP values that are required by paragraphs B21–B22 of IFRS S2, the entity would be permitted to use the GWP values required by such a jurisdictional authority or an exchange for the relevant part of the entity, for as long as that requirement is applicable. Paragraphs BC44–BC49 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

- *The DASB supports EFRAG's response on convergence/interoperability ESRS and IFRS-SDS.*

Question 5—Effective date
The ISSB proposes to add paragraphs C1A–C1B which would specify the effective date of the amendments. The ISSB expects the amendments would make it easier for entities to apply IFRS S2 and would support entities in implementing the Standard. Consequently, the ISSB proposes to set the effective date so that the amendments would be effective as early as possible and to permit early application. Paragraphs BC50–BC51 of the Basis for Conclusions describe the reasons for the proposal. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

- *EFRAG did not provide a draft answer to this question.*
- *The DASB agrees with the rationale that the proposed amendments create more flexibility for reporting entities which might stimulate the support of the application of IFRS-SDS2*
- *Permitting early application seems acceptable.*

Question 6—Other comments
Do you have any other comments on the proposals set out in the Exposure Draft?

- *The DASB suggests to use a 'building- block' approach, maybe not in the short but at least in the medium term, in which international/global standards will be used as a starting point that are subsequently complemented by specific EU-requirements to enhance interoperability by design. Examples of where the DASB feels a building block approach could be considered is the (single) financial materiality perspective from the ISSB-framework as a basis to be subsequently complemented with the EU-framework's impact (double) materiality perspective. This could for example be achieved by investigating whether IFRS S2 could be used as a building block.*