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EFRAG Connectivity project

Cover Note

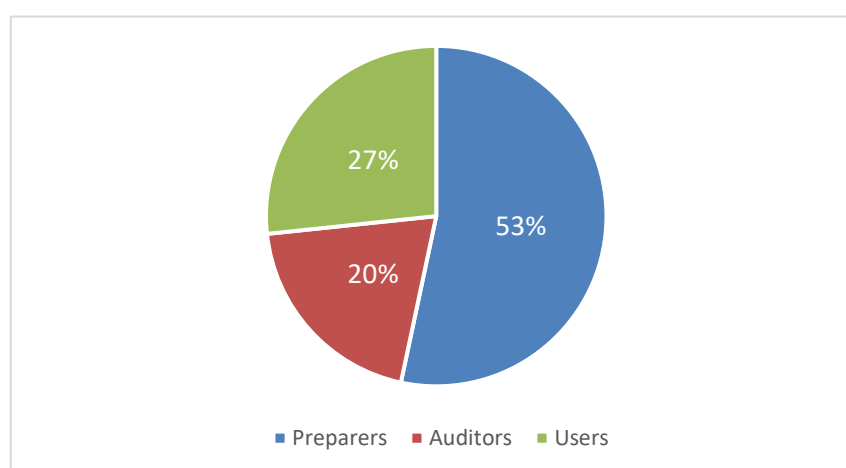
Objective

- 1 The objective of this session is to seek EFRAG FR - SR TEG members' views on the updated content of EFRAG's discussion paper on connectivity ('the DP'), with particular focus on:
 - (a) *Chapter 2 Conceptual foundations of connectivity* – this chapter has been largely informed by the June 2024 EFRAG publication: *Connectivity Considerations and Boundaries of Different Annual Report sections*. The Chapter has been updated to reflect the [Draft] Revised ESRS proposals for connectivity-related requirements (i.e. on the basis of preparation - requirements for fair presentation and reporting boundaries; and connectivity requirements related to direct, indirect connectivity and anticipated financial effects).
 - (b) *Chapter 3 Illustrations of connectivity* - covers illustrations of various types of connectivity and respective anchor points of financial statements and sustainability reporting information. It is noted that the review is based on 2024 reports and Set 1 of ESRS requirements. Any comments on the illustrations (Agenda paper04-02A) can be provided in writing (via email) to the connectivity team.
 - (c) *Chapter 4 Aggregated observations on connectivity* - summarises aggregated observations of the current reporting practices.
 - (d) *Chapter 5 Considerations for the enhancement of connectivity* – analyses specific matters that have been raised during EFRAG's outreach to stakeholders and internal discussions. It is noted that because the ESRS requirements and guidance, including those that are connectivity-related, are under revision, this Chapter does not focus on providing any recommendations for reviewing sustainability reporting requirements. Thus, the chapter only provides considerations to stimulate further feedback from constituents on these aspects of possible enhancement to connectivity, which have surfaced during EFRAG's outreach.
- 2 The introduction chapter (Chapter 1), which addresses the objectives and scope of the DP, is provided for background only. It has been updated to reflect comments received from EFRAG FR TEG and FRB members during the May and June 2025 meetings. Any further comments on this chapter can be provided in writing (via email) to the connectivity team.

Background

- 3 The DP is a result of numerous discussions held over the last two to three years with the EFRAG Connectivity Advisory Panel (EFRAG CAP), the EFRAG FR and SR pillar technical governance bodies (TEGs and Boards), and EFRAG’s advisory working groups (EFRAG IAWG, EFRAG FIWG, EFRAG User Panel, and EFRAG CFSS). The EFRAG CAP has guided both the drafting of the DP and the selection of various illustrations of connectivity.
- 4 In addition, EFRAG has conducted outreach interviews with 15 stakeholders (see Figure 1 below) and, in April 2025, EFRAG hosted a webinar involving expert speakers of different functional backgrounds (see [multi-stakeholder webinar report](#)). Stakeholders’ feedback was also obtained during EFRAG representatives’ presentations¹ of the 2024 EFRAG Connectivity publication.

Figure 1: Functional backgrounds of interviewed stakeholders



Next steps in the finalisation of the DP

- 5 On 5 June 2025, EFRAG FRB adjusted the target date of issuance to late 2025 to enable the involvement of the EFRAG SR TEG and SRB in the finalisation of the DP.
- 6 In the coming weeks, after consulting the FR and SR pillar leadership, the EFRAG Secretariat will propose meetings for the recommendation and approval of the DP.

Agenda Papers

- 7 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 04-02 – Chapter 3 *Illustrations of connectivity*;
 - (b) Agenda paper 04-02A – 17 *Connectivity illustrations (written comments sought for the illustrations)*;
 - (c) Agenda paper 04-03 – Chapter 4 *Aggregated observations on connectivity*;
 - (d) Agenda paper 04-04 – Chapter 5 *Considerations for enhancing the connectivity of reporting*; and

¹ 10 presentations of the EFRAG connectivity publication’s content were made (including to stakeholders in Norway, Sweden, Italy, IFASS, ESMA)

- (e) Agenda paper 04-05 – Chapter 1 *Introduction* (written comments sought for Chapter 1) and Chapter 2 *Conceptual foundations of the illustrations of connectivity*.