



**Organismo Italiano di Contabilità – OIC  
(The Italian Standard Setter)**

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**Re: EFRAG DP Connectivity of financial and sustainability reporting**

Dear Wolf,

We are pleased to have the opportunity to provide our comments on the EFRAG DP Connectivity of financial and sustainability reporting.

We would like to express our general appreciation for EFRAG's continuous commitment and extensive work on this matter. The connectivity between financial and sustainability information is useful for improving the overall consistency, transparency, and credibility of corporate reporting as a whole.

Furthermore, we believe that providing a document that gathers current best practices serves as a useful operational support for companies. This is particularly true for preparers navigating the initial stages of implementing an evolving regulatory framework, such as the current sustainability reporting ecosystem.

However, we would like to draw your attention to the following specific aspects:

1. Update of the Research Scope (Question 2): We note that the sample examined by EFRAG primarily references annual report from the 2023/2024 period, which corresponds to the first year of application of the European Sustainability Reporting Standards (ESRS). Companies are

now progressively maturing greater operational experience, internal processes are becoming increasingly integrated, and the sustainability standards are still currently being defined by the European Commission. Also, in light of the recent amendments to the CSRD and its new scope of application, it is considered useful to observe how sustainability reporting evolves both with regard to companies in scope and those outside its scope who will continue to report on a voluntary basis.

An extension of this research would be beneficial to accurately capture the progress made by the market and would enable decisions on potential amendments to the standards and connectivity requirements to be based on more mature evidence. This extension should include a wider range of examples across diverse sustainability topics beyond climate-related disclosures. Therefore, at this stage, it appears premature to request the IASB to amend IFRS Standards to include specific references to connectivity.

## 2. Anticipated Financial Effects (Question 3)

The topic of anticipated financial effects and their related connectivity represent one of the most critical and challenging areas. We fully share the strong concerns expressed by companies regarding the limited measurability and reliability of this information, given the current lack of mature and consolidated methodologies.

As previously highlighted during the consultation phases on sustainability standards, we strongly suggest deferring any reporting requirements on anticipated financial effects until adequate measurement methodologies are defined by the EFRAG Sustainability/Financial Reporting Board and the IFRS Foundation. Accordingly, any explicit references to the connectivity of these effects should also be deferred.

The high degree of uncertainty inherent in these estimates risks producing information that lacks reliability, thereby undermining its decision-usefulness for users. We believe this EFRAG project could instead serve as an important starting point for the development of calculation methodologies first, and only subsequently addressing their connectivity with the financial statements.

## 3. Boundaries of Financial Statements (Question 4)

We agree with EFRAG's emphasis on the importance of clarifying the boundaries of financial statements, particularly regarding specific reporting areas. However, we believe that such clarification should not automatically result in an expansion of the information to be disclosed within the financial statements. It is believed that financial statements should remain independent documents for users' decisions, maintaining their own preparation criteria.

In line with positions previously expressed in other consultations (ie OIC comment letter on the ED *Business Combinations—Disclosures, Goodwill and Impairment*), we consider it more useful to encourage the IASB to carefully delineate the information to be included in the notes to the financial statements rather than in the management report. The notes to the financial statements should strictly retain financial data supported by objective evidence. Conversely, highly subjective and forward-looking information should be kept within the management report, also taking into account the different level of assurance among these reports.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,  
Michele Pizzo  
(OIC Chair of the Board of Directors)

