



EFRAG UPDATE

September 2022

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held, and decisions taken during that month.

The EFRAG General Assembly in January 2022 has approved the revised [EFRAG Statutes](#) and [EFRAG Internal Rules](#), integrating the new Sustainability Reporting Pillar in EFRAG's organisational structure. From now on EFRAG Financial Reporting Board and TEG are indicated as 'EFRAG FRB/TEG' and EFRAG Sustainability Reporting Board and TEG as 'EFRAG SRB/TEG'.

PUBLICATIONS

Discussion Paper

On 27 September 2022, EFRAG published a [Discussion Paper on Accounting for Variable Consideration](#) and invites constituents to comment **by 31 May 2023**.

The Discussion Paper identifies the accounting issues about variable consideration faced by purchaser entities and focusses on two issues faced by purchaser entities where there is divergence in practice.

For more details, please see the [EFRAG website](#).

Annual Review 2021

In the beginning of September, EFRAG published its [Annual Review 2021](#) that highlights the main achievements of the organisation in the past year and the important developments that took place in the first half of 2022, such as the governance reform and the confirmation of EFRAG's role as the technical advisor to the EC providing technical advice in the form of draft European Sustainability Reporting Standards, in addition to the financial reporting developments.

For more details, please see the [EFRAG website](#).

WEBINARS AND ON-LINE OUTREACHES

Roundtable discussions on the IASB's project *Primary Financial Statements*

EFRAG in coordination with the IASB and European national standard setters will conduct roundtable discussions with preparers focused on a selection of tentative decisions made by the IASB. These represent a change to the proposals in the Exposure Draft *General Presentation and Disclosures* issued in 2019.



EFRAG invites you to participate in the roundtable discussions taking place on **24 October** and **2 November 2022**, from 9h to 11h (CET) (closed online event).

If you are interested to participate and express your views, please contact ioana.kiss@efrag.org by **30 September 2022**.

For more details, please see the [EFRAG website](#).

Save the date - EFRAG Conference "Where is Corporate Reporting heading?"

On 7 December 2022, EFRAG will hold its conference "Where is Corporate Reporting heading?" in Brussels to celebrate its 21-year anniversary and discuss EFRAG's major accomplishments, past and future. It will be an occasion to debate the new trends in corporate reporting following the Environmental, Social and Governance (ESG) revolution and the connectivity with financial reporting.

Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets Union, will be the keynote speaker.

The conference will take place on **Wednesday 7 December from 9:30 to 17:30 CET** and will be followed by drinks. Please note this is a physical event.

You can register [here](#).

For more details, please see the [EFRAG website](#).

OPEN CONSULTATIONS

Title and description	Closing date
Academic study on the effects of IFRS 15 Revenue from Contracts with Customers	TBD
EFRAG Discussion Paper <i>Accounting for Variable Consideration from a Purchaser Perspective</i>	31 May 2023

For more information, please see [EFRAG's consultations page](#).

CALL FOR CANDIDATES

Join the EFRAG Financial Reporting TEG for the 2023 Rotation

EFRAG is looking for candidates from a wide range of backgrounds and geographical origins and welcomes all applications. EFRAG seeks in particular candidates with a user or preparer background. Please send your application by **7 November 2022**.

Complete call for candidates can be found [here](#).



For more details, please see the [EFRAG website](#).

EFRAG FINANCIAL REPORTING BOARD (FRB)

[Webcast meeting](#)

The EFRAG FRB did not meet in September.

Next meeting

The EFRAG FRB will hold a next webcast meeting on [18 October 2022](#).

[September 2022 written procedures](#)

The EFRAG FRB has not approved any documents using written procedures in September 2022.

[Expected October 2022 written procedures](#)

The EFRAG FRB is not expected to approve any documents using written procedures in October 2022.

EFRAG ADMINISTRATIVE BOARD

The EFRAG Administrative Board held a public session on [6 September 2022](#) to discuss a request from the EFRAG SRB and EFRAG SR TEG to have an accelerated due process for the second Set of draft ESRS.

Members were not asked to take a decision at the meeting but heard a summary of the discussion at the EFRAG Administrative Board Due Process Committee (EFRAG Administrative Board DPC). The latter had concluded that more information was needed from the EFRAG SRB and EFRAG SR TEG about the rationale for a shortened consultation period for the second Set of draft ESRS and suggested further consideration of other alternatives and mitigating actions. A new discussion is scheduled to take place in October 2022 on the matter at the EFRAG Administrative Board DPC.

The EFRAG Administrative Board also received an update from the Acting Chair of EFRAG SR TEG on:

- the activities conducted by the EFRAG SR TEG and the EFRAG SRB since May 2022 and the activities planned until November 2022;
- the main issues identified and discussed at the meetings and how the issues will be addressed by the EFRAG SR TEG and EFRAG SRB; and
- the preliminary messages heard from the public consultation.



No decisions were taken at the meeting.

EFRAG Financial Reporting TECHNICAL EXPERT GROUP (FR TEG)

Webcast meeting

EFRAG FR TEG held a webcast meeting on [14 September 2022](#) and discussed the following topics:

IASB Project *Primary Financial Statements*

EFRAG FR TEG discussed the targeted outreach activities on a selection of tentative decisions made by the IASB that represent a change to the proposals in the Exposure Draft *General Presentation and Disclosures*, including questions for participants proposed by the IASB.

In general, members agreed on having some additional questions on the selected tentative decisions considered for outreach. However, there were concerns over the timing of the outreach as there were several topics that the IASB still needed to deliberate.

No decisions were taken at the meeting.

IASB Project *Dynamic Risk Management*

EFRAG FR TEG discussed the IASB's May and July tentative decisions and on mechanics of the Dynamic Risk Management model and project plan. Members generally supported the direction of the IASB's project and welcomed the future discussions on how the model will be applied in practice. Members also highlighted the importance of field tests and user involvement.

No decisions were taken at the meeting.

Next meeting

EFRAG FR TEG will hold a next webcast meeting [6 October 2022](#).

EFRAG CFSS AND EFRAG FR TEG

Webcast meeting

EFRAG FR TEG and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) held a webcast meeting on [14 September 2022](#) and discussed the following topics:

IASB Project *Primary Financial Statements*

EFRAG FR TEG and EFRAG CFSS members discussed the targeted outreach activities planned by EFRAG and the IASB on a selection of tentative decisions that represent a change to the initial proposals included in the IASB's exposure draft on this project.



Members expressed interest in cooperating with EFRAG on the targeted outreach events. Suggestions were made to involve more users in the events and to clearly communicate the importance of this outreach, which might be the last chance for constituents to provide their views on any of the tentative decisions to be included in a future IFRS Standard.

IASB Project *Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures*

EFRAG FR TEG and EFRAG CFSS members received an update on the IASB's project *Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures*. Members also discussed the use of the concept 'available for public use', the proposed disclosure requirements and the structure of the draft IFRS Standard.

In general, members did not consider that the concept of 'available for public use' was a fundamental qualifying criterion, however noted that the removal of such concept could raise wider questions on the scope, such as the need for having a parent.

On the structure of the draft IFRS Standard, members highlighted the importance of having an independent and stand-alone reduced-disclosure IFRS Standard that clearly identifies all the disclosure requirements that preparers need to comply with.

IASB Project *Rate-regulated Activities*

EFRAG FR TEG and EFRAG CFSS members discussed the IASB's May and July tentative decisions on scope and total allowed compensation for rate-regulated activities project. Members generally supported the IASB's direction on scope. However, some members considered that scope exclusion for financial instruments within the scope of IFRS 9 would help avoid any future situations when such circumstances might appear.

Members supported the extensive outreach and overall direction for the guidance being developed to address the concerns reported by respondents. However, members noted that it would be important to see the final working of the guidance and accompanying examples to assess whether it was doable within multiple regulatory regimes.

IASB Research Project *Post-Implementation Review of IFRS 9 - Classification and Measurement*

EFRAG FR TEG and EFRAG CFSS members received an update on the latest IASB and EFRAG discussions on equity instruments and other comprehensive income. Members discussed possible ways forward for a solution on recycling and the characteristics of an impairment model for equity instruments measured at fair value through other comprehensive income (FVOCI) that the IASB could consider should recycling of FVOCI be considered as a way forward.

Some members considered that a solution focused on an insurance-based approach combined with a simple rule-based impairment model could be a practical expedient. However, members highlighted the importance of i) understanding of the prevalence and the relevance of the issue across sectors; ii) understanding why recycling provides better information; and iii) a similar treatment between insurance and banking sector.



IFRS IC Discussions

EFRAG FR TEG and EFRAG CFSS members received an update on the open issues of the IFRS IC.

Next meeting

EFRAG FR TEG and EFRAG CFSS will hold a next webcast meeting [30 November 2022](#).

EFRAG'S SUSTAINABILITY REPORTING AND RELATED ACTIVITIES

[EFRAG Governance Reform](#)

In June 2022, the CSRD text provisionally agreed between the European Commission, the Council and the European Parliament confirmed the role of EFRAG as technical advisor providing draft ESRS. The agreed text of the CSRD, which is still subject to legal review, is available on the [Council website](#).

[EFRAG Sustainability Reporting Board \(EFRAG SRB\)](#)

The EFRAG SRB had a series of meetings on 2, 5, 12, 13, 14 and 26 September 2022. The topics addressed during these meetings included the following:

- Agreement of the EFRAG SR TEG recommendations for alignment with GRI.
- Discussion on rebuttable presumption for the materiality approach and update on the discussion in EFRAG SR TEG.
- Discussion and approval of changes to ESRS 2 and other standards to enhance alignment with the ISSB and TCFD architecture.
- Consideration of the outcome of the User Test Focus Group.
- Agreement on changes proposed by the EFRAG SR TEG on ESRS 1 with respect to time horizons, subsidiary exemption, and incorporation by reference.
- Agreement on strategic direction for a list of changes to ESRS 1 on the basis of the public consultation feedback.
- Agreement on actions proposed by the EFRAG SR TEG on alignment of ESRS 1 and ESRS 2 with GRI.
- Discussion and agreement on the methodology for sector-specific standards.
- Discussion of the feedback from the public consultation, including analysis of the survey's comments and statistics.

Additionally, joint meetings with EFRAG SR TEG took place on 7, 8 and 30 September 2022, to receive and discuss a presentation of the preliminary results of the public consultation comment letter analysis.

A series of meetings of the EFRAG SRB are scheduled to take place during the period of October to mid-November 2022, to discuss and approve the draft standards for the first set of ESRS to be delivered to the European Commission in November. Additional meetings may be scheduled as necessary for completing the work on the draft ESRS to be submitted to the European Commission and to start the discussions on the second Set of draft ESRS.

[EFRAG Sustainability Reporting Technical Expert Group \(EFRAG SR TEG\)](#)

The EFRAG SR TEG had a series of meetings on 6, 15, 19 to 23, and 30 September 2022. The topics addressed during these meetings included the following in chronological order:

- Discussion of way forward with respect to the materiality approach, the definition of incident in draft ESRS G2, the time horizon, and the subsidiary exemption.
- Discussion of way forward regarding granularity of decarbonisation levers and resources, potential financial effects from environmental matters related impacts, risks and opportunities, just transition, diversity and affected stakeholders definition.
- Approval of list of changes to the draft ESRS 1 ED, including the list of items for further discussion.
- Discussion and agreement on way forward on the basis of the public consultation feedback for ESRS 1, ESRS 2, ESRS E1, ESRS E2, ESRS E3, ESRS E4, ESRS E5, ESRS S1, ESRS S2 ESRS S3, ESRS S4, ESRS G1 and ESRS G2.
- Presentation and discussion of the visual map that would support the materiality assessment.

A series of meetings of the EFRAG SR TEG are scheduled to take place during the period of October to mid-November 2022, to allow discussion and approval of the draft standards for the first set of ESRS to be delivered to the European Commission in November. Additional meetings may be scheduled as necessary for completing the work on the draft ESRS to be submitted to the European Commission and to start the discussions on the second Set of draft ESRS.

[Other involvement in sustainability reporting](#)

Platform on Sustainable Finance (PSF)

EFRAG attended the 24th Plenary meeting of the Platform on Sustainable Finance on 13-14 September 2022, in which rapporteurs provided updates on:

- The Technical Working Group's open work streams and the criteria for enabling activities developed by the enabling taskforce;
- Subgroup 4's report public consultation;
- The feedback received on Subgroup 5's final report; and



- Subgroup 3's actions on dissemination.

The PSF organised an optional workshop on the enabling framework on 12 September 2022. Subgroup 5 held meeting on 13 and 16 September 2022 to debate feedback to its final report and changes to the report, as necessary.

The final report of SG5 was adopted by the PSF at a special plenary meeting held on 26 September 2022.

The last plenary meeting of the PSF, in its current role and composition, is scheduled to take place on 11-12 October 2022.

CALLS

Call for tenders - Developing the XBRL Taxonomy of the first set of ESRS

On 28 September 2022, EFRAG published call for tenders to outsource the development of the XBRL taxonomy of the first set of European Sustainability Reporting Standards (ESRS) to XBRL specialised experts. Responses are expected no later than **Monday 24 October 2022**, by close of business. The call for tenders can be downloaded [here](#).

Tenders should include a completed and signed [Information Form](#). The form and the information in the call for tenders should be sent to call.for.tender@efrag.org.

For more details, please see the [EFRAG website](#).

Call for candidates for EFRAG Sustainability Reporting TEG Focused on Consumer Expertise

On 30 September 2022, EFRAG published a call for candidates for its EFRAG Sustainability Reporting TEG with a consumer profile. Interested experts are invited to send their applications, setting out the name, CV and motivation letter, **by 24 October 2022**, to the following email address: nominations@efrag.org. Early applications are encouraged. The interviews will take place in the form of a webcast meeting.

For more details, please see the [EFRAG website](#).

FIRST IFASS MEETING UNDER EFRAG SECRETARIAT

On 27 and 28 September 2022, the meeting of the International Forum of Accounting Standard Setters (IFASS) organised by the EFRAG Secretariat took place in London. This is in connection with the two-year term of Chiara Del Prete (EFRAG FR TEG Chairwoman) as chair of IFASS. The agenda covered topics of financial reporting and sustainability reporting, including ongoing IASB and ISSB projects, as well as emerging topics.