



# EFRAG

Europe's voice in corporate reporting

**AUGUST 2023**



## **EFRAG UPDATE**

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.

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## CALL FOR CANDIDATES

### Staff recruitment

EFRAG is currently recruiting technical staff for both its Financial and Sustainability Reporting Pillars. Check our [vacancies webpage](#) and apply now.



#### **FR - Senior Technical Manager**

Are you an expert in Financial Reporting, with robust knowledge of IFRS Standards?

Join EFRAG as Senior Technical Manager and be at the forefront of shaping financial reporting developments!

Read the complete [job description](#) and submit your application at [Rh@efrag.org](mailto:Rh@efrag.org).

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



#### **FR - Senior Technical Manager - Financial Instruments Specialist**

Experts in Financial Reporting, with in-depth experience are invited to read the [job description](#) and send their application now.

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



#### **SR - Environmental specialist**

Join the EFRAG sustainability reporting pillar: a multicultural, fast-evolving environment. Applications are welcome for professionals with over 5 years' experience.

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



#### **FR - Assistant Technical Manager**

Interested in Financial Reporting? Join EFRAG as assistant technical manager, a unique opportunity to develop your career.

Read the complete [job description](#) and how to apply [here](#).

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

[EFRAG groups](#)

## **EFRAG welcomes applications for its Sustainability Reporting Financial Institutions Advisory Panels until 15 September 2023**

EFRAG reminds that experts with strong technical expertise, including implementation work, on European Sustainability Reporting Standards and Sustainability Reporting challenges within the banking, capital markets and insurance sectors have until **15 September 2023** to send their application to join EFRAG's SR FI Advisory Panels.

Read the complete [call for candidates](#) and apply now.

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

## **EFRAG FRB AND EFRAG SRB**

[Joint webcast meeting 28 August 2023](#)

The EFRAG SRB held a webcast meeting on [28 August 2023](#) to finalise its response on the ISSB's Agenda consultation. The EFRAG FRB joined the meeting for the first session.

### **EFRAG FRB and SRB joint session on the ISSB Agenda consultation**

The EFRAG FRB provided its input to the EFRAG SRB on its response to Question 7 (on integration in reporting). The EFRAG FRB noted the support for EFRAG's preliminary views in its draft comment letter. The EFRAG FRB suggested some refinements to the proposed response as recommended by EFRAG SR TEG with input from FR TEG.

### **ISSB Agenda consultation approval**

The EFRAG Secretariat clarified the methodology followed to analyse responses received and how constituent's feedback was considered in the process of finalising the comment letter.

The respondents largely supported the positions expressed in the draft comment letter and added a number of reinforcing arguments that have been included in the final comment letter.

The EFRAG SRB agreed and supported the content of the proposed final comment letter to the ISSB's Consultation on Agenda Priorities, subject to minor editorial

changes and additional remarks. This follows on from the recommendation from EFRAG SR TEG.

The EFRAG SRB members approved the final comment letter for issuance to the ISSB.

## EFRAG SR TEG AND EFRAG FR TEG

[EFRAG SR TEG and EFRAG FR TEG joint webcast meeting 21 August 2023](#)

Similarly, EFRAG SR TEG held a webcast meeting on [21 August 2023](#) to recommend to the EFRAG SRB the proposed final comment letter. EFRAG FR TEG joined the meeting for the first hour.

### **Joint session on ISSB Agenda consultation**

During this joint session, EFRAG FR and EFRAG SR TEG considered the input received from constituents related to Question 7 (on integration in reporting) of the EFRAG's Draft Comment Letter to the ISSB Consultation.

Constituents generally supported EFRAG's draft response. EFRAG asked constituents whether they agreed with EFRAG that a project on connectivity between sustainability and financial reporting should be a priority compared to integration in reporting. In addition, the majority of respondents considered that integration in reporting should be a formal joint project of both the IASB and the ISSB.

### **ISSB Agenda consultation approval**

The rest of EFRAG SR TEG meeting was devoted to recommendation to the EFRAG SRB of the EFRAG's Final Comment Letter. It focussed on Questions 1 to 6 in the letter.

Constituents generally supported the EFRAG proposed responses to the DCL with some changes and additions. The EFRAG SR TEG members provided drafting input on the proposed response. EFRAG SR TEG recommended the proposed response subject to the agreed changes to the EFRAG SRB for issuance.

# EFRAG'S FINANCIAL REPORTING ACTIVITIES

## OPEN CONSULTATIONS

<b>Title and description</b>	<b>Closing date</b>
Academic study on the effects of IFRS 15 <i>Revenue from Contracts with Customers</i>	1 September 2023
EFRAG Draft Comment Letter on PIR of IFRS 9 - <i>Impairment</i>	8 September 2023
EFRAG Draft Endorsement Advice on Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	11 September 2023
EFRAG Draft Comment Letter on PIR of IFRS 15 - <i>Revenue from Contracts with Customers</i>	11 October 2023
EFRAG Discussion Paper <i>Accounting for Variable Consideration from a Purchaser Perspective</i>	30 November 2023

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

## WEBINARS AND ONLINE OUTREACHES

### **EFRAG seeks users' input on the effects of the implementation of IFRS 15 *Revenue from Contracts With Customers***

As part of its outreach on the Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*, EFRAG invites users of financial statements to participate in one-to-one interviews on the effects of the implementation of IFRS 15, which are to be conducted until early October 2023.

To express your interest to participate, please send your contact details to either [juanjose.gomez@efrag.org](mailto:juanjose.gomez@efrag.org) or [monica.franceschini@efrag.org](mailto:monica.franceschini@efrag.org).

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



## EFRAG FINANCIAL REPORTING BOARD (FRB)

The EFRAG FRB did not have meetings in August 2023 other than the joint meeting with the EFRAG SRB.

### **Next meeting**

The EFRAG FRB will hold a next public meeting on [3 October 2023](#).

The EFRAG FRB meets on 11 September 2023 to discuss the workplan and administrative matters.

### EFRAG FRB August 2023 written procedures

The EFRAG FRB did not approve any documents using written procedures in August.

### EFRAG FRB expected September 2023 written procedures.

The EFRAG FRB is expected to approve the following document using written procedure in September 2023:

- EFRAG Draft Endorsement Advice on Amendments to IAS 21 *Lack of Exchangeability*.

## EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG)

EFRAG FR TEG did not hold meetings in August 2023.

### **Next meeting**

EFRAG FR TEG will hold a next meeting on [15 September 2023](#).

### EFRAG FR TEG August 2023 written procedures

EFRAG FR TEG did not approve any documents using written procedures in August.

### EFRAG FR TEG expected September 2023 written procedures

EFRAG FR TEG is not expected to approve any documents using written procedures in September.

# EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

## PUBLICATIONS

### **Final Comment Letters**

#### *ISSB ED Methodology for Enhancing the International Applicability of the SASB Standard and SAS Standards Taxonomy Updates*

On 9 August 2023, EFRAG submitted its [comment letter](#) on the ISSB ED *Methodology for Enhancing the International Applicability of the SASB Standard and SAS Standards Taxonomy Updates*.

EFRAG generally agrees that the proposed methodology would improve the international applicability of the SASB standards but recommends paying attention to issues that are more pertinent outside the US environment.

The proposed methodology being a temporary step, concerns were raised about the final status of the industry-based disclosure requirements. In case they were to become mandatory as a future step, EFRAG stresses the need for a robust technical process including preliminary public consultation.

#### *ISSB ED Request for information - Consultation on Agenda Priorities*

On 30 August 2023, EFRAG submitted its [comment letter](#) on the ISSB ED *Request for information - Consultation on Agenda Priorities*.

EFRAG notes that supporting and contributing to the ISSB's work is an integral part of its mandate and interoperability with the IFRS sustainability standards is a driver of the ESRS content design. Overall EFRAG recommends that the ISSB 1) clarifies the universe of sustainability-related information to be covered 2) prioritises interoperability as well as 3) prioritises connectivity, topical standards and implementation guidance on issued standards in its workplan.

EFRAG disagrees with defining the biodiversity project so broadly that it becomes all-encompassing and while it applauds the ISSB's intention to include social topics, it is concerned about the implied distinction between human capital and human rights.



## EFRAG SUSTAINABILITY REPORTING BOARD (SRB)

Meeting date	Topics covered
23 August 2023	<ul style="list-style-type: none"><li>• Strategy (closed)</li><li>• Approval of joint EFRAG GRI Interoperability Statement (public)</li><li>• Update on Interoperability with IFRS S1 and S2 Standards (public)</li><li>• Discussion of Draft Value Chain Implementation Guidance (public)</li><li>• Discussion of Draft Materiality Assessment Implementation Guidance (public)</li></ul>

The next EFRAG SRB meeting will be held on [13 September 2023](#).

### Interoperability

The objective of the meeting was to approve the joint EFRAG-GRI interoperability statement, considering the final text of ESRS as per the delegated act adopted by the European Commission on 31 July 2023. The EFRAG SRB Chair emphasised the difference between reporting with reference to GRI compared to in accordance with GRI standards. The two organisations agreed that overall, a high level of interoperability with GRI was achieved in relation to impact reporting. As a result, entities reporting under ESRS are considered as reporting with reference to the GRI Standards (as defined by GRI 1).

In the following session, an update was given on the interoperability of ESRS and IFRS S1 and S2. EFRAG assessed at this stage that EC/EFRAG and the ISSB have ensured a very high degree of interoperability between the two sets of standards:

(i) companies that are required to report in accordance with ESRS will to a very large extent report the same information as companies that use ISSB standards; and

(ii) The very high degree of interoperability between ESRS and the two ISSB standards significantly reduces the risk that companies required to report in accordance with ESRS will also be expected to report separately under ISSB standards.

The paper prepared for this session included a climate-related disclosures mapping table (not agreed with the ISSB), as a contribution to the ongoing joint work with the

ISSB on interoperability guidance on ESRS and ISSB standards. Discussions with the ISSB will continue and focus on the draft mapping and on promoting similar digital reporting, aiming to strengthen interoperability.

### **Implementation activities**

On 23 August 2023, both the Draft Value Chain and Draft Materiality Assessment Implementation Guidance were discussed by the EFRAG SRB.

The papers discussed in the meeting were prepared under the responsibility of the EFRAG Secretariat and are subject to changes, which may also be substantial, in the approval process. They cannot be understood to set EFRAG guidance at this stage, until they are approved by the EFRAG SRB.

The EFRAG SRB members pointed out the urgency of the Implementation Guidance, given its relevance for first time preparers and users. Given the linkage between the two documents, it was decided that one cannot be issued for public feedback without the other and so the approval process should run in parallel.

Regarding the Value Chain Implementation Guidance, the EFRAG SRB did not highlight express content flaws that would need to be addressed before they could approve the document, however they will provide further editorial comments.

The EFRAG SRB supported the overall content of the draft the Materiality Assessment Implementation Guidance and made several proposals for further improvements, including enhancing the structure and use of language, such as repetitions and redundancies (and overall length).

## **EFRAG SUSTAINABILITY REPORTING TECHNICAL EXPERT GROUP (SR TEG)**

Apart from the meeting with the joint session with EFRAG FR TEG and EFRAG SR TEG held no other meetings during August. The next EFRAG SR TEG meeting will be held on [4 September 2023](#).

## OTHER INVOLVEMENT IN SUSTAINABILITY REPORTING

### **Platform on Sustainable Finance (PSF)**

EFRAG is an official observer in the second mandate of the Platform on Sustainable Finance and is represented by Kerstin Lopatta, EFRAG SRB Vice-Chair. EFRAG participates in *Usability and Data* (SG1) and in the *Technical Working Group advising on the technical screening criteria* (SG2).

No meetings took place in August.

The next, 8th plenary meeting of the Platform on Sustainable Finance takes place on 13 September 2023 in Brussels and is preceded by Subgroup meetings on 12 September 2023.