

2022

ANNUAL REVIEW

Thought leadership,
transparency
and public
accountability

About EFRAG

General presentation

EFRAG is a private association established in 2001 with the encouragement of the European Commission to serve the public interest. EFRAG extended its mission in 2022, following the new role assigned to EFRAG in the Corporate Sustainability Reporting Directive, providing Technical Advice to the European Commission in the form of fully prepared draft EU Sustainability Reporting Standards and/or draft amendments to these Standards. Its Member Organisations are European stakeholders and National Organisations and Civil Society Organisations.

EFRAG's activities are organised in two pillars:

- **A Financial Reporting Pillar:** influencing the development of IFRS Standards from a European perspective and how they contribute to the efficiency of capital markets and providing endorsement advice on (amendments to) IFRS Standards to the European Commission.
- **A Sustainability Reporting Pillar:** developing draft European Sustainability Reporting Standards, and related amendments for the European Commission.

Mission statement

EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting.

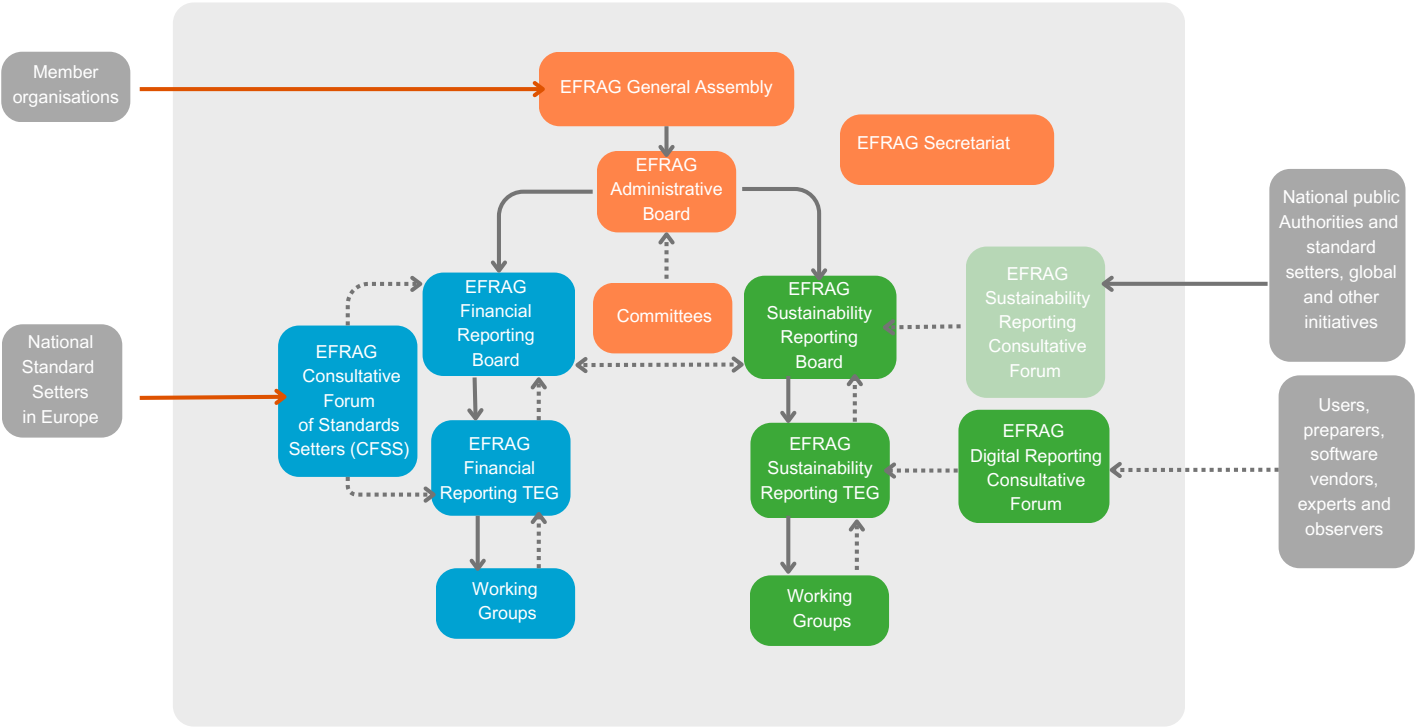
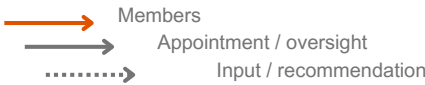
In its financial reporting activities, EFRAG ensures that the European views are properly considered in the IASB's standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or amended IFRS Standards meet the criteria of the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard-setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.

[EFRAG Statutes and Internal Rules](#)

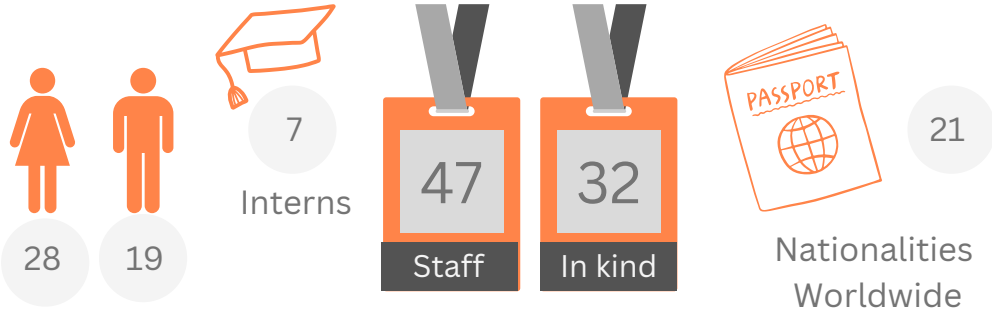
EFRAG Structure



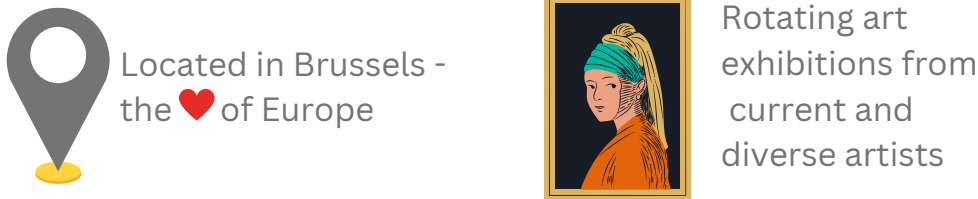
The EFRAG Secretariat keeps stakeholders informed thanks to...

(June 2023 figures)

Dedicated staff



Great premises



Relevant information



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Highlights of the year 2022

HIGHLIGHTS OF THE YEAR



Q1

EFRAG granted Chairmanship of International Forum of Accounting Standard Setters (IFASS)



Q1

EFRAG welcomes 14 new members to its sustainability reporting membership and completes the composition of the EFRAG Administrative Board



Q1

EFRAG reappointed to Accounting Standards Advisory Forum (ASAF)

EFRAG v new Su Report



Q3

Publication of the EFRAG Discussion Paper on Accounting for Variable Consideration



Q3

Establishment of the community sector groups supporting the development of sector specific draft ESRS



Q2

EFRAG confirmed in its role of sustainability reporting technical advisor to the EC: EP & Council reach provisional agreement on the EC's proposal for a CSRD



Q2

EFRAG hold educational on the dra EDs & our events in v countr



Q4

EFRAG welcomes new member organisation CNC-CBN, chairs of our Reporting Boards and new members of the EFRAG SRB



Q4

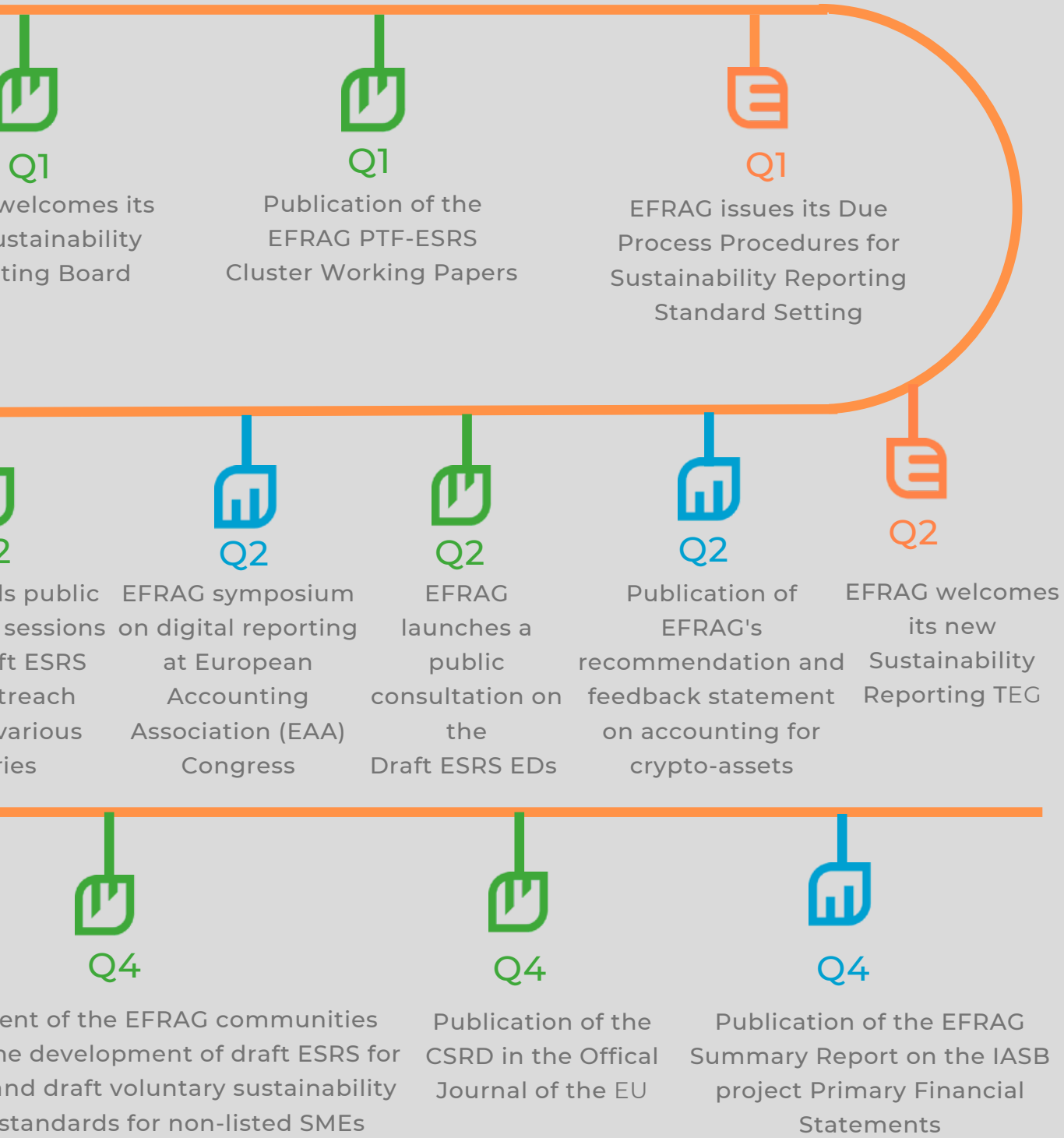
EFRAG delivers the first set of draft ESRS to the EC

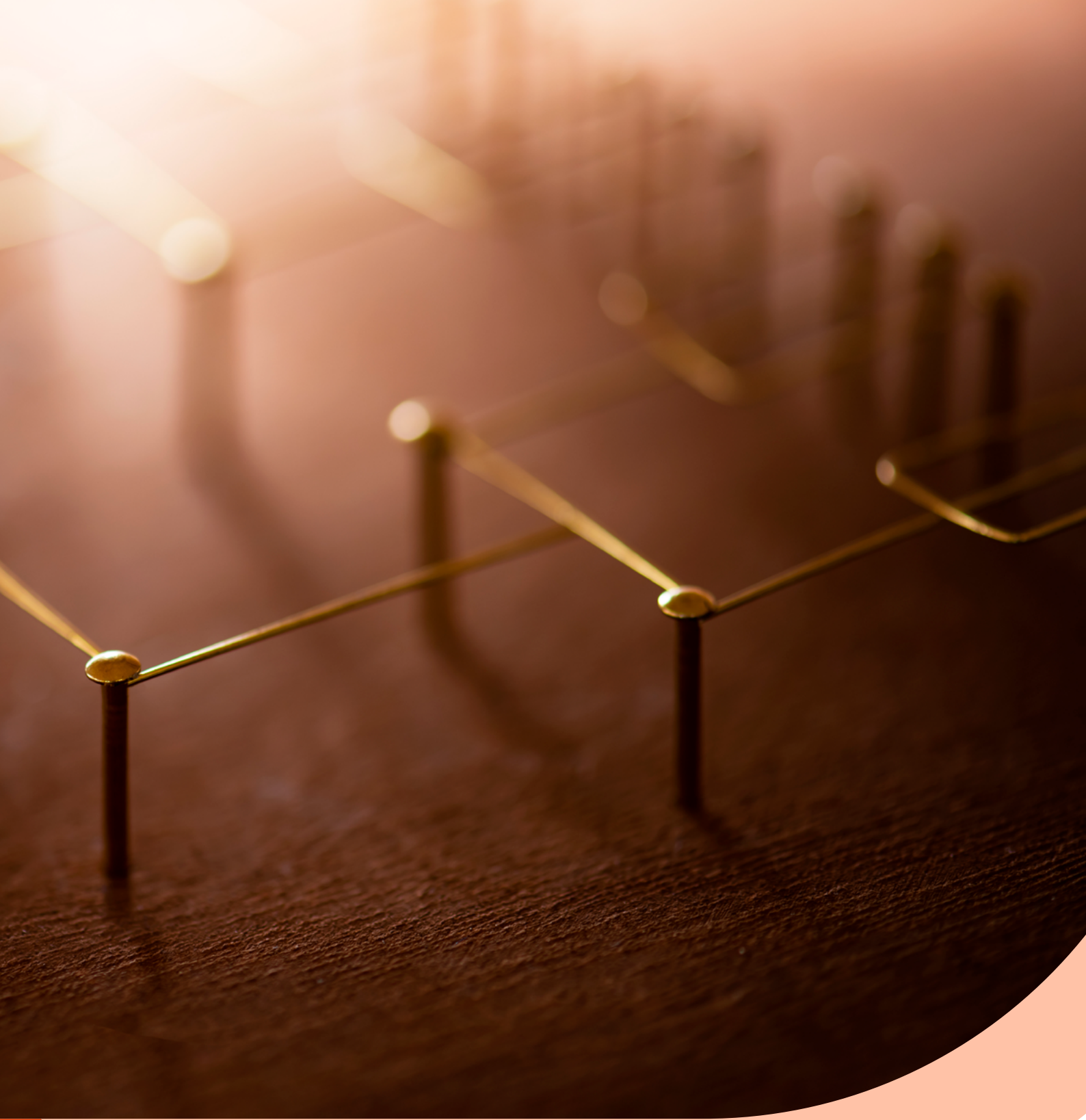


Q4

EFRAG Anniversary Conference "Where is Corporate Reporting heading"

Establishm supporting th listed SMEs a reporting





Corporate Reporting Activities

Report from EFRAG Administrative Board President

Hans Buysse

and EFRAG CEO

Saskia Slomp



Report from Hans Buysse, EFRAG Administrative Board President

Tribute to Jean-Paul Gauzes

In July 2022, I succeeded Jean-Paul Gauzes as EFRAG Administrative Board President. The EFRAG Administrative Board is responsible for the oversight, administration, due process, finance and budget, nominations and all other forms of governance. Let me start with expressing EFRAG's and my personal great appreciation for Jean- Paul Gauzes who brought EFRAG in a new phase embracing corporate reporting: in addition to over 20 years of financial reporting, EFRAG today has a crucial role in sustainability reporting. Jean-Paul guided the implementation of the recommendations in his report on the governance of EFRAG, which were fully supported by Commissioner McGuinness, including the establishment of the EFRAG Sustainability Reporting TEG (EFRAG SR TEG) and EFRAG Sustainability Reporting Board (EFRAG SRB) within very short deadlines. An amazing effort and achievement.

However, Jean-Paul's presidency was not only marked by EFRAG entering the sustainability reporting domain from 2018 with the establishment of the European Corporate Reporting Lab; there were also major achievements in financial reporting. I would like to mention IFRS 17 *Insurance Contracts* and the related endorsement advice, and the proactive research discussion papers on *Accounting for Crypto -Assets (Liabilities)* and *Better Information on Intangibles, which is the best way to go?*

Jean-Paul guided EFRAG efficiently and effectively through the Covid-19 period of almost two years without physical meetings, a particular challenge for the bodies established during this period and making

this work and these achievements even more remarkable. Jean-Paul has put the barrier high for me. I inherited a new EFRAG and will do my utmost to meet expectations in challenging resource circumstances with the help of the EFRAG Financial Reporting Board (EFRAG FRB) Chair Wolf Klinz and EFRAG SRB Chair Patrick de Cambourg. We are motivated to work in the European public interest and to provide high-quality advice to the European Commission within the challenging deadlines. It is the task of EFRAG FRB and EFRAG SRB, supported respectively by the EFRAG Financial Reporting TEG (EFRAG FR TEG) and EFRAG SR TEG, to deliver technical advice to the European Commission; but my task is to prepare EFRAG for this task and run it together with the EFRAG Administrative Board.

Strategy 2024-2027

Now that the new governance structure has been in place for almost one year, EFRAG is developing its strategy for the coming four years, taking into account the developments in its environment, assessing where EFRAG wants to be at the end of 2027 and outlining what role it wants to play on a European and on a global scale. EFRAG wants to continue to strengthen its role as European voice in corporate reporting and enhance thought leadership in this domain but also be influential at global level.



Connectivity plays an important role both in technical and governance respect: connectivity between financial reporting and sustainability reporting is key and will be considered in all EFRAG's activities. Connectivity in governance is the cooperation between the two pillars in EFRAG and notably between its bodies: EFRAG FRB and EFRAG SRB and EFRAG FR TEG and EFRAG SR TEG. EFRAG is one organisation, so all governance elements work closely together.

One of EFRAG's main challenges for now and for the coming years are its resources both financially and in terms of technical staff. This applies to both the Financial Reporting pillar and the Sustainability Reporting pillar. One of the issues under consideration is whether EFRAG should enter into a limited number of commercial activities or not. Additional forms of sponsoring are considered whilst remaining independent. EFRAG aims to extend its existing membership both geographically (only 10 countries are member organisations of EFRAG) and in terms of European Stakeholder Organisations representing the wider range of EFRAG's activities. We were very pleased to welcome in the last quarter of 2022 the Belgian standard setter CBN-CNC in the EFRAG Financial Reporting pillar membership.

Our corporate leadership

We were pleased that Wolf Klinz was appointed as EFRAG FRB Chair and Patrick de Cambourg as EFRAG SRB Chair on 15 November 2022, following the nomination by the European Commission in consultation with the European Parliament and the Council. I would like to express my thanks to Serge Pattyn and Kerstin Lopatta who functioned as Acting Chairs during half a year and much longer than they expected when accepting this temporary function. I welcome their appointment as Vice-Chairs of respectively the EFRAG FRB and EFRAG SRB. Chiara Del Prete assumed during some 9 months the dual role of EFRAG FR TEG Chair and EFRAG SR TEG Acting Chair before she was appointed as from 1 February 2023 as EFRAG SR TEG Chair and stepped down as EFRAG FR TEG Chair. We are pleased to continue to benefit from her experience. We will appoint the new EFRAG FR TEG Chair before the summer of this year.

A big thanks to all

I would like to thank all members and observers in the various EFRAG governance bodies, working groups and panels and all staff for their tremendous contributions in 2022 and the first half of 2023. This took a lot of effort and has in many cases put pressure on a sustainable work-life balance. Without their contributions we could not have been so successful in providing timely high-quality deliverables.





Report from Saskia Slomp, EFRAG CEO

2022 and the first half of 2023 were again exciting and challenging periods for EFRAG. The governance structure is nearly fully implemented and has been operational for a year. The new structure had to work under demanding circumstances, with tight deadlines and limited resources. The technical advisor role of EFRAG in the sustainability reporting domain in providing draft ESRS was confirmed in the agreement on the CSRD by the European Parliament and Council in June 2022. EFRAG's financial reporting activities had to continue and all efforts were needed to meet the enhanced demand in 2023 in the IASB's work programme and remaining influential through our proactive research activities with limited resources.

In early May 2023, the World Health Organisation ended the global emergency status for Covid-19, more than three years after its original declaration which began on 30 January 2020. If there can be a positive outcome from the COVID crisis, working again in person in the office has enhanced cooperation and interaction, which is particularly important for the EFRAG bodies that had not met in person before. We have learnt from Covid-19 and aim at applying the best of both worlds: respecting not only our carbon footprint but having also a wider and international reach through hybrid and on-line events.

The Ukrainian war is still going on and its impact on the energy shortage and inflation hit us all and has put pressure on running costs and remunerations. Climate change remains vital given also the continuing natural disasters in Europe. Transparency in corporate reporting contributes to meeting climate and sustainability goals.

In 2022, EFRAG started recruiting permanent staff for its sustainability pillar with two campaigns followed by more specific recruitment campaigns in 2023. EFRAG is also recruiting technical staff for its Financial Reporting pillar. For both sustainability reporting and financial reporting, EFRAG is recruiting in a tight and competitive market which will become even tighter over time with the ESRS implementation support needs and the move of financial reporting specialists to the sustainability reporting area. EFRAG is building a permanent sustainability reporting secretariat but at a slower pace than hoped for. EFRAG has relied heavily and is still heavily relying on secondments in kind for its sustainability reporting standard setting work and is very grateful for the support it receives. Without various organisations making these secondments in kind available, EFRAG would not have been able to complete the delivery of the first set of draft ESRS on time in November 2022. Secondments in kind remain particularly important, especially for the sector specific work. In the longer run, EFRAG needs to have sufficient staff and be less dependent on in kind secondments. This requires sufficient and increased finance of EFRAG's activities, notably from the European institutions.

In 2022, the contributions in kind amounted to 3.9 million euros (including both secondments in kind and participation in EFRAG governance bodies, working parties and panels) nearly the same as the European Commission's contribution of 4 million euros. The contributions in kind are over one third of the total contributions. EFRAG is working with the European

Commission, the European Parliament and its Member Organisations on a sustainable long-term solution and is grateful for the wide-ranging call for more resources for EFRAG.

EFRAG has increased the involvement of internships in both financial and sustainability reporting. This makes EFRAG more attractive to the younger generation, contributing to their career and providing them with a unique experience. EFRAG benefits from their skills and university knowledge, leading to a positive experience for both sides. EFRAG is also examining further direct cooperation with universities.

We were glad to celebrate our 21st anniversary at the end of 2022 with an overwhelming number of participants (over 2500 in person and virtual) and an impressive range of speakers as reported in this annual review. With 21 years of experience, EFRAG is starting its journey as an adult despite being relatively new in the sustainability reporting domain where we have been active since 2018. It was a great opportunity to welcome our new leadership: Hans Buysse, EFRAG Administrative Board President in July 2022, Wolf Klinz, EFRAG FRB Chair and Patrick de Cambourg, EFRAG SRB Chair appointed mid-November 2022.

After the summer 2022, we started with the 2023 EFRAG FR TEG rotation with a call for candidates and decided in the beginning of 2023 to reappoint the EFRAG FR TEG

members that were up for rotation. We decided to start the EFRAG SR TEG rotation around summer 2023, when the EFRAG SR TEG is about a year operational.

In March 2023, EFRAG launched its ESRS Digital Reporting Consultative Forum together with the related community. The pan-European forum will strengthen the European debates on the digital reporting aspects of sustainability reporting, particularly, with regard to the ESRS XBRL taxonomy.

We still envisage to create, as foreseen in the recommendations of Jean-Paul Gauzes of 2021, the EFRAG Sustainability Reporting Forum of National Authorities and sustainability reporting standard setters but will examine what would be the appropriate format.

EFRAG is working on its own sustainability policy elements of which you find already in this annual review aiming at a more comprehensive reporting in the coming years following the voluntary ESRS for SMEs.

Thanks to all colleagues

2022 and the first half of 2023 has been extremely demanding for the colleagues in the EFRAG Secretariat. Without them, we would not have been able to provide timely the financial reporting and sustainability reporting deliverables of good quality. We commend the colleagues for their engagement, efforts, energy and commitment. We continue to count on you!





Report from Peter Sampers, Chair of EFRAG's Administrative Board Due Process Committee

A rigorous and transparent due process is critical for EFRAG's activities in both its Financial and Sustainability Reporting pillars.

EFRAG's Statutes and EFRAG's Internal Rules establish that the EFRAG Administrative Board is responsible for the due process oversight of all technical bodies of EFRAG. In doing so, it is supported by a Due Process Committee (DPC). The deliberations of the EFRAG Administrative Board on due process matters always take place in public sessions. On a yearly basis, the EFRAG Administrative Board must report to the EFRAG General Assembly about its oversight of the due process.

The EFRAG Due Process Committee (DPC) started its activities in March 2022 as part of the new two-pillar governance structure of EFRAG and has held 10 meetings since then. Over the same period, the EFRAG Administrative Board held six public sessions where due process matters were discussed. The EFRAG Administrative Board provided its [first report](#) on the oversight of the due process to the EFRAG General Assembly meetings in March 2023.

Understandably, the DPC's activity over the past period was essentially focused on the Sustainability Reporting pillar where both the governing bodies and processes needed to be established and implemented from the first quarter of 2022.

In 2022, the DPC's activities were focused on:

- Monitoring the application of the due process for the first set of draft ESRS (until their issuance in November 2022);
- Reviewing the feedback received from the public consultation on the first set of draft ESRS in relation to due process and identifying the lessons learned from the application of the due process;
- Recommending the consultation period for the XBRL Taxonomy (both for the ESRS and Article 8 XBRL Taxonomies) to the Administrative Board;
- Discussing the due process for the second set of draft ESRS (sectoral standards and standard for SMEs) and in particular the request received from the EFRAG SRB shortened consultation periods. In December 2022, the DPC tentatively and with great reluctance agreed, in consideration of the obligations imposed by the CSRD and the resource constraints of EFRAG, to recommend to the EFRAG Administrative Board that consultation periods should be shortened for the second set of draft ESRS. However, that decision was subsequently reversed in April 2023 as EFRAG was asked to refocus its activity on the development of implementation guidance for the first set of draft ESRS before developing news sets of draft standards.

Over the first months of 2023 the DPC continued to be very active, and discussed the following:

- Changes to align the Due Process Procedures for Sustainability Reporting Standard Setting (DPP) with the final text of the published CSRD;
- Changes to address areas not currently covered (or not fully covered) by the DPP (due process for Digital Guidance and for cost-benefit analysis); and
- Improvements based on the experience from the first year of application of the due process and other inputs.

The DPC recommended drafting updates to the DPP to align them with the final provisions contained in the CSRD, which were subsequently approved by the EFRAG Administrative Board and the General Assembly in March 2023. The updated DPP can be accessed on EFRAG's public [website](#).

The DPC also discussed and approved improvements identified by the EFRAG SRB and EFRAG SR TEG to the modus operandi (a.o. publication of complete agendas, criteria for holding close sessions/ meetings and communication thereon) which were generally aligned with its own recommendations.

No decisions were taken on the other possible changes to the DPP to address other areas not currently covered (due process for Digital Guidance and for cost-benefit analysis). The discussion is expected to be continued over 2023.

On the Financial Reporting pillar, the DPC requested the EFRAG Secretariat to start formalising the existing due process procedures (without changing them) in a DPP document and received regular updates on the progress with that matter.

Registry of correspondence

To facilitate interactions with stakeholders, EFRAG makes all due process correspondence addressed to the EFRAG Administrative Board and/or its DPC available on its website. EFRAG's Register of Due Process correspondence is accessible on its webpage. The repository of the correspondence from stakeholders with the DPC is currently empty since no letters were received. Only letters submitted directly to the EFRAG Administrative Board or its DPC raising due process issues are included.





Financial Reporting Activities

Report from EFRAG FRB Chair

Wolf Klinz

and EFRAG FR TEG Chair (until 31 December 2022)

Chiara del Prete



"Transparency through high-quality corporate reporting is of increased importance in difficult economic times, amid financial sector turbulence, high inflation and political tensions in several parts of the world and adverse impacts of the Ukrainian war."

Report from Wolf Klinz, EFRAG FRB Chair

New in my role

I am very pleased that I could take up my role as EFRAG FRB Chair in mid-November last year, after nomination by the European Commission and confirmation by the European Parliament and the Council. Being new in my role, I am sharing with you my experiences looking back on 2022 and the first half of this year. I would like to thank Serge Pattyn for his invaluable contribution as Acting EFRAG FRB Chair, when Jean-Paul Gauzes retired as EFRAG Board President. I am grateful that he accepted to continue as my Vice-Chair.

A year full of changes

The year 2022 was marked by high inflation and uncertainty, which led to a tightening of financial conditions by rising interest rates and the slowdown of economic growth in the EU. This situation continued in the first half of 2023.

In addition, the EU has for several years been faced with the urgent need of dealing with climate change, shrinking biodiversity and other environmental and social challenges requiring a fundamental change of behaviour. Solid corporate reporting enhances transparency and thus will contribute to change.

Under these circumstances, the EU financial institutions and corporate companies had to keep pace with the fast-changing world including its corporate reporting requirements.

EFRAG's Financial Reporting pillar had also to adapt itself to the new challenges, continuing its tasks of undertaking proactive research in corporate reporting, influencing the IASB standard setting so

that resulting IFRS standards are fit for Europe and providing endorsement advice to the European Commission. Challenges we face include finding sufficient and qualified staff resources in a tight market and new demands for connectivity between financial and sustainability requirements and information.

Despite these challenges and thanks to the efforts of my fellow EFRAG FRB members, EFRAG FR TEG supported by its Working Groups and Advisory Panels, EFRAG Secretariat and the continuous support of our many stakeholders and member organisations we have successfully fulfilled our financial reporting tasks.

Connectivity

Sustainability reporting is a significant part of corporate reporting and on the top of the EU agenda (European Green Deal).

There is also a growing need for connectivity between financial reporting and sustainability and calls from our constituents to ensure that the financial statements and sustainability-related financial disclosures can be considered together.

This means that both EFRAG's Financial Reporting pillar and Sustainability Reporting pillar will have to collaborate to ensure that financial and sustainability requirements and information can be applied effectively together and impacts on each other are taken into account.

There is also the need to continue reinforcing our close relationship with regulators and standard setters to coordinate efforts so that companies can apply different and

complex corporate requirements that do not have contradictory objectives.

Finally, considering the volume of requirements on corporate reporting, digital consumption is becoming a fundamental topic that should be at the top of the agenda.

A challenging outlook for 2023

In forthcoming months, I expect that EFRAG will make significant progress on many of its projects (e.g. Primary Financial Statements, Disclosures on Business Combinations, and Accounting for Regulatory Assets and Regulatory Liabilities) and will take important technical decisions following the publication of new important consultation documents and IFRS Accounting Standards by the IASB (e.g. Primary Financial Statements and IASB's post-implementation reviews).

With the expansion of EFRAG's activities in 2023 on financial reporting and connectivity, it will be fundamental to have again more focus and resources allocated to the Financial Reporting pillar to be able to influence the international standard setting debate and notably the IASB standard setting to ensure that high-quality financial reporting standards result and are fit for use in Europe.

New appointments

Chiara del Prete competently combined the role of EFRAG FR TEG Chair and Acting EFRAG SR TEG Chair from May 2022 until

early 2023, when she was appointed to be the EFRAG SR TEG Chair. With the help of Jens Berger (Acting EFRAG FR TEG Chair) and Silvie Koppes (Acting EFRAG FR TEG Vice-Chair), EFRAG is in a smooth transition period until the new EFRAG FR TEG Chair is appointed and operational.

I am looking forward to working with the new EFRAG FR TEG Chair and EFRAG FR TEG Vice Chair to whom I wish great success in driving the Financial Reporting pillar to an impactful future.

Thanks to all

Finally, I would like to express again my gratitude and appreciation for the hard work of my colleagues in the EFRAG FRB, the EFRAG FR TEG, its working groups and advisory panel and not the least the EFRAG Secretariat and stakeholders for their dedication to EFRAG's mission.

A special word of thanks to Chiara Del Prete chairing the EFRAG FR TEG and leading the financial reporting activities throughout 2022 and Jens Berger assuming this role in an acting capacity from February 2023 until the new EFRAG FR TEG Chair is operational, ensuring that EFRAG has been able to continue to deliver its high-quality financial reporting work.

In particular, I would also like to thank the EFRAG Secretariat that, despite limited resources and thanks to their dedication and significant overtime, have been able to continue to deliver high-quality outputs.





“Leaving financial reporting, I am personally grateful for the opportunity to lead the technical work since April 2019, in a pivotal season that saw many big IASB projects come to the completion and the future of corporate reporting fundamentally changed.”

Report from Chiara del Prete, EFRAG FR TEG Chair (until 31 December 2022)

Endorsement-related work

In 2022, EFRAG’s work on endorsement advice to the European Commission focused mainly on the issue of two Draft Endorsement Advice documents at the end of 2022:

- for the IASB’s amendments to IFRS 16 Leases on the topic Lease Liability in a Sale and Leaseback (November); and
- the IASB’s amendments to IAS 1 Presentation of Financial Statements on the topic Non-current Liabilities with Covenants (December);

Influencing the development of IFRSs

In a year where the IASB made great progress and took important decisions on many of its projects, EFRAG actively worked on developing and promoting European views with the objective of influencing the development of IFRS Standards, particularly on the following key projects:

- *Primary Financial Statements* – EFRAG closely monitored the IASB’s discussions on potential improvements on how information is communicated in financial statements. To better understand the likely effects of some of these potential improvements, EFRAG organised jointly with the IASB and in coordination with the national standard setters, a series of roundtables with a wide range of stakeholders. As a result, in December 2022 EFRAG published a *Summary Report and Recommendations* to help the IASB in completing its due process on this project.
- *Accounting for Regulatory Assets and Regulatory Liabilities* – EFRAG monitored the IASB’s tentative decisions and new

deliberations on the scope of a new Standard and its requirements for total allowed compensation following feedback to the 2021 Exposure Draft. EFRAG’s RRAWG provided the IASB with feedback on the operability, and cost-benefit considerations of the IASB’s tentative decisions.

- *Business Combinations – Disclosures, Goodwill and Impairment* – EFRAG closely monitored the IASB’s discussions on this project, including the key decisions to retain the impairment-only model, to require additional disclosures on the subsequent performance of a business combination and move this project into a standard-setting phase.
- *Post-implementation review of IFRS 9 (Impairment) and IFRS 15 (Revenue from Contracts with Customers)* – EFRAG organised several meetings with its stakeholders to collect potential issues before the publication of two important requests for information that are expected to be published by the IASB in 2023. Subsequently, EFRAG started its discussions on the general messages received and preliminary issues identified by stakeholders on the application of IFRS 9 (Impairment) and IFRS 15.

Research activity

2022 has been a key year for the completion of the three proactive research projects that were selected following the agenda consultation in 2018. We can be all proud of this achievement, that confirms the ability of EFRAG to be an international though leader in standard setting. In April 2022, a feedback statement was issued for *Accounting for*



Crypto-Assets (Liabilities), including EFRAG recommendations for future standard setting in this area, that is showing more and more regulatory scrutiny, to respond to market developments. In June 2022, the comment period for the EFRAG Discussion Paper *Better Information on Intangibles* ended. Given the multi-faceted nature of the intangibles issue, our research confirmed that there is no single solution, but all the approaches examined in the DP should be considered, separately or in combination, depending on the type of intangibles. Finally, in September we issued our DP – *Accounting for Variable Consideration – from a Purchaser’s Perspective* which is now open for consultation.

The completion of these projects makes space in the agenda for the next challenges: following the public consultation in 2021, EFRAG new research projects include Connectivity between financial and sustainability information and Statement of Cash Flows and Related Matters.

Thank you

The many achievements of EFRAG in my term as EFRAG (FR) TEG Chair were possible only thanks to the continued engagement of our constituents and dedication of EFRAG FR TEG, its Working Groups and Advisory Panels and, last but not least, my colleagues in EFRAG Secretariat.



**Message from Serge Pattyn,
Vice-Chair and Acting Chair EFRAG FRB 2022**

In order to maintain the balance within our social model and monitor the risks, all participating parties must be held accountable. That is also why we need a robust accounting and financial reporting framework that obliges companies, crucial in our system, to disclose their actions in a transparent and understandable way.

In dialogue with all its stakeholders, who often have conflicting interests, EFRAG succeeds through dialogue and consultation in building this well-founded financial reporting framework.

That financial reporting framework remains work in progress by the way. Because companies do different things differently all the time, the reporting framework is constantly confronted with new issues and has to adapt.

Needless to say that the most important fact at this moment is that financial reporting is moving in the direction of corporate reporting in general, as the integration of sustainability in financial reporting is now probably the most important (longer term) challenge.



Message from Jens Berger, Acting EFRAG FR TEG Chair

New in my role

When, at the end of January, Chiara Del Prete stepped down as EFRAG FR TEG Chair and assumed the role of EFRAG SR TEG Chair, I was honoured to be asked to fulfil the role as Acting EFRAG FR TEG Chair during the transition period until the newly appointed EFRAG FR TEG Chair would be in place. Fortunately, I am supported by Silvie Koppes as Acting EFRAG FR TEG Vice-Chair. I am grateful to Chiara for our excellent cooperation during my period as Vice-Chair taking over from Nicklas Grip, who retired from EFRAG FR TEG in 2022.

Since I am operating as Acting Chair a couple of important projects have been addressed and we are working on a number of significant projects that are on the IASB's agenda. I also want to mention our research project on the connectivity between financial and sustainability reporting information, on which we formed an advisory panel (EFRAG CAP) to support the research activities and advise EFRAG FR TEG over the duration of the project and organised a symposium at the EAA conference in Helsinki in May 2023.

Endorsement-related work

In 2023, EFRAG's work on providing endorsement advice to the European Commission focused on completing its due process on three important amendments to IFRS Accounting Standards, which lead to the delivery of three positive pieces of Endorsement Advice to the European Commission in 2023. More specifically, EFRAG completed its due process and provided positive Endorsement Advice on:

- the IASB's amendments to IFRS 16 *Leases* on the topic of *Lease Liability in a Sale and Leaseback*, which clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (January 2023).
- the IASB's amendments to IAS 1 *Presentation of Financial Statements* on the topic *Non-current Liabilities with Covenants*, which clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability (April 2023).



The IASB's amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules*, which introduces a mandatory temporary exception to the requirements in IAS 12 *Income Taxes* to recognise and disclose information about deferred tax assets and liabilities arising from the OECD's Pillar Two Model Rules and targeted disclosure requirements. We had to carry this out expeditiously and combine steps in our process to ensure that our endorsement advice to the European Commission could be delivered in time so that this important urgent amendment can be endorsed in a timely manner (June 2023 endorsement advice submitted to the EC).

Looking ahead

During the second half of 2023 and early 2024, the IASB is expected to finalise its discussions on many important topics such as *Primary Financial Statements*, *Disclosures on Business Combinations*, *Financial Instruments with Characteristics of Equity* and *Subsidiaries without Public Accountability* resulting in either the publication of exposure drafts or final standards. This will be followed by the publication of several further new consultation documents and IFRS Standards that will require continued dialogue and engagement between the IASB, EFRAG and our stakeholders. This will put great demand on EFRAG in terms of public consultation notably outreaches and field testing, and an appropriate balance needs to be found with the shortage in staff resources whilst aiming to continue to deliver contributions of good

quality. It is important that EFRAG delivers the European views after consultation of our stakeholders so that the resulting IFRS Standards are fit for use in Europe.

EFRAG has started its project on connectivity a couple of months ago and will continue to work on the theme of connectivity of financial and sustainability reporting information for the benefit of investors, other capital market participants and other users with input from EFRAG's sustainability pillar. This is a great opportunity for both our Reporting TEGs to work together and combine knowledge and experience. The EFRAG proactive project on connectivity of financial and sustainability reporting information will progress in the second half of 2023 into 2024, with inputs from the Connectivity Advisory Panel established in June. It is encouraging to see the interest for EFRAG's work in this area.

Thank you

2023 promises to be a demanding year full of opportunities and challenges in which EFRAG continues to focus on financial reporting activities as its core activity including connectivity-related topics in addition to its growing sustainability reporting work. This is possible thanks to the continued engagement of our constituents and to the dedication of EFRAG FR TEG, its Working Groups and Advisory Panels and the EFRAG Secretariat. I commend the EFRAG financial reporting staff in particular for their dedication and commitment to high-quality work in periods of shortage of resources.



Message CNC – CBN Belgium – joining EFRAG's Financial Reporting pillar in November 2022



The Commission des normes comptables (CNC)/ Commissie voor boekhoudkundige normen (CBN) ((Belgian) Accounting Standards Board) is an autonomous institution with a legal status, established by the Royal Decree of 21 October 1975 establishing an Accounting Standards Board. The CNC/CBN's statutory mission is to advise the Belgian government and Parliament at their request or on its own initiative and to contribute by means of advices and recommendations to the development of the accounting doctrine and to determine the principles of proper accounting under Belgian accounting and financial reporting law.

As a national standard setter, the CNC/CBN mainly relies on Belgian GAAP, but draws inspiration from international developments when necessary. The International Financial Reporting Standards are an important source of information in this respect. The work of EFRAG to serve the European public interest in both financial reporting and sustainability reporting by developing and promoting European views in the field of corporate reporting and by developing draft EU Sustainability Reporting Standards is therefore closely monitored. Through its membership, the CNC/CBN is able to contribute to the formulation of the European views in the IASB's standard-setting process and in related international debates. As a member of the FRB, the CNC/CBN can participate in discussion forums and thereby get access to research work, impact assessments and preliminary analyses. Through its membership, the CNC/CBN hopes to be able to make the voices of the various Belgian stakeholders heard, so that it too can contribute to the European public interest.



Jan Verhoeye
Chair



Sadi Podevijn
Secretary General

EFRAG influencing the IASB

Over the years, EFRAG has been having a constructive relationship with the IASB. EFRAG's close collaboration with the IASB has enabled EFRAG to participate in the development of IFRS Standards from a European perspective. EFRAG regularly contributes to the IASB's work to ensure that the European views (gathered through a comprehensive engagement with different jurisdictions and stakeholders in Europe) are properly considered in the IASB's standard-setting process.

These contributions encompass publication of EFRAG research papers, comment letters, organisation of joint outreach events and field-tests, participation in related international events (e.g. IFASS, ASAF), invitations to IASB members and staff to participate in technical discussions at EFRAG offices (e.g. EFRAG FR TEG and EFRAG CFSS meetings), and regular discussions between EFRAG and IASB Staff.

For example, EFRAG has been significantly contributing and influencing the IASB on projects such as:

- *IASB Third Agenda Consultation*, where EFRAG, along the lines of other jurisdictions, identified as high priority to finalise the projects in its active work plan, to conduct on a timely basis the Post-implementation Reviews and to add projects such as intangibles and statement of cash flows and related matters, which have subsequently been considered by the IASB;
- *Primary Financial Statements*, through joint roundtables and regular discussions with EFRAG FR Technical Groups;
- *Goodwill and Impairment*, through the publication of publication of research

papers (e.g. *Goodwill Impairment Test: Can it be improved?*) and discussions with EFRAG Technical Groups;

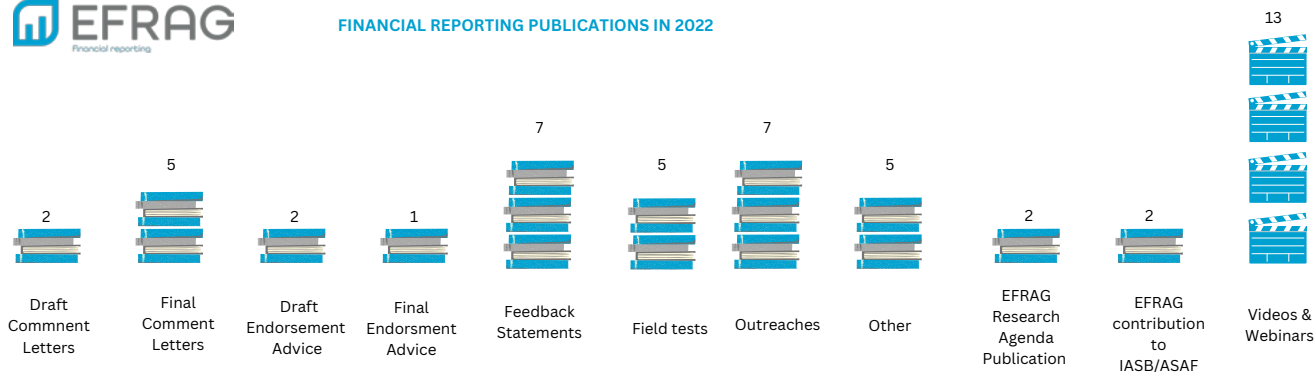
- *International Tax Reform – Pillar Two Model Rules* (Amendments to IAS 12), through engaging with European constituents on a timely manner and providing suggestions that were subsequently adopted by the IASB (e.g., introduction of a disclosure objective);
- *Intangibles*, where in 2022 EFRAG conducted a series of outreach activities on its Discussion Paper *Better Information on Intangibles – Which is the best way to go?*
- *DRM*, where in 2021 EFRAG performed a comprehensive research to investigate the perception of the market participants (users, preparers, auditors, regulators) of the current accounting practices based on the IAS 39 carve-out as applied in Europe and informed the IASB;
- *FICE*, where EFRAG published a comment letter in 2019 where EFRAG rejected the IASB's preferred approach for classification and suggest potential targeted improvements to IAS 32, an approach which was later adopted by the IASB.

Other examples of influential proactive research work of EFRAG include discussion papers on *Towards a Disclosure Framework for the Notes, Considering the Effects of Accounting Standards* and *Accounting for Business Combinations under Common Control*.

More detailed information about EFRAG's key projects and contributions to the IASB can be found below.



FINANCIAL REPORTING PUBLICATIONS IN 2022



The IASB's project on primary financial statements is a key project for European stakeholders, particularly for users of financial statements. It has also impact on each entity reporting under IFRS. The IASB is currently discussing potential improvements on how information is communicated in the financial statements, with a focus on information in the statement of profit or loss. When finalised, the ultimate objective of this project is to replace IAS 1 *Presentation of Financial Statements*.

Objectives & achievements in 2022+H1 2023

In early 2021, the IASB discussed the feedback received on its 2019 Exposure Draft *General presentation and Disclosures* and has since been making tentative decisions on key aspects of the proposals in response to the feedback received.

Some of these decisions result in changes from the proposals in the ED with the objective of either making the proposals easier to apply or of reducing the cost of application for preparers.

In 2022, EFRAG closely monitored the IASB's discussions and debated the IASB's key tentative decisions in different working group meetings.

To receive input from preparers and stimulate the discussion on the key tentative changes to the IASB proposals included in the ED (resulting from the IASB's new deliberations), from September to November 2022, EFRAG and the IASB arranged joint outreach roundtables with European Stakeholders.

The purpose of the roundtables was to assess whether the selected tentative decisions made by the IASB would work as intended and achieve the intended balance of costs and benefits.

In December 2022, the EFRAG Secretariat prepared a *Summary Report and Recommendations* that reflected all the feedback received during the roundtables, working groups meetings and other ad-hoc meetings.

In general, participants in the roundtable discussions welcomed the IASB's project and its efforts to improve the structure and content of primary financial statements. However, some preparers noted that the IASB's proposals would still lead to considerable implementation costs for them in specific areas and called for additional implementation guidance.

Roundtables on PFS

EFRAG Summary Report and Recommendations issued in December 2022

- Roundtable with Corporates on 24 October
- Roundtable with Financial Institutions on 2 November
- Roundtable with Corporates on 4 November
- Roundtable with preparers, users and auditors on 15 November
- Other additional meetings at the request of stakeholders

Next steps

- Continue to actively follow the IASB's discussions on PFS
- Ensure that the European views are properly considered in the IASB's standard-setting process
- If necessary, seek input from stakeholders, and obtain evidence about specific European circumstances

IFRS 15 is a principle-based model for recognising revenue that was effective in 2018. The objective of this PIR is to assess whether the effects of applying IFRS 15 requirements on stakeholders are working as intended.

Objectives & achievements in 2022+H1 2023

The IASB initiated the Post-implementation Review (PIR) of IFRS 15 in the second half of 2022 with a Request for Information expected in Q2 2023.

In anticipation, during the first half of 2022, EFRAG began its preparatory work including extensive outreach on this PIR. The aim was to obtain an overall assessment of how this standard works for European constituents, identify application challenges, and to also inform the IASB in its identification of issues faced by European Stakeholders. The latter aspect was attained through some joint outreach meetings and the issues identified by the IASB during its consultation mainly overlap with those identified by EFRAG.

EFRAG also sponsored an academic survey for users and preparers on the IFRS 15 implementation costs and benefits.

What EFRAG has heard so far is that IFRS 15 is working well in practice, it is an exemplar of an understandable IFRS Standard, and stakeholders have little appetite for any significant disruptive changes. Several concerns that stakeholders had during the adoption of the Standard have been ironed out as practical application has matured. However, there is room for targeted improvements on specific areas. One issue that has arisen across a diversity of business models is the challenge of identifying whether a company is principal versus agent, which affects whether a company reports revenue on a gross or net revenue. Another application challenge is accounting for licenses, which is an issue of especially against the backdrop of evolving and increasing number of IP-intensive business models.

Outreach events

EFRAG has obtained feedback from:

- Preparers from highly impacted industries
- Experts from audit firms
- Standard-setters
- EFRAG's working groups including the EFRAG User Panel

Action plan:

- PIR IFRS 15 - Engage with users of financial statements to gather additional views on the benefits brought by the new disclosure requirements.
- PIR IFRS 15 - Publish EFRAG's Draft Comment Letters on the IASB's RFI expected by the end of June 2023

Stakeholders informed the IASB of concerns about the implications for income tax accounting resulting from jurisdictions implementing the OECD's Pillar Two Model Rules. The IASB and EFRAG worked on a fast track modus to address the concerns of the stakeholders. The Amendments were published only six months after the initial discussion based on extensive outreach and consultation. EFRAG sent the endorsement advice letter 10 days after the publication of the Amendments to the IASB.

Objectives & achievements in 2022+H1 2023

OECD's Pillar Two Model Rules aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate.

The IASB initiated this project at the end of 2022 to address the concerns raised by stakeholders about the implications for income (deferred) tax accounting resulting from jurisdictions implementing the Pillar Two rules within a short period of time (some jurisdictions have already enacted or expect to enact tax law to implement the Pillar Two rules in 2023).

Given the tight timeline of the project, EFRAG decided to adopt a fast-track approval process through which the usual consultation process was shortened. Despite the short consultation time, EFRAG was able to involve a broad range of constituents from many jurisdictions in Europe to assess the merits of the IASB's ED proposals. While most constituents agreed on the introduction of the exception, there were opposing views on the proposed targeted disclosures.

After considering the views of all its constituents, EFRAG asked in its Comment Letter for a more principle-based and less prescriptive approach.

Such approach should enable entities to provide their own quantitative assessment of their exposure to paying top-up tax prepared under Pillar Two model rules. In EFRAG's view even though users would not receive uniform information, it should provide them with a better, and more relevant indication of an entity's exposure to paying top-up tax. This approach is now part of the published Amendments.

Key achievements:

- EFRAG's Draft Comment Letter issued on 30 January 2023
- EFRAG's Comment Letter issued on 13 March 2023
- EFRAG issued a preparatory draft for its Endorsement Advice letter on 24 April 2023
- EFRAG's Feedback Statement on EFRAG Comment Letter published on 2 June 2023
- EFRAG's letter supporting the endorsement of the Amendments in the EU issued on 2 June 2023.
- EFRAG expects that the EC finalise the endorsement process in October 2023

Notes

- EFRAG has conducted 10 outreach activities with a wide range of constituents on the IASB's ED consultation
- EFRAG has received 18 comment letters in response to EFRAG's Draft Comment Letter on the IASB's ED
- EFRAG has received 7 comment letters in response to EFRAG's preparatory draft of its Endorsement Advice

In 2022, EFRAG conducted a series of outreach activities on its Discussion Paper *Better Information on Intangibles – Which is the best way to go?* that was published in August 2021. Following the feedback received at outreach events, by means of comment letters and electronic surveys, EFRAG published its Recommendations and Feedback Statement in April 2023.

Objectives & achievements in 2022+H1 2023

EFRAG published the Discussion Paper *Better Information on Intangibles – Which is the best way to go?* (the 'DP') in August 2021. In 2022, EFRAG continued its series of outreach activities on the DP that had started in 2021. The outreach activities in 2022 included the EFRAG outreach event *Better Information on Intangibles – What's next?* At this event key corporate reporting players discussed the next steps for achieving better information on intangibles.

After the comment period on the DP ended on 30 June 2022, EFRAG considered the feedback received at outreach events, through comment letters and through electronic surveys. EFRAG received 26 comment letters and four completed electronic surveys. Based on the feedback, EFRAG assessed that it was possible to develop some tentative recommendations for how better information on intangibles used in the entity's operations could be included in financial reports. EFRAG's tentative recommendations could be used by the IASB or any other standard setter when considering requirements on intangibles in financial reports.

EFRAG published its Recommendation and Feedback Statement in April 2023. In April 2023, the last academic study EFRAG co-supported as part of its project on Better Information on Intangibles was also published. The study collected and examined information on the preparation and use of information on intangibles.

EFRAG presented its Recommendations and Feedback Statement at the April 2023 meeting of IFASS and at other events and meetings in the first part of 2023.

Outreach on intangibles in 2022:

- Six public outreach events in 2022, five of these organised together with EFFAS; the ASCG; the NASB; the O.I.B.R and the OIC; and DI, FSR – Danske Revisorer; respectively.
- Ten non-public outreach events in 2022 with: EFRAG FIWG/IAWG, the Dutch Accounting Standards Board; the European Accounting Association; the Australian Accounting Standards Board (AASB) (User Advisory Committee); the ASSB (Academic Advisory Panel); the AASB (Disclosure Initiative); Accountancy Europe (Accounting Working Party) (two events); the Licensing Executive Society France; and the ICAEW (Financial Reporting Committee).
- Participation in 5 events in 2022 organised by: World Bank (STAREP/REPARIS); The ANC (11èmes États Généraux de la recherche comptable de l'Autorité des Normes Comptables); Association Francophone de Comptabilité (two events); and the Danish Accounting Council.



In September 2022, EFRAG issued the Discussion Paper *Accounting for Variable Consideration – From a purchaser’s perspective* ('the DP'). The Discussion Paper discusses approaches for accounting for variable consideration where divergence exists in practice. EFRAG performed a number of outreach activities related to the Discussion Paper in the second part of 2022 and first part of 2023.

Objectives & achievements in 2022+H1 2023

There is diversity in practice in accounting for variable consideration transactions, which are common across a variety of sectors including the extractive and life sciences sector. For this reason, the topic landed on the IFRS Interpretation Committee's tray in the past in respect of both the acquisition of property, plant and equipment and intangible assets. IFRS IC did not fully resolve the arising issues and its inclusion in the IASB reserve list for its research pipeline and feedback to the 2018 EFRAG agenda consultation led to the topic being added to the EFRAG research agenda.

After outreach to experts and extensive deliberation by EFRAG FR TEG, in 2022, EFRAG published a Discussion Paper *Accounting for variable consideration (DP)*, which is open for comment until 30 November 2023. The two issues considered are:

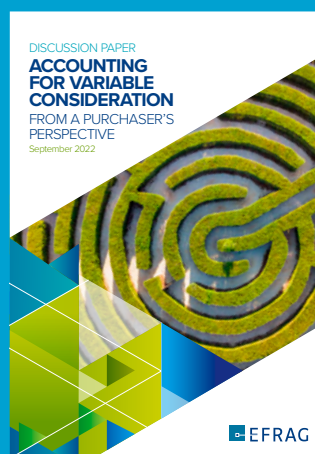
- When to recognise a liability for variable consideration that depends on the purchaser's future actions; and
- Whether, and if so, when, to update the measurement of an acquired asset to reflect changes in (estimates of) variable consideration.

In addition, the DP discusses whether the accounting issues related to variable consideration would be best addressed on a standard-by-standard basis – or whether general principles of how to account for variable consideration should be developed.

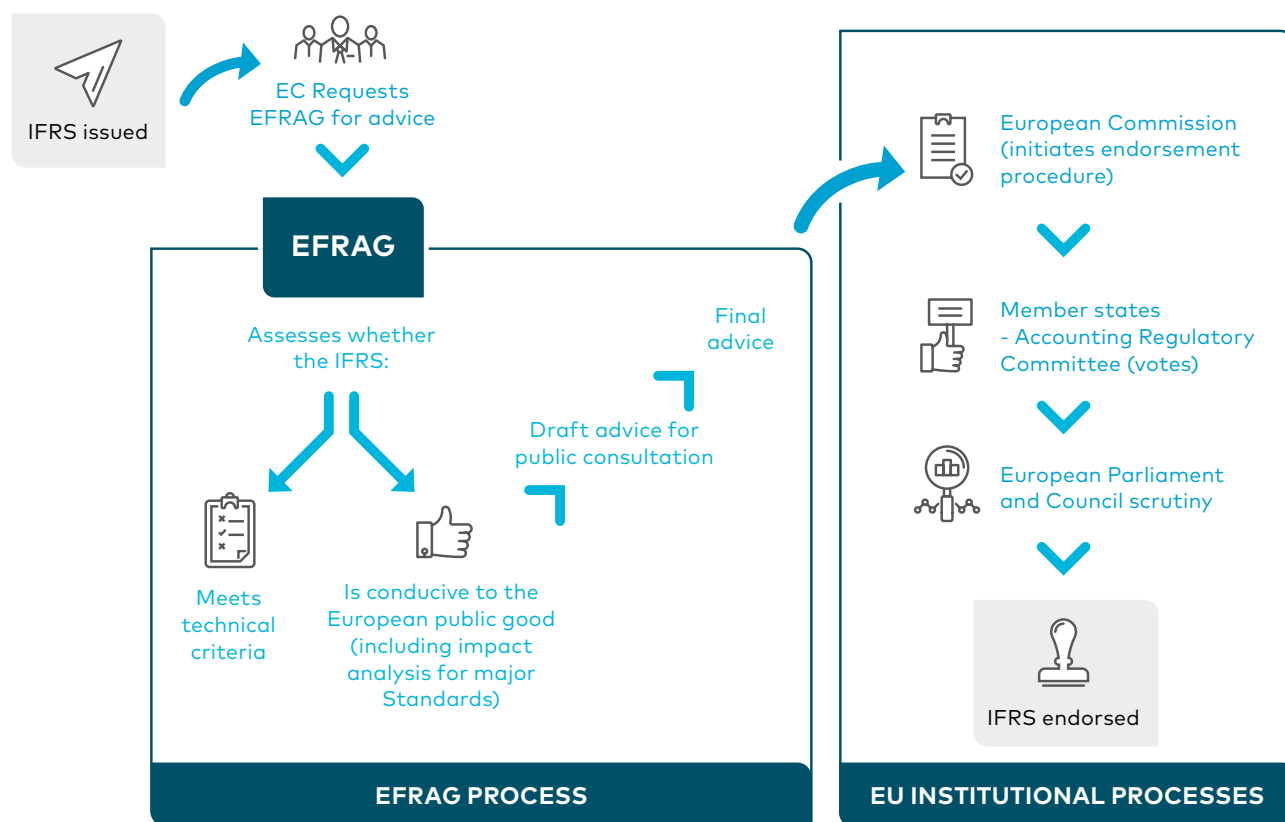
Subsequently, EFRAG initiated its outreach on the Discussion Paper which included a presentation at the IASB Accounting Standards Advisory Forum and a webinar that involved experts including an academic, preparer, user, IASB Board member and auditors. It is envisioned that the DP and the feedback to it will inform IASB's current projects such as the IAS 37 and future possible projects on the topic.

Action plan:

- 27/09 2022: DP is issued
- 21/10 2022: DP presented at EFFAS CFR
- 16/11 2022: DP presented at Accountancy Europe, Accounting Working Party
- 29/11 2022: DP presented at EFRAG Academic Panel
- 23/11 2022: DP presented at meeting of the European Networking Group
- 08/12 2022: DP presented at ASAF meeting
- 14/12 2022: DP presented at the Dutch Accounting Standards Board
- 16/02 2023: EFRAG/BusinessEurope webinar on the DP
- 22/02 2023: DP presented at ICAEW Financial Reporting Committee
- 15/03 2023: DP presented at EFRAG CFSS
- 05/05 2023: DP presented at EAA Virtual Research Workshop
- 30/11/2023: Comment period ends



The IASB/IFRS Interpretations Committee's documents that have been endorsed in the course of 2022, as well as their effective dates of application in the European Union, the dates of endorsement and of publication in the Official Journal are set out in the table that follows.



	EFRAG draft endorsement advice	EFRAG endorsement advice	ARC Vote	IASB Effective date
IASB and IFRS IC documents in process to be endorsed				
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i> (Issued on 25 May 2023)	17/07/2023			01/01/2024
Amendments to IAS 12 <i>Income taxes: International Tax Reform – Pillar Two Model Rules</i> (issued 23 May 2023)	24/04/2023	02/06/2023		Immediately and 01/01/2023
Amendments to IAS 1 <i>Presentation of Financial Statements: • Classification of Liabilities as Current or Non-current Date</i> (issued on 23 January 2020); • <i>Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i> (issued on 15 July 2020); and • <i>Non-current Liabilities with Covenants</i> (issued on 31 October 2022)	22/12/2022	30/03/2023		01/01/2024
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i> (issued on 22 September 2022)	10/11/2022	30/01/2023	29/05/2023	01/01/2024
IASB and IFRS IC documents endorsed				
Amendments to IFRS 17 <i>Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> (issued on 9 December 2021)	28/12/2021	31/01/2022	20/04/2022	01/01/2023
Amendments to IAS 12 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (issued on 7 May 2021)	14/07/2021	30/11/2021	13/07/2023	01/01/2023
Amendments to IAS 1 <i>Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies</i> (issued on 12 February 2021)	15/03/2021	08/07/2021	18/10/2021	01/01/2023
Amendments to IAS 8 <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> (issued on 12 February 2021)	15/03/2021	08/07/2021	18/10/2021	01/01/2023



Sustainability Reporting Activities

Report from EFRAG SRB Chair

Patrick de Cambourg

and (Acting) SR TEG Chairwoman

Chiara del Prete



"EFRAG's Sustainability Reporting pillar is a unique construct dedicated to technical excellence and public interest. We are all striving to play our part with the clear goal of contributing to the EU policy objectives and to global progress."

Report from Patrick de Cambourg, EFRAG SRB Chair

EFRAG as advisor to the EC and the first set of ESRS

As part of its Green Deal and Sustainable Finance policy initiatives, the European Union adopted in 2022 the Corporate Sustainability Reporting Directive (CSRD), a key piece of legislation creating a mandatory regime of sustainability reporting for companies with 250 employees or more and listed SMEs and covering environmental, social and governance sustainability matters via audited "sustainability statements" prepared under robust standards.

This is a pivotal step to meet the challenges of much needed reliable sustainability-related data by placing sustainability statements on an equal footing with financial statements in terms of quality. Quality sustainable-related data is indeed key to decision-making, transparency and accountability.

Following its contribution in European Lab or task-force mode to preparatory work, EFRAG is now tasked, as technical advisor to the European Commission, with the elaboration of the European Sustainability reporting Standards (ESRS). In November 2022, a first set of 12 sector-agnostic draft ESRS has been delivered to the European Commission which will adopt them following its own due process during summer 2023 as delegated acts for implementation by companies as from 2024.

Sector-specific ESRS and ESRS for SMEs

Since November 2022, EFRAG's standard setting agenda focuses on the elaboration of sector-specific ESRS and of ESRS for SMEs. In this respect, it is important that beyond the standard for listed SMEs all SMEs be offered the opportunity to report voluntarily on sustainability matters under a proportionate set of targeted information and EFRAG is committed to the success of this initiative.

Implementation support activities

EFRAG is also fully committed to the successful implementation of the standards and is aware of the significant challenges many stakeholders are confronted with in this crucial phase of the evolution of corporate reporting. As a consequence, in order to foster a strong ESRS ecosystem, EFRAG is now working on the elaboration of three implementation support pillars: the elaboration of guidance and Q & A (including an access point for questions from stakeholders), the availability of comprehensive ESRS related documentation and the facilitation of educational initiatives.

International interoperability

In parallel, EFRAG is actively working on interoperability of ESRS with other standards, in particular those developed by the ISSB and GRI, with two objectives: building on and contributing to global sustainability reporting progress and avoiding multiple costly and confusing reporting thanks to a single sustainability report based upon maximum commonality.

Thank you note

Professor Lopatta played a pivotal role in the elaboration of the first set of sector-agnostic ESRS. As Acting Chair her technical and leadership skills allowed in less than 5 months EFRAG's sustainability reporting pillar to take full account of the public consultation on the exposure drafts and to deliver our technical advice on time under a very tight deadline. It has been a pleasure taking the baton from her and I am delighted she accepted to continue bringing her robust experience as Vice Chair.

All of this would not be possible without the commitment and dedication of the EFRAG team, its SRB and SR TEG members, its management and experts, and of the EFRAG working groups and communities, all of whom relentlessly contribute. All of this would not be possible either without EFRAG's multi-stakeholder approach and due process fostering consensus.



Report from Chiara Del Prete, EFRAG (Acting) SR TEG Chairwoman

Delivery of the 12 draft sector-agnostic ESRS

As secretariat of the EFRAG ESRS Project Task Force (PTF), we started with a marathon of meetings to review and build consensus on the 12 Exposure Drafts (EDs), that were approved and handed over to the newly constituted EFRAG SR TEG and EFRAG SRB on 26 April 2022.

May and June were dedicated to educating the EFRAG SR TEG and EFRAG SRB with the work of the PTF, to the outreach, to the use test focus group and to the basis for conclusions on the EDs.

In July and August, EFRAG SR TEG discussed the concerns and suggestions of stakeholders. EFRAG received more than 750 comments, which required careful analysis and the preparation of a series of agenda papers to support the deliberation on the changes to the EDs. After lengthy redeliberations, on 25 October EFRAG SR TEG agreed to recommend to the EFRAG SRB for approval the 12 draft ESRS, which were finally approved by the EFRAG SRB on 15 November 2022.

Supporting a successful implementation of ESRS

In March 2023, we issued a set of 20 videos on the draft ESRS that have drawn considerable interest on YouTube with one reaching 15,000 views! and we finalised the bases for conclusions.

From April 2023, we have refocused our efforts on the implementation support for the 12 sector-agnostic draft ESRS following the request of Commissioner McGuinness, to help preparers in their challenges related to the first-time adoption. We are working

intensively to prepare the first deliverables: a guidance on materiality assessment, one on value chain and a list of the detailed requirements in Excel, to support the gap analysis. We have also progressed in the preparatory work to be ready to collect and address implementation questions.

At the same time, the first set of ESRS, the newly constituted ESRS Digital Reporting Consultative Forum is assisting us EFRAG SR TEG and EFRAG SRB and we are working expeditiously toward the completion of the draft XBRL taxonomy.

Interoperability with ISSB and GRI

Reducing unnecessary divergences between the ESRS and other standards with the ultimate goal of reducing double reporting has been a constant priority. Following the outcome of the consultation, many changes have been implemented to enhance interoperability. The concepts of financial and impact materiality are intended to align with the materiality respectively in IFRS S1/S2 and in GRI. The content of draft ESRS has been built integrating to the maximum extent possible the content of IFRS S1 and S2 and the ESRS disclosures are expected to be capable of corresponding to those required by IFRS S1 and S2.

Across all the standards definitions, concepts and disclosures have been built leveraging on the GRI Standards and are fully or, when full alignment was not possible, closely aligned with GRI. As a result, the preparers that currently issue GRI reports are expected to be able to leverage on their investments, knowledge and processes in preparing their ESRS disclosures on impacts.

"I am amazed by the enthusiasm, talent and commitment of the PTF, EFRAG SR TEG and EFRAG SRB members and observers, the respondents to the consultation, my colleagues of the secretariat and the in-kind resources, that made it possible to deliver the sector agnostic draft ESRS! To all of them goes my deepest gratitude.

Looking ahead, next to the launch of the implementation support activities, the EFRAG Secretariat and EFRAG SR TEG continue to work on interoperability, digitalisation, two ESRS for SMEs, ESRS EDs for high-impact sectors."

From the research to the initial drafts of the next standards

In June and July 2022, we held almost 40 sector workshops and launched the constitution of the sector communities, groups of experts with multistakeholder composition that advise EFRAG SR TEG on the development of sector-specific ESRS. Leveraging on the sector classification approach developed by the PTF, in the autumn 2022 a series of additional workshops led to progress substantially on the identification of material matters and relevant disclosures for ten highest-impact sectors. Between September and December 2022 SR TEG, developed its advice to the EFRAG SRB on the methodological approach and suggested architecture and in January 2023 developed the first two pilot ESRS sector EDs. On 6 and 7 March 2023, the EFRAG SR TEG agreed to recommend to the EFRAG SRB for issuance the Sector classification and general approach to sector ESRS ED, the Oil and Gas ED and the Mining Quarrying and Coal ED. These drafts are now ready for the EFRAG SRB deliberations, before they are issued for consultation. Research and preparation for the next high-impact sectors are as well currently ongoing.

The SR TEG, supported by two newly created communities of experts, has been working since the beginning of 2023 on the draft standard for listed entities (LSME) and on a building block approach that moves progressively from a voluntary standard for non-listed entities to the LSME ED.

Looking ahead

As soon as the technically feasible between the end of 2023 and the beginning of 2024, EFRAG SR TEG will finalize and recommend to the EFRAG SRB for approval to be issued for consultation: the first implementation support deliverables and the XBRL taxonomy for the sector agnostic ESRS; the two ESRS for SMEs and the sector classification and the first sector EDs.





Message from Kerstin Lopatta, Acting Chair EFRAG SRB 2022 & Vice Chair EFRAG SRB

2022 was a milestone for sustainability reporting in the European Union as well as globally. In the CSRD, EFRAG was mandated to develop mandatory European Sustainability Reporting Standards (ESRS). It was the first time that EFRAG developed standards in a multi-stakeholder setting. All EFRAG SRB members, TEG members and observers made a remarkable effort. We had to work under immense time pressure, often from early in the morning till late at night, to finalize the standards. As a team, we achieved this exceptional milestone in developing robust but practicable sustainability reporting standards that will help bring transparency to impacts, risks and opportunities of undertakings with regard to sustainability. We delivered this first set of the ESRS on 22 November 2022 to the European Commission. I clearly remember the excitement we felt. The ESRS are not only a reporting tool, they will especially help leading the European economy towards a sustainable transformation in the short, medium and long term.

But, after the game is before the game! We are now working on capacity building, sector specific standards and SME standards. We will observe carefully how the ESRS will change and improve corporate disclosure in the upcoming years. I am curious to see how research will incorporate the ESRS and what we will learn from it. I am happy to serve as a Vice Chair of the EFRAG SRB and as an academic to contribute to the further improvement of sustainability reporting.



EFRAG introduced the Friends of EFRAG - Sustainability Reporting in 2022 whereby entities can give their individual support to EFRAG's mission and support EFRAG's sustainability reporting activities. Some of them having given us their testimonies:



Raúl Mir
CEO

Ângela Impact Economy

In Ângela Impact Economy, we specialize in the sustainability of corporations, their ESG data management, and impact. Under the umbrella of Attrim Impact Technology Group, our main goal is to support leaders and their organizations in the process of integrating digital and strategic sustainability, in order to respond to the new reality of the market. This demands adaptability, transparency with your information, and sustainable management.

Our main focus is to facilitate knowledge transfer, improve the strategic vision of executives, and manage data by providing solutions through advisory and consulting services. We offer our digital platform, "Data IE Sustainability Analytics," which centralizes all data related to sustainability KPIs, making decision-making easier in the new European regulatory context.

Since our inception, we have witnessed the great efforts made by EFRAG to bring about change in society and the business environment. In this context, we look forward to establishing a long-term relationship with EFRAG to improve the transition of businesses to a sustainable model and disseminate knowledge in this field throughout society. Overall, at Ângela Impact Economy, we aim to be a reliable partner to the entire Spanish business community, providing them with the latest information on the changes surrounding this field.



Pepijn Rivers
Executive
Vice President

World Business Council for Sustainable Development (WBCSD)

WBCSD congratulates EFRAG on its efforts over the past year.

Clear, comprehensive, consistent and comparable sustainability information is crucial for all stakeholders in their relationships with and decision-making towards businesses. It is also crucial to developing trust in the global accountability system for corporate sustainability, holding companies to account for their progress towards delivering a net zero, nature positive, equitable world. The work of EFRAG in developing the ESRS is a crucial step towards this.

WBCSD looks forward to continuing to work with all stakeholders to ensure the uptake and effective implementation of mandatory sustainability reporting standards, and ensuring their interoperability globally, in particular with the ISSB Standards.

With our members, we are launching a Preparer Forum for Sustainability Disclosure to identify and develop the necessary governance and management capacities, systems and processes to implement global disclosure standards and maximize alignment and interoperability. We look forward to sharing the outputs and learnings with these across the business community and with EFRAG and other key stakeholders and standard setters driving the disclosure system.

EFRAG's role in supporting the implementation of the ESRS, as well as developing industry specific standards in the future will be crucial to further developing the corporate disclosure system. WBCSD and its members look forward to continuing our productive relationship to support their development and implementation so that they are feasible, useful, and compatible with the ISSB Standards and other reporting frameworks."



General Electric – Europe



ENGIE



How to become a Friend of EFRAG?

Stakeholders from both the Financial and Sustainability Reporting sector can apply as Friends of EFRAG against a modest financial contribution. EFRAG CEO Saskia Slomp is available to discuss how best to support EFRAG's activities (saskia.slomp@efrag.org).



ESRS: sector agnostic standards ('Set 1')

Under CSRD, EFRAG was appointed technical adviser to the European Commission developing draft ESRS and had to deliver its first set of sustainability reporting standards to the European Commission (EC) by November 2022.

Handover from PTF-ESRS

The Project Task Force on European sustainability reporting standards (PTF-ESRS) was invited in 2021 to develop the standards in project mode. The aim was to render exposure drafts (EDs) to the EFRAG SR bodies established by the 2022 governance reforms.

In Q1 2022, the PTF-ESRS published 13 working papers as part of its due process to inform stakeholders about its progress in developing the draft EU sustainability reporting standards.

Public consultation – April 2022

To submit the first set of draft ESRS to the European Commission timeously while benefitting from the longest public consultation period possible, the public consultation had to be launched as soon as possible. Therefore, the EFRAG SRB launched the public consultation on the basis of the EDs prepared under the sole responsibility of the PTF-ESRS.

On 29 April 2022, EFRAG launched a public consultation on the Draft ESRS EDs, with a deadline of 8 August 2022. Stakeholders were invited to respond as follows online:

- Survey 1 – Overall ESRS exposure drafts relevance
- Survey 2 – Adequacy of disclosure requirements

The public consultation was organised to receive feedback from constituents on three key aspects of the EDs, organised in a chapter menu as follows: (1) Overall substance of the Exposure Drafts including Architecture; Implementation of CSRD principles; Content; Implementation prioritisation and (2) Adequacy of the disclosure requirements. This included questions for Cross-cutting standards; Environmental standards; Social standards and Governance standards. EFRAG also received comment letters that did not address the specific aspects covered by the surveys.

Outreach events in 2022 on the draft ESRS Exposure drafts



**15
outreach
events**



**in 9
European
Countries**



**in 7
languages**

EFRAG received 702 responses (450 responses to Survey 1 and 252 responses to Survey 2) from 19 EU countries with France and Germany being the origin of most letters. Responses also came from far away countries such as Australia, Brazil, Japan, Nigeria and the US. EFRAG also received 298 position papers from the organizations and individuals that replied to the consultation. The EFRAG SRB with recommendations from the EFRAG SR TEG, finalised the drafts with a number of amendments to reflect the outcome of the consultation, including a number of simplifications ("VSME").

Simplifications and key changes from EDs

Materiality approach

- The rebuttable presumption mechanism has been replaced by materiality approach, combined with a list of mandatory items.
- Combination of materiality and a minimum number of mandatory datapoints: ESRS 2, EU regulation datapoints (i.e. SFDR, Pillar 3 for banks, EU benchmark regulation), ESRS E1, for 250+ employees: ESRS S1.1 to S1.9
- Flexibility to disclose the outcome of the double materiality assessment.
- Value chain wording emphasising materiality.

Significant streamlining of datapoints

- Disclosure requirements reduced from 136 in April EDs to 84 (with enhanced alignment to ISSB/GRI).
- Datapoints reduced by nearly half.

Final text of CSRD – June 2022

- Governance factors limited to governance of sustainability matters. One of the two proposed standards was eliminated.

Transitional provisions

- Phasing-in for value chain due to difficulties companies may face in obtaining information. Phase in of 1 to 3 years for a number of datapoints (including financial effects).

Delivery

The EFRAG SRB, advised by the EFRAG SR TEG, addressed the feedback of the consultation. It also amended the 12 draft ESRS, approved by consensus except for one abstention and released to the European Commission on 22 November 2022.

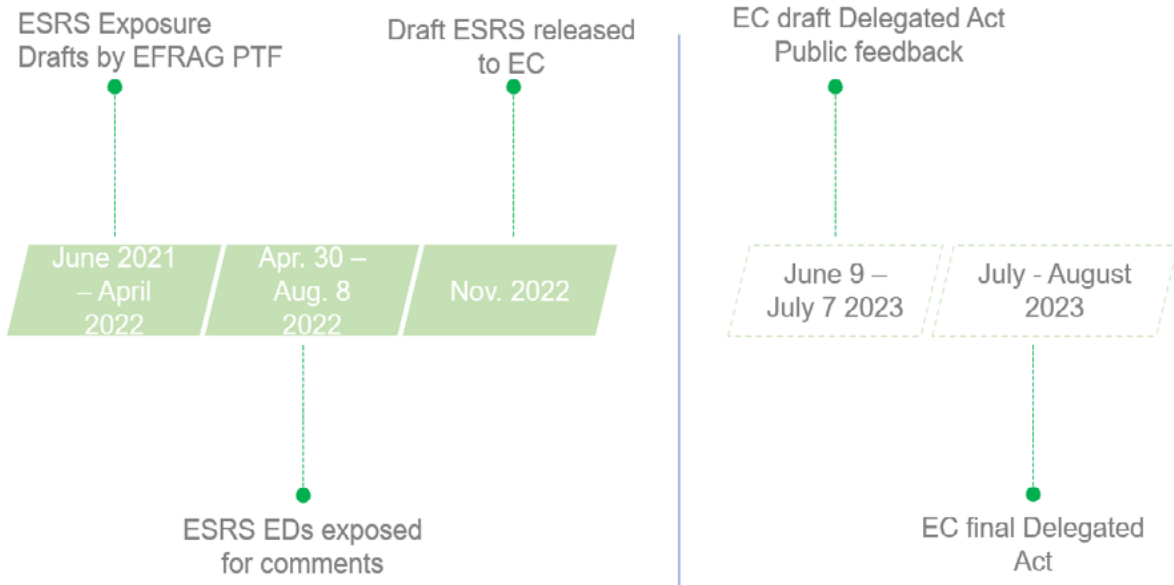
Use test focus group on EDs

33 preparers participated to identify the operational and other challenges when reporting under the ESRS ED's.

• France	4
• Poland	1
• Germany	12
• Spain	3
• Italy	3
• Sweden	1
• Netherlands	3
• US	3

85 feedback modules were completed:

• ESRS 2	29
• ESRS E1	26
• Other E standards	12
• Social standards	10
• Governance standards	7



Set 1 ESRS YouTube playlist

In February 2023, a playlist of 20 videos on set 1 prepared by EFRAG SR TEG members and the EFRAG Secretariat was released and some had more than 12.000 views on Youtube. Viewers have the choice of the 'Glimpses', providing a brief overview, or 'Educational session' for more technical details.

EFRAG educational videos on the First set of draft ESRS

Presented by our experts

EDUCATIONAL SESSIONS

Glimpses

EFRAG

NEXT STEPS

- On 9 June 2023, the European Commission published its draft delegated act based on the draft ESRS.
- After the consultation period, the EC will adopt the delegated act – likely in the summer.
- The delegated act will then subject to parliamentary scrutiny for two months which can be extended by another two months.
- First reporting will start in 2025 for fiscal year 2024 for the first group of undertakings in scope of the CSRD.

EFRAG launched two workstreams on standards for small, medium enterprises ('SMEs') in November 2022. The first one stems from the CSRD to develop a simplified standard for listed SMEs, small banks and captive insurers (together "LSME"). The simplified LSME ESRS is a derogation to sector agnostic ESRS and it is to be issued as a delegated act. The second workstream is outside the CSRD mandate and it is triggered by market needs for a voluntary sustainability reporting standard for non-listed SMEs and micro-entities to support them in facing the ESG requests of banks or partners in their value chain.

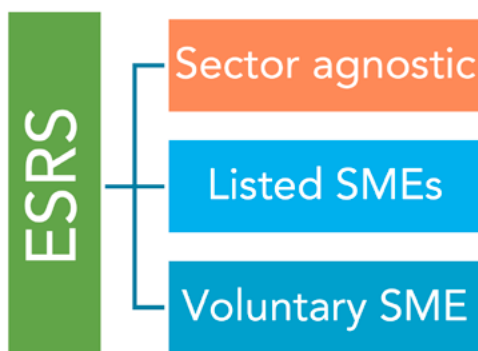
Objectives & Achievements In 2022+H1 2023

Between November 2022 and February 2023 EFRAG Secretariat established the methodology and general approach to both workstreams per the guidance of EFRAG SR TEG and the SRB. Inputs were also received from the EFRAG SMEs Expert Working Group and by two newly established communities, the LSME Community and VSME Community.

During March and June 2023, the first LSME draft working papers were discussed by SR TEG and SRB as a priority due to the requirements of CSRD. For LSME ESRS the goal is to achieve the maximum level of simplification while respecting the CSRD provisions. The standard also integrates the EU law datapoints (SFDR, Taxonomy, Benchmark and Pillar 3 regulations) and it acts as a "cap" for the sustainability information that EFRAG may require in the sector-agnostic standards from larger companies.

For the voluntary standard, called VSME, the aim is further simplification so that it functions as an entry-level module in the building block methodological approach.

The work on LSME and VSME has been supported by exchanges with a wide range of stakeholders as can be seen from the meeting calendar for 2023.



Stakeholders Meetings in 2023

- **Expert Working Group meetings:** 19 December, 19 January, 9 February, 8 March and 5 May
- **LSME Community workshops:** 27 January, 24 February with preparers, financial market participants and 26 June
- **VSME Community workshop:** 31 January
- **European Issuers Smaller issuers committee:** 9 May and 20 June
- **Vienna Initiative:** 10 February, 14 March
- **EEN and EFRAG on SMEs:** 3 March
- **EC European Enterprise Network Workshop SMEs:** 27 March
- **EFRAG – OECD:** 17 April
- **REPARIS SMEs working group:** 11 May
- **ESBG Accounts and Audit committee:** 9 June

NEXT STEPS

- Exposure Drafts for LSME and VSME are tentatively expected for release in Autumn 2023.

EFRAG has been mandated by the CSRD to provide technical advice to the EC on sector-specific draft ESRS. The sectors to be prioritised were identified based on their impacts on people and the environment.

EFRAG started the preparatory work for the first set of Exposure Drafts: SEC1 Sector Classification (the approach to aggregate activities – NACE codes - into sectors); Mining, Quarrying and Coal mining, Oil and Gas, Road Transportation, Motor vehicles, Food and Beverages, Textiles, Accessories, Jewellery and Footwear, Power production and Energy utilities, and Agriculture, Farming and Fisheries.

Meetings in 2022

Various workshops with stakeholders from sectors, following a public call to participate, were held to understand the relevant sustainability matters and disclosures for the various sectors as detailed below. EFRAG created sector communities for the first 10 sectors and permitted all stakeholders with a particular interest in a sector to provide their views early in the drafting process and throughout the development of the standards.



**26 Sector – generic workshops
& 10 high impact sectors
– detailed workshops**

Between June and November 2022

Achievements In H1 2023

The EFRAG SR TEG approved the Exposure Drafts for SEC 1, the Mining, Quarrying and Coal mining and the Oil & Gas exposure drafts for recommendation to the EFRAG SRB at the beginning of March, when EFRAG was asked to deprioritise sectors.

Drafting review by EFRAG SR TEG on Road transportation and Agriculture ongoing along with research on high impact sectors.

Current research

In Q2 2023, research on the following sectors continued:

- Textiles, Accessories, Jewelleries and Footwear;
- Power production and Energy utilities;
- Motor vehicles; and
- Food and beverages.

NEXT STEPS

- Update the available Exposure Drafts on the basis of the Delegated Act and approve them for consultation.
- Finalise the draft of Road transportation and Agriculture.
- Kick off of the work on financial institutions with the support of the Advisory Panels.
- Commence drafting of exposure drafts in dialogue with EFRAG SR TEG and EFRAG SRB on sectors in research phase currently.

The EFRAG Digital Reporting Team has started the XBRL taxonomy implementation project in November 2022. The goal is to deliver a complete ESRS XBRL taxonomy, starting from sector agnostic ESRS, that enables digital tagging of the ESRS statements and enable users of the reports to consume the machine-readable ESG data sets, as foreseen in the CSRD.

A digital XBRL taxonomy for the Article 8 disclosures is being developed as well for the EC.

Objectives & Achievements In 2022+H1 2023

Following a public tender process an external consultant was selected. The consultant is developing the digital taxonomy with an XBRL taxonomy editing platform.

The methodology and architecture, i.e., a description of the translation from ESRS into the digital XBRL taxonomy has developed and agreed with EFRAG SR TEG and EFRAG SRB.

The EFRAG Digital Reporting Consultative Forum (EFRAG DRCF) with 23 members has been constituted. The EFRAG DRCF has held three meetings and it provides advice to the EFRAG SR TEG.

A draft Set 1 ESRS XBRL Taxonomy has been developed covering all Disclosure Requirements with granular digital tags of different types.

The draft taxonomy has been reviewed and discussed in more than 130 meetings with the external consultant. The team has received 408 comments and 12 illustrative reports with tags created.

The Article 8 XBRL taxonomy has been completed and several real reports have been successfully tagged.

Relevance of this workstream

- The work on the XBRL taxonomy has been presented at six events to great appreciation.
- [The Architecture and Methodology paper](#) receives significant attention and positive feedback from external stakeholders.
- The importance of the XBRL taxonomy has been confirmed as a taxonomy-centric report preparation will help preparing the ESRS statements.

NEXT STEPS

- Update the ESRS XBRL taxonomy with the changes from the ESRS delegated act as published by the EC.
- After approval at EFRAG SR TEG and EFRAG SRB, issue the ESRS XBRL taxonomy for public consultation.
- Implement the changes of the Taxo4 delegated act in the Article 8 XBRL taxonomy.
- Work on digital interoperability with 3rd party XBRL taxonomies (including IFRS).

In the second half of March the EC has requested EFRAG to prioritise its efforts around implementation of the first set of ESRS over the development of the draft sector-specific standards. This also avoids overlapping consultations and eases the burden on all stakeholders wanting to contribute to the sustainability agenda. EFRAG adjusted its workplan to this new priority whilst carrying on under a modified timetable work on sector-specific standards and continuing its work on standards for SMEs.

Objectives & Achievements In 2022+H1 2023

EFRAG fully recognises the need to translate a legal and regulatory framework into a real operational success and does not underestimate the significant potential challenges that are faced by all stakeholders. As a consequence, and being responsive to the request of the EC, EFRAG has started drafting the first guidelines to support the implementation of the sector agnostic ESRS. EFRAG is as well performing preparatory work and discussing the feasibility of additional implementation support, such as structuring a process to publicly address technical implementation questions, the creation of a user-friendly and comprehensive documentation hub, and the facilitation of educational initiatives.

First three implementation deliverables

- Materiality assessment implementation guidance
- Value chain implementation guidance
- A list of the detailed requirements in Set 1

The latter will be provided in Excel to support the gap analysis activities of preparers.



The CSRD requires that ESRS should contribute to convergence of global standards to reduce the risk of inconsistent reporting requirements for undertakings that operate globally such as the ISSB and to minimise disruption for current reporters of sustainability information under GRI, SASB, the IIRC, TCFD, and CDP. EFRAG continues to work on interoperability of ESRS with other initiatives and enhance cooperation with other initiatives.

Objectives & Achievements In 2022+H1 2023

The content of draft ESRS 1, draft ESRS 2 and draft ESRS E1 released in November 2022 has been built in to integrate to the maximum extent possible the content of the ED IFRS S1 and S2. The disclosures prepared under ESRS are expected to correspond to disclosures required by IFRS S1 and S2. In order to respect the content of the CSRD and the compatibility with the EU regulation and the EU ambitions in the Green Deal, in ESRS additional datapoints are included. EFRAG Secretariat has continued to support the EC in an intense bilateral technical dialogue with the ISSB Staff aimed at enhancing even further the alignment between the two Climate standards.

In the November 2022 drafts, across all the standards, definitions, concepts and disclosures have been built leveraging on the GRI Standards and are fully or, when full alignment was not possible due to the content of the CSRD mandate, closely aligned with GRI.

EFRAG Secretariat has regular technical exchanges with various initiatives, such as the TNFD and the OECD.

Goal

EFRAG's goal is to build on and contribute to the global progress of sustainability reporting. In this regard, the ongoing dialogue with the ISSB and the cooperation with GRI is particularly important. The two-way dialogue between the parties is intense and progress is significant. EFRAG is hopeful that interoperability will be achieved and, as a consequence, EU companies applying the first set of ESRS will not be confronted with multiple reporting requirements.

NEXT STEPS

- EFRAG expects to support the EC and work on a more detailed ESRS/IFRS mapping once the respective standards are finalized. This will allow the investors to clearly identify within the ESRS disclosures, the specific requirements that correspond to the disclosures required by IFRS S1 and S2.
- Digital XBRL taxonomy may further support the operationalisation of interoperability.
- Cooperation with other initiatives will continue.

EFRAG SUSTAINABILITY REPORTING PUBLICATIONS IN 2022
sustainability reporting





International Forum of Accounting Standards Setters (IFASS) Meetings

The International Forum of Accounting Standard Setters (IFASS) (formerly known as National Standard-setters) is a grouping of national accounting standard setters from around the world, plus other organisations that have a close involvement in corporate reporting issues. IFASS provides a platform for national accounting standard setters, and other interested organisations, to discuss current issues and developments in international financial reporting.

EFRAG has been granted the Chairmanship of IFASS with EFRAG FR TEG Chairwoman, Chiara Del Prete, being the new IFASS Chair succeeding Yasunobu Kawanishi, for the March 2022 - March 2024 period.

Fall 2022 Meeting – London (UK)

On 27-28 September 2022, IFASS held a meeting in London that was sponsored by the IFRS Foundation. It was the first meeting since EFRAG took over the Secretariat of IFASS. The meeting was chaired by EFRAG SR TEG Chairwoman Chiara Del Prete.



The meeting was attended by representatives of standard setters from 34 jurisdictions: Argentina, Australia, Austria, Belarus, Brazil, Canada, China, Denmark, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Kenya, Korea, Lebanon, Malaysia, Mexico, Nepal, Netherlands, New Zealand, Norway, Sierra Leone, Singapore, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, United Kingdom, US, and Zimbabwe.

Financial and sustainability topics were presented and discussed by IFASS participants.

- Subsequent measurement of goodwill (presentation by UKEB);
- PIR of IFRS 9 *Financial Instruments Classification and Measurement*, and accounting for ESG-linked financial instruments under US GAAP (presentations by the AASB, FASB, and OIC);
- Improving cash-flow reporting (break out session);
- PIR of IFRS 15 *Revenue from Contracts with customers* (presentation by IASB and EFRAG staff);
- Sustainability reporting: Reporting on climate-related risks (presentations on the EU-ESRS, SEC, and IPSASB consultations and a panel discussion on IFRS S2 ED involving ISSB, AASB, FRC-UK, KASB, PAFA, and SSBJ); and an update on the TNFD project on nature-related disclosures (presentation by the TNFD);
- Accounting for digital assets (a panel discussion involving AcSB, ASBJ, EFRAG, and FASB);

- Second comprehensive review of IFRS for SMEs Accounting Standard (a panel discussion involving IASB staff, AOSSG, FACPCE-Argentina, FRC-UK, PAFA) and an update on the INPAG adaptation of the standard (presentation by CIPFA);
- Way forward for future IFASS meetings.

IASB Board members of the International Accounting Standards Board (IASB) and its staff, the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB), and the US Securities and Exchange Commission (SEC) also attended.

A report with [key messages](#) and a compilation of [pictures](#) from the meeting were published and can be found on EFRAG Website.



Spring 2023 – Norwalk (US)

On 19-21 April 2023, IFASS held another meeting in Norwalk, US, that was sponsored by the Financial Accounting Standards Board (FASB). The meeting was chaired by EFRAG SR TEG Chairwoman Chiara Del Prete. More than 35 jurisdictions were represented to discuss key developments in Financial & Sustainability Reporting.

The meeting attendees included representatives (70+ in-person and 90+ virtual) of standard setters from 35 jurisdictions (i.e., Argentina, Australia, Austria, Belarus, Belgium, Canada, China, Colombia, Denmark, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Malaysia, Mexico, Nepal, New Zealand,



Norway, Romania, Singapore, South Africa, South Korea, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, the Netherlands, United Kingdom, USA, and Zimbabwe).

The attendees also included representatives of the GRI, the IASB, ISSB, and the International Public Sector Accounting Standards Board (IPSASB).

Financial and sustainability topics were presented and discussed by IFASS participants:

- Presentation on Connectivity (presentation by IASB and ISSB);
- IASB Update (presentation by IASB);
- IFRS 9 Amendments to classification and measurement (presentation by IASB and a break-out session);
- Public sector and not-for-profit updates (presentations by AASB, CIPFA and IPSASB);
- Application of Malaysian Financial Reporting Standards to Islamic Social Finance Transactions (presentation by MASB);
- Primary Financial Statements: Disaggregation of expenses (a panel discussion involving EFRAG, FASB and IASB);
- Australia's roadmap to sustainability reporting: climate-first approach (presentation by AASB);
- ISSB update (presentation by ISSB);
- ESRS update (presentation by EFRAG);
- GRI framework (presentation by Bastian Buck);

- Sustainability reporting on criteria for departing from the baseline of ISSB Standards to using ISSB as a baseline (presentation by AASB then a panel discussion involving AASB, CSSB, EC, KSSB, XRB, ISSB);
- Connectivity between financial and sustainability reporting (a panel discussion on IASB-ISSB involving AASB, AcSB and UKEB and presentations from EFRAG and FRC);
- Digital assets (presentations from AASB, AcSB and FASB);
- Jurisdictional financial reporting priorities and updates (presentations from AOSSG, FASB, GLASS, PAFA and UK FRC);
- Intangibles (a panel discussion on recent research involving AASB, EFRAG, GLASS and UKEB).

Next meetings:

26-27 September 2023 – London – UK

Spring 2024 – Seoul – South Korea





Communication activities

Overview

2022 was the year of many transitions for EFRAG: establishment of a new Sustainability Reporting pillar, new Member Organisations, new governance bodies, welcoming new staff and developing new working habits. EFRAG’s communication accompanies these changes.

Outreach activities

Between January 2022 and June 2023, EFRAG held no less than 38 public outreach events and 39 workshops, in addition to the usual public EFRAG Reporting Boards, EFRAG Reporting TEGs, and EFRAG CFSS meetings.

EFRAG FINANCIAL REPORTING OUTREACH ACTIVITIES

Activity	Count	Partner	Participants
Better information on Intangibles - which is the best way to go?	3	 EFFAS	257
Primary Financial Statements	4	 OIBR  BUSINESSEUROPE	439
Accounting for Variable Consideration - from a purchaser perspective	1	 IFRS®	113



EFRAG SUSTAINABILITY REPORTING OUTREACH ACTIVITIES

ESRS Educational Sessions	13		2 643
Public Outreach on ESRS with national authorities and European Stakeholders Organisations	17		4 868



EFRAG SUSTAINABILITY REPORTING Sector Specific ESRS



26
Sector Communities



39
Sector – generic workshops



26
Sector – generic workshops



10
10 high impact sectors – detailed workshops

Activities held in 2022 and Q1 2023

Conference "Where is Corporate Reporting heading?"

On 7 December 2022, EFRAG held its conference "Where is Corporate Reporting heading?" in Brussels to celebrate its 21st anniversary and discuss EFRAG's major accomplishments, past and future. It was an occasion to debate the new trends in corporate reporting following the Environmental, Social and Governance (ESG) revolution and the growing emphasis on connectivity between sustainability and financial reporting.



Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets Union, was the keynote speaker. Pascal Durand, MEP (France) and CSRD rapporteur, and Andreas Barckow, IASB Chair, also delivered speeches on the respective developments in sustainability reporting and financial reporting.

Jean-Paul Gauzès, former EFRAG Board President, also delivered a message for EFRAG and welcomed the new Chairs.

A presentation on "Where is sustainability reporting heading in Europe and internationally" was also given by Sven Gentner, Head Corporate reporting, audit and credit rating agencies unit, DG FISMA, EC, Patrick de Cambourg, Emmanuel Faber and Eelco van der Enden.



The discussions were moderated by Patrick de Cambourg, EFRAG SRB Chair, Saskia Slomp, EFRAG CEO and Wolf Klinz, EFRAG FRB Chair.



Panellists included high-level speakers that allowed interesting discussions in the three panels "Sustainability reporting: a new area", "Looking back and forward at EFRAG" and "Financial reporting and connectivity" (introduced by Verena Ross, ESMA Chair).



On this occasion, a [summary report](#) was published and the [recordings](#) of the event were made available.

Key remarks stated:

- EFRAG delivered high-quality output to the EC on time;
- EFRAG should continue to focus on financial reporting given its essential nature in addition to its activities in the sustainability reporting area;
- EFRAG should continue to work together with other organisations, both on financial and sustainability reporting;
- EFRAG needs more funding and resources to operate effectively;
- Double materiality, interoperability, risks and integrated reporting are concepts of the utmost importance;
- Financial and sustainability reporting will have to evolve continuously to keep up pace with a fast-changing world; and
- There is a need to build an effective mechanism against greenwashing.

Social Media activities

EFRAG activities in 2022 returned to pre-Covid-19 restrictions normality as in-person events were allowed but adapted the frequency of the in-person meetings and used more online meetings. The Covid-19 period did not mark a slowdown: EFRAG's activities on social media and other platforms increased. The Financial Reporting activities kept their cruise speed and the Sustainability Reporting activities entirely started during the Covid-19 period.

EFRAG's followers, between January 2022 and June 2023 increased by:



157% to reach **23 632** in total on LinkedIn.



45% to reach **2 739** in total on Twitter.



297% increase to reach **794** subscribers of EFRAG's YouTube channel.

EFRAG educational videos published on the draft ESRS reached an overwhelming **2.5K** views on our YouTube channel.

EFRAG new visual identity and complete rebranding

With the creation of a new Sustainability Reporting pillar, there was a need for a rebranding that matched with EFRAG's new identity and put Sustainability Reporting pillar on equal footing with the Financial Reporting pillar.

The new brand identity introduced in the EFRAG conference of 7 December 2022, is composed of one new logo for EFRAG as corporate reporting entity, and two sub-identities for EFRAG Sustainability Reporting and EFRAG Financial Reporting. We differentiated the three identities with specific colours and logos:



The new branding can now be seen on our social media activities, public documents, newsletters, and soon on our new website.

Development of a new EFRAG's website

The new structure of EFRAG with financial reporting activities and sustainability reporting activities required a fundamental change of EFRAG's website. EFRAG will have a new modern easy accessible and navigable website which is expected to be operational early autumn 2023. The website will more accurately reflect EFRAG's activities, and provide website readers a more intuitive path towards the information they are looking for and allows for targeted news subscriptions.



Who do we need?

EFRAG welcomes both staff on employment contracts and secondments (in kind and paid) for financial reporting and for sustainability reporting and has a permanent recruitment process. EFRAG welcomes spontaneous applications.

EFRAG is recruiting at all levels of the organisation from junior to very senior. EFRAG is also open for applications of candidates with a limited number of years in experience but keen to learn and motivated.

EFRAG offers internships of minimum six months in both financial and sustainability reporting. An EFRAG internship is a valuable steppingstone in their career and providing them with a unique experience.

EFRAG has also a few places for academic fellows in corporate reporting that want to spend a sabbatical at EFRAG.

Why joining EFRAG?

A career within EFRAG represents a unique opportunity to develop an in-depth knowledge and understanding of corporate reporting. It is an opportunity to work within a dynamic multicultural and intellectually stimulating environment and to engage directly with the perspectives of multiple stakeholders including auditors, preparers, users, regulators, and EU and global national standard setters.

How to apply?

Please send a detailed **CV and covering letter**, addressed to Saskia Slomp EFRAG CEO to rh@efrag.org.



Apply now !

- Financial Reporting Technical Staff
- Sustainability Reporting Technical Staff
- Academic fellow
- Environmental Reporting Specialist
- Internship



Development of the EFRAG sustainability policy

EFRAG is aware of the challenge posed by sustainability: 'Taking into account the environmental (including climate and biodiversity), social, human and economic impact in its business decisions to create sustainable value in the long term'.

In developing its activities, EFRAG considers that its actions should promote the balance of economic growth, social cohesion and environment preservation, in accordance with its corporate purpose.

Based on these reasons, EFRAG is developing an EFRAG Overarching Sustainability Policy, highlighting EFRAG's commitment to contribute to the development of a more sustainable economy and activity. The areas covered by this policy include general principles, governance and business conduct, social aspects relating to workforce and the environment. EFRAG is developing as part of the overarching policy various policies such as travel, procurement, ethics and Diversity, Equity and Inclusion.

In addition, EFRAG is currently in the process of assessing its greenhouse gas (GHG) emissions in form of its carbon footprint in order to subsequently assess what action needs to be taken (if any) including benchmarking the results with other similar organisations. EFRAG will also develop a sub-policy on this aspect.

Diversity Equity and Inclusion

In 2022 several changes have taken place at EFRAG due to the integration of the Sustainability Reporting pillar. Among these, the staff of different backgrounds had to adapt to a different working environment in which many new colleagues were welcomed with different backgrounds and new profiles.

DEI has become increasingly important in organisations and EFRAG wanted not only develop disclosure requirements on DEI matters but also to see how EFRAG as an organisation could improve on DEI matters.

In this context, a training course on DEI was organised in the first half of 2023, for all EFRAG staff aiming at raising awareness and seeing what individuals and EFRAG could to contribute to an improved DEI environment.



Financial highlights

Abbreviated financial statements as of 31 December 2022

INCOME STATEMENT	2022 000 EUR	2021 000 EUR
Contributions		
European Stakeholder Organisations financial reporting	615	625
National Organisations financial reporting	1,525	1,525
European Stakeholder Organisations sustainability reporting	248	
National Organisations sustainability reporting	440	
Civil Society Organisations sustainability reporting	54	
European Commission	3,949	2,899
Ad hoc funding sustainability reporting	178	122
<i>Contributions in kind</i>	3,886	3,670
TOTAL CONTRIBUTIONS	10,895	8,841
Operating expenses		
Human resources	-5,060	-4,358
Building	-399	-343
Travel	-41	-5
Special events	-56	-5
Publications	-14	-21
Outsourcing (economic and academic studies)	-671	0
Meetings	-37	0
Other costs	-763	-529
<i>Expenses in kind</i>	-3,886	-3,670
TOTAL OPERATING EXPENSES	-10,927	-8,931
Operating loss	-32	90
Financial result	-18	12
Net Loss/Surplus	-50	102

BALANCE SHEET	31/12/2022 000 EUR	31/12/2021 000 EUR
Tangible assets	46	26
Office guarantee	241	241
Total fixed assets	287	267
Accounts receivable	950	578
Cash	6,259	5,453
Deferred charges and accrued income	168	126
Total current assets	7,377	6,157
TOTAL ASSETS	7,664	6,424
Equity: Accumulated surplus	4,551	4,602
Liabilities		
• Financial debt	13	0
• accounts payable	720	369
• taxes, remuneration and social security	666	664
• provision for pension guarantees and liabilities	822	574
• deferred income	875	178
• other accruals	17	37
Total Liabilities	3,113	1,822
TOTAL EQUITY & LIABILITIES	7,664	6,424

The financial highlights are based on statutory financial statements audited by BDO, Belgium, which issued an unqualified audit report on those statements on 28 February 2023. The statutory financial statements have been approved by the EFRAG General Assembly on 16 March 2023.

Adhoc funding sustainability reporting

EFRAG is grateful to the organisations that provided ad-hoc funding in a total of 300K euro to contribute to the financing of the interim technical work undertaken on a project basis during 2021 and 2022 by the PTF -ESRS (122 K euro allocated to 2021 and 178K to 2022)

- ANC (French Standard Setter) 150K
- European Contact Group 100K
- Accountancy Europe 30K
- Informal Danish funding mechanism 20K

Contributions and expenses in kind

CONTRIBUTIONS IN KIND 2021	000 EUR
Time and travel contributions	
<i>EFRAG FRB</i>	147
<i>EFRAG FR TEG</i>	393
<i>Other FR Groups and Panels</i>	167
<i>EFRAG SRB</i>	439
<i>EFRAG SR TEG</i>	439
<i>Other SR groups, PTFs</i>	449
<i>In kind secondments sustainability reporting</i>	1,499
<i>EFRAG Administrative Board, General Assembly and committees</i>	353
TOTAL CONTRIBUTIONS IN KIND	3,886

NOTE

Guaranteed return on EFRAG's pension fund and other provisions

Belgian law requires that contributions paid on behalf of employees by their employers are subject to a guaranteed minimum return of 3.25% until 31 December 2015, and 1,75% from 1 January 2016. Since 2013, the minimum return by EFRAG's pension provider has been less than these rates (2% in 2013, 1,5% in 2014 and 2015, 1% in 2016 and 0% from 2017 onwards). EFRAG has an obligation for any shortfall at retirement resulting from these differences. The financial statements include a provision arising from past contributions, based on an actuarial estimate.

EFRAG receives funding from the European Commission (EC) in accordance with annual grant agreements. EFRAG's grant returns for the year 2016 till 2021 have been subject to 'on-the-spot checks by the EC and EFRAG has been informed about the amount of ineligible costs. Certain matters in the application of the grant agreements remain under discussion, which could ultimately result in further adjustments to the amount of grant funding for 2022. In the interest of prudence, EFRAG has recorded a provision in relation to the ineligible costs for 2016 -2021

and for possible future adjustments related to the grant of 2022.

Financial structure of EFRAG

EFRAG is a publicly and privately funded organisation working in the European public interest. The European Commission provides the public sector funding.

Starting in 2021 and continuing in 2022 the governance reform based on the recommendations in the Final report on the Ad Personam mandate on *Potential Need for Changes to the governance and funding of EFFRAG* of the at the time EFRAG Board President Jean-Paul Gauzes which were fully supported by Commissioner McGuinness was implemented. A Sustainability Reporting pillar mirroring the financial reporting structure was integrated in the EFRAG structure. In the membership a third Chapter: Civil Society Organisations Chapter was added to the two existing Chapters: European Stakeholder Organisations Chapter and National Organisations Chapter.

EFRAG's seventeen existing Member Organisations joined all the Sustainability Reporting pillar: in addition at the end of 2021 and in the beginning of 2022 14 new EFRAG Member Organisations joined the membership in the Sustainability Reporting pillar (three in the European Stakeholder Organisations Chapter and twelve in the new Civil Society Organisations Chapter (seven NGOs, one trade union organisation, two consumer organisations and one academic organisation).

In Q4 2022 the Belgian standard setter CNC/CBN joined the EFRAG membership in the Financial Reporting pillar with financial contributions effective from 2023.

Supported by the European Commission, the Council and the European Parliament, EFRAG is continuously seeking to broaden its membership base, notably in the National Organisations Chapter. EFRAG seeks as well to broaden its membership in the Civil Society Organisations Chapter and European Stakeholder Organisations Chapter notably with impact expertise organisations to be representative of an as wide as possible range of corporate reporting stakeholders.

In 2022 and previous years in addition to cash funding, EFRAG receives contributions

in kind provided by the members of EFRAG Reporting TEGs, the EFRAG Reporting Boards, the EFRAG Administrative Board, the Committees, Working Groups, Advisory

Panels, and Project Task Forces as well as in form of in kind secondments.

The breakdown of contributions by Member Organisations is as follows:

	2022			2021
	Financial reporting	Sustainability reporting	Total	
European Stakeholder Organisations Chapter				
Accountancy Europe	150	80	230	150
BUSINESSEUROPE	125	80	205	125
INSURANCE EUROPE	150	80	230	150
EBF	50	27	77	50
ESBG	50	27	77	50
EACB	50	27	77	50
EFAA	15	15	30	25
EFFAS	25	25	50	25
EuropeanIssuers	-	80	80	
EFAMA	-	80	80	
Eurosif	-	20	20	
<i>Total</i>	<i>615</i>	<i>540</i>	<i>1,155</i>	<i>625</i>
National Organisations Chapter				
France	350	175	525	350
Germany	350	175	525	350
Italy	350	175	525	350
Spain	175	175	350	175
Sweden	100	75	175	100
Denmark	50	50	100	50
Netherlands	65	75	150	65
Luxembourg	10	10	20	10
Austria	75	50	125	75
<i>Total</i>	<i>1,525</i>	<i>960</i>	<i>2,485</i>	<i>1,525</i>
Civil Society Organisations Chapter				
Climate Finance Fund of the ECF	-	46	46	-
Economy for the Common Good	-	5	5	-
Environmental Defense Fund (EDF)	-	15	15	-
Frank Bold Society	-	In kind	-	-
Publish What You Pay	-	In kind	-	-
Transport & Environment	-	5+ in kind	5	
WWF	-	In kind	-	-
BETTER FINANCE	-	5	5	-
Finance Watch	-	8	8	-
ETUC	-	25	25	-
EAA	-	8 +symposium	8	-
<i>Total</i>		<i>117</i>	<i>117</i>	<i>-</i>
Advance on contributions	-	-875	-875	-
Adhoc funding sustainability reporting	-	178	178	122
European Commission			3,949	2,899
TOTAL CONTRIBUTIONS	2,140	920	7,009	5,171

Disclaimer: EFRAG is co-funded by the European Union and EEA and EFTA countries. The contents of EFRAG's work and the views and positions expressed are however the sole responsibility of EFRAG and do not necessarily reflect those of the European Union or the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). Neither the European Union nor DG FISMA can be held responsible for them.



Our member organisations

EFRAG General Assembly (31 December 2022)

EFRAG's activities are organised in two pillars:

- A Financial Reporting pillar which contributes to the IASB's standard-setting process by providing European views, including through proactive research activities, and provides technical advice to the European Commission on the endorsement of IFRS Standards; and
- A Sustainability Reporting pillar which provides technical advice to the European Commission in the form of draft EU Sustainability Reporting Standards and/or draft amendments to EU Sustainability Reporting Standards.

The EFRAG General Assembly is composed of all EFRAG Member Organisations. Membership of EFRAG per 31 December 2022 is detailed below:

European Stakeholder Organisations



Accountancy Europe



BusinessEurope - European Business Federation



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

EACB - European Association of Co-operative Banks



EBF - European Banking Federation



ESBG - European Savings and Retail Banking Group



EFAA - European Federation of Accountants and Auditors for SMEs



EFFAS - European Federation of Financial Analysts Societies



Insurance Europe - European Insurance Federation

National Organisations (countries)



Austrian Group of Standard Setters - Austria



Commission des Normes Comptables/Commissie voor boekhoudkundige normen (CNC/CBN) - Belgium



Grouping of five Danish organisations - Denmark



Autorité des Normes comptables (ANC) - France



Accounting Standards Committee of Germany (ASCG) - Germany



Organismo Italiano di Contabilità (OIC) - Italy



Commission des Normes comptables (CNC) - Luxembourg



Dutch Accounting Standards Board (DASB) - The Netherlands



Instituto de Contabilidad y Auditoria de Cuentas (ICAC) - Spain



The Association for Generally Accepted Principles in the Securities Market - Sweden

European Stakeholder Organisations



Accountancy Europe



BusinessEurope - European Business Federation

EuropeanIssuers

EuropeanIssuers



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

EACB - European Association of Co-operative Banks



EBF - European Banking Federation



ESBG - European Savings and Retail Banking Group



EFAA - European Federation of Accountants and Auditors for SMEs



EFFAS - European Federation of Financial Analysts Societies



EFAMA - European Fund and Asset Management Association



Eurosif - European Sustainable Investment Forum



Insurance Europe - European Insurance Federation

National Organisations (countries)



Austrian Group of Standard Setters - Austria



Grouping of five Danish organisations - Denmark



Autorité des Normes comptables (ANC) - France



Accounting Standards Committee of Germany (ASCG) - Germany



Organismo Italiano di Contabilità (OIC) - Italy



Commission des Normes comptables (CNC) - Luxembourg



Dutch Accounting Standards Board (DASB) - The Netherlands



Instituto de Contabilidad y Auditoría de Cuentas (ICAC) - Spain



The Association for Generally Accepted Principles in the Securities Market - Sweden

Civil Society Organisations

NGOs



The Climate Finance Fund of the European Climate Foundation



Economy for the Common Good



Environmental Defense Fund Europe



Frank Bold Society



PUBLISH WHAT YOU PAY

Publish What You Pay



Transport & Environment



World Wild Fund for Nature (WWF)

Consumer Organisations



BETTER FINANCE



Finance Watch

Trade Unions



European Trade Union Confederation (ETUC)

Academics



European Accounting Association (EAA)



Our people

EFRAG General Assembly Nominating Committee (31 December 2022)

- **Hans Buysse** - EFRAG Administrative Board President - Chair
- **Alberto Giussani** - OIC
- **Matis Joab** - BETTER FINANCE
- **Olav Jones** - Insurance Europe
- **Sven Morich** - ASCG
- **Pedro Oliveira** - BusinessEurope
- **Nina Schindler** - EACB
- **Goran Tidström** - Swedish Association for Generally Accepted Principles in the Securities Market
- **Nadine Wiedermann** - Ondrej - Austrian Group of Standard Setters

EFRAG Administrative Board (31 December 2022)

EFRAG Administrative Board President:

- **Hans Buysse** - Users sector
- **Georg Lanfermann** - Vice President, Germany

European Stakeholder Organisations Chapter:

- **Sébastien de Brouwer** - Banking sector
- **Benoit Jaspar** - Insurance sector
- **Claes Norberg** - Corporate sector
- **Elina Peill** - Accountancy profession sector

National Organisations Chapter:

- **Michel Barbet-Massin** - France
- **Santiago Durán Domínguez** - Spain
- **Paolo Gnes** - Italy¹
- **Camilla Hesselby** - Denmark
- **Peter Sampers** - Netherlands
- **Andrea Sternisko** - Austria
- **Anders Ullberg** - Sweden

Civil Society Organisations Chapter:

- **Marilyn Waite**

Observer

- **European Commission**

Friends of EFRAG (31 December 2022)

- **Angela Impact Economy**
- **ENGIE**
- **General Electric**
- **World Business Council for Sustainable Development**

EFRAG Financial Reporting Board (EFRAG FRB) (31 December 2022)

- **Wolf Klinz** - EFRAG FRB Chair
- **Serge Pattyn** - EFRAG FRB Vice-Chair, user sector

European Stakeholder Organisations

- **Rosa Bruguera** - Banking sector (Deputy Ricardo Sánchez Fernández)
- **Michael Fechner** - Corporate sector (Deputy Kristian Koktvedgaard)
- **Roman Sauer** - Insurance sector
- **Olivier Scherer** - Accountancy profession sector (Deputy Francesca Amatimaggio)

National Organisations

- **Angelo Casò** - OIC Italy
- **Sven Morich** - ASCG Germany
- **Søren Kok Olsen** - DASC Denmark
- **Sadi Podevijn** - CNC-CBN Belgium
- **Gerhard Prachner** - AFRAC Austria
- **Maria Dolores Urrea Sandoval** - ICAC Spain
- **Gerard van Santen** - DASB Netherlands
- **Marie Seiller** - ANC France
- **Fredrik Walméus** - SFRB Sweden

Observers

- **Jella Benner Heinacher** - European organisations representing private investors

In addition, the European Commission, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) have been granted observer status.

1 Replaced in June 2023 by Michele Pizzo

EFRAG Financial Reporting TEG (EFRAG FR TEG) (31 December 2022)

- **Chiara Del Prete** - EFRAG FR TEG Chair²
- **Jens Berger** - EFRAG FR TEG Acting Chair³ accountancy profession
- **Carmen Barrasa** - Accountancy profession
- **Massimo Tosoni** - Insurance industry
- **Aranzazu Leo Abad** - Banking industry
- **Ilka Canitz** - Country liaison Germany, ASCG
- **Tommaso Fabi** - Country liaison Italy, OIC
- **Emmanuelle Guyomard** - Industry
- **Dennis Jullens** - User
- **Silvie Koppes** - accountancy profession - Financial instruments specialist
- **Erlend Kvaal** - Academic
- **Vincent Louis** - Country liaison France, ANC
- **Malgorzata Matusiewicz** - Accountancy profession
- **Pierre Phan van Phi** - Accountancy profession
- **David Procházka** - at large
- **Christoph Schauerte** - Industry

Observers

The European Commission, the European Central Bank (ECB), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the IASB have been granted observer status.

EFRAG Academic Panel (31 December 2022)

- **Erlend Kvaal** – Chairman
- **Véronique Blum** - Université Grenoble Alpes
- **Kees Camfferman** - Vrije Universiteit Amsterdam
- **Joachim Gassen** - Humboldt-Universität zu Berlin
- **Günther Gebhardt** - Honorary Member
- **Niclas Hellman** - Stockholm School of Economics
- **Ann Jorissen** - Universiteit Antwerpen
- **Andrea Lionzo** - Università Cattolica del Sacro Cuore Milan
- **Araceli Mora** - Universidad de Valencia
- **Roberto di Pietra** - Università di Siena
- **Thorsten Sellhorn** - Ludwig-Maximilians-Universität München
- **Alfred Wagenhofer** - Karl-Franzens-Universität Graz

Observers

The IASB has been granted observer status.

² Ended 31 January 2023

³ Stepped in as EFRAG FR TEG Acting Chair on 1 February 2023

EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) (31 December 2022)

Meetings with the EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) address current European financial reporting issues, major proposed changes to IFRS Standards and EFRAG's proactive work. These discussions allow EFRAG TEG to have a better understanding of the impact of the proposed amendments on national business practice and national accounting standards. EFRAG CFSS provide input for the EFRAG representation at the ASAF meetings of the IASB.

- **AFRAC** - Austrian Standard Setter
- **ANC** – French Standard Setter
- **ASCG** - German Standard Setter
- **CAI** - Chartered Accountants Ireland
- **CFRSB** - Croatian Standard Setter
- **CMF** - Czech Ministry of Finance
- **CNC** - Portuguese Standard Setter
- **CNC / CBN** - Belgian Standard Setter
- **CNC LU** - Luxembourgish Standard Setter
- **DASB** - Dutch Standard Setter
- **DASC** - Danish Standard Setter
- **EASB** - Estonian Standard Setter
- **FAB/KILA** - Finnish Standard Setter
- **FLE** - Institute of State Authorised Public Accountants in Iceland
- **GMEF** - Greek Ministry of Economy and Finance
- **HASB** - Hungarian Accounting Standard Setter
- **ICAC** - Spanish Standard Setter
- **ICPAC** - Cyprus Standard Setter
- **LMF** - Latvian Ministry of Finance
- **LMoF** - Lithuanian Ministry of Finance
- **MFSR** - Slovak Ministry of Finance
- **MIA** - Maltese Standard Setter
- **MOFB** - Bulgarian Standard Setter
- **MOPF** - Romanian Ministry of Public Finance
- **NASB** - Norwegian Standard Setter
- **OIC** - Italian Standard Setter
- **PASC** - Polish Standard Setter
- **SFRB** - Swedish Standard Setter
- **SIR** - Slovenian Standard Setter
- State Administration of Liechtenstein

Observers

- **FER** - Swiss Standard Setter
- **TASB** - Turkish Standard Setter
- **UK FRC/ UKEB** - United Kingdom Standard Setters

EFRAG Advisory Panel on Intangibles (EFRAG API) (31 December 2022)

- **Florian Bercault** – User, Estimeo
- **Ian Bishop** – Preparer, Roche Group
- **Giorgio Calimani** – Preparer, Pirelli
- **Laure Châtillon** - Valuator, PwC France
- **Alexandre Goncalves** - Preparer, Galp Energia SGPS
- **Laurine Lemon** - Preparer, Royal DSM
- **Gianluca Manca** - User, Eurizon Capital
- **Marietta Miemietz** - User, Primavenue
- **Ton van Ooijen** – User, APG Asset Management
- **Laurent Pieraerts** – Preparer, LPMS
- **Jochem Quaak** - Valuator, Duff & Phelps
- **Celine Spencer** - Preparer, Vivendi
- **Ivars Strautins** - Valuator, BKG LtdJeremy Stuber - User, Newton Investment Management
- **Jesus Federico Valero Gil** - Valuator, Deloitte
- **Hanno Wulbrand** - Preparer, Bayer AG

Observers

- Javier Hombria (EFFAS)

In addition the IASB has been granted observer status.

EFRAG Financial Instruments Working Group (EFRAG FIWG) (31 December 2022)

- **Jens Berger** - Chair EFRAG FIWG, Auditor (Deloitte)
- **Jannis Bischof** - Academic (University of Mannheim)
- **David Bisnath** – Banking (Deutsche Bank)
- **Alan Chapman** - Auditor (Grant Thornton)
- **Pierre Henri Damotte** - Banking (Société Générale)
- **Karin Eisenhut** - Banking (DZ Bank AG)
- **Maria Erviti Legarra** - Banking (BBVA)
- **Bonifacio Di Francescantonio** - Banking (UniCredit)
- **Fabio Goia** - Banking (Intesa Sanpaolo)
- **Patricia Tato Gomez** - Auditor (KPMG Spain)
- **Niklas Grip** - Banking (Svenska Handelsbanken)
- **Laure Guegan** - Auditor (EY)
- **Vincent Guillard** - Auditor (Mazars)
- **Edgar Loew** - Academic (Frankfurt School of Finance & Management)
- **Selma Marte** - Banking (BNP Paribas)
- **Holger Meurer** – Auditor (PwC)
- **Martin Petrov** - Banking (Sofia International Securities)
- **Roberto Spiller** - Auditor (KPMG)
- **Martin Svitek** - Banking (Erste Group)
- **Anna Vidal** – Banking (Caixa Bank)

Observers

- **Lorenza Bignozzic** - National Standard Setter OIC
- **Antonio Corbi** - ISDA (International Swaps and Derivatives Association)
- **Stephane Lefrancq** - National Standard Setter, ANC
- **Gerhard Margetich** - National banking organisation
- **Raoul Vogel**

In addition, the European Commission, the European Investment Bank (EIB), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) have been granted observer status.

EFRAG Insurance Accounting Working Group (EFRAG IAWG) (31 December 2022)

- **Massimo Tosoni** - EFRAG IAWG Chair, EFRAG FR TEG member
- **Matteo Brusatori** - Auditor (EY)
- **Cardi Van Capelle** - Insurance industry (NN Group)
- **Alexander Dollhopf** - Actuary (PwC)
- **Luca D'Onofrio** - User (Grant Thornton),
- **Davide Ferretti** - Insurance industry (Generali)
- **Hugh Francis** - Insurance industry (Aviva)
- **William Hawkins** - Insurance Industry (Keefe, Bruyette & Woods)
- **Joachim Kolschbach** - Auditor (KPMG)
- **Jasper Kolsters** - Auditor (EY)
- **Malin Lofbom** - Insurance Industry (Länsförsäkringar AB)
- **Sophie Massol** - Insurance Industry (AXA)
- **Richard Olswang** - Insurance industry (Prudential)
- **Jean Michel Pinton** - Auditor (EY)
- **Sabrina Pucci** - Academic (Rome University)
- **Thomas Ringsted** - Auditor and Actuary (Deloitte)
- **Andreas Thiele** - Insurance industry (Allianz)
- **Cedric Tonnerre** - Auditor (Mazars)
- **Gail Tucker** - Auditor (PwC)
- **Carsten Zielke** - User (Zielke Research Consult GmbH)

Observers

The European Commission, the European Insurance and Occupational Pensions Authority (EIOPA), the International Credit Insurance & Surety Association (ICISA), the European Securities and Markets Authority (ESMA), Insurance Europe, the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), the reinsurance industry and financial conglomerates have been granted observer status.

EFRAG Rate-Regulated Activities Working Group (EFRAG RRAWG) (31 December 2022)

- **Ralph Welter** - Chair, Auditor (PwC)
- **Giorgio Acunzo** - Auditor, EY
- **Nicola Bruno** - Industry, Atlantia SpA
- **Jean-Louis Caulier** - Auditor, KPMG
- **Jose-Luis Daroca** - Auditor, Deloitte
- **Claire Dusser** - Auditor, Mazars
- **Isabelle Triquera Gonbeau** - Industry, EDF Group
- **Cosimo Guarini** - Industry, Terna Spa
- **Markus Lotz** - Industry, 50Hertz Transmission GmbH
- **Isabelle Nuss** - Industry, Engie
- **Thomas Possert** - Industry, Energie Steiermark AG
- **Fabien Rock** - Industry, SNCF Reseau
- **Laura Lopez Sotomayor** - Industry, Ferrovial SA
- **Samuel Vaughan** - Industry, United Utilities Group PLC
- **Javier Pastor Zuazaga** - Industry, Iberdrola SA

Observers

- **Stefanie Voelz** - User, Moody's

EFRAG User Panel (31 December 2022)

- **Chiara Del Prete** - EFRAG User Panel Chair⁴
- **Carsten Zielke** - EFRAG User Panel Vice Chair (Zielke Research Consult GmbH)
- **Andrea Bellucci** - Academic (University of Perugia)
- **Martijn Bos** - Eumedion
- **Luca D'Onofrio** – Grant Thornton
- **Javier de Frutos** - Chairman EFFAS CFR
- **Jacques de Greling** - Scope Ratings
- **Sam Holland** - Standard & Poor's
- **Dennis Jullens** - EFRAG FR TEG Member
- **Thomas Justinussen** - Danskebank
- **Peter Malmqvist** - Malmqvist EQR AB
- **Felipe Herranz Martin** - Academic (UAM) (AECA)
- **Matthias Meitner** - VALUESQUE
- **Marie-Pascale Peltre** - Independent Financial Analyst
- **Serge Pattyn** - EFRAG FRB member
- **Richard Schreuder** - Saemor Capital
- **Jed Wrigley** - Eight Roads

Observers

- **CRUF**

⁴ From 1 February the Acting EFRAG FR TEG Chair Jens Berger took over

EFRAG Sustainability Reporting Board (EFRAG SRB) (31 December 2022)

- **Patrick de Cambourg** - EFRAG SRB Chair
- **Kerstin Lopatta** - EFRAG SRB Vice-Chair (ASCG Germany)

European Stakeholder Organisations

- **Wim Bartels** – Accountancy profession sector
- **Tegwen Le Berthe** - Asset managers
- **Salvador Marin** - Business SMEs/SMPs
- **Grégoire de Montchalain** - Insurance
- **Aleksandra Palinska** - Users
- **Stefan Schnell** - Business General
- **Annina Tanhuanpää** - Banking
- **Luc Vansteenkiste** - Business Listed

National Organisations

- **Marcello Bianchi** – Italy
- **Simon Braaksma** – Netherlands
- **Monika Brom** - Austria
- **Kristian Koktvedgaard** - Denmark
- **Carlos Moreno** - Spain
- **Laurence Rivat** - France
- **Charlotte Söderlund** – Sweden

Civil Society Organisations

- **Begona Giner** - Academics
- **Filip Gregor** - NGOs
- **Thierry Philipponnat** - Consumer Organisations
- **Isabelle Schoemann** - Trade Unions
- **David Vermijs** - NGOs

Observers

The European Commission, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA), the European Environmental Agency (EEA), European Union Agency for Fundamental Rights (FRA), the Committee of European Auditing and Oversight Bodies (CEAOB) and the European Investment Bank (EIB) have been granted observer status.

EFRAG Sustainability Reporting TEG (31 December 2022)

- **Chiara Del Prete** - EFRAG SR TEG Chair⁵
- **Sigurt Vitols** - SR TEG Vice-Chair⁶ - Trade Unions
- **Sandra Adler** - Social specialist
- **PierMario Barzaghi** – Country liaison Italy, OIC
- **Piotr Biernacki** - Industry
- **Luca Bonaccorsi** – NGOs
- **Laurène Chenevat** - user⁷
- **Carlota de Paula Coelho** - SMEs -
- **Johan Dahl** – Banking industry
- **Philippe Diaz** - NGO
- **Anne-Claire Ducrocq** - Banking industry
- **Eric Duvaud** - Country liaison France, Italy
- **Giulia Genuardi** - Industry
- **Luc Hendrickx** - SMEs
- **Joanne Houston** - NGOs
- **Klaus Hufschlag** - Industry
- **Katerina Katsouli** – Accountancy profession
- **Julie Mary** - Accountancy profession
- **Julia Menacher** – Insurance industry
- **Chiara Mio** - Academic
- **Maria Mora** - Country liaison Spain, ICAC
- **Julian Muller** – Consumer organisations
- **Thomas Schmotz** - Country liaison Germany, ASCG
- **Alexandra van Selm** – At large
- **Belen Varela** - Industry

Observers

The European Commission, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA), the European Environmental Agency (EEA), European Union Agency for Fundamental Rights (FRA), the Committee of European Auditing and Oversight Bodies (CEAOB) and the European Investment Bank (EIB) have been granted observer status).

5 Appointed as EFRAG SR TEG Chair on 1 February 2023

6 Appointed as EFRAG SR TEG Vice Chair in March 2023

7 In March 2023 replaced by Christoph Toepfer

EFRAG Sustainability Reporting Pillar - Secondments in kind (31 December 2022)

- **Per Andres Ojar Törnqvist** - Danske Bank
- **Belen de Anta** - Deloitte Spain
- **Nicola Bacaro** - ENI
- **Claudius Baumann** - KPMG Germany
- **Richard Bössen** - Amana
- **Ignacio Boixo** - EasyESEF LTD
- **Orla Carolan** - GT
- **Haley Dyrstad** - PwC Norway
- **Fady Mikhail** - EY
- **Marie Falk** - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- **Pedro Faria** - CDP
- **Julius Gardenier** - Deutsche Post DHL Group
- **Andrea Giannini** - CONSOB
- **Anna Grochowska** - Vadviam
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- **Laura Kaspar** - Climate & Company
- **Laoise Keys** - GT
- **Max Kolb** - NABU
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- **Christopher Larsson** - KPMG Sweden
- **Jenny Lay-Kumar** - Regionalwert Research GmbH
- **Mariana Lopez** - ECOS
- **Mercedes Luque** - Universidad de Córdoba
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- **Cecilia Mattea** - T&E Transport & Environment
- **Raja Mohan** - Sodexo
- **Charly Moreno** - EY
- **Gabrielle Navaro** - EY
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- **Marilu Gresens Peries** - UNICEF
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- **Derya Ugurlu** - KPMG Germany
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- **Stephen Werkman** - Tesla

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Operational Staff

- **Saskia Slomp** - EFRAG CEO
- **Filipe Alves** - EFRAG FR Senior Technical Manager & Chief Operating Officer
- **Cecile Etevenot** - EFRAG Communications and Media Manager
- **Madeleine Kabeya** - EFRAG Finance and HR Manager
- **Anaïs Li** - EFRAG Office Administrator
- **Caroline Martins** - EFRAG Communications and Media Manager
- **Diana Morales** - EFRAG Office Administrator
- **Ovidiu Spirescu** - EFRAG IT Manager
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Financial Reporting Staff

- **Vincent Papa** - EFRAG FR Associate Director
- **Kathrin Schoene** - EFRAG FR Project Director
- **Didrik Thrane-Nielsen** - EFRAG FR Project Director
- **Laura Abeni** - EFRAG FR Technical Manager, seconded by PwC Italy
- **Isabel Batista** - EFRAG FR Senior Technical Manager
- **Galina Borisova** - EFRAG FR Technical Manager
- **Monica Franceschini** - EFRAG FR Technical Manager, seconded by KPMG Italy
- **Juan Jose Gomez de la Calzada** - EFRAG FR Advanced Technical Manager
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- **Robert Stojek** - EFRAG Senior Manager Technology

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- **Chiara Del Prete** - EFRAG SR TEG Chair
- **Pedro Faria** - EFRAG Environmental Lead
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- **Didier Andries** - EFRAG SR Senior Technical Manager
- **Elisa Bevilacqua** - EFRAG SR Senior Technical Manager
- **Richard Boessen** - EFRAG Senior Manager Digital Reporting
- **Emmanuelle Cordano** - EFRAG SR Senior Technical Manager
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