

ANNUAL REVIEW 2021

THOUGHT LEADERSHIP,
TRANSPARENCY
AND PUBLIC
ACCOUNTABILITY

▶ ABOUT EFRAG

EFRAG is a private association established in 2001 with the encouragement of the European Commission to serve the public interest. EFRAG extended its mission following the new role assigned to EFRAG in the CSRD, 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, National Organisations and Civil Society Organisations. EFRAG's

MISSION STATEMENT

EFRAG's mission is 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.

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 revised 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.

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. Secondly, a Sustainability Reporting Pillar: developing draft EU Sustainability Reporting Standards, and related amendments for the European Commission.

In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft EU Sustainability Reporting Standards accompanied by bases of conclusions and cost-benefit analysis.

EFRAG seeks input from all stakeholders, and obtains evidence about specific European circumstances, throughout the standard-setting process. Its legitimacy is built on transparency, governance, due process (which may include field tests, impact analyses and outreaches), public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly and consistently, and be recognised as the European voice in corporate reporting.

EFRAG is operating in a fast-evolving environment. It is attentive to the need to adapt its activities to meet new opportunities and challenges in corporate reporting.

EFRAG Statutes and Internal Rules

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▶ REPORT FROM THE EFRAG BOARD PRESIDENT



“Je souhaite exprimer ici nos remerciements et notre reconnaissance à tous ceux qui ont apporté bénévolement leur concours au groupe de travail et à son secrétariat temporaire. Ils ont fait preuve dans des conditions de travail difficiles d’un engagement indéfectible et exemplaire et ont eu à coeur le succès de l’initiative européenne.”

En 2021, comme en 2020, et en dépit de la crise sanitaire et de ses lourdes contraintes les collaborateurs de l’EFRAG ont accompli avec ponctualité et efficacité leur mission de conseil de la Commission européenne et celle d’influence sur l’adoption des normes internationales dans le domaine du reporting financier. Je les remercie chaleureusement de leur remarquable contribution.

Chiara Del Prete, qui préside avec grande compétence le TEG financier, présentera dans ce rapport les résultats de l’année écoulée et les perspectives d’avenir sur le reporting financier.

Durant l’année écoulée j’ai pour ma part engagé la réorganisation de l’EFRAG pour le mettre en mesure d’exercer la nouvelle mission telle que désormais prévue dans l’accord politique conclu entre les colégislateurs, le 21 juin 2022 dernier, concernant la directive sur la publication d’informations en matière de durabilité par les entreprises (CSRD).

En 2020 le Vice-président Dombrovskis avait demandé à l’EFRAG de constituer un groupe de travail pour examiner l’opportunité de normes non financières européennes. Il m’avait également, cette fois à titre personnel, confié le mandat de proposer une réorganisation de l’EFRAG pour le préparer, le cas échéant, à accomplir une nouvelle mission en matière de rédaction de projets de normes de durabilité.

Les rapports consécutifs à ces deux mandats ont été déposés le 8 mars 2021.

Les propositions qu’ils contenaient ont été immédiatement approuvées par la Commissaire, désormais compétente, Madame Mc Guinness.

La Commissaire a demandé à Patrick de Cambourg, Responsable du groupe de travail (PTF) de préparer les premiers projets de normes. La Commissaire précisait toutefois dans son courrier que seules les nouvelles instances de l’EFRAG réorganisé seraient compétentes pour transmettre, le moment venu, à la Commission les projets de normes, qui, après différentes consultations complémentaires, seraient promulguées par Acte délégué.

Pour ce qui me concernait, la Commissaire a demandé de mettre en œuvre les recommandations d’organisation contenues dans mon rapport qui avaient son total soutien. La mise en œuvre de ces recommandations a été, à ce jour, entièrement réalisée après de nombreuses et fructueuses concertations avec les organisations déjà membres de l’EFRAG sans l’accord desquelles rien n’aurait été possible.

Grâce à la bonne coopération de tous le calendrier ambitieux qui avait été prévu a été tenu de même que les objectifs d’organisation que la Commissaire avait approuvés.

Au 31 mars 2022 les nouvelles instances de gouvernance pour le nouveau pilier durabilité étaient créées et leurs membres nommés.

Le travail du Board durabilité (SRB) et du SR TEG a pu ainsi commencer et, après une période de transition, ces instances prennent progressivement le relai du

groupe de travail (PTF) dont le résultat fait l'objet d'une consultation publique.

Je souhaite exprimer ici nos remerciements et notre reconnaissance à tous ceux qui ont apporté bénévolement leur concours au groupe de travail et à son secrétariat temporaire. Ils ont fait preuve dans des conditions de travail difficiles d'un engagement indéfectible et exemplaire et ont eu à coeur le succès de l'initiative européenne.

Je laisse à Saskia Slomp, CEO de l'EFRAG qui a pris à mes côtés une part déterminante dans la conception et la mise en place de la réorganisation de l'EFRAG le soin de détailler, dans ce rapport annuel, les différentes étapes de la réforme et de présenter le « nouvel EFRAG ».

Dans un souci d'une information pertinente, ce rapport comporte, outre les rubriques habituelles qui rendent compte de l'activité de l'année écoulée, une présentation du nouvel organigramme de l'EFRAG. Il contient également la composition des différentes instances avec leurs nouveaux membres qui, j'en suis sûr, seront animés par l'esprit de consensus qui caractérise depuis son origine, il y a 21 ans, le fonctionnement de l'EFRAG.

Ce rapport annuel sera mon dernier. Mon mandat qui aura duré le maximum de six ans a pris fin le 30 juin 2022.

Je souhaite remercier, sans les nommer, tous ceux nombreux qui, pendant cette période ont contribué à la qualité de l'activité de l'EFRAG et à son évolution.

Je suis reconnaissant au Vice-Président Dombrovskis et à la Commissaire McGuinness de leur confiance.

J'ai apprécié l'excellente coopération avec les services de la Commission et plus particulièrement de la DG FISMA.

Je remercie aussi avec bienveillance ceux, rares, qui ne m'ont pas toujours facilité une tâche parfois compliquée. Ils ont fortifié ma volonté d'atteindre dans les délais le but poursuivi dans l'intérêt européen.

Je souhaite une excellente présidence à mon ami Hans Buysse qui m'a succédé le 1er juillet 2022 et un avenir performant à l'EFRAG pour le bien de l'Union Européenne.



Jean-Paul Gauzès
EFRAG Board President

► **A thank you from Mairead McGuinness, European Commissioner for financial services, financial stability and Capital Markets Union Chair**



"I would like to warmly thank Jean-Paul Gauzès for all his work as President of the EFRAG Board over the past 6 years.

Jean-Paul has shown his consistent dedication to the EU project, in particular in his field

of work of reliable company reporting information. Thanks to his personal dedication, EFRAG is an internationally recognised partner in IFRS standard setting. Under his presidency, EFRAG delivered

endorsement advice to the Commission on numerous IFRS standards - from the highly time-sensitive COVID-19-related amendments to major standards such as IFRS 16 Leases and IFRS 17 Insurance Contracts.

I would also like to personally thank Jean-Paul for initiating and completing the governance reform of EFRAG following my letter in May 2021. In record time, and with a spirit of consensus and balanced representation, he created a sustainability reporting pillar in EFRAG that is responsible for the development of draft European Sustainability Reporting Standards. This new pillar will be key in the success of sustainability reporting in the EU and positioning Europe as a leader in this field."

▶ REPORT FROM THE EFRAG BOARD PRESIDENT

ENGLISH VERSION

In 2021, as in 2020, and despite the Covid-19 crisis and its heavy constraints, the EFRAG Secretariat has performed its mission of advising the European Commission and influencing the adoption of International Financial Reporting Standards in a timely and efficient manner. I would like to warmly thank them for their outstanding contribution.

Chiara Del Prete, who chairs the EFRAG Financial Reporting TEG with great skill, will present the results of the past year and the future perspectives on financial reporting in this report.

During the past year, I have been working on the reorganisation of EFRAG to enable it to carry out its new mission as envisaged in the political agreement on the CSRD, reached between the co-legislator on 21 June 2022.

In 2020, Vice President Dombrovskis had asked EFRAG to set up a project task force to examine the possible preparation of European non-financial reporting standards.

He also gave me, this time in a personal capacity, the mandate to propose a reorganisation of EFRAG in order to prepare, if necessary, for a new mission in the field of drafting sustainability reporting standards.

The reports resulting from the two mandates were published on 8 March 2021.

The proposals contained therein were approved by the now competent Commissioner Mc Guinness.

The Commissioner asked Patrick de Cambourg, Chair of the Project Task Force on European Sustainability Reporting Standards (PTF-ESRS) to prepare the first draft standards. However, the Commissioner specified in her letter that only the new bodies of the reorganised EFRAG would be competent to submit, when the time came, to the European Commission the draft standards, which, after various additional consultations, would be adopted by delegated acts.

The Commissioner asked me to implement the recommendations on governance contained in my report, which had her full support.

The implementation of these recommendations has been, to date, nearly fully achieved after numerous and fruitful consultations with organisations that were already member organisations of EFRAG without whose agreement nothing would have been possible.

Thanks to the good cooperation of all, the ambitious timeline that had been planned has been achieved as well as the governance implementations I objectives.

By 31 March 2022, the main new governance bodies for the new Sustainability Reporting Pillar were created and their members appointed.

The work of the EFRAG Sustainability Reporting Board (SRB) and the EFRAG Sustainability Reporting TEG (SR TEG) could thus begin and, after a transition period, these bodies have gradually taken over from the PTF-ESRS). The Exposure Drafts developed by the PTF-ESRS are subject to a public consultation.

I would like to express our thanks and appreciation to all those who have volunteered their services to the PTF-ESRS and its temporary secretariat. They have shown an unwavering and exemplary commitment to the success of the European initiative under difficult working conditions.

I leave it to Saskia Slomp, EFRAG CEO, who has played a decisive role with me in the design and implementation of the reorganisation of EFRAG, to detail, in this annual report, the various stages of the reform and to present the "new EFRAG".

In order to provide relevant information, this report includes, in addition to the usual sections reporting on the past year's activities, a presentation of EFRAG's new organisation chart. It also contains the composition of the different bodies with their new members who, I am sure, will be driven by the spirit of consensus that has characterised the functioning of EFRAG since its origin 21 years ago.

This will be my last annual report. My term of office, which will have lasted a maximum of six years, came to an irrevocable end on 30 June.

I would like to thank, without naming them, all those who, during this period, have contributed to the quality of EFRAG's activity and its evolution.

I am grateful to Vice President Dombrovskis and Commissioner McGuinness for their confidence.

I have appreciated the excellent cooperation with the Commission departments and in particular with DG FISMA.

I would also like to thank the few people who did not always make my sometimes-complicated task easier. They have strengthened my determination to achieve the goal pursued in the European interest in a timely manner.

I wish my friend Hans Buysse, who succeeded me on 1 July 2022, an excellent presidency and a successful future for EFRAG and for the good of the European Union.

GERMAN VERSION

In 2021 haben die Mitarbeiter der EFRAG, wie auch im Jahr davor trotz der Corona(virus)-Krise und ihrer schweren Belastungen, ihre Aufgabe, die Europäische Kommission zu beraten und Einfluss auf die Annahme internationaler Standards im Bereich der Finanzberichterstattung zu nehmen, pünktlich und effizient erfüllt. Ich danke ihnen herzlich für ihren bemerkenswerten Einsatz.

Chiara Del Prete, die mit großer Kompetenz den Vorsitz des Financial Reporting TEG führt, wird in diesem Bericht die Ergebnisse des vergangenen Jahres und die Aussichten für die Finanzberichterstattung erläutern.

Im Laufe des vergangenen Jahres habe ich die Reorganisation der EFRAG eingeleitet, um sie in die Lage zu versetzen, ihren neuen Auftrag, wie er in der CSRD festgelegt und von den Mitgesetzgebern angenommen wurde, auszuführen.

Vizepräsident Dombrovskis hatte in 2020 EFRAG gebeten, eine (Project Task Force European Sustainability Reporting Standards (PTF ESRS) zu bilden, die die Zweckmäßigkeit europäischer nichtfinanzieller Reporting Standards prüfen sollte.

Zudem hatte er mir ein Mandat in persönlicher Eigenschaft erteilt, eine Reorganisation der EFRAG vorzuschlagen, um sie auf eine potentielle neue Aufgabe bei der Ausarbeitung von Entwürfen für Nachhaltigkeitsstandards vorzubereiten.

Die Berichte zu diesen beiden Mandaten wurden am 8. März 2021 veröffentlicht.

Die nunmehr zuständige Kommissarin, Frau McGuinness genehmigte die darin enthaltenen Vorschläge.

Die Kommissarin beauftragte Patrick de Cambourg, den Leiter der (PTF -ESRS), mit der Ausarbeitung der ersten Entwürfe für Normen. Die Kommissarin wies jedoch in ihrem Schreiben darauf hin, dass nur die neuen Gremien der reorganisierten EFRAG befugt seien, der Kommission zu gegebener Zeit die Entwürfe der Standards zu übermitteln, die nach verschiedenen zusätzlichen Konsultationen durch einen delegierten Rechtsakt verkündet würden.

Was mich betrifft, so forderte die Kommissarin die Umsetzung der in meinem Bericht enthaltenen Organisationsempfehlungen. Sie unterstützte somit die Vorschläge vollumfänglich.

Die Umsetzung dieser Empfehlungen ist bis heute vollständig erfolgt. Vorausgegangen sind zahlreiche und erfolgreiche Beratungen mit den Organisationen, die bereits Mitglieder der EFRAG sind und ohne deren Zustimmung keine Anpassung möglich gewesen wäre,

Dank der guten Zusammenarbeit aller Beteiligten konnte der ehrgeizige Zeitplan eingehalten werden, ebenso wie die organisatorischen Ziele, die das Kommissionsmitglied gebilligt hatte.

Bis zum 31. März 2022 waren die neuen Leitungsgremien für die neue Säule Nachhaltigkeit geschaffen und ihre Mitglieder ernannt.

Die Arbeit des Sustainability Board (SRB) und des Sustainability Reporting TEG (SR TEG) konnte somit beginnen. Nach einer Übergangszeit übernehmen diese Gremien schrittweise die Aufgaben der PTF -ESRS, deren Ergebnisse Gegenstand einer öffentlichen Konsultation sind.

Ich möchte an dieser Stelle all jenen unseren Dank und unsere Anerkennung aussprechen, die die PTF-ESRS und ihr vorläufiges Sekretariat ehrenamtlich unterstützt haben. Sie haben unter schwierigen Arbeitsbedingungen ein außerordentliches und beispielhaftes Engagement gezeigt und sich den Erfolg der europäischen Initiative zur Herzensaufgabe gemacht.

Ich überlasse es Saskia Slomp, CEO der EFRAG, die an meiner Seite maßgeblich an der Konzeption und Umsetzung der Neuorganisation der EFRAG beteiligt war, in diesem Jahresbericht die einzelnen Schritte der Reform detailliert darzulegen und die "neue EFRAG" vorzustellen.

Im Interesse einer sachgerechten Information enthält dieser Bericht neben den üblichen Rubriken, die über die Aktivitäten des vergangenen Jahres berichten, auch eine Darstellung des neuen Organigramms der EFRAG. Er enthält auch die Zusammensetzung der verschiedenen Gremien mit ihren neuen Mitgliedern, die, da bin ich mir sicher, von dem Geist des Konsenses geleitet sein werden, der die Arbeitsweise der EFRAG seit ihrer Gründung vor 21 Jahren kennzeichnet.

Dieser Jahresbericht wird mein letzter sein. Meine Amtszeit, die maximal sechs Jahre betragen kann, endete unwiderruflich am 30. Juni.

Ich möchte, ohne sie namentlich zu nennen, all den vielen Menschen danken, die während dieser Zeit zur Qualität der Tätigkeit der EFRAG und ihrer Entwicklung beigetragen haben.

Vizepräsidenten Dombrovskis und der Kommissarin McGuinness bin ich für ihr Vertrauen sehr dankbar.

Geschätzt habe ich die ausgezeichnete Zusammenarbeit mit den Dienststellen der Kommission und insbesondere der GD FISMA.

Ich danke auch wohlwollend den wenigen, die mir eine manchmal komplizierte Aufgabe nicht immer leicht gemacht haben. Sie haben meinen Willen gestärkt, das im europäischen Interesse verfolgte Ziel fristgerecht zu erreichen.

Meinem Freund Hans Buysse, der am 1. Juli 2022 meine Nachfolge angetreten hat, wünsche ich eine ausgezeichnete Präsidentschaft und der EFRAG eine erfolgreiche Zukunft zum Wohle der Europäischen Union.

▶ REPORT FROM THE EFRAG CEO



“EFRAG has broadened its stakeholder range in 2021 and had the opportunity to meet and engage with many relevant organisations in the wider corporate reporting field. EFRAG is active both influencing the IASB standards and in developing draft ESRS as the technical advisor to the European Commission”

Issuing our 2021 annual review after the 2022 summer holidays allows us to report on the important developments for EFRAG that took place in the first half of 2022.

The past year and a half have clearly been dominated by the governance reform and the confirmation of EFRAG's role as the technical advisor to the EC providing technical advice in the form of draft European Sustainability Reporting Standards (ESRS). The ongoing natural disasters and the adverse impacts of the Ukrainian war, for instance on global supply chains, underline the urgency and importance of businesses meeting the climate and other sustainability goals as laid down in EU policies. Transparency in corporate reporting contributes to meeting these goals.

EFRAG also made great efforts on financial reporting activities in the first quarter of 2021 including issuing the endorsement advice on IFRS 17 *Insurance Contracts*, conducting a large number of outreaches, field tests and other forms of early-stage effects analysis on the IASB Exposure Drafts, and in the finalisation and outreach on Discussion Papers on EFRAG's proactive research projects and our future research agenda. Our flagship project on Better Information on Intangibles with a Discussion Paper that was published in the summer of 2021 exemplifies how EFRAG contributes to and influences the IASB agenda.

We are also delighted that in 2021 EFRAG has been granted the Chairmanship of International Forum of

Accounting Standard Setters (IFASS) with EFRAG FR TEG Chair Chiara Del Prete as the new IFASS Chair succeeding Nobu Kawanishi of the Accounting Standards Board of Japan for the March 2022- March 2024 period. It will enhance the possibilities for EFRAG to provide thought leadership on corporate reporting at global level and to build collaborative partnerships and foster dialogue with standard setters across the globe on both financial reporting and sustainability reporting topics.

The governance reforms led by EFRAG Board President Jean-Paul Gauzes included the integration of the sustainability reporting pillar into the EFRAG structure in 2022. It also entailed the finalisation of the governance and finance structure of the financial reporting pillar in March 2021, which has resulted in a more transparent seat allocation and finance structure. The EFRAG Financial Reporting Board (FRB) started its work on 1 May 2021 under its new composition.

In January 2022, EFRAG agreed on its new Statutes and Internal Rules implementing the recommendations by EFRAG Board President Jean-Paul Gauzes based on a two-pillar structure (Financial Reporting Pillar and Sustainability Reporting Pillar with an overarching Administrative Board which is also the Board of Directors under the legal form of an AISBL (international non-profit organisation). The Sustainability Reporting Pillar mirrors the Financial Reporting Pillar by having a board and a TEG. EFRAG had to broaden its stakeholder range and had the opportunity to meet and engage with many relevant organisations in the wider corporate reporting field. Within the EFRAG membership, the Civil

Society Organisations Chapter was established as a third chapter in addition to the existing European Stakeholder Organisations and National Organisations Chapters. We welcomed 14 new member organisations (3 in the European Stakeholders Organisations Chapter and 11 in the new Civil Society Organisations Chapter). EFRAG hopes to welcome more member organisations in both pillars.

The EFRAG SRB and EFRAG SR TEG were in place by the envisaged deadline of the end of Q1 2022 and are the permanent bodies that will finalise the exposure drafts on the first set of draft ESRS, which were developed by the PTF-ESRS. Further parts of the reform will include the establishment of the Consultative Forum of National Authorities, Sustainability Reporting Standard Setters and Initiatives and cooperation agreements with relevant organisations notably in the sustainability reporting standard setting field. This will be done following the CSRD's confirmation of EFRAG's role as the EC's Technical Advisor on ESRS.

Prior to (and until) the completion of his term at the end of 30 June, Jean-Paul Gauzes undertook to chair the three boards: EFRAG Administrative Board, EFRAG FRB and EFRAG SRB. While awaiting the nomination of both EFRAG Reporting Board Chairs by the EC and subsequent appointment by the EFRAG General Assembly, in June 2022, EFRAG appointed Kerstin Lopatta as the Acting EFRAG SRB Chair and Serge Pattyn as the Acting EFRAG FRB Chair. EFRAG also appointed Chiara Del Prete as the Acting EFRAG SR TEG Chair and Sigurt Vitols as the Acting EFRAG SR TEG Vice-Chair while awaiting the appointment of the Chair and Vice-Chair. We are very grateful for their contributions, efforts and commitment that allowed EFRAG to continue working towards meeting the ambitious timelines for the delivery of the first set of draft ESRS to the EC by mid-November.

EFRAG welcomed Hans Buysse as EFRAG Administrative Board President who took over this role from Jean-Paul Gauzes on 1 July 2022.

In March 2022, we launched our first recruiting campaign for permanent sustainability reporting staff and this will be followed by a second campaign in September. Meanwhile, we are very grateful that many of the secondments in kind have continued to contribute along with the new secondments in kind that have been added to our resource pool, which comprises a variety of backgrounds and nationalities. In addition,

former EFRAG PTF ESRS and EFRAG SR TEG members have continued to give technical support. This support has ensured that, as EFRAG recruits permanent staff, there is continuity and there are sufficient qualified resources to undertake the needed work in the transitional period.

Covid-19 restrictions were relaxed in Spring and this allowed staff to get back to the office along with a resumption of physical meetings of the EFRAG bodies. Following the experiences learnt from the online meetings during lockdowns and other restrictions and climate considerations, EFRAG will in future combine physical and online meetings.

In Q4 2022, we hope to finally have our conference celebrating EFRAG's 21st anniversary and this will provide an opportunity to say farewell to the old and welcome the new leadership. Watch out for the related news items.

A big thanks to all the colleagues in the EFRAG Secretariat for their engagement, efforts, energy and commitment in the last year and a half. We continue to count on you!

Saskia Slomp
EFRAG CEO



► EFRAG SUSTAINABILITY REPORTING ACTIVITIES

EC CORPORATE SUSTAINABILITY REPORTING DIRECTIVE – A FEW WORDS

On 21 April 2021, the European Commission adopted an ambitious and comprehensive package of measures to channel funding towards sustainable activities. This package included a proposal for a Corporate Sustainability Reporting Directive (CSRD) aiming – over time – to bring sustainability reporting on a par with financial reporting. Political agreement has been reached on the CSRD by the EP and Council on 21 June 2022. The CSRD encompasses the adoption

of EU sustainability Reporting Standards (ESRS) with the draft standards to be developed by EFRAG as technical advisor to the European Commission. The draft standards will be tailored to EU policies, while building on and contributing to international standard-setting initiatives, notably the ISSB. EFRAG worked on exposure drafts on draft ESRS and on changes to the governance and finance of EFRAG in parallel to the negotiation of the CSRD proposal with the co-legislators. The European Commission has to adopt the first set of standards in the form of delegated acts by June 2023.

EFRAG SUSTAINABILITY REPORTING STANDARD-SETTING ACTIVITIES

- **Foreword by Patrick de Cambourg, European Lab PTF-NFRS Chair and EFRAG PTF ESRS Chair; EFRAG Board member¹, President of ANC**



The PTF-ESRS came to an end and handed over its work to the EFRAG SRB as well as to the EFRAG SR TEG in April 2022. This is a milestone for EFRAG. **The PTF ESRS is proud of what has been achieved over the last 20**

months and is also fully conscious of the crucial steps ahead in the journey toward completing high-quality draft standards.

The PTF-ESRS dedication and efforts since September 2020 bring a significant contribution to the EU sustainability reporting momentum. It is a privilege for EFRAG to be considered in the CSRD context as the standard-setting organisation tasked with providing technical advice to the European Commission on sustainability reporting standards. It is a sign of recognition, but it also creates a special responsibility in terms of public accountability. Therefore, when preparing its Exposure Drafts (EDs), the PTF ESRS has done so with a constant reference to the CSRD

provisions and the related pieces of EU legislation in line with the EU policy objectives.

With a balanced composition in terms of geography, professional origin and gender, the PTF-ESRS has been able to benefit from a true multi-stakeholder approach and to progress towards the EDs delivered on the basis of consensus. Multi-stakeholder “collective intelligence” and dedication are indeed crucial factors to ensure faithful transparency and appropriate linkage with the public good objective in the broadest sense.

Without such dedication under a robust due process, nothing would have been possible. 35 PTF-ESRS members, the equivalent of 30 FTE Secretariat participants, the observers from European public authorities, the 11 Expert Working Groups members, the EFRAG management and staff made a huge collective effort to make it happen. FISMA and many other European Commission DGs constantly provided assistance and guidance.

Also, as clearly stated from inception, the EU and obviously EFRAG are committed not to progress in isolation. In a fast-emerging new paradigm, there is a need for all willing parties, including front-runners, to capitalise on existing standards, frameworks and best practices, pool resources and define standards that foster international commonality to the maximum extent possible and avoid multiple reporting requirements. The PTF-ESRS wishes therefore to express its gratitude for the quality cooperation with major international initiatives, in particular GRI, SHIFT and WICI. The PTF-ESRS wishes also to acknowledge the quality of the dialogue established with the ISSB, together with its constituents, SASB, CDSB and IIRC.

¹ EFRAG Board member till 28 February 2022 and EFRAG SRB member from 1 March 2022

The public consultation launched in April 2022 is a key element of the due process. Beyond the necessary improvements to substance and relevance, the public consultation will also gather the views expressed by constituents regarding phasing-in options/priorities. The challenge is to strike the right balance between substance and feasibility in an area which will be new for many reporters.

The target date for delivery is November 2022. This is also challenging, but the European Commission has also to follow important steps before being in a position to adopt and publish standards as delegated acts. The public consultation is fundamental to finalising the content of the first set, but time is needed to allow preparers to implement the final standards. As a consequence, the EFRAG SRB and EFRAG SR TEG will have to deliberate over the summer and fall this year.

The PTF is fully conscious that it has only taken initial steps towards two important additional goals that will be fully considered for the second set of ESRS to be developed under the CSRD. First, standards that can be applied by SMEs, on a voluntary basis in most cases. Second, sector-specific standards that are designed to complement the sector-agnostic layer of disclosure requirements prescribed by the first set of ESRS.

No doubt that draft standards will be improved in the most transparent and open manner following all these upcoming steps, in a fruitful and open dialogue with constituents.

DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

► Preparatory work

At the [request of the EC made in June 2020 for technical advice on ESRS](#) and parallel to the elaboration and adoption of the legislative proposal for a CSRD, EFRAG carried out extensive work on standard-setting matters related to sustainability reporting and the possible related governance reform if EFRAG were to be entrusted with the development of such standards.

EFRAG's involvement started with preparatory work to elaborate ESRS undertaken by the PTF-NFRS, which was established in September 2020 and with the development of proposals for governance reform under Jean-Paul Gauzes' ad personam mandate. The following two related reports were published on 8 March 2021:

- *Proposals for a relevant and dynamic EU sustainability reporting standard-setting*, by the multistakeholder Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards (PTF-NFRS), established by EFRAG in line with the European Commission's request.
- *Potential need for changes to the governance and funding of EFRAG*, by Jean-Paul Gauzès on his ad personam mandate (see Governance reform sections).

► First set of draft ESRS

Following the publication of the draft CSRD in April 2021 and taking account of the reports from the preparatory work, Commissioner McGuinness asked EFRAG to start the development of draft standards and this was done in project mode by the PTF-NFRS, renamed the Project Task Force on European sustainability reporting standards (PTF-ESRS). The PTF-ESRS work culminated in the issuance for public consultation of a first set of 13 Exposure Drafts at the end of April 2022 with a view of thereafter passing responsibility for the development of these draft standards to the EFRAG sustainability reporting bodies established within the governance reform implementation.

The 13 sector-agnostic Exposure Drafts consisted of cross-cutting/general requirements (two exposure drafts); and topical standards (nine exposure drafts including five on environment topics; four on social topics; and two on governance topics). The inclusion of reported information under ESRS is from a double materiality perspective, impacts are explicitly addressed, and reference is made to stakeholders as the audience (reflecting the double materiality perspective). Furthermore, the following key features of the Exposure Drafts were noted in the cover note:

- They may need to be adjusted to meet the requirements of the final CSRD
- They take account of existing European law and initiatives
- They take account of European and international sustainability reporting initiatives
- The overall architecture of Exposure Drafts that consists of cross-cutting standards and topical standards is designed to ensure that sustainability information is reported in a carefully articulated manner

- They address sustainability matters as per Article 19b of the CSRD proposal (i.e., environmental-related matters, social-related matters, and governance-related matters)
- They are a first step of the journey toward a faithful representation of sustainability performance
- The public consultation will help to finetune relevance and comparability as well as explore ESRS implementation prioritisation/phasing-in options

In order to meet the ambitious deadlines for submitting the first set of draft ESRS to the European Commission by November 2022 and to benefit from the longest public consultation period possible, it was critical that the public consultation on the Exposure Drafts (EDs) of the first set of ESRS be launched as soon as possible. In this context, the EFRAG SRB decided to launch the public consultation on the basis of the EDs prepared under the sole responsibility of the PTF-ESRS on 29 April with a deadline of 8 August. The EFRAG Administrative Board supported by its Due Process Committee allowed a shorter public consultation period than the minimum length of 120 days as stipulated in the [EFRAG's Due Process Procedures on EU Sustainability](#)

Reporting Standard-Setting.

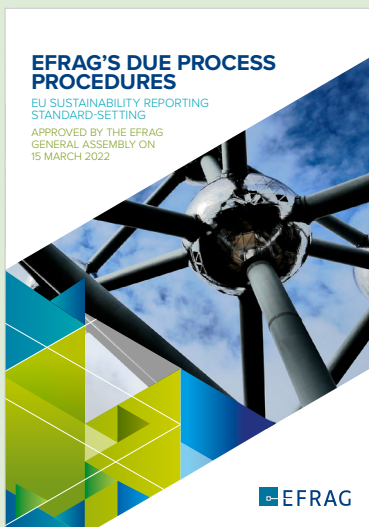
The EFRAG SRB and the EFRAG SR TEG will consider the EDs in parallel with the public consultation and following the handover by the PTF-ESRS. Together with the input and results from the public consultation including the outreaches, the EFRAG SRB supported by the EFRAG SR TEG will agree on the final first set of draft ESRS to be submitted to the European Commission by mid-November 2022.



As part of the public consultation, EFRAG organised joint public educational sessions by the EFRAG SRB and EFRAG SR TEG on each of the thirteen EDs whereby

DESIGNING THE DUE PROCESS PROCEDURES FOR SUSTAINABILITY REPORTING

The proposal for a CSRD (and subsequently the final CSRD) required that EFRAG's Technical Advice is



prepared with proper due process, public oversight and transparency, and with the expertise of relevant stakeholders, and it is accompanied by cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability

matters', contributing to the delegated acts through which the ESRS will be adopted in the EU.

In mid-June 2021, EFRAG launched a public consultation on the draft Due Process Procedures for the sustainability (draft) standard-setting process. EFRAG received 38 comment letters. In November 2022, EFRAG published a summary report of the main comments received from the public consultation. The [Due Process Procedures](#) accompanied by a feedback statement were published in mid-March 2022 after approval by the EFRAG General Assembly. The Due Process Procedures will be updated for the final text of the CSRD.

The EFRAG Administrative Board operates a Due Process Committee. The deliberations of the EFRAG Administrative Board on due process matters take place in public sessions.

presentations were provided by the relevant PTF ESRS Cluster Leads.

During the public consultation period EFRAG co-organised with its Member Organisations and other

organisations with an interest in sustainability reporting sixteen public outreaches and one outreach with the Expert Working Groups. In total, more than 5000 people registered to these events.

Outreach country/Sector	Organisers	Recording/slides
Croatia	EFRAG, IDOP, RRIF & UNGC Croatia	Recording & Slides
France	EFRAG & ANC	Recording & Slides
Germany	EFRAG & DRSC	No recording & Slides
The Netherlands	EFRAG & DASB (RJ)	Recording & Slides
Denmark	EFRAG, Confederation of Danish Industry, FSR, Finans Danmark	Recording & Slides
Financial Institutions	EFRAG, Accountancy Europe, EBF, EFAMA, EFFAS, ESG, Eurosif, insurance europe	Recording & Slides
Austria	AFRAC, EFRAG & the Institute for Accounting & Auditing at Vienna University of Economics and Business (WU Vienna)	Recording & Slides
Poland	EFRAG, the Ministry of Finance of the Republic of Poland, WARSAW STOCK EXCHANGE and the Polish Association of Listed Companies	Recording & Slides
Spain	EFRAG, CGE & ICAC	Recording & Slides
Preparers	EFRAG, BusinessEurope & EuropeanIssuers	Recording & Slides
Italy	EFRAG & OIC	Recording & Slides
SMEs/SMPs	EFRAG, EFAA & SMEunited	Recording & Slides
Greece	EFRAG & CSR HELLAS	Recording & Slides
NGOs & trade unions	EFRAG, ETUI, ETUC, Economy for the Common Good, Environmental Defense Fund Europe, Frank Bold, Shift, Transport & Environment and WWF	Recording (password: 0.zw1YaX) & Slides
Users & consumers	EFRAG, BETTER FINANCE, BEUC, EFFAS & Finance Watch	Recording & Slides
Academics	EFRAG & EAA	Recording 1 + 2 & Slides

On 8 August 2022, after a 100-day consultation period on the Draft ESRS EDs, EFRAG closed its public consultation and more than 750 comment letters were received. A broad spectrum of stakeholders responded

to the public consultation, and this was mostly done through a two-part online survey.

► Next Steps

As noted above, the first set of draft ESRS (i.e., sector agnostic standards) will be submitted to the EC in November 2022. Thereafter, the second set of draft reporting standards, specifying complementary sustainability-related as well as sector-specific

information to be disclosed, together with reporting standards specific for small and medium-sized undertakings (SMEs) will be developed and submitted to the EC by autumn 2023.



PTF-ESRS members, observers & EFRAG Secretariat.

THE EUROPEAN CORPORATE REPORTING LAB @EFRAG (EUROPEAN LAB)

The European Corporate Reporting Lab @EFRAG (European Lab) was established in the third quarter of 2018 as called for by the March 2018 Action Plan on Financing Sustainable Growth of the European Commission. Its objective was to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good reporting practices. The first two projects of the European Lab were on climate-related reporting with a report published early 2020 and the reporting of non-financial risks and opportunities and the linkage to the business model with a report published in October 2021.

Although the European Lab ceased to exist as part of the governance of EFRAG, the European Lab function in identifying good reporting practices will continue under EFRAG's new governance structure and it will address topics across the financial reporting and sustainability reporting.

The European Lab function's activities may also go beyond the identification of good practice and consider proactive research on some topics or help with the development of education-oriented material. Through its attachment to both the financial and sustainability reporting, the European Lab function may also help to foster interconnectivity between financial and sustainability reporting.



EUROPEAN LAB PROJECT ON REPORTING ON NON-FINANCIAL RISKS AND OPPORTUNITIES AND THE LINKAGE TO THE BUSINESS MODEL (PTF -RNFRO)



The European Lab's second project by the project task force on reporting of non-financial risks and opportunities and linkage to the business model (PTF-RNFRO) was finalised in 2021. The PTF-RNFRO, which comprised of 19 experts including preparers, and users and was co-chaired by Dawn Slevin and

Mario Abela commenced its work in September 2020. Its mandate was to identify good practices on the reporting of the risks and opportunities arising from sustainability-related matters (i.e., Environmental, Social and Governance) and how these are linked to the business model, and this extended the work of the first project of the European Lab on climate-related reporting.

The mandate addressed an aspect of reporting that is a key element of the CSRD. In particular, the reporting on how the business model is linked to sustainability risks and opportunities can provide insight on the durability of a company's value creation; and its performance, resilience to the external environment, and adaptation and evolution/progress in meeting its targets. The PTF-RNFRO also assessed the role of technology in the production, distribution, and consumption of sustainability reporting information by evaluating a broad range of technologies including artificial intelligence, structured data, satellite technology and blockchain.

While developing its findings, the PTF-RNFRO held regular plenary meetings, obtained stakeholders' (users, preparer, auditors, civil society) views through interviews and questionnaires, and conducted an outreach webinar in May 2021 with a participation of 700+ global participants to validate its preliminary findings.

In October 2021, the PTF-RNFRO published its final report and a supplementary report that had 37 examples of good practices from 27 companies across multiple sectors. The report's examples of good practices can enable companies to benchmark themselves and improve their reporting practices and complements the ongoing standard-setting initiatives at the EU and global levels. The selection of examples was based on a review of the reporting practices of a sample of 44 EU companies alongside the feedback received from stakeholders (preparers, users, and other stakeholders) through an online survey, interviews, written submissions, and outreach events.

Based on the review of reporting practices, the PTF-RNFRO report has suggested paths to improvement to be considered by key actors in the reporting ecosystem (i.e., preparers, auditors, rule-makers), specifically the need for:

- a **clearer** description of the business model and **linkage** to sustainability risks and opportunities;
- more emphasis on **reporting opportunities**;
- **for quantification** of risks and opportunities and **cash flow generation**;
- better **connectivity of financial and sustainability information**;
- the application of **evidence-based** and science-based targets;
- optimising the **use of available technologies**, and
- credibility through third-party **assurance**.

After the publication of the PTF-RNFRO report, it was promoted on social and print media including through three podcasts on the key findings, a webinar with 500+ attendees, at speaking events, and it was also distributed to over 7,000 members of the EFRAG network.



THE EC PLATFORM FOR SUSTAINABLE FINANCE

EFRAG has been appointed as an observer to the EC Platform on Sustainable Finance a permanent expert group of the European Commission, established in October 2020 to assist with the further development of the common classification system for sustainable economic activities. The Platform supports the European Commission in the technical preparation of delegated acts, in order to implement the EU Taxonomy. EFRAG participates in the sessions of a subgroup on 'Data and Usability' and contributes significantly to one of its workstreams on 'Accounting'.

REFORM OF EFRAG'S GOVERNANCE INTEGRATING THE SUSTAINABILITY REPORTING ACTIVITIES

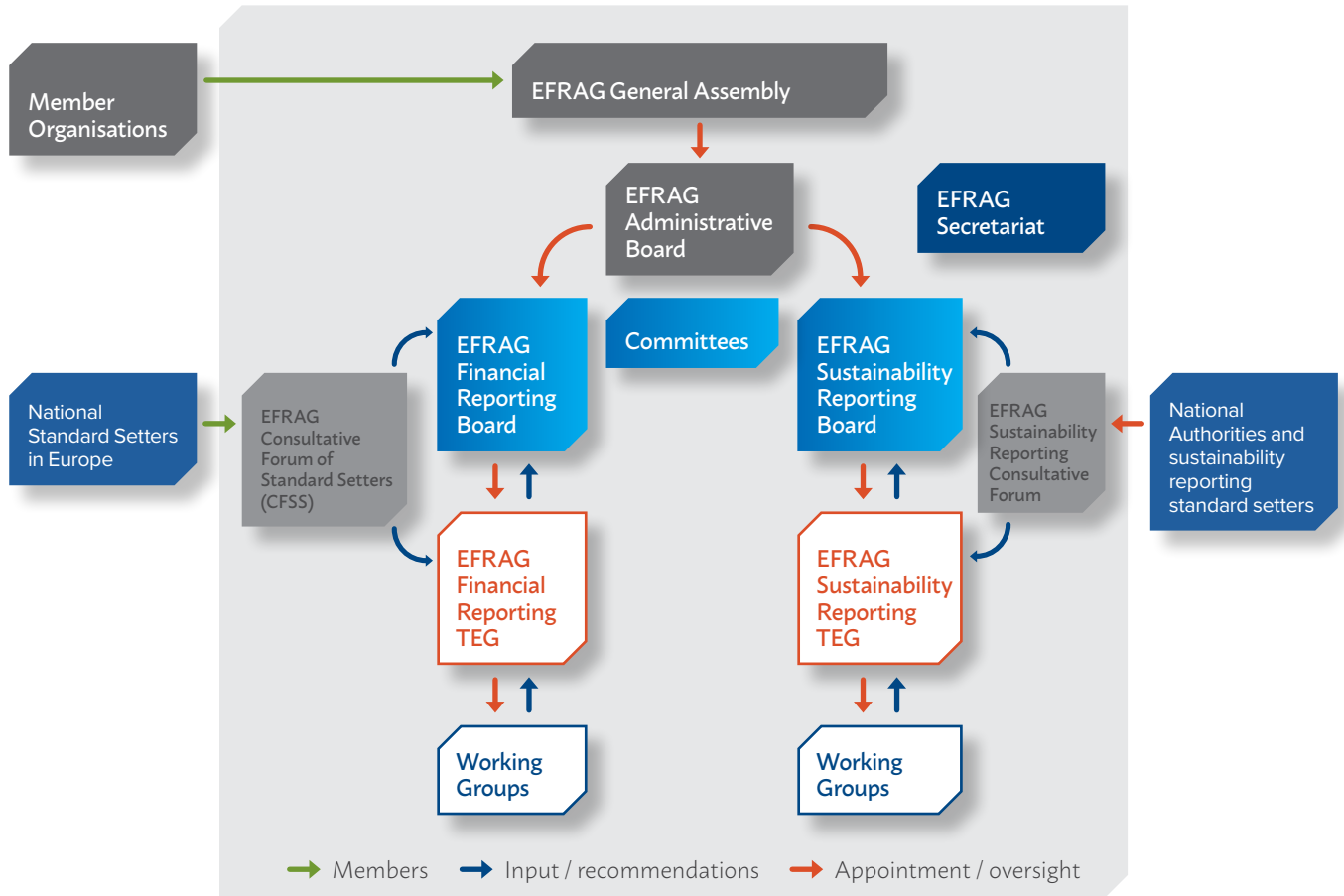
In 2021, EFRAG started a governance reform to integrate its sustainability activities into its structure. Following the ad personam mandate given by Executive Vice-President Dombrovskis to EFRAG Board President Jean-Paul Gauzès and the letter of Commissioner McGuinness dated 12 May 2021, EFRAG worked on the governance reform. The governance reform is based on a two-pillar structure with a new Sustainability Reporting Pillar mirroring the Financial Reporting Pillar. The target date for the main elements of the governance reform to be in place of 31 March 2022 has been achieved.

In this context, EFRAG has carried out extensive work during 2021 on key changes to its governance and funding structure. Key milestones have been reached over the period. At its December 2021 and January, February and March 2022 General Assembly meetings, EFRAG attained the objectives of its governance reform by:

- Approving its [revised Statutes and Internal Rules](#) integrating a new Sustainability Reporting Pillar and forming the new legal basis for EFRAG's governance structure;
- Admitting 14 new organisations to the membership of EFRAG in the Sustainability Reporting Pillar in addition to the 17 existing ones;
- Appointing new governance bodies: EFRAG Administrative Board² and EFRAG Sustainability Reporting Board (EFRAG SRB); and
- Approval of the EFRAG [Due Process Procedures](#) for the sustainability (draft) standard-setting process.

² With the appointment of the incoming EFRAG Administrative Board President (effective from 1 July 2022), Vice-President (effective 15 February 2022) and member representing the Civil Society Organisations Chapter EFRAG completed the composition of its Administrative Board in February: EFRAG Administrative Board President: Jean-Paul Gauzès (replaced 1 July 2022 by Hans Buysse), Vice- President Georg Lanfermann; members representing the European Stakeholder Organisations Chapter: Sebastien de Brouwer; Hans Buysse, Benoit Jaspar, Claes Norberg and Elina Peill; the National Organisations Chapter: Michel Barbet- Massin, Santiago Duran Dominquez, Stig Enevoldsen, Paolo Gnes, Peter Sampers and Andrea Sternisko; and the Civil Society Organisations Chapter: Marilyn Waite. The EFRAG Administrative Board became operational at the end of January 2021.

► EFRAG organisation chart as of 31 March 2022



► New EFRAG Member Organisations

To be inclusive of the wider range of stakeholders in the sustainability reporting field, a Civil Society Organisations Chapter was introduced in the membership of EFRAG for the Sustainability Reporting Pillar with four different sectors: Non-Governmental Organisations (NGOs); Consumer Organisations; Trade-unions; and Academics. All seventeen existing EFRAG Member Organisations that contribute to the Financial Reporting Pillar joined the Sustainability Reporting Pillar.

These 14 new organisations are:

EUROPEAN STAKEHOLDERS ORGANISATIONS CHAPTER



CIVIL SOCIETY ORGANISATIONS CHAPTER

► NGOs sector



► Consumer organisations sector



► Trade unions sector



► Academics sector



► Friends of EFRAG

EFRAG introduced the Friends of EFRAG - Sustainability Reporting whereby entities can give their individual support to EFRAG's mission and support EFRAG's

sustainability reporting activities. The first pioneers joined the Friends of EFRAG: Angela Impact Economy, Engie and General Electric.



► New governance bodies

EFRAG has started populating its new governance bodies namely the EFRAG Administrative Board, the EFRAG Sustainability Reporting Board (EFRAG SRB) and the Sustainability Reporting TEG (EFRAG SR TEG) and their respective Chairs, in a gradual process including public calls for candidates.

The EFRAG General Assembly has appointed the members of the **EFRAG Administrative Board** in December effective January 2022 and the member representing Civil Society Organisations and the President and Vice-President in February 2022. The EFRAG Administrative Board took over the oversight and administrative responsibilities of the existing EFRAG Board. The EFRAG Administrative Board is under Belgian law the "Board of Directors" responsible for the organisation.



Jean-Paul Gauzès
EFRAG Board President
till 30 June 2022



Hans Buysse
EFRAG Administrative Board
President from 1 July 2022

On 1 March the EFRAG General Assembly appointed the members of the **EFRAG SRB**³ representing the three Chapters: European Stakeholders Chapter, National Organisations Chapter (countries) and Civil Society Organisations Chapter. The Chair is nominated by the European Commission having heard the views of the European Parliament and Council. This process is ongoing, and the Chair and Vice-Chair are expected to be appointed by the EFRAG General Assembly in September. At present, the EFRAG SRB is led by an Acting Chair. The European public institutions, authorities and agencies - ESMA, EBA, EIOPA, EEA, FRA, EC Platform Sustainable Finance, CEAOB and ECB are observers of the EFRAG SRB.

The EFRAG SRB is responsible for all sustainability reporting positions of EFRAG including technical advice to the EC on draft EU Sustainability Reporting Standards and amendments to the Standards. The due process includes considering the technical advice provided by EFRAG Sustainability Reporting TEG.

On 13 April 2022, the EFRAG SRB appointed 22 members of the **EFRAG SR TEG**⁴ respecting an optimal balance for professional background, nationality, and gender. Each of them demonstrated a high level of expertise and experience in the specific areas and topics listed in the call for candidates. The EFRAG SR TEG was extended by two additional temporary seats to enhance the social and direct practical SME sustainability-reporting expertise. On 12 July, the additional EFRAG SR TEG members were appointed.

The EFRAG SR TEG provides technical advice on draft ESRS to the EFRAG SRB based on its own professional judgment, arguments, technical analysis resulting from its technical expertise and EFRAG's due process.

The EFRAG SR TEG is supported by eleven Expert Working Groups⁵ that existed under the PTF- ESRS.

The establishment of the EFRAG SR TEG completed an important step in the implementation of the governance reform and paved the way for the handover of the work of the PTF-ESRS to the permanent structure which took place in April and May 2022.

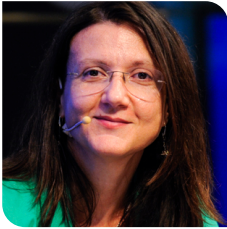
3 Composition of the EFRAG SRB as per 1 July 2022: *Acting EFRAG SRB Chair*: Kerstin Lopatta; *European Stakeholder Organisations Chapter*: Wim Bartels, Tegwen Le Berthe, Salvador Marín, Grégoire de Montchalin, Stefan Schnell, Annina Tanhuanpää, Luc Vansteenkiste; *National Organisations Chapter*: Marcello Bianchi, Simon Braaksma, Monika Brom, Patrick de Cambourg, Kristian Koktvedgaard, Carlos Moreno, Charlotte Söderlund; *Civil Society Organisations Chapter*: Begona Giner, Filip Gregor, Aleksandra Palinska, Isabelle Schoemann, David Vermijs; *Observers*: Irene Heemskerk (ECB) (alternate Patrick Amis), Alessandro d'Eri (ESMA), Pilar Gutierrez (EBA), Sandra Hack (EIOPA), Beate Hollweg (EAA), Patrycja Pogodzinska (FRA) (alternate Gabriel Toggenburg), Martijn Duffels (CEAOB) (alternate Marjolein Doblado).

4 Composition of the EFRAG SR TEG as per 1 July 2022: *Acting Chair*: Chiara Del Prete; *Acting Vice-Chair*: Sigurt Vitols; *Members*: Sandra Adler, Piotr Biernacki, Luca Bonaccorsi, Laurène Chenevat, Bryan Coughlan, Johan Dahl, Philippe Diaz, Anne-Claire Ducrocq, Giulia Genuardi, Luc Hendrickx, Joanne Houston, Klaus Hufschlag, Katerina Katsouli, Julie Mary, Julia Menacher, Chiara Mio, Carlota de Paula Coelho, Alexandra van Selm, Belen Varela; *Country liaison seats*: ASCG - Germany, ANC - France, OIC - Italy, ICAC - Spain.

5 EWG1 Conceptual Guidelines; EWG2 Cross-cutting standards, EWG3 Environment-Climate; EWG4 Environment-Other, EWG5 Social Workforce; EWG6 Social -Other; EWG7 Governance, EWG8 Governance Other matters, EWG9 Sector-specific standards, EWG 10 SMEs and EWG11 Format.

► EFRAG FINANCIAL REPORTING ACTIVITIES

► Report from the EFRAG FR TEG Chair, Chiara Del Prete



Dear stakeholders,

The year 2021 has been a period of transition, marked by intense consultations on more than 10 IASB projects, the start of the Post Implementation Reviews (PIR) of big standards, and

substantial progress in EFRAG research.

I once more express EFRAG's gratitude to the stakeholders that took part in the outreach this year as they allowed EFRAG to provide the European view on:

- *Dynamic Risk Management*: EFRAG joined forces with the IASB in testing the core model with European banks and investigated how the IAS 39 carve-out is performing after more than 15 years of application;
- *Regulatory Assets and Regulatory Liabilities*: with the support of its specialized working group, EFRAG ran an effects analysis and issued a secretariat briefing on the scope of the proposed Standard;
- *Disclosure Requirements in IFRS Standards – A pilot approach*: EFRAG contributed to the success of the overall IASB field test by conducting field tests and organizing follow-up workshops that had the extensive participation of European stakeholders;
- *Subsidiaries without public accountability*: EFRAG issued two secretariat briefings on the impacts of a possible new way of applying IFRSs with reduced disclosures, a scenario that triggers different views among European stakeholders.

EFRAG has also been very active on the PIR of IFRS 10/11/12 and IFRS 9. For IFRS 9, the focus has been on two priorities, for which EFRAG urged the IASB to undertake standard setting: the application of the SPPI test to ESG-linked features (that are expected to play a relevant role in the European Green Deal) and the recycling of OCI for equity instruments.

It is also worth mentioning the IASB DP *Business Combinations Under Common Control*, the IASB ED *Management Commentary*, and the IASB Amendment to IFRS 17 (IFRS 17 and IFRS 9 comparatives). For the latter, EFRAG managed to complete the entire cycle

from the issuance of the draft comment letter to the issuance of endorsement advice in the same year.

In the summer of 2021, the consultation of the IASB and EFRAG agendas projected us into the future: connectivity of financial and sustainability reporting, intangibles, cash flow statements and related items were amongst the most supported topics for future activity.

On the proactive research side,

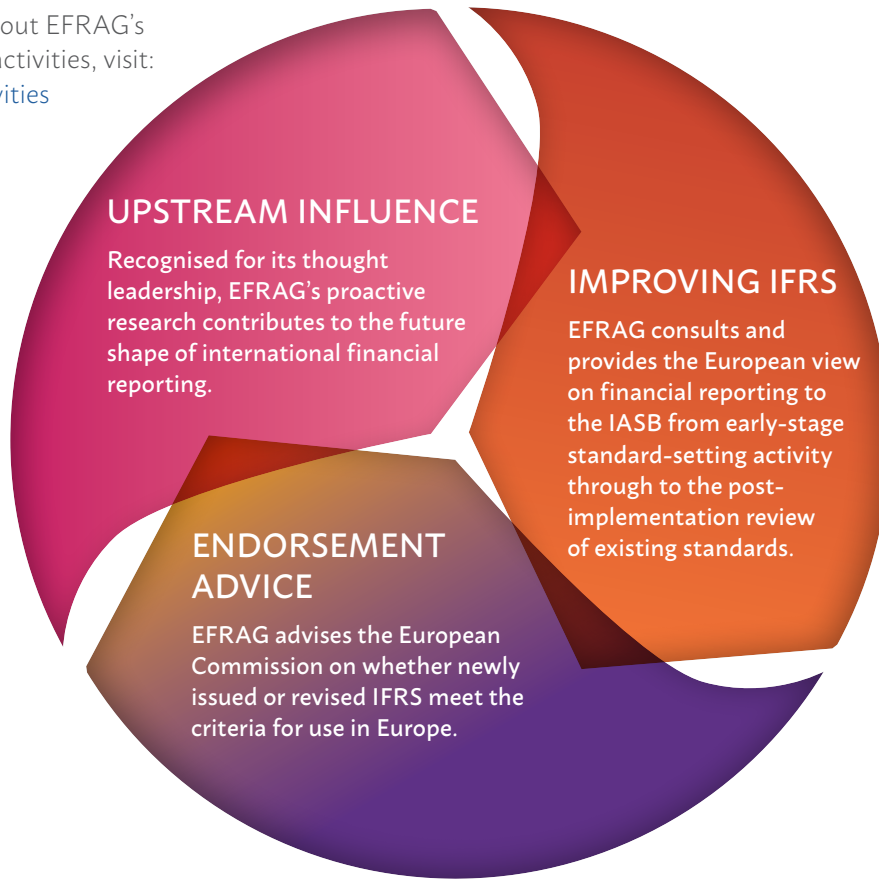
- EFRAG DP *Accounting for Crypto-Assets (Liabilities)* has been the subject of intense outreach in the first half of 2021, originating international debate. Since the topic was identified as a subject for the research, the relevance of ensuring proper accounting for this asset class has significantly increased, due to technological and market developments: it is now likely that these assets will become mainstream. The DP constitutes a starting point for future standard-setting activities and has already contributed to making a complex topic accessible to a broader audience.
- EFRAG published its DP *Better Information on Intangibles: which way to go? Inadequate reporting on intangibles is one of the main causes of the diminishing financial reporting relevance, but it is also the new frontier for making corporate reporting more comprehensive and the territory where financial and sustainability reporting interact*. Providing input to the IASB forthcoming project on intangibles has been a key ambition of this project. I am extremely grateful to the experts in the EFRAG Advisory Panel on Intangibles for their commitment and generosity in sharing their practical experiences.

As always, all this has been possible thanks to the dedication of our people, the precious inputs of our constituents and the expertise and commitment of the members of EFRAG working groups, TEG and Board. To all of them goes my sincere gratitude once again.

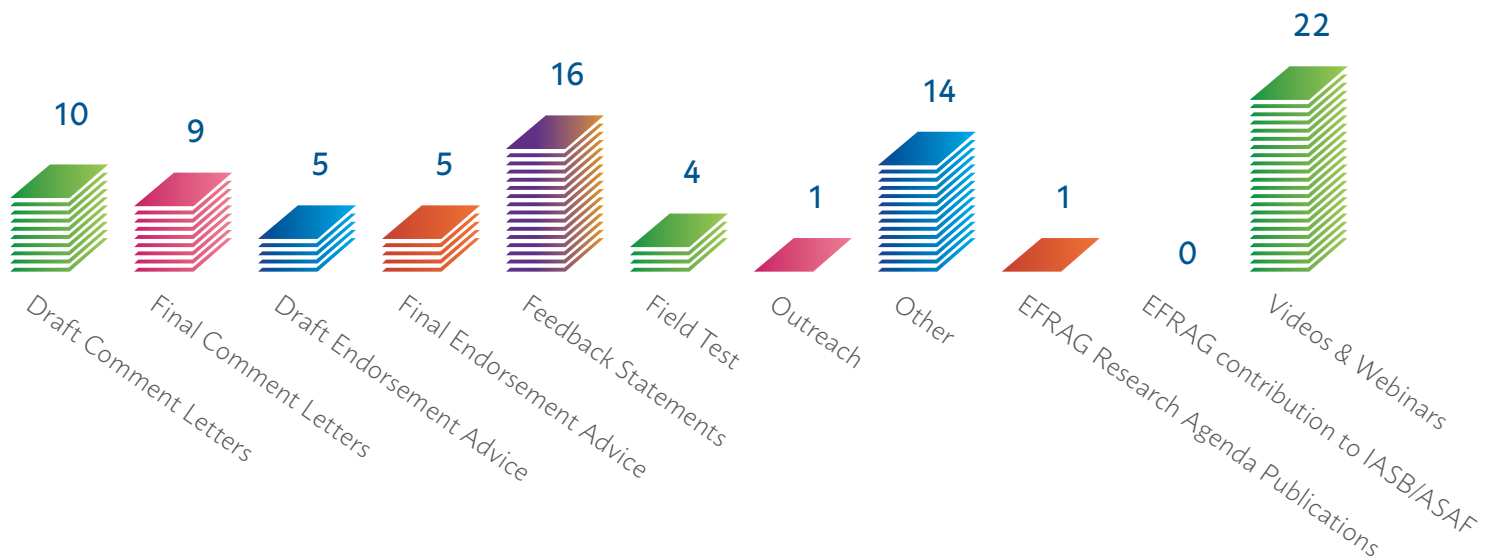
Looking ahead, in 2022 we have many IASB projects in the redeliberation phase that will require careful monitoring and continuous dialogue with the IASB and our stakeholders; EFRAG will also focus on completing its research and getting ready for the new proactive projects.

CORE ACTIVITIES OVERVIEW

To find out more about EFRAG's financial reporting activities, visit: www.efrag.org/activities



EFRAG PUBLICATIONS IN 2021



► UPSTREAM INFLUENCE: RESEARCH ACTIVITIES

Since its creation in 2001, EFRAG has been proactive in research activities in the financial reporting field. Its contributions have had a meaningful impact.

These research activities also represent an opportunity to collaborate with other outstanding actors in the financial reporting community and extend EFRAG's international status.

With its research projects, EFRAG serves the European public interest by fostering Europe's position at the centre stage of the accounting debate, and as a frontrunner regarding future accounting challenges.

► Crypto assets (Liabilities)

The 2019 IFRS Interpretation Committee (IFRS IC) agenda decision clarified the accounting requirements for cryptocurrencies with no claim on the issuer such as bitcoin indicating that these should be classified as either intangible assets under IAS 38 or, if held in the course of normal business (e.g., by brokerages), as inventories falling under IAS 2. However, there are several other crypto- transactions where stakeholders have signalled that there is a lack of clarity on the IFRS requirements as these requirements are implicit, and these transactions have atypical rights and obligations (e.g., accounting by issuers of crypto-assets). As such, it is not always clear which requirements are applicable for several crypto-transactions. Concurrently, several National Standard Setters, accounting professional bodies, audit firms and academics have published guidance addressing various areas where there are challenges in the accounting for crypto-assets transactions but these guidance either relates to local GAAP or is non-authoritative for IFRS reporting companies.

It was against this backdrop that, after conducting research following the EFRAG Board's approval in 2018, in July 2020, EFRAG published the Discussion Paper *Accounting for Crypto-assets (liabilities): holder and issuer perspective*. The Discussion

Paper was open for a 12-month consultation period until 31 July 2021 and with an objective of informing the IASB on whether to conduct a project on crypto-assets (liabilities). Furthermore, the IASB included cryptocurrencies and related transactions as one of the possible topics in its 2021 Request for Information (RFI) Agenda Consultation.

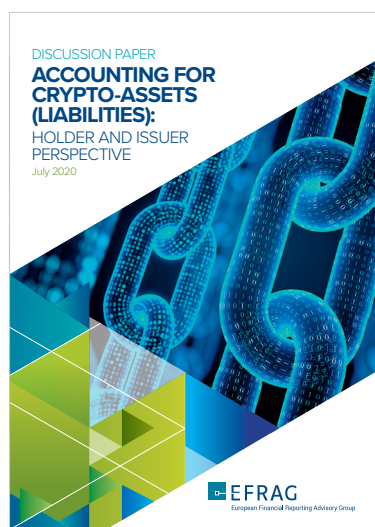
EFRAG's Discussion Paper set out three possible options for developing IFRS Standards requirements, namely:

- Option 1: No amendment to current applicable IFRS Standards. In effect, preparers will continue to apply existing IFRS Standards including having to develop their own accounting policy (IAS 8).
- Option 2: Amend and/or clarify IFRS Standards – this option proposes that several amendments or clarification guidance to current IFRS Standards (such as IAS 38, IAS 2, IAS 32, IAS 7, IAS 37, IFRS 9, IFRS 13 and IFRS 15) might be needed for the accounting by holders and issuers of crypto-assets (liabilities).
- Option 3: A new IFRS Standard to address crypto-assets (liabilities) with a possibility to also cover digital assets (liabilities) – this option would require developing a new IFRS Standard for crypto-assets (liabilities).

The Discussion Paper sought stakeholders' feedback on these options and the identified specific challenges related to accounting by holders and issuers and the valuation of crypto-assets including the limitations in allowing Fair Value through P&L (FVPL) measurement where appropriate.

During the Discussion Paper's consultation period, EFRAG published a survey questionnaire to facilitate feedback on the questions to constituents. EFRAG conducted extensive outreach including interviews with expert stakeholders and presentations made to the IFASS in September 2020; the IASB ASAF in December 2020; the Institute of Management Accountants (IMA) in France, the European Accounting Association, and the Accounting Standards Board of Japan (ASBJ) which had translated the EFRAG DP into Japanese. As part of the outreach, EFRAG also published a series of podcasts to promote the research project.

In July 2021, EFRAG hosted a webinar with a panel of preparers, auditors, a user and an IASB Board member. At the end of the consultation, EFRAG received a combination of 40+ comment letter and survey



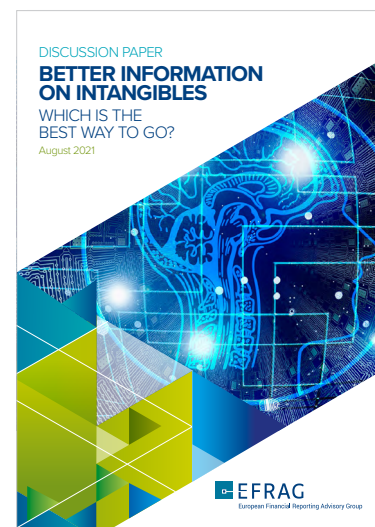
questionnaire responses from constituents within and outside the EU. The feedback showed that respondents mainly supported Option 2 (amend or clarify existing IFRS requirements) and they provided suggestions for the amendments of IFRS which revolved around options to attain FVPL measurement by holders of crypto-assets and they also confirmed several aspects that needed clarification as highlighted in the Discussion Paper.

Following this feedback, and after deliberations by the EFRAG FR TEG and EFRAG FRB, in April 2022, EFRAG issued a Recommendations and Feedback Statement with recommendations for the IASB to adopt a two-step approach to developing IFRS requirements with the first step being to amend IAS 38 to allow FVPL and to establish principles that can allow a mixed measurement approach depending on the holder's business model. In addition, disclosures by issuers of crypto-assets should be required to allow an understanding of the rights and obligations of crypto-transactions. Thereafter, as a second step, the IASB should address the recognition and measurement requirements of issuers.

Most respondents to the 2021 IASB RFI considered cryptocurrencies and related transactions to be one of the high-priority projects. However, in April 2022, due to the lack of pervasiveness amongst IFRS reporting entities, the IASB decided not to include the project in its active agenda with a caveat that crypto-assets might be considered within the comprehensive review of the recognition and measurement requirements of intangible assets and it may also revisit this decision depending on market developments such as crypto-assets becoming pervasive for IFRS-reporting entities. Hence, EFRAG's recommendations can be considered if the IASB at a future date decides to take a project to develop related IFRS requirements. Furthermore, EFRAG's recommendations and Discussion Paper perspectives can also be considered by any other National Standard Setter that might be addressing the accounting for crypto-assets (liabilities) in the foreseeable future.

► Better information on Intangibles

In August 2021 EFRAG published the Discussion Paper *Better Information on Intangibles – Which is the best way to go?* EFRAG launched its project on intangibles as a result of the 2018 EFRAG research agenda consultation. This project was considered by constituents to be one of the most important projects for EFRAG's research activity. The motivation for the research arises due to:



- Changes in the business landscape resulting from new technologies, digitalisation, software solutions and movements toward a service economy, mean that internally generated intangible assets play an increasingly important role for the performance of an entity, while not adequately reflected in the financial statements.
- There has been an increasing focus on the intangible drivers of value within companies, and how these act as indicators of the future value of a business. At the same time, concerns have been voiced that financial statements are losing their relevance as they do not reflect many of these intangible elements.
- The discrepancies between the accounting treatment for acquired and internally generated intangibles need to be examined, being a significant investor concern as it distorts key ratios and could lead to the misallocation of capital.

At the project commencement, [an academic literature review](#) was commissioned to provide insights on the related academic literature primarily, and on some of the main approaches already developed to provide information on intangibles. The literature review showed that there were not many studies on how users apply information on intangibles that could be the basis of any EFRAG recommendations. EFRAG, therefore, decided to form a panel of users, valuers and prepares

in intangibles-intensive industries (the EFRAG Advisory Panel on Intangibles (EFRAG API)) to help it with its work and to ensure that the Discussion Paper's proposals would be based on identified user needs.

The discussions of the EFRAG API showed that users are using financial statements differently to obtain information on intangibles. Accordingly, the Discussion Paper does not propose one single approach to provide better information on intangibles but it instead presents different approaches, their assessed advantages and disadvantages and asks for constituents' input on these – including whether and if so, how, the different approaches could be combined. The approaches considered in the Discussion Paper are:

- Recognise and measure additional internally generated intangibles in the statement of financial position.
- Disclosing additional information in the notes to the financial statements or in the management report on specific intangibles.
- Disclosing information on 'future-oriented expenses' and risk and opportunity factors.

The Discussion Paper was issued in August 2021 and it was open for comments until 30 June 2022. During the comment period, EFRAG performed a large number of various outreach activities. This included (but was not limited to) presentations at the September 2021 meeting of the International Forum of Accounting Standard Setters (IFASS) and the December 2021 meeting of the Accounting Standards Advisory Forum (ASAF). In 2022, several outreach events at the European and national levels were held targeted at users, preparers auditors, academics, and other constituents. These events have generated large participation, drawn significant attention and resulted in valuable feedback. The outreach events together with more than 20 comment letters and several completed survey questionnaires from within and outside the EU provide EFRAG with a rich basis for a feedback document that alongside the Discussion Paper can inform the envisioned forthcoming work by the IASB, which has added intangible assets to its 2022-2026 workplan research agenda.

► Special focus on the joint consultation on IASB Agenda and EFRAG agenda proactive research

In March 2021 the IASB published the Request for Information (RFI) *Third Agenda Consultation*. In this document, the IASB asked for information to help it to determine how to prioritise its activities and what new projects to add to its work plan for 2022 to 2026.

To obtain constituents' views on which accounting issues should be addressed in the coming years, EFRAG decided to jointly consult on the IASB RFI and its own pro-active research agenda consultation. Accordingly, in May 2021, EFRAG published a [joint consultation document consisting of EFRAG's draft comment letter to the IASB RFI and consultation on EFRAG's own proactive research agenda](#) (herein referred to as the joint consultation). In addition, EFRAG published a survey to facilitate constituents' feedback to the joint consultation document.

In September 2021, EFRAG, Accountancy Europe, BusinessEurope, EFFAS and the IASB jointly hosted a webinar on the joint consultation.

Based on the combination of feedback received through the outreach, comments letters and survey responses to the joint consultation, in October 2021, EFRAG submitted its final comment letter to the IASB RFI on its agenda consultation. In its final comment letter, EFRAG suggested the IASB puts more effort into the maintenance and improvement of the existing standards, including their understandability. EFRAG also suggested the IASB identifies a separate area of its activity to address the connectivity between financial reporting and sustainability reporting and increases the resources devoted to digital reporting.

EFRAG considered that the priorities for the IASB should be a) to focus on finalising the projects in its active work plan; and b) conducting on a timely basis



the Post-implementation Reviews ("PIR") of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 *Leases* and, towards the end of the 2022-2026 period, IFRS 17 *Insurance Contracts*.

EFRAG also noted the capacity of stakeholders to engage with the standard setting is an essential element for the IASB's ability to issue high-quality standards. This capacity could be limited in the coming period as stakeholders would also have to deal with sustainability reporting. Taking into account that the IASB would also have to focus on the current active work plan and planned Post-Implementation Reviews, EFRAG acknowledged there will be a limit on how many new projects the IASB can initiate in the coming periods. However, EFRAG recommended that when deciding on the new projects, the IASB should consider the relevance and urgency of these projects rather than the level of resources involved.

EFRAG's final comment letter identified the following projects as being high-priority projects from a European perspective:

- Intangibles;
- Sustainability in financial reporting, starting from climate (including connectivity and pollutant pricing mechanisms); and
- Crypto assets-liabilities.

In addition, the treatment under IFRS 9 of financial instruments with ESG features was an urgent and prevalent issue.

Other projects with high priority from a European perspective included:

- Discontinued operations and disposal groups;
- Statement of cash flows and related matters; and
- Variable and contingent consideration.

In April 2022, based on constituents' feedback, the IASB decided on its 2022-2026 workplan and added a narrow-scope project on climate-related reporting on its maintenance and consistent reporting workplan, two projects (intangibles and cash flow statements and related items) to its research workplan, and two other projects in the reserve list of the research pipeline (pollutant mechanisms and segment reporting).

In response to EFRAG's pro-active work plan in the joint consultation, constituents generally supported that EFRAG should use 1/3 of its financial reporting resources on this activity. Constituents also supported that the projects EFRAG should add to its research agenda should be found between those projects European constituents would find most important for the IASB's agenda. They also supported the projects identified as particularly suitable as EFRAG research projects in the joint consultation (connectivity between financial and sustainability reporting, with a priority on climate risk; supplier finance arrangements; operating segments; and digital reporting).

In finalising the due process on the joint consultation, in June 2022, based on constituents' feedback to the EFRAG joint consultation and the IASB decision on its 2022-2026 workplan, EFRAG FRB approved the addition of the connectivity between financial and sustainability reporting and cash flow reporting to EFRAG's proactive research agenda. In addition, operating segments and pollutant-pricing mechanisms were added to a reserve list of projects with a tentative priority accorded to pollutant-pricing mechanisms. As the new EFRAG projects overlap with those selected by the IASB, it was agreed that EFRAG should carry out this research work in coordination with the IASB to ensure that EFRAG's research is synergistic in its timing and scope and that it does not duplicate any potential future IASB work.

► IMPROVING IFRS STANDARDS

DYNAMIC RISK MANAGEMENT: A NEW APPROACH FOR FINANCIAL INSTITUTIONS

During 2021, the IASB continued its research project on Dynamic Risk Management (DRM) aimed at better reflecting the risk management activities of banks when hedging interest rate risk in banking operations. The final standard will replace the current macro hedge accounting solution in IAS 39, *Financial Instruments: Recognition and Measurement*. EFRAG is closely following this project as it is particularly important for European banks as their hedge accounting practices largely refer to the European carve-out. It is also important for European insurers, as the model the IASB is developing could constitute the basis for a future solution to hedging insurance liabilities. The IASB intends to retire the remaining paragraphs in IAS 39 dealing with fair value portfolio hedging which has implications for those entities using IAS 39 as issued by the IASB and those applying the carve-out as applied in Europe: they would have to migrate to the new IASB DRM model,

a scenario that has become more likely following the IASB recent decision to move the project from research to standard setting.

In 2021, the IASB staff finalised their outreach to discuss phase 1 of the IASB's core model with individual preparers. EFRAG supported this process involving European banks. The EFRAG DRM team attended 17 meetings between November 2020 and February 2021. In addition, in 2021, following a specific request of the FRB, the EFRAG Secretariat performed research to investigate the perception of the market participants (users, preparers, auditors, regulators) of the current accounting practices based on the carve-out after 15 years of continuous use.

The EFRAG FRB will continue to receive updates on the project with the views and reactions from the industry via the EFRAG FIWG and EFRAG FR TEG.

► Cooperation with academics

EFRAG continued its cooperation with academics in 2021. The EFRAG Academic Panel met twice to discuss, among other issues: the IASB's Exposure Draft ED/2021/6 *Management Commentary* and the post-implementation review of IFRS 9 *Financial Instruments*.

EFRAG also organised various virtual research workshops and webinars together with the European Accounting Association (EAA):

- In March 2021, a virtual workshop on the IASB's Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 (together with the IASB).
- In April 2021, a virtual research workshop on EFRAG's Discussion Paper *Accounting for Crypto-Assets (Liabilities)* (together with the IASB).
- In June 2021, a virtual research workshop on the IASB's Exposure Draft *Management Commentary* (together with the IASB).
- In July 2021, a virtual research workshop on the IASB Exposure Draft *Disclosure Requirements in IFRS Standards – A Pilot Approach* (together with the IASB).

- In July 2021, a webinar on discounting in financial reporting (together with ICAS).
- In October 2021, a virtual research workshop on the IASB's Post-Implementation Review of IFRS 9 – Classification and Measurement (together with the IASB).

In addition, EFRAG sponsored a virtual symposium at the 2021 congress of the EAA on intangibles and value creation that was held in May 2021.

In 2021, EFRAG also agreed to support an academic study on the impact of IFRS 15 *Revenue from Contracts with Customers* as EFRAG assessed the input from this study could be useful for its work related to the Post-implementation Review of IFRS 15 which commenced in H12022. In January 2022, the EAA joined the membership of EFRAG's Sustainability Reporting Pillar. Begona Giner is the EAA representative on the EFRAG SRB. In 2022 EFRAG continued its close cooperation with EAA both in form of workshops and by hosting a symposium on digital reporting at the EAA annual congress in Bergen.

► **Message from Nicklas Grip, former EFRAG FR TEG Vice-Chair / Senior Vice-President, Head of Regulatory Strategies at Group Finance, Svenska Handelsbanken**



I had the pleasure of joining EFRAG TEG in early 2010 when all the big four standards were on the agenda. At the same time EFRAG was quite active in its research activities. Now, closing the books for my time

in EFRAG TEG, I may conclude that all of them have been endorsed and that EFRAG during these years have had a significant impact on the final versions of the standards but also that EFRAG research activities have had an impact on the standard setting agenda.

I'm really grateful for the time in EFRAG that not only have given an opportunity to meet and discuss with extremely skilled professionals from different backgrounds, but also for the great opportunity it has given me to gain a knowledge and understanding of not only financial reporting practices around Europe,

but also of the differences in legal environment, structure of different contracts, business models and risk management practices between countries but also within countries.

During these intense years in which EFRAG always have been able to deliver high quality output the governance structure of EFRAG have had several significant changes and which as always, have created some turbulence. I'm sure that there will continue to be changes but I'm also convinced that EFRAG secretariat and all those members in different working groups, TEG, CFSS and different Boards, due to their firm belief in global corporate reporting standards will make sure that EFRAG continues delivering high quality output in the development of global corporate reporting standards.

I sincerely thank you all that I have met during these years, and I'm sure that many of us will meet again.

► **Post-implementation Review of IFRS 9 - Classification and Measurement**

In October 2020, the IASB initiated its PIR of the IFRS 9 Financial Instruments classification and measurement requirements (the PIR) with the objective to:

- assess whether the requirements introduced by IFRS 9 have improved financial reporting (without disproportionate cost); and
- identify lessons learned that will help the IASB in its efforts to continuously improve its standard-setting.

During February and March 2021, the EFRAG project team consulted EFRAG working groups (EFRAG Academic Panel, EFRAG FIWG, EFRAG IAWG, EFRAG User Panel, EFRAG CFSS) and had an exchange of views with the IFRS 9 Task Force of Accountancy Europe. This consultation allowed the preparation of an initial comprehensive list of issues that were reported to the IASB staff and in the ASAF meeting in March 2021.

On 30 September 2021, the IASB published an RFI on IFRS 9. EFRAG issued its final comment letter in response to the RFI on 28 January 2021. In its letter, EFRAG considered that the combination of the cash flow characteristics of the assets together with the assessment of the entity's business model has generally provided an appropriate basis to align the measurement of financial instruments with how they are managed by the entity. However, several areas that require attention were detailed in the final comment letter including the following:

- Application of the SPPI test to sustainable finance products. This issue is expected soon to be so pervasive in Europe that it should be treated as a separate and urgent issue.
- The IASB should expeditiously review the non-recycling treatment of equity instruments within IFRS 9. Some mutual funds and puttable instruments respond to market variables in a similar way to equity instruments and should be treated similarly.

During the consultation period preceding the issuance of the Final Comment Letter, the EFRAG Secretariat reached out to various constituents and EFRAG working groups to gather more information on financial

instruments with ESG features and equity-type instruments.

This project is also mentioned in the Strategy for financing transition to sustainable economy released by the EC on 6 July 2021, specifically regarding the long-term investment issue of recycling of equity instruments measured at Fair Value through Other Comprehensive Income (FVOCI).

► **Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 (improvement part)**

In May 2011, as a part of a package of new standards on consolidation, the IASB published IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities* (the Standards), and revised IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and joint Ventures*.

In IFRS 10, the IASB introduced a single consolidation (control) model. In IFRS 11, compared to withdrawn IAS 31 *Interest in Joint Ventures*, the IASB eliminated the accounting options and introduced the classification, and accounting, of joint arrangements based on rights and obligations. IFRS 12 introduced combined and enhanced disclosure requirements.

In April 2019, the IASB initiated the post-implementation review of the Standards (the PIR) and issued a Request for Information. The IASB decided that the PIR did not cover either the revised IAS 27 or the revised IAS 28.

EFRAG's response was a result of EFRAG's involvement in the preparatory phase of the IASB's PIR, and the EFRAG Secretariat's consulting the EFRAG Board, EFRAG TEG and its Working Groups and EFRAG constituents during 10 meetings happening between March and April 2021.

During the consultation period, four podcasts were published to raise constituents' awareness of the consultation. Finally, the EFRAG Secretariat launched a public questionnaire on the PIR.

At the end of May 2021, in its response to the RFI, EFRAG reported the issues heard from constituents for consideration by the IASB in further phases of the PIR.

► **Rate-regulated Activities including outreach activities**

In September 2014, the IASB published a DP *Reporting the Financial Effects of Rate Regulation* that described a type of rate regulation and possible accounting approaches to reflect the effects of this regulation on the financial statements. EFRAG responded to the DP in January 2015 and supported the direction of the IASB project.

On 30 January 2021, the IASB published its ED/2021/1 *Regulatory Assets and Regulatory Liabilities* (the ED) and asked for comments by 30 July 2021. The ED proposed an accounting model on how an entity should account for regulatory assets and regulatory liabilities. The proposed Standard in the ED is supplementary to existing IFRS Standards, meaning that an entity in the scope of the proposed Standard would first apply existing IFRS Standards before applying the proposed Standard.

Prior to the publication of the ED, in Q4 2020 and Q1 2021, EFRAG conducted an early-stage effects analysis for preparers and users of financial statements and published feedback reports on the findings in April 2021. This early-stage effects analysis was based on the IASB's tentative decisions made before the ED's publication. EFRAG also consulted with the EFRAG Rate-regulated Activities Working Group (EFRAG RRAWG) to obtain their input on the proposals during the development of the EFRAG draft comment letter.

EFRAG published its draft comment letter in April and asked for comments by July 2021. In its draft comment letter, EFRAG welcomed the IASB's efforts to address whether rate regulation creates enforceable rights and obligations, which could qualify for recognition as assets and liabilities. However, EFRAG expressed reservations on some of the ED's proposals and did not reach a conclusive view (i.e., expressed two views) on three of the proposals relating to total allowed compensation, the use of a minimum adequate rate to discount regulatory assets, and the IFRS 3 *Business Combinations* exception (i.e., excluding the acquired regulatory assets and assumed regulatory liabilities of acquirees from the scope of IFRS 3).

During the consultation period on the draft comment letter, EFRAG conducted further outreach on the proposals including exchanging views with the project staff of the Accounting Standards Board of Canada (AcSB), given that Canadian companies have been

► **Ralph Welter, Chair of the EFRAG RRAWG since January 2021 / Partner, PwC**



The EFRAG RRAWG met four times virtually in 2021 in order to discuss the implications of the IASB ED 2021/01 *Regulatory Assets and Regulatory Liabilities* which was published in January 2021. The ED focuses

on preparers and users of IFRS financial statements issued by entities subject to rate-regulated activities. The overall feedback was positive since the ED addressed a well-known issue with financial reporting, namely that the “true” rights and obligations of rate-regulated activities are not properly accounted for and disclosed in current financial statements and therefore entities use non-GAAP disclosures extensively. However, the discussions identified a few flaws in the ED that would counteract the EDs objective which is: to account for regulatory assets and regulatory liabilities the moment they are incurred and not only when the services to the customers have been provided, as is the case in current practice. Among the problems identified by the RRAWG, were the following three issues:

- 1) The scope of the proposed new Standard (“scope creep”)
- 2) The exclusion of regulatory returns on construction work in progress and
- 3) The definition of the total allowed compensation

The IASB received more than 100 comment letters and began re-deliberating on the three subjects above, among others. The EFRAG RRAWG met again in April 2022 to discuss the IASB staff's proposed amendments to the ED and the IASB's tentative decisions on the scope of the proposed Standard. The RRAWG generally welcomed the changes that would effectively eliminate the three concerns mentioned above related to the ED.

As the IASB is continuing its work on the proposed standard, the RRAWG will continue to monitor the developments, discuss progress, and provide feedback to the IASB in the process. The EFRAG staff under the lead of Isabel Batista did excellent work preparing the meetings and participating in the discussions, the EFRAG RRAWG highly appreciates this great support.

accounting for regulatory assets and regulatory liabilities for a long time (for instance, via applying US GAAP) under the IFRS 14 *Regulatory Deferral Accounts*.

In June 2021, EFRAG published an EFRAG Secretariat Briefing to stimulate debate on the practical implications of the proposals on the scope of the proposed Standard. The Briefing provided examples of how the scope criteria included in the ED might apply to different regulatory agreements.

On 11 June 2021, as an extension to the early-stage-effects analysis that was initiated before the ED was published, EFRAG published a follow-up effects-analysis survey questionnaire respectively tailored for preparers and users of financial statements with a completion date of 30 July 2021. The effects analysis highlighted potential implementation issues and incremental costs that would arise for preparers, and anticipated benefits of reported information for users under the ED's proposals.

EFRAG also hosted and/or participated in several outreach events (public webinars and online events) with various European stakeholders and in collaboration with IASB staff to get views on the ED and EFRAG's draft comment letter. These included:

- Outreach to stakeholders in Italy, Germany, Netherlands and Norway through jointly-hosted meetings with the respective National Standards, i.e., OIC - Organismo Italiano di Contabilità; Accounting Standards Committee of Germany (ASCG); Dutch Accounting Standards Board (DASB); and the Norwegian Accounting Standards Board (NASB). These meetings helped get views from preparers in the utilities, telecommunication and transport sectors as well as from users, auditors and one of the jurisdictional regulators.
- Outreach to a consortium of utility sector preparers through meetings organised by the International Energy Accounting Forum (IEAF)
- Outreach to specialist users through a webinar that was jointly hosted by EFRAG, EFFAS and its Belgian member ABAF/BVFA and the IASB

- Meetings with EFRAG FIWG and EFRAG IAWG to discuss the potential impact (if any) of the ED's proposals for financial institutions

After considering the feedback received from constituents' and consulting the EFRAG RRAWG, EFRAG prepared and submitted its final comment letter to the IASB on 10 September 2021. In its letter, EFRAG supported the overall objective of the ED but identified several areas that needed further clarification including the scope of the proposed Standard. EFRAG also pointed to areas of concern that should be addressed before finalising the proposed Standard including the application of the ED's concept of total allowed compensation towards assets that are under construction, and the use of a minimum adequate rate for discounting regulatory assets. A feedback statement was issued in October 2021, summarising the main comments received by EFRAG on its draft comment letter and explaining how those comments were considered by EFRAG.

► Disclosure Initiative: Targeted Standards Level Review of Disclosures

The Principles of Disclosure Discussion Paper issued by the IASB in 2017 identified three main concerns expressed by stakeholders about the information disclosed in general purpose financial statements (collectively termed the 'disclosure problem'). These concerns were:

- not enough relevant information;
- too much irrelevant information; and
- ineffective communication of information.

In response to stakeholders' concerns, on 25 March 2021, the IASB published the Exposure Draft *Disclosure Requirements in IFRS Standards - A Pilot Approach* (the ED). The ED proposed a new approach for the IASB to develop disclosure requirements and to test that approach by applying it to IFRS 13 Fair Value Measurement and IAS 19 Employee Benefits. The new approach would require entities to comply with:

- overall disclosure objectives that describe the overall information needs of users of financial statements; and

- specific disclosure objectives that describe the detailed information needs of users of financial statements.

The ED also identified items of information to meet each specific disclosure objective. However, entities would need to apply judgement to determine the information they should disclose to satisfy the specific disclosure objective.

EFRAG published its draft comment letter on the ED in May 2021 and it was open for comments until January 2022. In the draft comment letter, EFRAG recommended that a comprehensive outreach and field testing of the proposals be undertaken to assess the operational challenges for preparers, enforcers and auditors. After considering the feedback received, EFRAG submitted its final comment to the IASB in January 2022. A feedback statement was subsequently issued on 4 March 2022, summarising the main comments received by EFRAG on its DCL and it explains how those comments were considered by EFRAG.

In its letter, EFRAG noted that the proposed approach introduces a radical change from the existing guidance by making minimum requirements an exception. EFRAG expressed concerns that, in the absence of a list of minimum disclosure requirements, the proposed approach would expose preparers to second guessing. It would also make the review of such disclosures and enforcement of the requirements more difficult for auditors and regulators and it may ultimately not lead to the intended changes and improvement of information relevance. Therefore, in EFRAG's view, the success of the proposed approach would depend on the IASB striking the correct balance between a tier of disclosures that are always required (that ensure a minimum level of comparability), and objectives to elicit additional entity-specific disclosures.

An extensive field testing of the IASB's proposals as well as conducting outreach events were essential elements for EFRAG to develop its views expressed in the comment letter. In this context, EFRAG held four public events in collaboration with the IASB and other stakeholder organisations in 2021⁶.

6 30/06/21 EFRAG IASB Joint webinar - Targeted Disclosure: How would it work in practice? Blueprint for future IFRS disclosures
 5/10/21 EFRAG DI FSR IASB Public webinar - Disclosure requirements in IFRS standards (focus on Danish stakeholders)
 7/10/21 EFRAG ASCG EFRAG Joint public discussion (focus on German stakeholders)
 10/12/21 EFRAG BUSINESSEUROPE IASB Joint event - Future of IFRS disclosure requirements: what we learnt from the field test with EU preparers

EFRAG, in close coordination with the IASB, conducted field testing which involved a total of 22 entities. After collecting the results of the field tests, EFRAG and the IASB conducted three workshops with 15 of the 22 field test participants to discuss the field test results. Based on these results, workshops with users and auditors were held. The discussion in the closed meetings was based on the outcome of the field test from those field test participants that allowed EFRAG to share the field test result with auditors or users. ESMA was granted access to the field test result from five field test participants and gave detailed feedback to EFRAG based on these field test results.

As most of the entities participating in the field test were large entities, EFRAG also issued a survey aimed at small and medium entities, resulting in 45 participants responding to the survey. The majority (76%) of the respondents were small and medium-sized entities applying IFRS and the rest were large entities.

► IFRS Practice Statement Exposure Draft ED/2021/6 Management Commentary

In November 2017, the IASB added a project to its agenda to revise and update the IFRS Practice Statement *Management Commentary* (the 'MC Practice Statement') issued in 2010. The IASB's research indicated that the existing MC Practice Statement did not always provide investors and creditors with the information they needed and that it lacked focus on matters that are important for the entity's long-term prospects; contained too much.

The IASB's main aim in revising the MC Practice Statement is to develop comprehensive principles-based requirements that focus on information that investors and creditors need and guidance to help management identify and clearly present that information.

The IASB published an exposure draft in May 2021 with a comment period ending in November 2021. Although the MC Practice Statement is not mandated in the EU, EFRAG welcomed the IASB's consultation and saw benefits in developing guidance for jurisdictions where guidance either does not exist or could be enhanced. Initiatives such as the MC Practice Statement can also contribute to a cross-fertilisation of ideas to

improve information in management commentary and encourage local and regional lawmakers and regulators to consider reflecting the proposals in local requirements, leading to greater convergence.

EFRAG published a draft comment letter in July 2021 with a comment period ending in November 2021. After considering the feedback to the consultation on its draft comment letter and the input received from outreach activities, EFRAG published its FCL in December 2021. In the letter, EFRAG welcomed the objective to improve the information reported in management commentary but pointed out that the role of the MC Practice Statement in fostering connectivity of financial reporting and sustainability information could be enhanced if the IASB and the International Sustainability Standards Board (ISSB) completed the project jointly. Overall, EFRAG:

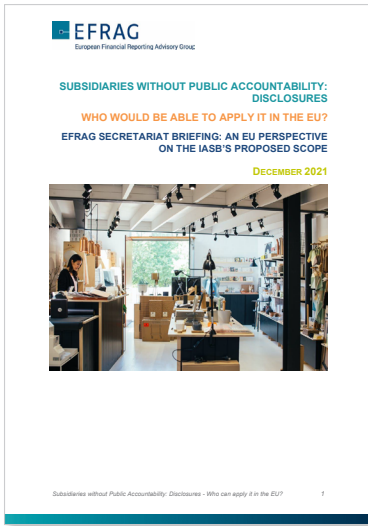
- Supported an objective-based approach including the proposed content elements but suggested the revised MC Practice Statement should explicitly address the subject of governance and give equal emphasis to the discussion of opportunities and risks.
- Considered that the proposals would introduce additional complexity by proposing a different approach for developing objectives-based disclosure than the one proposed in the *ED Disclosure Requirements in IFRS Standards—A Pilot Approach*,
- Considered that the statement of full compliance with the Practice Statement should be encouraged but not mandated and that a statement of partial compliance should not be allowed.

In February 2022, EFRAG published a feedback statement summarizing the feedback received from the consultation and explaining how this feedback was considered in EFRAG's final comment letter.

As the Practice Statement is not mandated in the EU, EFRAG will not undertake endorsement activity over 2022 after the finalisation of the MC Practice Statement by the IASB.

Following the creation of the ISSB by the IFRS Foundation, it is expected that the IASB will work jointly on the finalisation of the MC Practice Statement, given its relevance from both the financial and sustainability reporting perspective.

► Subsidiaries without Public Accountability



The IASB's project *Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures* is an important project for subsidiaries that prepare (or intend to prepare) financial statements that comply with IFRS Accounting Standards. The overarching aim of the IASB's Exposure Draft *Subsidiaries*

without Public Accountability: Disclosures (ED), published in July 2021, is to develop a new IFRS Accounting Standard that would permit eligible subsidiaries to apply reduced disclosure requirements while continuing to use the recognition, measurement and presentation requirements in full IFRS Standards.

Shortly after the publication of the ED, EFRAG published its Draft Comment Letter where it welcomed the ED and the IASB's efforts to reduce disclosure requirements for subsidiaries without public accountability. EFRAG cautiously agreed with the IASB's proposed scope but recognised that there was also support for the alternative view expressed by the IASB board member Françoise Flores to expand the scope to all entities without public accountability.

EFRAG then embarked on an extensive programme of outreach events and stakeholder meetings, in partnership with other organisations, including two joint public webinars.

EFRAG also reached out directly to European National Standard Setters, in the form of surveys, to better understand the benefits of the IASB's proposals and whether there were any incompatibilities with the European Accounting Legislation.

In addition, EFRAG launched a survey for preparers of financial statements focused on the costs and benefits and some of the IASB proposals. The survey consisted of two parts, one for parent entities and another for subsidiaries.

Finally, EFRAG conducted research activities that led to the publication of two briefings focused on the applicability of the IASB's ED in the European Union. The briefing *Who would be able to apply it in the EU?* focused on the scope of the IASB's project from an EU perspective and the briefing *EFRAG Secretariat study on compatibility of the EU Accounting Directive with the IASB's Exposure Draft* included a two-step comparison of disclosure requirements in the ED and the EU Accounting Directive.

In general, participants in outreach events and respondents to EFRAG DCL welcomed the IASB's ED and acknowledged that the IASB's efforts would ease financial reporting for eligible subsidiaries while meeting the reasonable needs of the users of financial statements. When referring to the scope, European constituents expressed mixed views, in particular on whether and to what extent the scope should be widened. European constituents also raised questions and some concerns on the interaction of the IASB's proposals with EU accounting law.

After consulting its constituents, EFRAG issued its Final Comment Letter on 25 February 2022 where it reiterated its initial support for the IASB's efforts in developing a new IFRS Accounting Standard focused on reduced disclosure requirements. Concerning the scope, EFRAG highlighted both the support for the scope of the project from its European constituents and made several suggestions to the IASB to widen the scope and include several additional types of entities. However, as there was no clear consensus on whether and to what extent the scope should be widened, EFRAG suggested that the IASB continues with the current scope of the project but in parallel assesses the possibility of scope extension. In addition, EFRAG proposed that the IASB considers clarifying the concept of holding assets in a fiduciary capacity before issuing a finalised standard.

In April 2022, EFRAG issued a feedback statement, which summarised the main comments received by EFRAG on its DCL to the IASB ED and explained how those comments were considered in EFRAG's FCL. This last publication marked the end of a cycle for EFRAG, which started to monitor the IASB's discussions on this project, getting ready for the next planned re-deliberation phase.

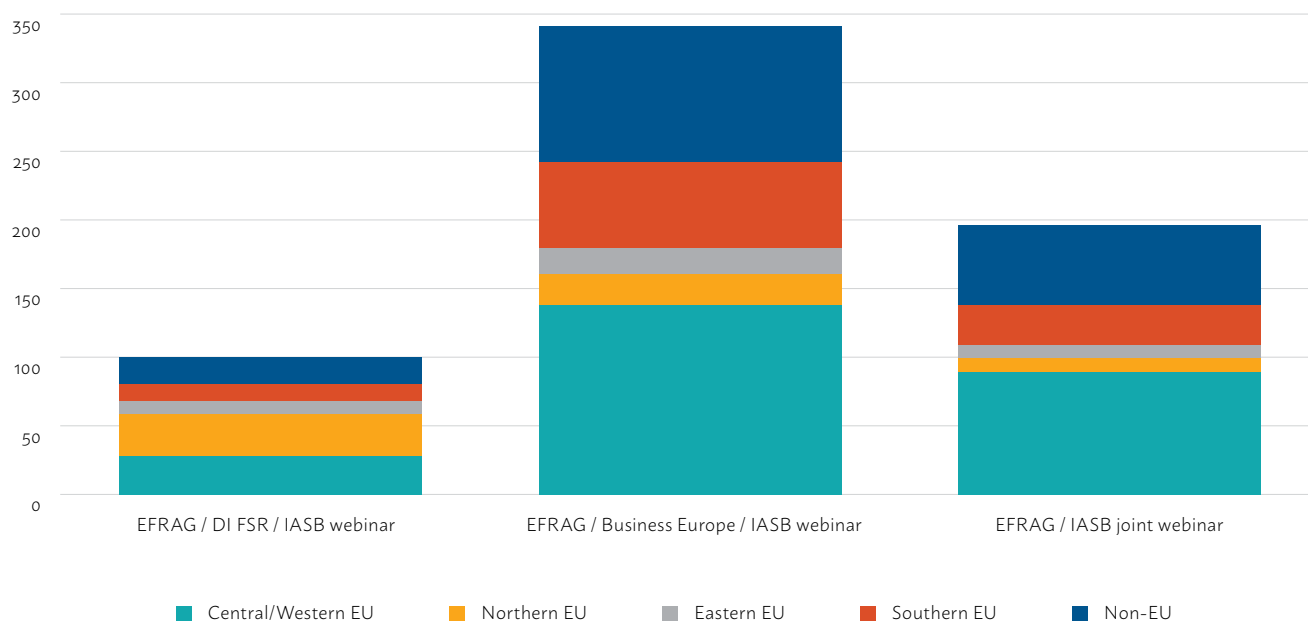
► IFRS round-up

As well as commenting on the ED's Regulatory Assets and Regulatory Liabilities, Disclosure Requirements in IFRS Standards – A Pilot Approach, Subsidiaries without Public Accountability: Disclosures, Management Commentary and on the DP Business Combinations under Common Control, in 2021 and the first half of 2022, EFRAG also prepared (Draft) Comment Letters, and consulted with Europe's financial reporting stakeholders on the following IASB Exposure Drafts:

- Lease Liability in a Sale and Leaseback
- Lack of Exchangeability (Amendments to IAS 21)
- Non-current Liabilities with Covenants
- Supplier Finance Arrangements

In addition, EFRAG commented on the IFRS Interpretations Committee's (IFRS IC's) Tentative Agenda Decision in the final phase of implementing IFRS 17 Insurance Contracts.

Webinars summary of participants by region in 2021



► Cooperation with Users

Investors and other capital providers play an important role in improving the quality of financial statements and ensuring that IFRS Standards provide users of financial statements with the information they need to support investment decisions and build trust in the capital markets.

EFRAG has a [User Corner](#) on its webpage to help identify the appropriate information. On this page, users will find information on:

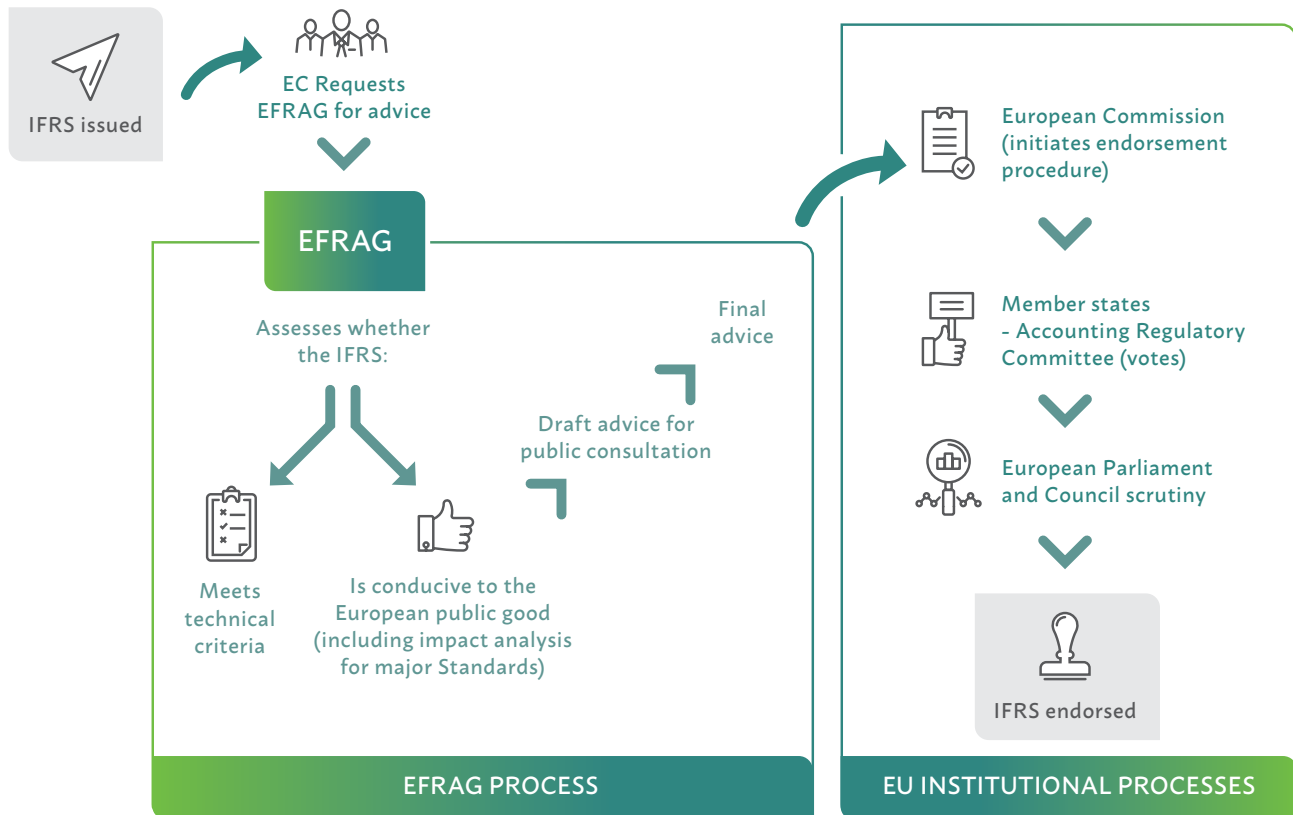
- The relevant EFRAG activities
- The User Update
- The contact persons in the EFRAG Secretariat.

EFRAG consulted users of financial statements extensively on different projects. For example, EFRAG organised multiple joint events with users' representatives (EFFAS) on the IASB's Third Agenda

Consultation, EFRAG's Proactive Research Agenda, on improving reporting for rate-regulated entities and on the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (consolidation package). EFRAG also participated in several meetings organised by users' representatives such as the Corporate Reporting Users' Forum (CRUF) and CFA Institute Corporate Disclosure Policy Council.

In addition, EFRAG launched surveys focused on users for the effects analysis of the IASB Exposure Draft *Regulatory Assets and Regulatory Liabilities* and post-implementation review of the Consolidation Package. Finally, EFRAG gathered the information needs of users of financial statements on various topics by consulting the EFRAG User Panel.

► ENDORSEMENT ADVICE



► IFRS 17, what happened before 2021?

The IASB issued IFRS 17 in May 2017. The effective date was initially set for annual periods beginning on or after 1 January 2021 and subsequently postponed to 2023. In 2019, the IASB decided to amend IFRS 17, including the effective date. EFRAG has resumed the endorsement process of IFRS 17 and continued its discussions in 2020. The IASB issued the amendments to IFRS 17 in June 2020.

At the end of September 2020, EFRAG published its Draft Endorsement Advice. On 31 March 2021, EFRAG issued its Final Endorsement Advice and submitted it to the EC as EFRAG's overall final assessment.

The EFRAG Board, on a consensus basis, concluded that apart from the requirement to apply annual cohorts to intergenerationally-mutualised and cash flow matched contracts, all the other requirements of IFRS 17, on balance, (i) meet the qualitative characteristics of relevance, reliability, comparability

and understandability required to support economic decisions and the assessment of stewardship, raise no issues regarding prudent accounting, and are not contrary to the true and fair view principle, and (ii) are conducive to the European public good.

Solely with reference to the requirement to apply annual cohorts to intergenerationally-mutualised and cash flow matched contracts, EFRAG Board members did not reach a consensus. Seven EFRAG Board members considered that the annual cohorts requirement met the endorsement criteria, whereas seven EFRAG Board members considered it did not and two EFRAG Board members abstained.

IFRS 17 was published in the Official Journal on 19 November 2021, including an optional exemption not to apply the annual cohort requirement to intergenerationally mutualised and cash-flow matched insurance contracts.

► IFRS 17 and IFRS 9 comparatives

In 2021, the IASB received information that, for some entities, the differing transition requirements of IFRS 17 and IFRS 9 could lead to significant accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on the initial application of the two Standards.

To address this issue, the IASB issued a narrow-scope amendment to the IFRS 17 transition requirements for entities that first apply IFRS 17 and IFRS 9 at the same time. This proposed amendment relates to financial assets for which comparative information presented on the initial application of IFRS 17 and IFRS 9 has not been restated for IFRS 9. Applying the proposed amendment, an entity would be permitted to present comparative information about such a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset (i.e. applying a classification overlay).

EFRAG's Draft Comment letter to this ED was published in early August 2021. In the DCL, EFRAG expressed its support for the proposals. Overall, EFRAG agreed with the IASB proposals in the ED as they form a clear improvement over the current situation. In finalising the proposals, EFRAG recommended that the IASB aligns the respective scopes of the classification overlay and the temporary exemption from applying IFRS 9 (which is under IFRS 4 Insurance Contracts) due to inconsistencies in the consolidated financial statements and unnecessary operational complexity.

In its Final Comment Letter, issued early October 2021, EFRAG confirmed its support for the classification overlay but added some additional concerns such as the alignment of the scope of the classification overlay with the scope of the temporary exemption from applying IFRS 9.

In December 2021, the IASB issued the final Amendment. EFRAG published the Draft Endorsement Advice for the Amendments to IFRS 17 *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information at the end of December*, followed by the final Endorsement Advice to the EC in early February after public consultation.

► COVID-19 -related rent concessions: A urgent relief to support lessees during the pandemic

In February 2021, the IASB issued an ED on the Covid-19-Related amendment to IFRS 16 (*Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16*). The ED proposed an extension to the 28 May 2020 IASB amendment to IFRS 16 that, as a practical expedient, provided lessees with covid-19-related rent concessions, the option for an exemption from applying lease modification accounting requirements. The ED was in response to the ongoing effects of the COVID-19 crisis where a high number of rental concessions were granted to alleviate the financial conditions of lessees.

Given the urgency of the matter, both the IASB and EFRAG substantially reduced their consultation periods and EFRAG adopted a fast-track due process. The EFRAG Final Endorsement Advice was issued in early April less than a week after the issuance of the revised requirements at end of March.

The IASB/IFRS Interpretations Committee's documents that have been endorsed in 2021, as well as their effective dates of application in the European Union, the dates of endorsement and publication in the Official Journal, are set out in the table that follows⁷.

⁷ Until August 2022

EFRAG Draft
Endorsement
Advice

EFRAG
Endorsement
Advice

ARC Vote

Expected
or actual
endorsement

IASB
Effective
date

IASB AND IFRS IC DOCUMENTS IN PROCESS TO BE ENDORSED

Amendments⁸ to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)

06/11/2020

Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

14/07/2021

30/11/2021

24/03/2022

H2 2022

01/01/2023

Amendments to IFRS 17 *Insurance contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

28/12/2021

31/01/2022

20/04/2022

H2 2022

01/01/2023

EU effective
date

Date of
endorsement

Date of
publication in the
Official Journal

IASB AND IFRS IC DOCUMENTS

Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

1 January 2023

11 August 2022

12 August 2022

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)

1 January 2023

2 March 2022

3 March 2022

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

1 January 2023

2 March 2022

3 March 2022

IFRS 17 *Insurance Contracts* (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

1 January 2023

19 November
2021

23 November 2021

Amendments to IFRS 16 *Leases*: Covid-19- Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

1 April 2021

30 August 2021

31 August 2021

Amendments to IFRS 3 *Business Combinations*; IAS 16 *Property, Plant and Equipment*; IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and Annual Improvements 2018-2020 (All issued 14 May 2020)

1 January 2022

28 June 2021

2 July 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (issued on 27 August 2020)

1 January 2021

13 January 2021

14 January 2021

⁸ The IASB has published a new exposure draft on the topic on 19 November 2021.

▶ GOVERNANCE AND TRANSPARENCY

During 2021 and the first half of 2022, EFRAG implemented the governance reform as recommended by Jean-Paul Gauzès in his 8 March 2021 ad personam report to the EC. The report was fully supported by Commissioner McGuinness in her letter of May 2021. During 2021, the EFRAG SRB was appointed in its new composition and there were changes in the composition of EFRAG FR TEG supporting the EFRAG FRB. The administrative tasks until then carried out by the EFRAG Board were transferred to the newly created overarching EFRAG Administrative Board. The governance reform has been described in the section [Reform of EFRAG's Governance integrating the sustainability reporting activities](#).

EFRAG FRB

The term of the existing EFRAG Board members was extended in 2020 by six months until 30 April 2021 to allow the EFRAG Board to finalise the EFRAG endorsement advice on IFRS 17 Insurance Contracts. The EFRAG FRB in its new composition started on 1 May 2021 whereby the allocation of the seats was based on a sector approach for the European Organisations with one seat per sector⁹. Several members had served their maximum term of 6 years. EFRAG thanks its former EFRAG Board members for their valuable contributions to the EFRAG's positions and enhanced visibility: Hans Buysse (Vice-President); Luca Cencioni, Benoit Jaspar, Claes Norberg, Laurence Rivat and Mark Vaessen. EFRAG also thanks Jean Medernach, who was an observer on the seat for European private investor organisations, for his contributions and perspective from the retail investors.

EFRAG welcomed the new FRB members: Olivier Scherer (accountancy profession seat); Michael Fechner (corporate sector seat); Roman Sauer (insurance sector seat); Serge Pattyn (user seat); and Gerhard Prachner (AFRAC – Austrian Standard Setter), deputies Ricardo Sanchez; Kristian Koktvedgaard and Elina Peill (who stepped down in December 2021 to join the EFRAG Administrative Board and was replaced by Francesca

Amatimaggio in May 2022). Serge Pattyn took the role of Vice-Chair of the EFRAG FRB till the end of the mandate of Jean-Paul Gauzès. EFRAG welcomed Jella Benner-Heinacher as the new observer representing the European private investor organisations.

In December 2021, Anders Ullberg stepped down from the EFRAG FRB to join the EFRAG Administrative Board. He was replaced by Fredrik Walmeus as the Swedish representative on the EFRAG FRB in January.

In March 2022, Patrick de Cambourg stepped down as the French representative on the EFRAG FRB when he was appointed as representative for the ANC on the EFRAG SRB. He was replaced by Marie Seiller in March 2022.

EFRAG FR TEG

In the first half of 2021, EFRAG welcomed new FR TEG members: Dennis Jullens (user), Sylvie Koppes (accountancy profession), Malgorzata Matusiewicz (accountancy profession), Pierre Phan Van Phi (accountancy profession), and Massimo Tosoni (insurance specialist). Geert Ewalts and Ambrogio Virgilio reached the end of their maximum term of six years on EFRAG TEG, Ana Cortez and Jed Wrigley stepped down, and Olivier Scherer left the EFRAG TEG to take up the seat for the accountancy profession sector on the FRB. EFRAG expresses its warm thanks to Ambrogio Virgilio for chairing the EFRAG Insurance Accountancy Working Group. Jed Wrigley will continue as a member of the EFRAG User Panel.

EFRAG thanks the former EFRAG FR TEG members for their valuable contribution, dedication, and commitment to EFRAG's activities.

In its meeting on 7 July 2021, the EFRAG Board appointed Ilka Canitz to take up the open Country Liaison seat in EFRAG FR TEG for Germany.

In 2021, EFRAG FR TEG changed the composition of the EFRAG Financial Instruments Working Group.

At the beginning of 2021, Ralph Welter has been appointed as chair of the EFRAG Rate-regulated Activities Working Group. He has been a member of the Working Group for several years and succeeds Gerard van Santen, who was stepping down as chair after joining the EFRAG FRB on 1 January 2021. EFRAG FR TEG appointed four new members of the EFRAG Insurance Accounting Working Group. In the second

⁹ On a temporary basis for a period of three years deputy seats were introduced for the sectors

half of 2021, EFRAG TEG member Massimo Tosoni became the chair of the EFRAG Insurance Accountancy Working Group.

In the first quarter of 2022, EFRAG FR TEG welcomed two new members: Carmen Barrasa and Aranzazu Leo Abad, whose terms were effective from 1 April 2022. The EFRAG FR TEG Chair, Chiara Del Prete was reappointed for a second term. Jens Berger replaced Nicklas Grip as EFRAG FR TEG Vice-Chair from 1 April 2022. Nicklas Grip contributed to EFRAG FR TEG over the last 12 years, first as a member and for the last six years as the Vice-Chair. EFRAG expresses its warm thanks to him for being an excellent Vice-Chair and for chairing as well the EFRAG Pension Plans Advisory Panel. He continues his involvement with EFRAG as a member of the EFRAG Financial Instruments Working Group.

TRANSPARENCY AND PUBLIC EFRAG TRANSPARENCY REGISTER

Since March 2018, EFRAG is webcasting the public meetings of the EFRAG Board, EFRAG CFSS and EFRAG TEG. The technical sessions of the EFRAG FRB, EFRAG FR TEG, EFRAG CFSS, EFRAG SRB and EFRAG SR TEG are held in public EFRAG's stakeholders can either watch in real-time or afterwards, as the meetings remain available to watch online. With the webcasting complementing the publicly available meeting documents, EFRAG has best-in-class practices in levels of transparency.

The EFRAG Board approved the public EFRAG Transparency Register Policy in July 2019. Since September 2019, EFRAG has maintained a public Transparency Register that is regularly updated and covers the meetings of the EFRAG leadership. Both the policy and register are available on the EFRAG website¹⁰.

¹⁰ From first Quarter of 2022, the EFRAG Administrative Board President, the EFRAG Reporting Board Chairs and the EFRAG Reporting TEG Chairs.

MEMBER ORGANISATIONS

As of 31 December 2021

EUROPEAN STAKEHOLDER ORGANISATIONS



Accountancy Europe
www.accountancyeurope.eu



BUSINESSEUROPE
www.businesseurope.eu



European Association
of Co-operative Banks (EACB)
www.eacb.coop



European Banking Federation
(EBF)
www.ebf.eu



European Federation of
Accountants and Auditors
for SMEs (EFAA)
www.efaa.com



European Fund and Asset
Management Association
(EFAMA)
www.efama.org



European Federation of
Financial Analysts Societies
(EFFAS)
www.effas.net



European Savings and Retail
Banking Group (ESBG)
www.wsbi-esbg.org



Insurance Europe
www.insuranceeurope.eu

NATIONAL ORGANISATIONS (COUNTRIES)



Austrian Group of Standard
Setters
www.afrac.at



Grouping of five Danish
organisations



Autorité des normes comptables
(ANC) - France
www.anc.gouv.fr



Accounting Standards
Committee of Germany (ASCG)
www.drsc.de



Organismo Italiano di
Contabilità (OIC) - Italy
www.fondazioneoic.eu



Commission des normes
comptables (CNC) -
Luxembourg
www.cnc.lu



Dutch Accounting Standards
Board (DASB)
www.rjnet.nl



Instituto de Contabilidad y
Auditoría de Cuentas (ICAC)
www.icac.meh.es



The Association for Generally
Accepted Principles in the
Securities Market - Sweden
www.godsedpavpmarknaden.se

► OUR PEOPLE

As of 31 December 2021

EFRAG FINANCIAL REPORTING BOARD

The EFRAG Financial Reporting Board (FRB) is responsible for all decisions made and positions on financial reporting taken at EFRAG¹¹. It makes its decisions to the extent possible based on consensus with the objective of Europe speaking with one voice.

It is also responsible for the general oversight over the organisation and reports to the EFRAG General Assembly.



Jean-Paul Gauzès
President¹²



Serge Pattyn
Vice-President,
user sector (Belgian)

► European Stakeholder Organisations



Olivier Scherer
accountancy profession sector
(French); deputy¹³



Rosa Bruguera
Banking sector (Spanish);
deputy Ricardo Sanchez
(Spanish)



Michael Fechner
Corporate sector (German);
deputy Kristian Koktvedgaard
(Danish)



Roman Sauer
Insurance sector (German)

► National Standards Setters



Patrick de Cambourg
Chair ANC (France)¹⁴



Sven Morich
Vice-President ASCG (Germany)



Angelo Casò
Chair OIC (Italy)



Gerhard Prachner
member AFRAC (Austria)



Søren Kok Olsen
International liaison observer
former Vice-Chair DASC
(Denmark)



Gerard van Santen
Chair DASB (Netherlands)



Maria Urrea
member ICAC Board (Spain)



Anders Ullberg
Chair SFRB (Sweden)¹⁵

¹¹ Until the end of 2021 for all decisions and positions taken at EFRAG until the change in governance structure

¹² From 1 July 2022, Serge Pattyn is Acting Chair, awaiting the appointment of the EFRAG FRB Chair

¹³ Elina Peill stepped down in December 2021 and was replaced by Francesca Amatimaggio in May 2022.

¹⁴ Replaced by Marie Seiller in March 2022

¹⁵ Anders Ullberg stepped down in December 2021 and was replaced by Fredrik Walmeus in January 2022

► Observers

The EFRAG Financial Reporting Board has the following official observers of the European Institutions with speaking rights: European Commission – Alain Deckers¹⁶; ECB (European Central Bank) - Jürgen Kirchhof / Kallol Sen; EBA (European Banking Authority) - Delphine Reymondon; EIOPA (European Insurance and Occupational Pensions Authority) - Sandra Hack; and ESMA (European Securities and Markets Authority) - Isabelle Grauer-Gaynor. In addition, Mrs. Jella Benner-Heinacher, representing Better Finance, is at present the observer with speaking rights for European Organisations representing private investor.

EFRAG FR TEG

The EFRAG Financial Reporting Technical Expert Group (EFRAG FR TEG) is responsible for providing the EFRAG Financial Reporting Board with expert advice in financial reporting matters. Its advice takes the form of recommended positions, either in draft form to support public consultation or in final form after having duly considered all input received through EFRAG's due process.

16 Sven Gentner from January 2022

► EFRAG FR TEG members¹⁷



Chiara Del Prete
Accountancy profession/banking
and financial instruments
specialist (Italy)
– EFRAG FR TEG Chair



Nicklas Grip
Banking and financial
instruments specialist (Sweden)
– EFRAG FR TEG Vice-Chair¹⁸



Jens Berger
Accountancy profession
(Germany)



Emmanuelle Guyomard
Industry (France)



Dennis Jullens
User



Sylvie Koppes
Accountancy profession,
financial instruments specialist
(Netherlands)



Erlend Kvaal
Academic (Norway)



Malgorzata Matuszewicz
Accountancy profession (Poland)



Pierre Phan Van Phi
Accountancy profession (France)



David Procházka
at large (Czech Republic)



Christoph Schauerte
Industry (Germany)



Massimo Tosoni
Insurance specialist (Italy)

► Country Liaison



Tommaso Fabi
EFRAG TEG Member
– Country liaison Italy, OIC



Vincent Louis
EFRAG TEG Member
– Country liaison France, ANC



Ilka Canitz
Accounting Standards
Committee of Germany, ASCG

► Official Observers

European Commission, ECB, EBA, EIOPA, ESMA & IASB

¹⁷ Carmen Barrasa and Aranzazu Leo Abad, effective from 1 April 2022

¹⁸ Till 31 March 2022. From 1 April 2022 Jens Berger was appointed EFRAG FR TEG Vice-Chair

EFRAG ACADEMIC PANEL

- **Erlend Kvaal**, Chair
- **Paul André**, HEC Université de Lausanne¹⁹
- **Richard Barker**, Oxford University²⁰
- **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
- **Irene Karamanou**, University of Cyprus, Nikosia
- **Andrea Lionzo**, Università Cattolica del Sacro Cuore Milan
- **Araceli Mora**, Universidad de Valencia
- **Roberto di Pietra**, Università di Siena
- **Lucia Maria Portela de Lima Rodrigues**, Universidade do Minho, Braga
- **Thorsten Sellhorn**, Ludwig-Maximilians-Universität München
- **Frank Thinggaard**, Aarhus Universitet²¹
- **Alfred Wagenhofer**, Karl-Franzens-Universität Graz

The IASB has been granted observer status.

EFRAG FINANCIAL INSTRUMENTS WORKING GROUP (EFRAG FIWG)

- **Jens Berger**, Chair, EFRAG TEG member
- **Jannis Bischof**, Academic, University of Mannheim
- **David Bisnath**, Bank, Deutsche Bank
- **Alan Chapman**, Auditor, Grant Thornton
- **Pierre Henri Damotte**, Banking, Société Générale
- **Karin Eisenhut**, Banking, DZ Bank AG
- **Maria Erviti Legarra**, Bank, BBVA
- **Bonafacio Di Francesantonio**, Bank, UniCredit
- **Laure Guegan**, Auditor, EY
- **Fabio Goia**, Banking, Intesa Sanpaolo S.p.A.
- **Vincent Guillard**, Auditor, Mazars
- **Edgar Loew**, Academic, Frankfurt School of Finance and Management
- **Selma Marte**, Bank, BNP Paribas
- **Holger Meurer**, Auditor, PwC
- **Martin Petrov**, Bank, Sofia International Securities
- **Roberto Spiller**, Auditor, KPMG
- **Martin Svitek**, Bank, Erste Group
- **Anna Vidal**, Bank, CaixaBank

► Observers

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

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.

¹⁹ Member until January 2022

²⁰ Member until June 2022

²¹ Member until January 2022

EFRAG INSURANCE ACCOUNTING WORKING GROUP (EFRAG IAWG)

- **Massimo Tosoni**, Chair, EFRAG FR TEG member
- **Matteo Brusatori**, Insurance industry (Ernst&Young)
- **Cardi Van Capelle**, Insurance industry (NN Group)
- **Alexander Dollhopf**, Actuary (PwC)
- **Luca D'Onofrio**, User, 81221
- **Davide Ferretti**, Generali
- **Hugh Francis**, Insurance industry (Aviva)
- **William Hawkins**, User (Keefe, Bruyette & Woods)
- **Joachim Kolschbach**, Auditor (KPMG)
- **Jasper Kolsters**, Auditor (Ernst&Young)
- **Malin Lofbom**, Insurance industry (Länsförsäkringar AB)
- **Sophie Massol**, Insurance industry (AXA)
- **Richard Olswang**, Insurance industry (Prudential PLC)
- **Jean-Michel Pinton**, Auditor (EY)
- **Sabrina Pucci**, Academic (Rome University)
- **Thomas Ringsted**, Auditor and Actuary (Deloitte)
- **Andreas Thielens**, Insurance industry (Allianz)
- **Cedric Tonnerre**, Auditor (Mazars)
- **Gail Tucker**, Auditor (PwC)
- **Carsten Zielke**, User (Zielke Research Consult GmbH)

The European Commission and 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), and the reinsurance industry have been granted observer status.

EFRAG RATE-REGULATED ACTIVITIES WORKING GROUP (EFRAG RRAWG)

- **Ralph Welter**, Chair
- **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
- **Simon Grant**, Industry, National Grid plc
- **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**, Ferrovial SA
- **Samuel Vaughan**, Industry, United Utilities Group PLC
- **Stefanie Voelz**, User, Moody's (Observer)
- **Javier Pastor Zuazaga**, Industry, Iberdrola SA

EFRAG USER PANEL

- **Chiara Del Prete**, Chair, EFRAG TEG Chair
- **Carsten Zielke**, EFRAG User Panel Vice-Chair
- **Andrea Bellucci**, Academic, University of Perugia
- **Martijn Bos**, Eumedion
- **Luca D'Onofrio**, EFFAS CFR - AIAF
- **Hilary Eastman**, CRUF
- **Javier de Frutos**, Chair EFFAS CFR
- **Jacques de Greling**, Scope Ratings
- **Sam Holland**, Standard & Poor's
- **Dennis Jullens**, University of Amsterdam
- **Thomas Justinussen**, Danskebank
- **Peter Malmqvist**, Financial Analyst
- **Felipe Herranz Martin**, UAM, Board Member (AECA)
- **Matthias Meitner**, VALUESQUE
- **Serge Pattyn**, EFFAS CFR (as representative of EFRAG FR Board)
- **Marie-Pascale Peltre**, Independent Financial Analyst
- **Richard Schreuder**, Saemor Capital
- **Ian Sealy**, Neptune IM
- **Jerome Vial**, CPM Advisory
- **Jed Wrigley**, EFRAG TEG Member

EFRAG ADVISORY PANEL FOR INTANGIBLES (API)

- **Giorgio Calimani**, Preparer, Pirelli & C. SpA
 - **Florian Bercault**, User, Estimateo
 - **Ian Bishop**, Preparer, Roche Group
 - **Laure Châtillon**, Valuator, PwC France
 - **Alexandre Goncalves**, Preparer, Galp Energia SGPS, S.A
 - **Laurine Lemon**, Preparer, DSM
 - **Gianluca Manca**, User, Eurizon Capital
 - **Marietta Miemietz**, User, Primavenue
 - **Celine Spencer**, Preparer, Vivendi
 - **Laurent Pieraerts**, Preparer, LP Management services
 - **Jochem Quaak**, Valuator, Duff & Phelps
 - **Jeremy Stuber**, User, Newton Investment Management
 - **Ivars Strautins**, Valuator, TEGoVA
 - **Jesus Federico Valero Gil**, Valuator, Deloitte
 - **Ton van Ooijen**, User, APG Asset Management
 - **Hanno Wulbrand**, Preparer, Bayer AG
- **Observers**
- **Javier Hombria**, EFFAS
 - **IASB**

EFRAG CONSULTATIVE FORUM OF STANDARD SETTERS

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 in the presence of IASB members. 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



EUROPEAN LAB STEERING GROUP

The European Corporate Reporting Lab is intended to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices. This initiative follows the call of the European Commission in its Action Plan on Financing Sustainable Growth. The Steering group held its final meeting on 25 November 2021 as the European Lab functions will fall under the EFRAG FRB and EFRAG SRB.

- **Jean-Paul Gauzès**, Chair
- **Alain Deckers**, Vice-Chair, European Commission DG FISMA
- **Hilde Blomme**, Accountancy Europe
- **Ossian Ekdahl**, Första AP-fonden
- **Simonetta Ferrari**, ENI
- **Elisabeth Gambert**, AFEP
- **Sebastien Godinot**, WWF
- **Filip Gregor**, Frankbold
- **Imre Guba**, S&P Global
- **Albert Hasselmeyer**
- **Esko Antero Kivisaari**, Finanssiala
- **Arlene McCarthy**, AMC Strategy
- **Flavia Micilotta**
- **J.Jason Mitchell**, Man Group plc
- **Linda Nielsen**, University of Copenhagen
- **Nancy Kamp-Roelands**, University of Groningen
- **Steven Marcus Tebbe**



EUROPEAN LAB PTF ON REPORTING OF NON-FINANCIAL RISKS AND OPPORTUNITIES AND LINKAGE TO THE BUSINESS MODEL (PTF-RNFRO)

The PTF-RNFRO mandate (September 2020 to February 2022) was to identify good reporting practices around the theme of the project from a sustainability perspective.

- **Charles Mario Abela**, Co-Chair, WBCSD
- **Dawn Slevin**, Co-Chair, ELS Europe
- **Maria Alexiou**, TITAN Cement International
- **Estelle Aymard-Young**, Zurich Insurance Group
- **Emilie Beral**, Vigeo Eiris
- **Donato Calace**, Datamaran
- **Daniela Cholakova**, AURUBIS
- **Jean-Philippe Desmartin**, Edmond de Rothschild Asset Management
- **Laura Girella IIRC**, University of Modena and Reggio Emilia
- **Michael Goebbels**, Metro AG
- **Ulrika Hasselgren**, Danske Bank Wealth Management
- **Christian Hell**, KPMG Germany
- **Tegwen Le Berthe**, Amundi
- **Marcus Looijenga**, PwC Netherlands
- **Gloria Mazzocco**, Enel
- **Giuseppe Milici**, Deloitte Italy
- **Eckhard Plinke**, Vontobel Asset Management
- **Gunnar Rimmel**, Henley Business School, University of Reading
- **Mirjam Wolfrum**, CDP



EUROPEAN LAB PTF ON EUROPEAN SUSTAINABILITY REPORTING STANDARDS (PTF-ESRS)

The PTF-ESRS, previously called the PTF-NFRS, was established in September 2020 and it elaborated the draft standards in project mode with a view of passing responsibility to the EFRAG sustainability reporting bodies once these would be established following the relevant governance reforms. In this context, most of the 35 PTF-NFRS members, originating from 13 member states and representing all relevant backgrounds, contributed to the crucial phase of drafting Draft ESRS EDs as PTF-ESRS members.

The PTF-ESRS benefited from the support of a secretariat generously provided by constituents and stakeholders, together with the EFRAG Secretariat.

► PTF-ESRS members as of 31 December 2021

- **Patrick de Cambourg**, Chair, ANC
- **PierMario Barzaghi**, KPMG Italy
- **Alexander Bassen**, University of Hamburg
- **Piotr Biernacki**, Foundation for Reporting Standards
- **Emmanuel Bloch**, Thales
- **Alan Brett**, MSCI Ltd
- **Philippe Youssef Garduño Diaz**, WWF Germany
- **Eric Duvaud**, EY
- **Hendrik Fink**, PwC Germany
- **Norman Fisch**, INDR
- **Isabel Gavín Pérez**, CaixaBank S.A.
- **Giulia Genuardi**, Enel SpA
- **Delphine Gibassier**, Audencia
- **Fabienne Grall**, Saint-Gobain
- **Ron Gruijters**, Eumedion
- **Luc Hendrickx**, SMEunited aisbl
- **Kristian Koktvedgaard**, Confederation of Danish Industry
- **Daniel Kubessa**, Siemens AG
- **Satu Kuoppamäki**, OP Asset Management²²
- **Sara Lovisolo**, Borsa Italiana

²² Replaced in February 2022 by Kristiina Vares-Wartiovaara, OP Asset Management

- **Gianluca Manca**, Eurizon Capital
- **Philippe Meunier**, ENGIE
- **Birgitte Mogensen**, Board Management
- **Maria Mora Rodriguez**, Fujitsu Spain
- **Mikael Niskala**, Mitopro Oy
- **Esther Ortiz Martinez**, University of Murcia
- **Marie-Pierre Peillon**, Groupama AM
- **Roman Sauer**, Allianz SE
- **Stefan Schnell**, BASF SE
- **Susanne Stormer**, PwC Denmark
- **Christoph Toepfer**, German Environment Agency
- **David Vermijs**, Shift Project
- **Sigurt Vitols**, WZB Berlin Social Science Center
- **Liv Watson**, Impact Management Project
- **Carsten Zielke**, Zielke Research Consult GmbH

► **PTF-ESRS observers European public institutions**

- **European Banking Authority (EBA)**: Pilar Gutierrez, Ali Erbilgic
- **European Central Bank (ECB)**: Juliette Desloires
- **European Environmental Agency (EEA)**: Andreas Barkman, Beate Hollweg
- **European Investment Bank (EIB)**: Georges Gloukoviezoff, Hakan Lucius
- **European Insurance and Occupational Pensions Authority (EIOPA)**: Sandra Hack
- **European Securities and Markets Authority (ESMA)**: Alessandro d'Eri
- **Committee of European Audit Oversight Bodies (CEAOB)**: Marjolein Doblado
- **EU Agency on Fundamental Rights (FRA)**: Patrycja Pogodzinska
- **EC Platform on Sustainable Finance**: Nathan Fabian, Nadia Humphreys

► **PTF-ESRS technical support staff as of 31 December 2021**

EFRAG staff

- **Didier Andries**, EFRAG
- **Emmanuelle Cordano**, EFRAG
- **Chiara Del Prete**, EFRAG
- **Fredré Ferreira**, EFRAG
- **Rutger Goethart**, EFRAG
- **Sebastien Heintges**, EFRAG
- **Lina Lemessiou**, EFRAG
- **Gemma Sanchez Danes**, EFRAG
- **Saskia Slomp**, EFRAG
- **Steven Tebbe**, EFRAG

Secondments

- **Maria Alexiou**, INTRAKAT
- **Aine Clarke**, ShareAction WDI
- **Maria Krawczynska**, BNP Paribas Bank Poland

Secondments in kind

- **Nicolas Antheaume**, Nantes university/Audencia Research Centre
- **Nicola Bacaro**, ENI
- **Claudius Baumann**, KMPG Germany
- **Richard Bössen**, Amana
- **Ruben Bour**, Deloitte Netherlands
- **Enrica Bruna**, QIVALIO
- **Lara Alcaide Cabré**, Mazars
- **Clementina Chiari**, KMPG Italy
- **Aine Clarke**, ShareAction WDI
- **Clara de Roussel de Preville**, EY France
- **Jean-Baptiste de Verthamon**, AXA
- **Aurélie Deroo**, Deloitte France
- **Grazia Dicuonzo**, WICI
- **Alexandre Dubois**, ACPR
- **Anne-Claire Ducrocq**, BNP Paribas
- **Haley Dyrstad**, PwC Norway
- **Fabian Eder**, EMAS
- **Angel Garcia Burillo**, CaixaBank
- **Maud Gaudry**, Mazars
- **Fabio Genoni**, Deloitte Italy
- **Andrea Giannini**, Consob
- **Laura Girella**, WICI - OIBR
- **Federica Girolami**, OIC
- **Petra Glueck**, BASF
- **Filip Gregor**, Frank Bold
- **Xavier Grimont**, BNPP
- **Juliette Henry**, ACPR - Banque de France
- **Joanne Houston**, Frank Bold
- **Marieke Huysentruyt**, HEC
- **Gabrielle Ivernel**, Mazars
- **Viktor Josefsson Forensik**, Risk Alliance
- **Mercedes Luque**, Universidad de Córdoba
- **Nikolina Markota Vukić**, Croatian institute for sustainability
- **Julie Mary**, Deloitte France
- **Jean-Pierre Maugendre**, Suez
- **Julia Menacher**, Allianz
- **Henrik Munck**, Insurance & Pension Denmark
- **Karsten Paape**, BDO Germany
- **Antoine Pugliese**, ADEME
- **Giorgia Ranzato**, Transport & Environment
- **Cristina Santhià**, Università degli Studi di Torino
- **Michael Servos**, PwC Germany

- **Andrea Sternisko**, PwC Austria
- **Valerie Viard**, ANC
- **Margot Visschers**, Deloitte Netherlands
- **Annalisa Werner-Bugiel**, GIZ
- **Mirjam Wolfrum**, CDP Europe
- **Piera Ziedek**, DWS Group

► **Expert Working Groups as of 31 December 2021**

EWG Conceptual Guidelines

- **Andreas Gustafsson**, Nasdaq
- **Cristina Ioana Mihai**, Swissre
- **Vera Palea**, University of Turin
- **Katharina Schönauer**, KMPG Austria
- **Thorsten Sellhorn Ludwig Maximilian**, University of Munich
- **Lene Serpa**, Maersk
- **Le Quang Tran Van**, Afep

EWG Cross-cutting Standards

- **Charlotte Bancilhon**, BSR
- **Rodolphe Bocquet**, Clarity AI
- **Simon Braaksma**, Philips
- **Yona Kamelgarn**, Caisse des Dépôts
- **Wolfgang Kuhn**, Kuhn Advisory & Research
- **Magdalena Podoska**, BMW

EWG Environment – Climate²³

- **Jean-François Coppénolle**, Abeille Assurances
- **Christian Didier**, Danone
- **Bela Galgoczi**, ETUI
- **Thomas Loew**, Akzente
- **Wouter Meindertsmas**, EIB
- **Laura Niederdrenk**, WWF Germany
- **Linda Romanovska**, EU Platform on Sustainable Finance
- **Victoria Savchenko**, PwC France

EWG Environment-Other²⁴

- **Robert Adamczyk**, EBRD
- **Emily Healy**, Ellen MacArthur Foundation
- **Ingmar Juergens**, Climate & Company
- **Johan Lammerant**, Arcadis

- **Lourdes Martín Mangas**, SGS Tecnos
- **Rosa Pritchard**, ClientEarth

EWG Social – Workforce

- **Carla Bonino**, Fundación ONCE
- **Stefan Clauwaert**, ETUC
- **Marie Lundgren**, LKAB
- **Nina Norjama**, Neste
- **Mariana Ruiz Alvarado**, EIB
- **Alexandra van Selm**, Social Economic Council

EWG Social – Other matters²⁵

- **Maria Morell Camacho**, Inditex
- **Paul Roeland**, Clean Clothes Campaign
- **Ramiro Cea Moure**, Universidad de Alcalá
- **Sladjana Cosic**, EIB
- **Daniel Neale**, World Benchmarking Alliance
- **Hannah Roberts**, EcoVadis
- **Ruben Zandvliet**, ABN AMRO Bank N.V.

EWG Governance

- **Alessandra Diotallevi**, ANIA
- **Vesselina Haralampiev**, EBRD
- **Christiane Hölz**, DSW
- **Paul Jager**, VNO-NCW
- **Fulvio Rossi**, Assonime

EWG Governance – Other matters

- **Jean-Luc Barlet**, Mazars
- **Patrizia Giangualano**, Leonardo S.p.a.
- **Maria Ibisz**, Deloitte Central Europe
- **Paolo Mazzeo**, Ferrovie dello Stato Italiane
- **Edson Ulisses de Melo**, CaixaBank S.A.
- **Eszter Vitorino**, Van Lanschot Kempen

EWG Sector-specific Standards

- **Lucile de La Jonquière**, Société Générale Group
- **Pedro Faria**, CDP
- **Neylin Mutlu**, JPMorgan Chase & Co.
- **Benjamin Perdreau**, La Coopération Agricole
- **Patricia Pina**, Clarity AI
- **Per Törnqvist**, Danske Bank
- **Maurus Unsoeld**, BMW
- **Beatrix Wiczorek**, Shell

²³ Christoph Toepfer, German Environment Agency, joined the EWG Climate in May 2022

²⁴ Jacco Verstraeten-Jochemsens, Circle Economy joined the EWG Environment Other in April 2022

²⁵ Timea Pall, Supply Impact joined the EWG Social- Other matters in July 2022. Signe Lysgaard, The Danish Institute for Human Rights joined as well in July a EWG Social.

EWG SMEs²⁶

- **Carl-Emil Akselberg**, The Norwegian Institute of Public Accountants
- **Sofia Bildstein-Hagberg**, Confederation of Swedish Enterprise
- **Daniela Carosio**, Sustainable Value Investors
- **Cédric Lodato**, European Investment Fund
- **Marie Fleur Meerman**, Social Economic Council of the Netherlands
- **Charlotte Vandierendonck**, Studio D
- **Yvonne Zwick**, B.A.U.M. e.V.

EWG Format

- **Franco Amelio**, Deloitte Italy
- **Donato Calace**, Datarman
- **Javier Mora González**, XBRL Spain
- **Alexander Stevens**, Greenomy
- **Laureen van Breen**, WikiRate

²⁶ Luis Piacenza, Crowe Spain and Andrea Venturelli, Università del Salento joined the EWG SMEs in July 2022

► EFRAG SECRETARIAT

as of 31 December 2021



EFRAG Secretariat as of 30 June 2022

- **Jean-Paul Gauzes**, EFRAG Board President
- **Saskia Slomp**, EFRAG CEO
- **Chiara Del Prete**, EFRAG TEG Chair
- **Vincent Papa**, Associate Director
- **Kathrin Schöne**, Project Director
- **Didrik Thrane-Nielsen**, Project Director
- **Almudena Alcalá**, Technical Manager
- **Filipe Alves**, Senior Technical Manager
- **Didier Andries**, Senior Technical Manager
- **Isabel Batista**, Senior Technical Manager
- **Galina Borisova**, Technical Manager
- **Cécile Etevenot**, Communication and Media Manager
- **Fredré Ferreira**, Senior Technical Manager
- **Juan Jose Gomez de la Calzada**, Technical Manager (seconded by Deloitte Spain)
- **Sapna Heeralall**, Advanced Technical Manager
- **Madeleine Kabeya**, Finance and HR Manager
- **Hocine Kebli**, Senior Technical Manager
- **Ioana Kiss**, Technical Manager
- **Gloria Lebron**, Office Administrator
- **Lina Lemessiou**, Senior Manager Sustainability
- **Rasmus Sommer**, Senior Technical Manager
- **Robert Stojek**, Senior Manager Technology
- **Sebastian Weller**, Technical Manager (seconded by BDO Germany)
- **Marlene Geider**, Intern
- **Wolfgang Kasporet**, Intern

► New colleagues in 2022²⁷

- **Laura Abeni**, Technical Manager
- **Monica Franceschini**, Technical Manager
- **Caroline Martins**, Communication Manager
- **Ovidiu Spirescu**, IT Manager
- **Hanna Wagner**, Intern

²⁷ Until July 2022

► COMMUNICATION ACTIVITIES

OUTREACH ACTIVITIES

The EFRAG Secretariat continued to strongly engage with stakeholders through the organisation of 31 public webinars for Financial and Sustainability Reporting activities webinars in addition to the usual online public sessions for the EFRAG TEG, CFSS and Board meetings.

EFRAG Public webinars in 2021 and 2022 Q1

Financial Reporting activities:



18 public webinars



1 770 persons registered



7 topics: Intangibles, Disclosure requirements, PIR IFRS 10, 11, 12, Crypto-assets, BCUCC, Rate Regulated Activities, COP 26

Sustainable Reporting activities:



13 public webinars



6 894 persons registered



3 topics: NFRS, RNFRO, ESRS

SOCIAL MEDIA ACTIVITIES

EFRAG activities in 2021 remained mainly digital (events, consultations, publications). As a result, EFRAG's prominence on social media and other platforms increased.

EFRAG's followers, between January 2021 and March 2022 increased by:



87% to reach **9 208** in total on LinkedIn.



64% to reach **1 975** in total on Twitter.



186% increase to reach **209** subscribers of EFRAG's YouTube channel.

EFRAG PODCASTS



In 2021, EFRAG embarked on a new form of communication: podcasts.

The EFRAG podcast series aimed to reach stakeholders in an innovative manner. With these podcasts, EFRAG intends to disseminate information to interested parties with an audio file, in a more flexible manner as stakeholders can -listen to it whenever they feel like it.

In 2021, the EFRAG produced and released the following podcasts:

Publication period in 2021	Title	Total plays
February and March	Post-implementation review of IFRS 10, 11 and 12 (4 episodes)	74
April	Discussion Paper: Crypto Assets (Liabilities) Holder and Issuer Perspective (3 episodes)	129
May	Field testing the IASB ED Disclosure Requirements (1 episode)	34
July	IASB's future agenda and EFRAG's proactive research agenda (1 episode)	51
October	Good practices in reporting the business model, sustainability risks and opportunities (3 episodes)	304

EFRAG podcasts are available on [Spotify](#) and [YouTube](#).

▶ FINANCIAL SUMMARY

Abbreviated financial statements as of 31 December 2021

INCOME STATEMENT	2021 000 EUR	2020 000 EUR
CONTRIBUTIONS		
European Stakeholder Organisations	625	635
National Organisations	1,525	1,600
European Commission	2,899	2,777
One-off donations sustainability reporting	122	
<i>Contributions in kind</i>	3,670	3,049
TOTAL CONTRIBUTIONS	8,841	8,061
OPERATING EXPENSES		
Human resources	-4,358	-4,034
Building	-343	-353
Travel	-5	-5
Special events	-5	-5
Publications	-21	-34
Outsourcing (economic and academic studies)	0	-82
Meetings	0	-10
Other costs	-529	-296
<i>Expenses in kind</i>	-3,670	-3,049
TOTAL OPERATING EXPENSES	-8,931	-7,868
Operating surplus	-90	193
Financial result	-12	0
NET LOSS/SURPLUS	-102	193

BALANCE SHEET	31/12/2021 000 EUR	31/12/2020 000 EUR
Tangible assets	26	17
Office guarantee	241	121
TOTAL FIXED ASSETS	267	138
Accounts receivable	578	795
Cash	5,453	4,894
Deferred charges and accrued income	126	101
TOTAL CURRENT ASSETS	6,157	5,790
TOTAL ASSETS	6,424	5,928
Equity: Accumulated surplus	4,602	4,704
Liabilities:		
• leasing debt	0	0
• accounts payable	369	334
• taxes, remuneration and social security	664	565
• provision including pension guarantee	574	325
• rent accrual	178	0
• other accruals	37	0
TOTAL LIABILITIES	1,822	1,224
TOTAL EQUITY & LIABILITIES	6,424	5,928

The financial highlights are based on statutory financial statements audited by BDO, Belgium, which issued an unqualified audit report on those statements on 14 March 2022. The statutory financial statements have been approved by the EFRAG General Assembly on 15 March 2022.

▶ One-off donations sustainability reporting

EFRAG is grateful to the organisations that provided a donation 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 Group²⁸ 100K
- Accountancy Europe 30K
- Informal Danish funding mechanism 20K

²⁸ <https://www.europeancontactgroup.eu/>

Contributions and expenses in kind

CONTRIBUTIONS IN KIND 2021	000 EUR
TIME AND TRAVEL CONTRIBUTIONS	
<i>EFRAG Board</i>	271
<i>EFRAG Technical Expert Group</i>	397
<i>Other Committees, Groups and Panels</i>	288
<i>European Lab Steering Group and Project Task Forces (PTF CRR, PTF NRFS/ESRS and PTF-RNFRO)</i>	2,714
TOTAL CONTRIBUTIONS IN KIND	3,670

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 onwards are subject to future 'on-the-spot' checks by the EC. Certain matters in the application of those grant agreements are under discussion, which could ultimately result in material adjustments to the amount of grant funding. In the interest of prudence, EFRAG has recorded a provision in relation to possible future adjustments related to the grants of 2021 and before.

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.

EFRAG Member Organisations comprise European Stakeholder Organisations and National Organisations²⁹. Supported by the European Commission, the Council and the European Parliament, EFRAG continuously seeks to broaden its membership base, notably in the National Organisations Chapter.

In 2021 in addition to cash funding, EFRAG receives contributions in kind provided by the members of EFRAG TEG, the EFRAG Board, European Lab Steering

Group, the Committees, Working Groups, Advisory Panels, and Project Task Forces as well as in form of free or at-reduced price secondments.

The breakdown of contributions by Member Organisations is as follows:

CONTRIBUTIONS ³⁰ 000 EUR	2021	2020
EUROPEAN STAKEHOLDER ORGANISATIONS		
Accountancy Europe	150	170
BusinessEurope	125	125
Insurance Europe	150	75
EBF	50	75
ESBG	50	75
EACB	50	75
EFAA	25	25
EFFAS	25	15
TOTAL	625	635
NATIONAL ORGANISATIONS		
France	350	350
Germany	350	350
UK	0	350
Italy	350	290
Sweden	100	100
Denmark	50	50
Netherlands	65	50
Spain	175	50
Luxembourg	10	10
Austria	75	0
TOTAL	1,525	1,600
One-off donations sustainability reporting	122	0
EUROPEAN COMMISSION	2,899	2,777
TOTAL CONTRIBUTIONS	5,171	5,012

³⁰ In March 2021 the EFRAG General Assembly approved a new finance structure for the financial reporting pillar of EFRAG whereby contributions for the European Stakeholders Organisations are based on sector and contributions for the National Organisations are based on GDP.

²⁹ From 2022 the EFRAG Member Organisations include as well a Civil Society Organisations Chapter



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.



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