



EFRAG

Europe's voice in corporate reporting

March 2024



EFRAG UPDATE

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

EFRAG UPDATE March 2024	3
EFRAG INTRODUCES THE FRIENDS OF EFRAG	3
EFRAG releases summary report on the conference "EUROPEAN CORPORATE REPORTING - TWO PILLARS FOR SUCCESS"	5
Representatives of EFRAG and the Japanese Accounting and Sustainability Boards HELD meetings in brussels.....	6
Representatives of EFRAG, the Korea Sustainability Standards Board (KSSB) and the Financial Services Commission (FSC) meet in Brussels.....	6
Efrag governance and due process - new EFRAG FR TEG composition.....	6
EFRAG'S FINANCIAL REPORTING ACTIVITIES	7
PUBLICATIONS.....	7
Open Consultations.....	7
Webinars and online outreaches	8
EFRAG Financial Reporting Board (FRB).....	9
Webcast meeting	9
March 2024 written procedures.....	10
Expected April 2024 written procedures.....	10
EFRAG financial reporting Technical Expert Group (FR TEG).....	10
Webcast meeting	10
Webcast meeting	11
Webcast meeting	11
EFRAG Financial Reporting Technical Expert Group (FR TEG) - CFSS.....	12
Webcast meeting	12
EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES.....	14
PUBLICATIONS.....	14
UPCOMING EVENTS	15
CALL FOR TENDERS.....	15
Open consultations.....	16
EFRAG Sustainability Reporting Board (SRB)	17
EFRAG Sustainability Reporting Technical Expert Group (SR TEG)	19
Other involvement in sustainability reporting.....	21
VACANCIES	23
FINANCIAL REPORTING	23

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

EFRAG INTRODUCES THE FRIENDS OF EFRAG



EFRAG introduces the Friends of EFRAG whereby entities can give their individual support to EFRAG's mission and support EFRAG's reporting activities.



Individual entities can become Friends of EFRAG - sustainability reporting and EFRAG's activities in the development of draft ESRS and contributing to the progress in corporate reporting.

Download the [brochure](#) Friends of EFRAG - sustainability reporting & access the [online application form](#).



Individual entities can become Friends of EFRAG - financial reporting by giving their individual support to EFRAG's mission ensuring that the European views are properly considered in the IASB's standard-setting process and in related international debates, and contributing to the progress in corporate reporting.

Download the [brochure](#) Friends of EFRAG - Financial Reporting & access the [online application form](#).

ADVANTAGES OF BEING FRIENDS OF EFRAG

- Visibility on the EFRAG website
- Mention in Annual report
- Reserved seats at physical events
- Access to documents prior to publication
- a possible panellist position in efrag's events
- a possible efrag representation in the entities' events
- Private meetings with the EFRAG high-level representatives
- Use of "Friend of EFRAG" logo respecting the guidelines

Being a Friend of EFRAG funding includes a for at least two years 2024 and 2025 for a stated amount (of minimum annual 5000 euro). Organisations are encouraged to provide a higher amount corresponding to their profile, size and footprint.

OSAPIENS, SIBS AND GREENOMY BECAME FRIENDS OF EFRAG TO SUPPORT SUSTAINABILITY REPORTING

On 7 March 2024, EFRAG announced that osapiens, SIBS, and Greenomy have officially become Friends of EFRAG, demonstrating their commitment to sustainability reporting and supporting EFRAG's mission.

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

EFRAG RELEASES SUMMARY REPORT ON THE CONFERENCE “EUROPEAN CORPORATE REPORTING - TWO PILLARS FOR SUCCESS”



EFRAG is pleased to issue its [summary report](#) on the conference “European Corporate Reporting: two pillars for success” that took place on 28 November 2023 in Brussels.

[Photos](#) and [video](#) are now available as well.

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



REPRESENTATIVES OF EFRAG AND THE JAPANESE ACCOUNTING AND SUSTAINABILITY BOARDS HELD MEETINGS IN BRUSSELS

Representatives of EFRAG and representatives of the Accounting Standards Board of Japan (ASBJ) and the Sustainability Standards Board of Japan (SSBJ) held meetings on 13-14 March 2024 in Brussels, Belgium.

Download the press release [here](#).

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

REPRESENTATIVES OF EFRAG, THE KOREA SUSTAINABILITY STANDARDS BOARD (KSSB) AND THE FINANCIAL SERVICES COMMISSION (FSC) MEET IN BRUSSELS

On 12 March 2024, EFRAG representatives had the pleasure to welcome delegates from Korea Sustainability Standards Board (KSSB) and Financial Services Commission (FSC) in EFRAG offices, Brussels and discussed the developments of sustainability reporting disclosures across different jurisdictions.

Download the press release [here](#).

EFRAG GOVERNANCE AND DUE PROCESS – NEW EFRAG FR TEG COMPOSITION

EFRAG welcomes Andrea Lionzo, An Lommers and Peter Ujvari as new members of EFRAG Financial Reporting Technical Expert Group (EFRAG FR TEG) starting on 1 April 2024.

Four EFRAG FR TEG members who are up for rotation have been renewed for a further mandate starting on 1 April 2024: Carmen Barrasa, Aranzazu Leo Abad, David Prochazka, and Christoph Schauerte.

EFRAG is grateful to Jens Berger, who continues his role as EFRAG FR TEG Vice-Chair for two more years.

EFRAG thanks Emmanuelle Gyomard and Erlend Kvaal, who are retiring from EFRAG FR TEG, for their valuable contribution for so many years to EFRAG's financial reporting activities. A special thanks to Erlend Kvaal for chairing the EFRAG Academic Panel for four years.

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

EFRAG'S FINANCIAL REPORTING ACTIVITIES

PUBLICATIONS

Final comment letter

On 11 April 2024, EFRAG published its final comment letter on the IASB's ED Financial Instruments with Characteristics of Equity ('FICE').

While agreeing with many of the IASB's clarifications included in the ED, EFRAG proposes improvements in several areas. Additionally, EFRAG disagrees with the topics on the effects of relevant laws and regulations and written put options on non-controlling interest and suggests that the IASB should separate these two topics in a separate project. EFRAG highlights the urgency to find a solution for these two topics swiftly.

Please find the final comment letter [here](#).

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

OPEN CONSULTATIONS

Title and description	Closing date
Survey for preparers, auditors, regulators and national standard setters on Post-implementation Review of IFRS 16 Leases	22 April 2024
Survey for users on Post-implementation Review of IFRS 16 Leases	22 April 2024

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

WEBINARS AND ONLINE OUTREACHES

EXTENSION OF DEADLINE FOR EFRAG SURVEYS ON THE POST-IMPLEMENTATION REVIEW OF IFRS 16 LEASES

In February 2024, EFRAG launched two online surveys to gather input from diverse stakeholder groups on the effects of the implementation of IFRS 16. **EFRAG is extending the deadline for responses to 22 April 2024.**

To learn more about the purpose and content of the surveys, check out our [video](#) with Jens Berger (EFRAG FR TEG Vice Chair) and Kathrin Schöne (EFRAG Project Director).

- Survey for preparers, auditors, regulators and national standard setters: [\[Link\]](#) [\[PDF\]](#)
- Survey for users of financial statements: [\[Link\]](#) [\[PDF\]](#)

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

EFRAG joins ASCG and AFRAC for German outreach event on the IASB's ED *Financial Instruments with Characteristics of Equity*

On 4 March 2024, the German Accounting Standards Committee (ASCG) together with the standard setter from Austria (Austrian Financial Reporting Advisory Committee, AFRAC) and EFRAG, in cooperation with the IASB, discussed the IASB's Exposure Draft Financial Instruments with Characteristics of Equity (FICE).

The event was held virtually and in German. The participants shared their views on the key issues of the IASB's ED FICE, most importantly the effects of relevant laws and regulations (Question 1 of the ED); settlement in an entity's own equity instruments, notably the passage-of-time adjustments (Question 2 of the ED); obligations to purchase an entity's own equity instruments, notably the written put options on non-controlling interests (Question 3 of the ED); contingent settlement provisions (Question 4 of the ED). The IASB Chair Andreas Barckow explained the IASB's views behind the proposals in the ED.

For more details, please see the published report on the [ASCG website](#).

EFRAG, IASB and EAA online workshop on the IASB's ED *Financial Instruments with Characteristics of Equity*

On 11 March 2024, EFRAG joined the IASB and the EAA for a workshop about the IASB's ED FICE.

This online workshop provided an overview of the IASB's ED FICE (*Proposed amendments to IAS 32, IFRS 7 and IAS 1*) and an overview of EFRAG's draft comment letter.

The audience had the opportunity to ask questions and exchange with the presenters.

For more details, please see the recording on the [EAA website](#).

Outreach event on the IASB's ED *Financial Instruments with Characteristics of Equity* by EFRAG and OIC

On 12 March 2024, EFRAG joined the OIC (*Organismo Italiano Contabilità*) event aimed at discussing the IASB's ED FICE, in cooperation with the IASB.

The event took place in Milan and could be followed in streaming.

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

EFRAG FINANCIAL REPORTING BOARD (FRB)

Webcast meeting

The EFRAG FRB held a webcast meeting on [22 March 2024](#) and discussed the following topics:

IASB Project *Financial Instruments with Characteristics of Equity*

The EFRAG FRB was provided with an overview of the preliminary survey results on the IASB's ED *Financial Instruments with Characteristics of Equity*. EFRAG FRB members were also provided with a summary of the outreaches that were conducted.

The EFRAG FRB shared the concerns of the respondents from the survey regarding the IASB's proposals on the effects of laws and regulation and on obligations to purchase an entity's own equity instruments, especially on written put options on non-controlling interest shareholders.

No decisions were taken at the meeting.

IASB Project *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

The EFRAG FRB discussed the IASB tentative decisions to finalise the Amendments and EFRAG's endorsement plan.

The EFRAG FRB noted the importance to see the final text and reminded about the urgency of the Amendments in respect of the financial instruments with ESG-linked features. Some members noted that the term "not significantly different" might give rise to different interpretations and questioned whether it should be further tested with constituents.

No decisions were taken at the meeting.

IASB Project *Rate-regulated activities*

The EFRAG FRB discussed the results of an IASB staff survey on the direct (no direct) relationship concept, the IASB tentative decisions thereafter including feedback received so far on those tentative decisions.

The EFRAG FRB acknowledged the importance of the IASB project given the European climate change agenda and significant investments being made by companies affected by the prospective IFRS Standard hence some considered that publication of the Standard should not be delayed beyond the IASB's current work plan.

There was general agreement that the effects of the direct (no direct) concept should be further examined especially given that regulations could change over time and the model should be able to accommodate these changes.

No decisions were taken at the meeting.

Next meeting

The EFRAG FRB will hold a next webcast meeting on [10 April 2024](#).

March 2024 written procedures

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

Expected April 2024 written procedures

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

EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG)

Webcast meeting

EFRAG FR TEG held a webcast meeting on [6 March 2024](#) and discussed the following topic:

IASB Project *Power Purchase Agreements: the EFRAG Secretariat Alternative Own-Use model*

EFRAG FR TEG members provided their views on the alternative own-use model developed by the EFRAG Secretariat (EFRAG Project Director Didrik Thrane-

Nielsen). Members expressed their support for the alternative model as a longer-term solution not to interrupt the current IASB project and suggested that the EFRAG Secretariat continues to improve / enhance the alternative model in a longer-term perspective.

No decisions were taken at the meeting.

Webcast meeting

EFRAG FR TEG held a webcast meeting on [14 March 2024](#) and discussed the following topics:

IASB Project Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

EFRAG FR TEG discussed and generally welcomed the IASB's tentative decisions on the remaining topics of the project, namely disclosures for instruments with contingent features, transition requirements, and reduced disclosures for subsidiaries without public accountability ('SwPA').

Some members suggested to exclude financial assets accounted for at Fair Value through Other Comprehensive Income (FVOCI) and financial liabilities from the scope of the disclosure requirements. Members also highlighted that proposed disclosure covers contractual features which were identified as not significant and hence, might be omitted as immaterial.

No decisions were taken at the meeting.

IASB Project Post-implementation review of IFRS 9–Impairment

EFRAG FR TEG noted the IASB tentative decisions not to undertake standard setting on the general approach on the recognition of expected credit losses and assessment of significant increase in credit risk. EFRAG FR TEG expressed general disappointment that some of the more significant issues raised during PIRs did or will not result in amendments to the standard.

No decisions were taken at the meeting.

Webcast meeting

EFRAG FR TEG held a webcast meeting on [20 March 2024](#) and discussed the following topic:

IASB's ED Financial Instruments with Characteristics of Equity (FICE)

EFRAG FR TEG were provided with an overview of the preliminary survey results on the IASB's ED *Financial Instruments with Characteristics of Equity*. EFRAG FR TEG were also provided with a summary of the outreaches that were conducted.

EFRAG FR TEG shared the concerns of the respondents from the survey regarding the IASB's proposals on the effects of laws and regulation. EFRAG FR TEG discussed the topic on written put options on non-controlling interest where some members suggested to decouple this topic and have a more conceptual assessment.

No decisions were taken at the meeting.

Next meeting

EFRAG FR TEG will hold a next webcast meeting on [5 April 2024](#).

EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG) - CFSS

Webcast meeting

EFRAG FR TEG and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) held a webcast meeting on [13 March 2024](#) and discussed the following topics:

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

The publication of the Standard is expected in early May 2024. Members considered the educational materials prepared by the IASB Staff clear, concise to reflect the main provisions of IFRS 19 and to explain transitional provisions. To explain the structure of the upcoming standard and the interaction with the expected IFRS 18 was considered being important for the educational material/sessions. It was suggested to further expand the educational materials to have dedicated materials for the parent companies and for the subsidiaries.

IASB Project *Rate-regulated Activities*

EFRAG FR TEG- EFRAG CFSS members discussed the IASB tentative decisions taken in Q3 and Q4 2023 on the IASB project on accounting for regulatory assets and regulatory liabilities.

There was general agreement with the IASB's tentative decisions. EFRAG FR TEG- EFRAG CFSS noted the importance of further understanding the effects of applying the direct (no direct) concept.

IASB Project *Post-implementation review of IFRS 9–Impairment*

Although generally agreeing with the IASB tentative decisions, EFRAG FR TEG - EFRAG CFSS expressed disappointment about how the issues reported during PIRs are addressed by the IASB. They noted that only very few clarifications and standard-

setting work resulted from recent PIRs, such as PIR on IFRS 10, 11 and 12 and IFRS 15.

Members noted that the issues of loan commitments and financial guarantees were an easy fix and the fact that practical guidance was developed by the accounting firms should not prevent the IASB amending the standard by including this guidance.

IASB Project Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9)

EFRAG FR TEG and EFAG CFSS were provided with a summary of the IASB's tentative decisions on all topics in the scope of the project, as well as key concerns on these topics raised during EFRAG working groups' discussions. Members generally welcomed the IASB's tentative decisions.

Members questioned whether the proposed amendments to SPPI requirements would result in enlarging of the scope of the financial instruments meeting the SPPI test and how the requirement to have not significantly different cash flows interacts with a de-minimis requirements.

Members further noted that the proposed disclosures for financial instruments with contingent features could result in disclosing information which is not significant. Also, some members proposed to exclude financial assets accounted for at FVOCI and financial liabilities from the scope of the disclosure requirements.

IASB Project Post-implementation review of IFRS 15 Revenue from Contracts with Customers

EFRAG FR TEG and EFRAG CFSS were provided with a summary of the feedback received and tentative decisions by the IASB on the Request for Information of the Post-implementation review of IFRS 15. Several members expressed disappointment with the IASB's tentative decisions to take no action on challenging areas of practice including principal versus agent considerations and accounting for licensing.

IFRS IC Topics

EFRAG FR TEG and EFRAG CFSS were provided with a summary of the main open issues that were discussed by the IFRS Interpretations Committee.

IASB Project Business Combinations–Disclosures, Goodwill and Impairment

EFRAG FR TEG and EFRAG CFSS did not provide any comments for this session. The IASB's Exposure Draft was published on **14 March 2024**.

IASB Project *Post-implementation review of IFRS 16 Leases*

EFRAG FR TEG and EFRAG CFSS were provided with an update on the EFRAG preparatory work in anticipation of the IASB Request for Information and provided their input about the main impacted industries (e.g., shipping, telecommunication and retail industry) and areas (e.g., sale and leaseback transactions, non-cash lease payments, variable leases for lessors) which EFRAG should focus on in the context of this PIR. The EFRAG Secretariat encouraged EFRAG CFSS members to advertise the participation in the surveys (alternatively interviews) to receive sufficient feedback on the overall assessment of IFRS 16 Leases and any issues.

EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

PUBLICATIONS

PUBLICATION OF UNOFFICIAL TRANSLATIONS OF VSME ED IN FRENCH, GERMAN, ITALIAN AND SPANISH

On 15 March 2024 and 4 April 2024, EFRAG shared that the unofficial translated versions of the VSME ED are made available to support constituents to participate in the consultation and field test.

- Autorité des normes comptables (ANC) and Conseil national de l'ordre des experts-comptables (CNOEC) have co-developed an unofficial French translation of the VSME ED. Click [here](#) for the translated Exposure draft and [here](#) for the translated field test questionnaire.
- Deutsches Rechnungslegungs Standards Committee e.V. (DRSC) has developed an unofficial German translation of excerpts of the VSME ED (disclosure requirements B1-B12, N1-N5 and BP1-BP11), that can be found [here](#).
- The Italian translation of the VSME ED will be shortly available, currently finalised by Organismo Italiano di Contabilità (OIC), that can be found [here](#).
- Instituto de Contabilidad y Auditoría de Cuentas (ICAC) has developed an [unofficial Spanish translation of the VSME ED](#).

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

UPCOMING EVENTS

EUROPEAN COMMISSION EXPERT DIALOGUE ON HOW TO SUPPORT COMPANIES IN APPLYING THE ESRS - 16 MAY 2024

On 16 May the European Commission is hosting an expert dialogue on how to support companies in applying the ESRS.

The event will bring together experts and practitioners from Member States, business and trade associations, companies, consultancies, auditors and other stakeholders. Its goal is to showcase ongoing initiatives and discuss ideas for further mechanisms to support companies that apply the new reporting standards. During the event, Patrick de Cambourg, Chair of EFRAG SRB, will present EFRAG's plans to facilitate the implementation of ESRS.

This is a hybrid event, which can be attended in person on a first-come-first-served basis or by connecting virtually.

You can find more information and register for the event [here](#).

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

CALL FOR TENDERS

CALL FOR EXPERTS ROAD TRANSPORT AND TEXTILES, ACCESSORIES, JEWELLERY AND FOOTWEAR EXPERTS, TO JOIN TWO SECTOR COMMUNITIES

Following recent work on the road transport and textiles, accessories, jewellery and footwear sector standards, EFRAG will soon seek feedback from the respective sector communities regarding this work. Accordingly, EFRAG is looking for technical experts with proven experience in the sectors who are interested and available to join the respective sector communities and provide comments on the related working papers.

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

EFRAG CALL FOR MINING, QUARRYING AND COAL EXPERTS TO JOIN THE SECTOR COMMUNITY

EFRAG will soon seek feedback from sector communities regarding this work. Therefore, it aims at bringing together experts with diverse backgrounds and establish a balanced stakeholder representation, including experts from corporates operating in the mining, quarrying and coal sector, civil society organisations, impact experts, as well as researchers and other interested stakeholders. Specifically

for the mining, quarrying and coal sector, we are particularly interested in representatives from reporting undertakings.

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

CALL FOR TENDERS TO ASSIST EFRAG ON ITS ANALYSIS OF PUBLIC CONSULTATION FEEDBACK FOR THE ESRS LSME ED AND VSME ED

EFRAG issued an open call for tenders to assist in analysing the feedback stemming from the public consultation for the ESRS LSME ED and VSME ED. EFRAG expects to receive a significant number of responses from stakeholders to the ESRS LSME ED and the VSME ED public consultations. The purpose of this contract is to assist EFRAG in analysing the feedback received from stakeholders in response to the public consultation, including the field test. Deadline to apply: 5 April 2024.

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

OPEN CONSULTATIONS

Title and description	Closing date
Draft XBRL Taxonomy for ESRS Set 1	8 April 2024
Draft XBRL Article 8	8 April 2024
Exposure Draft ESRS for listed SMEs	21 May 2024
Voluntary reporting standard for non-listed SMEs	21 May 2024

EFRAG SUSTAINABILITY REPORTING BOARD (SRB)

Meeting date	Topics covered
20 March 2024	<ul style="list-style-type: none"> • ESRS ISSB Standards - Interoperability - project update (closed) • Enhancement of EFRAG SRB good practices (closed) • Presentation of public feedback and strategic directions for IG 1, IG 2 and IG 3 (public) • Q&A Platform: Approval of categorisations and review of approval process for explanations (public)

The next EFRAG SRB meeting will be held on [24 April 2024](#).

Implementation activities

On 20 March 2024, EFRAG Secretariat presented the feedback from public consultation regarding EFRAG IG 1, IG 2 & IG 3, as well as the EFRAG Secretariat orientations on how to address the comments. The EFRAG SRB indicated the strategic directions on the finalisation of these IGs, starting from the Secretariat orientations.

IG 1 - Materiality assessment

Concerning IG 1 on the materiality assessment, the EFRAG SRB discussed enhancing clarity and guidance to identify material IROs at group and subsidiary levels and the need for further guidance for conglomerates and investment holdings. The EFRAG SRB discussed the possibility to add more examples to increase usability, noting the risk of undertakings extrapolating examples to inadequate scenarios. EFRAG SR TEG will provide technical input on the points raised in the EFRAG SRB meeting.

IG 2 - Value chain

As regards to the feedback and strategic direction on IG2 on the value chain, the EFRAG SRB agreed with the Secretariat's proposed orientation and next steps. The discussions included clarifying the required reporting boundaries depending on the specific topical standard, as well as explaining that the definition of operational control restricts the options under the GHG protocol to improve comparability. The Secretariat will also provide clearer wording with respect to leases and the impact of the CSDDD (Corporate Sustainability Due Diligence Directive). The EFRAG SRB was informed of a Q&A document on CSRD being prepared by the European Commission, to be published before the summer, covering among other things

some interpretational issues on value chain in ESRS. Looking at next steps, the updated IG2 will be recommended by the EFRAG SR TEG before approval by the EFRAG SRB.

IG 3 - List of datapoints

Finally, the Secretariat also presented the feedback and orientations for the IG3 on the datapoints. During the meeting, an EFRAG SRB member queried the proposals presented, including the inclusion of hyperlinks in an Excel document and the coverage of application requirements. The Secretariat provided clarifications and noted suggestions for additions and removals of data points in the open consultation. IG 3 is an important tool for gap analysis and should not disaggregate the information excessively. Ultimately, IG3 and XBRL are sources of inspiration for preparers of the ESRS sustainability statement. Additionally, it is important to cover both human-readable and digital aspects to avoid duplicate reporting.

Q&A Platform

On 20 March 2024, the EFRAG SRB approved the categorisation of the 51 questions (IDs) with amendments and reclassifications. During the meeting, several topics were discussed, such as the challenges of integrating information from acquisitions, whether certain IDs can be included in IG 1 and 2 or answered as explanations, and the reconsideration of certain IDs that were initially rejected. Next steps include the incorporation of modifications by EFRAG Secretariat and further comments from the EFRAG SR TEG members via email.

EFRAG SUSTAINABILITY REPORTING TECHNICAL EXPERT GROUP (SR TEG)

Meeting date	Topics covered
7 March 2024	<ul style="list-style-type: none"> • Educational session on the ESG Rating Directive (closed) • Drafting session on IG4 (mapping of matters to disclosures in topical standards) (closed) • High level feedback and statistics on the public feedback on IG1, IG2 and IG3 (closed) • Discussion of sector standards and boundaries of SEC 1 (open) • Q&A session and approval of batch of categorisation and explanation (open)
19 March 2024	<ul style="list-style-type: none"> • ESRS ISSB Standards - Interoperability project update (closed) • Update on SRB consensus on sector materiality (open) • Approval of Q & A categorisations and explanations (open) • Discussion of the outcome of workshops with sector communities SEC 1 (open)
21 March 2024	<ul style="list-style-type: none"> • Update and presentation of feedback on IG 1 Materiality Assessment (open), IG 2 Value Chain (open), and IG 3 Datapoints (open) • Sector classification (SEC1): specialised distributors and continuation of the workshop feedback (open)

The next EFRAG SR TEG meeting will be held on [11 April 2024](#).

Implementation activities

On 21 March 2024, the EFRAG SR TEG received a presentation of the outcome of public feedback on IG1, IG2 and IG 3 and of the EFRAG SRB strategic directions on how to address the comments received.

Regarding IG1 on the materiality assessment was presented. EFRAG SR TEG discussed the weight of the results of a subsidiary's impacts at the group level and of the approach to supportable and objective evidence compared to other inputs.

Feedback on IG2 with respect to the value chain was also presented at and discussed in the same meeting. In the context of ESRS E1, the concept of operational control is broad and similar to the GHG Protocol (where operational control (OC)

has been chosen as a possible approach to reporting) reflecting the intention to align the ESRS with it. The possible impact or not of CSDDD was also discussed.

Regarding IG 3, the proposed changes included: a hyperlink between datapoints and ESRS paragraphs and of a column noting conditional or alternative datapoints; the inclusion of specific references for the phase-in and of unique identifiers for each datapoint. Of big relevance was the decision of adjusting the datapoint list consistently with the XBRL Taxonomy.

Sector materiality

On 19 March 2024, the EFRAG SR TEG discussed the EFRAG SRB consensus regarding the approach to sector materiality. Members showed mixed views, with different members supporting the following approaches: 1) to use the same approach as in the Delegated Act; 2) to stick to the consensus reached by the EFRAG SR TEG in March 2023; 3) to consult on a list of disclosure requirements that would potentially always be required and would not be subject to a materiality assessment. No decisions were taken at the meeting.

Q&A

On 7 March 2024, the EFRAG SR TEG discussed the answers to five cross-cutting questions. Of these, ID 293 and ID 335 were approved after the redrafting proposed in previous meetings, and ID 461 was approved without changes. On ID 148, regarding the prevalence of materiality or of the link to financial statement, there will be the need for further discussion, also supported by further work from the Secretariat. ID 185, about objective information and stakeholder's opinions, will be redrafted accordingly to the unanimously agreed changes aimed at clarifying the lack of a prioritisation of the former over the latter. The EFRAG SR TEG also discussed the answer to a question regarding Environment, ID 208, which will be approved subject to editorial changes.

In the 19 March 2024 session, the EFRAG SR TEG discussed draft answers to environmental questions ID 432 and ID 350, suggesting some additions to both. Regarding questions from Social, the explanations for ID 340, 341 and 356 were approved, subject to editorial changes. Finally, the answer to one Governance question, ID 356 will be amended by the Secretariat per the SR TEG's suggestions.

SEC 1

On 19 March 2024 the EFRAG SR TEG discussed the outcome of the workshops with sector communities. Limited to the exceptions where this is needed, a 1-to-n approach will be adopted in the attribution of NACE codes to sectors: in these exceptions it will be possible to assign one NACE Class to (multiple) different

sectors, providing a description of the individual economic activity of that NACE code that are specifically included in each sector. Furthermore, the classification of Tobacco, Construction and Engineering, Forestry and Wood products and Marketing sectors were discussed.

During the public session held on 21 March 2024, the EFRAG SR TEG discussed the assignment of NACE Classes relating to specialised distribution (wholesale and retail sale) to ESRS sectors. Acknowledging that there is not a single preferable approach, the following direction has been agreed as a compromise: to include specialised distributors NACE codes in the Manufacturing standard, but as separate segments only applicable to them (i.e. they would not have to apply the rest of the manufacturing standard), that would: a) refer to the Retail & Sales standard by reference for disclosures about the undertaking's own operations, as these are expected to be similar to those in Retail & Sales and b) identify the appropriate value chain disclosures in connection with the other segments in the Manufacturing standard. The EFRAG SR TEG also tackled the assignment of leasing activities to ESRS sectors and agreed upon remove them from sale and trade and assign: a) financial leasing NACE codes to credit institutions, and b) operating leasing NACE codes to the related sector classes. The SR TEG also continued the discussion on the assignment of fertilizers and metal processing.

OTHER INVOLVEMENT IN SUSTAINABILITY REPORTING

Platform on Sustainable Finance (PSF)

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

On 6 March 2024 EFRAG presented the two exposure drafts VSME and LSME to the plenary of the Platform, received comments by the members and their addressed questions. Regarding LSME and VSME, the Secretariat has also conducted private meetings with a number of interested groups, taking into consideration the public consultation and field test of both standards.

A follow up meeting with EFRAG and the PSF on both the VSME and LSME exposure drafts takes place on 9 April. In this meeting EFRAG will also give a presentation on the consultation on the Art. 8 XBRL Taxonomy.

Additional topics on the 6 March 13th meeting of the PSF included updates from the Technical Working Group and Subgroups and the presentation of the ECB on the climate and nature plan 2024-2025 of the ECB.

The next meeting of the PSF takes place on 24 April 2024.

VACANCIES

FINANCIAL REPORTING

JOIN EFRAG AS FINANCIAL REPORTING (SENIOR) TECHNICAL MANAGER - FINANCIAL INSTITUTIONS SPECIALIST

EFRAG is looking for a Financial Reporting (Senior) Technical Manager - Financial Institutions Specialist to be offered a secondment or permanent employment contract based in Brussels. For full details, please download the [job description](#).

Applications (CV & motivation letter - with your name and surname as the document's title), mentioning EFRAG FR Team - Technical Manager (or Senior Technical Manager) in the subject, should be sent to: rh@efrag.org.

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

JOIN EFRAG AS (SENIOR) TECHNICAL MANAGER - EXPAND YOUR IFRS EXPERTISE

EFRAG is recruiting a (Senior) Technical Manager for its financial reporting pillar. The role is based at EFRAG's Brussels office.

FRAG welcomes applications for either full-time employment contracts or two-year secondments (different durations can be discussed).

For more information, please contact EFRAG CEO, Saskia Slomp at saskia.slomp@efrag.org.

Applications (CV & motivation letter - with your name and surname as the document's title), mentioning EFRAG FR Team - Technical Manager (or Senior Technical Manager) in the subject, should be sent to: rh@efrag.org.

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