

EFRAG Sustainability Reporting TEG

EFRAG AND GOVERNANCE REFORM

Agenda item 5

5 May 2022

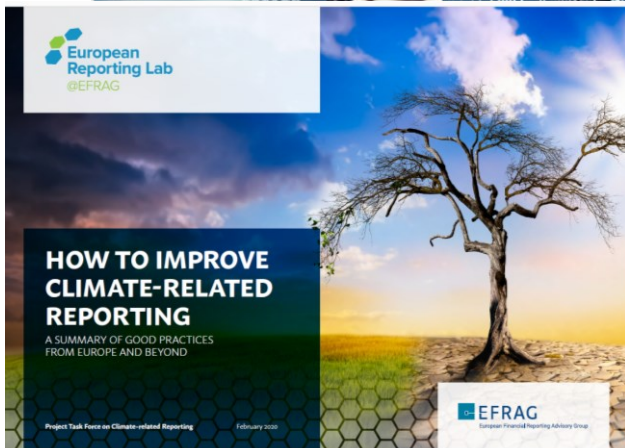
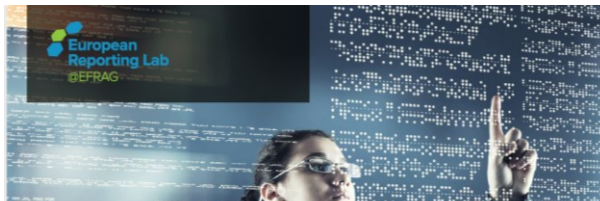


DISCLAIMER

This paper has been prepared for discussion at a public meeting of EFRAG Sustainability Reporting Board. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Sustainability Reporting Board, EFRAG PTF-ESRS of the EFRAG Administrative Board. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Sustainability Reporting Board, are published as draft standards, discussion or position papers, or in any other form considered appropriate in the circumstances.

How did EFRAG's sustainability journey start: European Lab

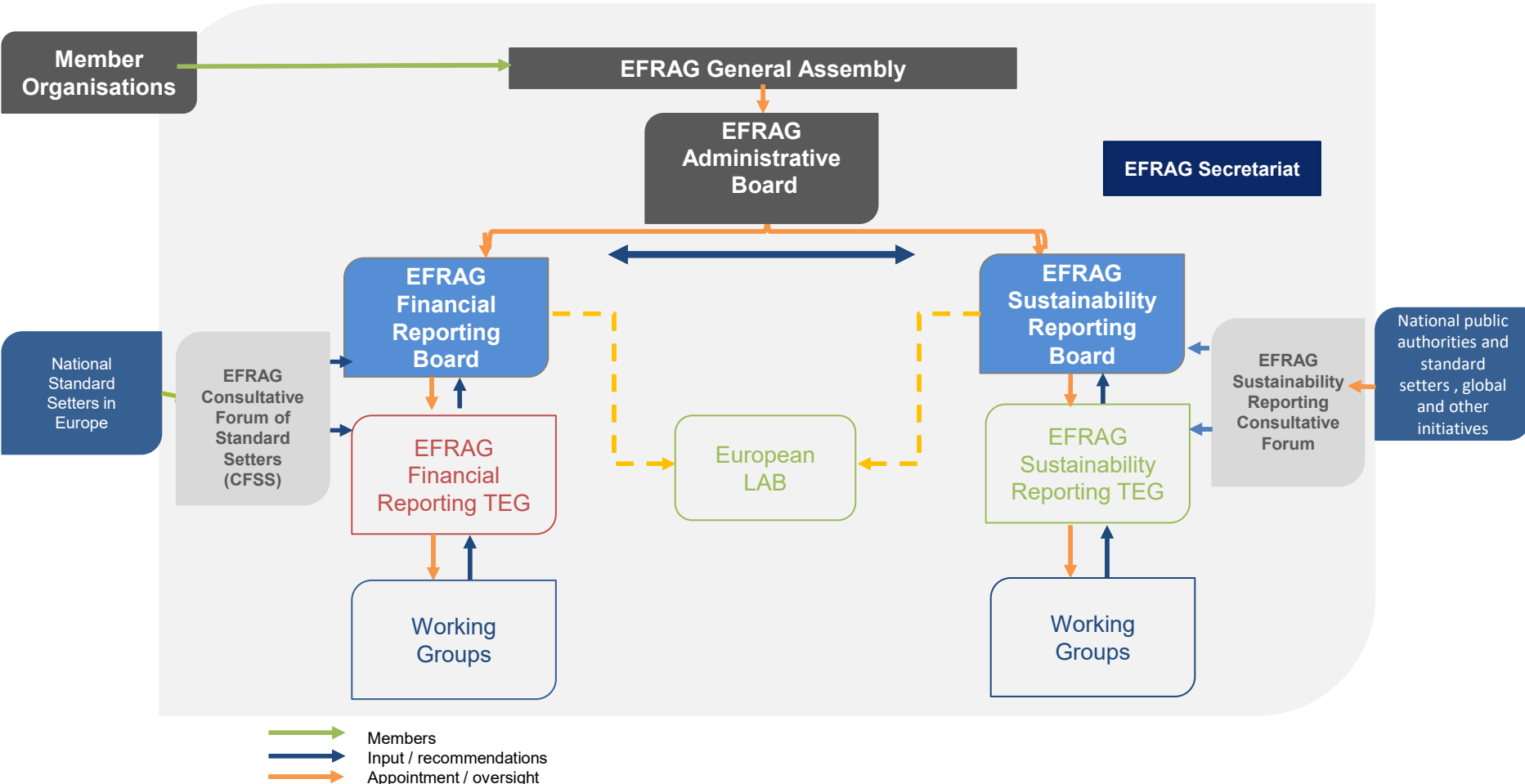
DELIVERABLES



Stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices – three projects including climate-related reporting; reporting on risks and opportunities and the linkage with the business model



EFRAG'S ORGANISATION CHART



MILESTONES

Publication of final reports with recommendations – 8 March 2021

Publication of proposal for a CSRD – 21 April 2021

Letter Commissioner McGuinness, invitation to start developing standards in project mode taking into account international developments and to start governance reform – 12 May 2021

Public consultation on Due Process Procedures on EU Sustainability Reporting Standard- Setting (DPP) – Summary report published Nov 2021 – Approval DPP EFRAG General Assembly - 15 March

Admission of 14 new Organisations in the EFRAG Sustainability reporting pillar (including 11 Civil Society Organisations) in addition to 17 existing Organisations - December/January /February 2022

Approval revised EFRAG Statutes and Internal Rules- January 2022



MILESTONES (CONTINUED) AND NEXT STEPS

Call for candidates by the EC for EFRAG Sustainability Reporting Board Chair and for EFRAG Financial Reporting Board Chair – deadline 1 February 2022

Call for candidates for the EFRAG Sustainability Reporting Board– deadline 10 February 2022, appointed by EFRAG General Assembly on 1 March 2022

Call for candidates for the EFRAG Sustainability Reporting Technical Expert Group (TEG) – deadline 28 February 2022- appointed by EFRAG SRB 13 April 2022

Transition Project Task Force on European Sustainability Reporting Standards (PTF-ESRS) to permanent structure –May/June 2022

Public consultation on exposure drafts of first set of draft ESRS– April 2022 with deadline 8 August 2022

Outreach events and activities with country and stakeholder focus during public consultation May- July 2022

Cost benefit analysis including impact assessments – Q2/3 2022

GOVERNANCE REFORM: INTEGRATION OF SUSTAINABILITY PILLAR

- Based on recommendations in final report 8 March 2021 Jean-Paul Gauzes that are fully supported by Commissioner McGuinness in her letter of 12 May 2021
- Handing over the project work of the PTF ESRS to the permanent structure 27 April to the EFRAG SRB
- PTF-ESRS continues work on finalisation Bases for Conclusions and supports/participates in outreach events
- Exposure drafts responsibility PTF-ESRS. The EFRAG SRB approved cover note and consultation questions (oversight role). The EFRAG SRB will approve the final first set of draft ESRS that will be submitted to the EC

GOVERNANCE REFORM: INTEGRATION OF SUSTAINABILITY PILLAR

➤ Governance Reform:

- Amendments EFRAG Statutes and EFRAG Internal Rules
- Call for expressions of interest in EFRAG Membership:
 - **14 new organisations joined including 11 civil society organisations**
 - **Friends of EFRAG**

➤ Gradual sequential process populating technical and governing bodies

- EFRAG Administrative Board => **in place**
- EFRAG Sustainability Reporting Board (SRB) => **in place except Chair and Vice Chair**
- EFRAG Sustainability Reporting TEG (SR TEG) => **in place**
- SR TEG Working Groups and Panels => **PTF ESRS EWGs continue**
- Consultative Forum of National Authorities, Sustainability Reporting Standard Setters and Initiatives => **to be put in place**

EFRAG membership: green only Sustainability Reporting Pillar

- **European Stakeholders Organisations Chapter**
 - **Business- general:** BusinessEurope
 - **Business- listed companies:** EuropeanIssuers
 - **Business-SMEs/SMPs:** EFAA
 - **Asset Management:** EFAMA
 - **Banking:** EACB, EBF, ESBG
 - **Insurance:** Insurance Europe
 - **Accountancy Profession:** Accountancy Europe
 - **Users:** EFFAS and Eurosif

- **National Organisations Chapter (countries)**
 - **Austria:** Austrian Group of Standard Setters
 - **Denmark:** Group of five Danish Organisations
 - **France:** Autorité des Normes comptables (ANC)
 - **Germany:** Accounting Standards Committee of Germany (ASCG)
 - **Italy:** Organismo Italiano di Contabilità (OIC)
 - **Luxembourg:** Commission des Normes comptables (CNC)
 - **Netherlands:** Dutch Accounting Standards Board (DASB)
 - **Spain:** Instituto de Contabilidad y Auditoria de Cuentas (ICAC)
 - **Sweden:** The Association for Generally Accepted Principles in the Securities Market

- **Civil Society Organisations Chapter**
 - **NGOs:** Climate Finance Fund of the European Climate Foundation; Economy for the Common Good; Environmental Defense Fund Europe; Frank Bold Society; Publish What You Pay; Transport & Environment; and WWF
 - **Consumer Organisations:** BETTER FINANCE and Finance Watch
 - **Trade unions:** ETUC
 - **Academics:** European Accounting Association

GOVERNANCE REFORM: INTEGRATION OF SUSTAINABILITY PILLAR

➤ Next steps

- Educational sessions on the EDs for EFRAG SRB and EFRAG SR TEG
- Staffing – permanent and in kind secondments
- New member organisations and Friends of EFRAG – Sustainability Reporting
- EFRAG Consultative Forum of National Authorities, Sustainability Reporting Standard Setters and Initiatives (EFRAG SRCF)
- When political agreement is reached: further development of cooperation with sustainability standard setters and initiatives



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