EFRAG Sustainability Reporting TEG

DUE PROCESS OVERSIGHT

Peter Sampers

5 May 2022

Agenda item 6







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Objective

- A rigorous and transparent due process must underpin standardsetting and is critical for the long-term credibility and independence of the standard-setting
- Cornerstones of standard setting are: proper due process, public oversight and transparency
- The DPP set out the process requirements for EU Sustainability Reporting Standards (ESRS)
- Two levels:
 - Minimum steps to be applied in all cases
 - Additional non-mandatory steps



Background

- Public consultation on proposed DPP in June 2021. Based on report by JP Gauzès in the context of his ad personam mandate. Inspired by procedures of peers
- 38 comments received. Largely supportive
- Summary of comments published November 2021
- EFRAG Secretariat prepared draft DPP on this basis





Due Process Committee (DPC)

The EFRAG Administrative Board Established a DPC

Composition

Peter Sampers
 Netherlands, Chair

Michel Barbet-Massin
 France

Benoit Jaspar Insurance Europe

Georg Lanfermann
 Germany

Elina Peill Finland

Andrea Sternisko Austria

Marilyn Waite
 Civil Society Organisations

DPC Terms of Reference agreed 28 February 2022



Status DPP

- Draft DPP were updated for changes in EFRAG Statutes and Internal Rules and discussed in the DPC
- EU input was received
- Draft DPP discussed in the first public meeting of the Administrative Board on 28 February
- Draft DPP were approved by the Administrative Board for submission to the General Assembly
- DPP were approved by the EFRAG General Assembly on 15 March



Some key points (1)

- Oversight occurs throughout the development of ESRS by SRB and SR TEG (including agenda-setting and post-implementation reviews)
- Connectivity and coordination between financial and sustainability reporting needs to be ensured
- Due process steps outlined in Chapter 5 of the DPP:

MANDATORY STEPS	NON-MANDATORY STEPS
Debating proposals in public meetings	Consultation with consultative forum 1)
Taking into account relevant developments	Publication of discussion papers
Considering interactions with EU legislation	Establishing working groups
Issuing exposure drafts and other documents	Outreach and public events
Considering comments EFRAS Sustainability Reporting TEG 5 May 2022 ag	Fieldwork enda item 6



Some key points (2)

- Review DPP after 5 years but additionally after 1 year for the initial set
- More work is needed on procedures for digital reporting and costbenefit analysis once SRB and SR TEG are in place

Communication and follow-up

- DPP have been published on EFRAG website together with feedback statement and news item
- Website presence for DPC
- Due process procedures for financial reporting will also be documented (building on existing way of working)

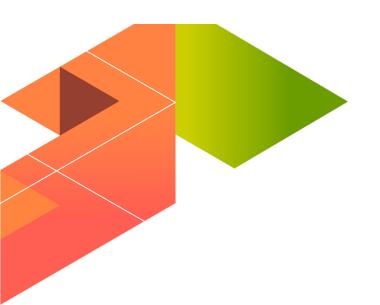
First set of ESRS

- DPC and Administrative Board reluctantly accepted that a shortened consultation period has to be applied
- Proper explanation and contextualisation is needed
- SRB decided on a 100 day consultation to close on 8 August 2022
- Bases for Conclusions should be available with the EDs (end of May)



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