

EFRAG ADMINISTRATIVE BOARD

UPDATE ON THE DISCUSSIONS AT THE DUE PROCESS COMMITTEE

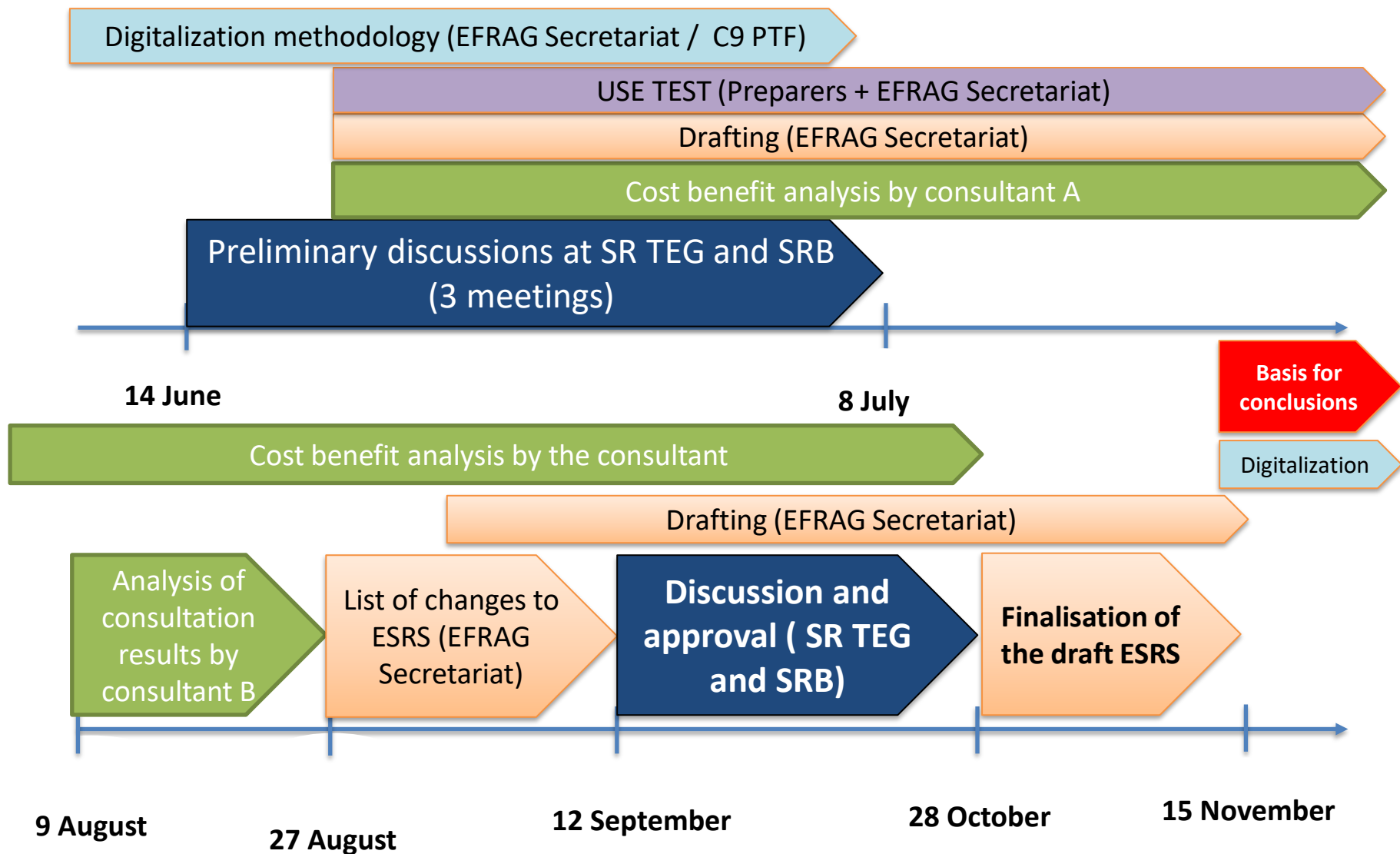
06 September 2022



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SET 1: Steps of the finalisation process: timeline



OVERVIEW OF THE MEETINGS – EFRAG SRB

Date	Hours	Agenda
31 March 2022	3	Gov. Reform, Due Process, PTF ESRS work, Planning
13 April 2022	3	Consultation doc.: Cover note and survey, Planning
22 April 2022	2	Consultation doc.: Cover note and survey, Planning
28 April 2022	2	Educational, Consultation documents, Planning
20 May 2022	3	Educational, Tender for analysis of comments
21 June 2022	3	Call for tender CBA, Planning
24 June 2022	2	Planning of Set 2, Exchange of views on ESRS EDs
30 June 2022	2	Planning
6 July 2022	2,5	Planning, Exchange of views on the ESRS EDs
12 July 2022	2	Exchange of views on the ESRS EDs
15 August 2022	2	Materiality approach/rebuttable presumption, Plan for Sector specific ESRS)
26 August 2022	2	CSRD changes, ISSB alignment, Plan for Sector specific ESRS

OVERVIEW OF THE MEETINGS – EFRAG SR TEG

Date	Hours	Agenda
28 March 2022	4,5	Induction
5 May 2022	3	Governance Reform, Due Process, Planning
19 May 2022	1	Call for tender analysis of comments
20 June 2022	3,5	Exchange of views on ESRS ED on the basis of the TEG Survey
27 June 2022	3	Exchange of views on ESRS ED on the basis of the TEG Survey
8 July 2022	3,5	Exchange of views on ESRS ED on the basis of the TEG Survey
18 July 2022	3	CSRD changes closed session, ISSB alignment ESRS 1&2
20 July 2022	3	ISSB alignment ESRS E1, GRI alignment
22 July 2022	2	GRI alignment
24 August 2022	4	Materiality approach/rebuttable presumption, CBA methodology, Sector specific ESRS methodology
29 August 2022	4	Use Test Focus Group, Architecture of ESRS G1, Time horizons

PROCESS AND APPROACH

1 - Preliminary discussions in June and July

- To identify the list and prioritise the topics that deserve a discussion in the meetings in September/October
- EFRAG SR TEG members provided their full answers to the consultation survey (19 Members provided input)
- EFRAG SR Secretariat identified a number of non-substantive drafting changes, a number of actions for future steps (not for Set 1) and a number of substantive issues for discussion
- Meetings of EFRAG SR TEG to have a preliminary exchange on substantive issues, on the basis of the outcome of the survey
- Meetings of the EFRAG SRB, providing comments on the EFRAG SR TEG survey and EFRAG SR TEG discussions

PROCESS AND APPROACH

2 – GRI alignment

- EFRAG Secretariat assessed the comment letter of GRI and identified a number of non-substantive drafting changes, a number of actions for future steps (not for Set 1) and a number of substantive issues for discussion
- Staff-to-staff meetings with the GRI informed this process
- EFRAG SR TEG provided comments and agreed to recommend to the EFRAG SRB the course of action
- EFRAG SRB to consider the EFRAG SR TEG recommendations in September

3 – Changes to CSRD text

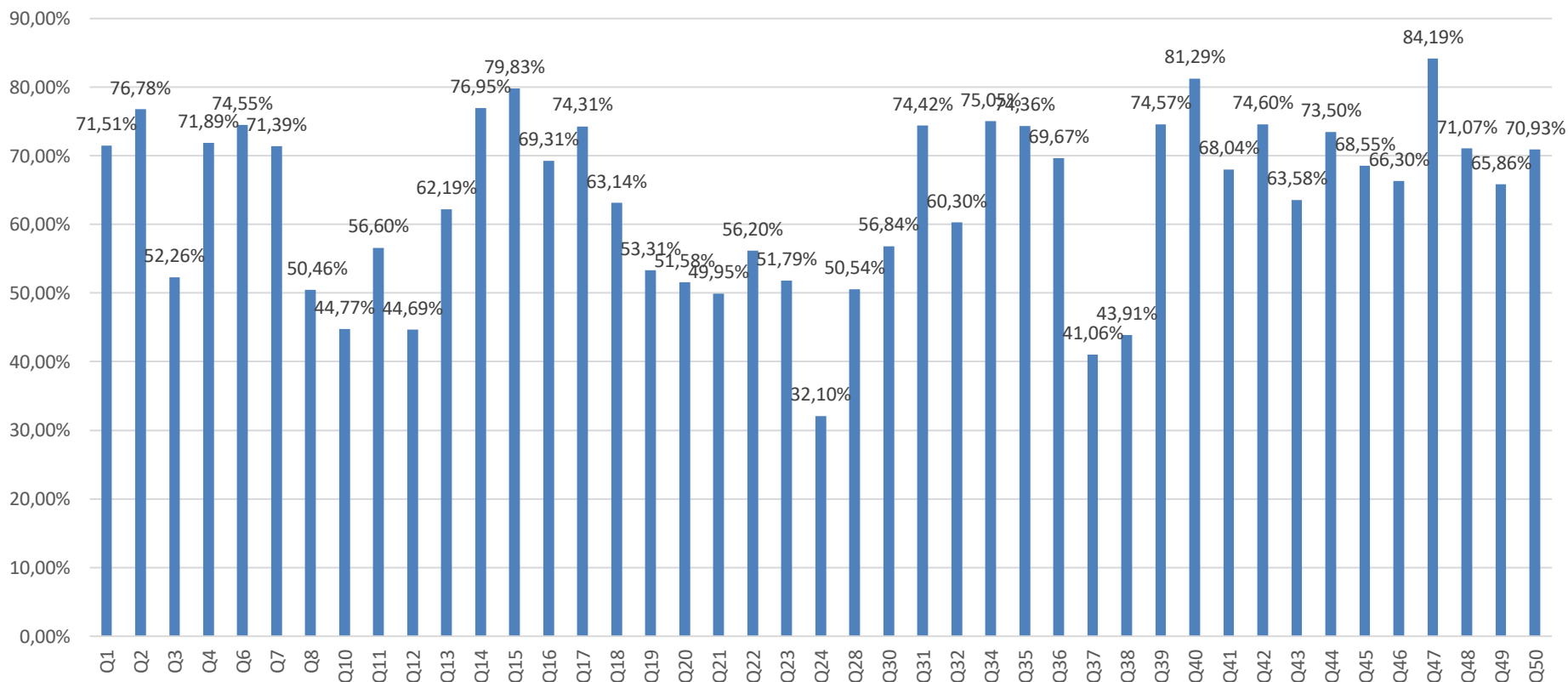
- EFRAG SR TEG agreed to recommend to the EFRAG SRB the consequential actions (changes to the EDs, content of Set 2)
- EFRAG SRB agreed, with the exception of (1) further discussions in September on value chain cap, (2) examples on subsidiaries exception to be added

PROCESS AND APPROACH

4 – ISSB alignment

- 2 meetings of the JWG, 4 bilateral meetings at management level, 3 bilateral meetings of climate experts
- EFRAG SR TEG agreed to recommend to the EFRAG SRB the course of action:
 - Alignment of concepts: financial materiality and value chain in ESRS 1
 - Alignment of content of disclosure objectives in ESRS 2
 - Confirmation of additions to IFRS S2 in ESRS E1
 - Changes to the Architecture
- A number of substantial changes derive from this work
- EFRAG SRB agreed with EFRAG SR TEG recommendations, except on Architecture (it will be discussed in September) and indicated the need to follow up with (1) links to the taxonomy regulation, (2) opportunity to align the wording on disclosure objectives in ESRS 2, (3) time horizons.

STATISTICS Key results survey 1: Average by stakeholder category (recalculated approval rating)



Questions: slides 25-28

Total average: 63,82%

FUNDAMENTAL TOPICS

- Materiality approach (rebuttable presumption)
- Additional guidance on materiality
- Possible list of mandatory items
- Detailed analysis of relevance to explore simplification (e.g. number of DRs)
- Phasing-in
- Value chain (general approach, implementation of the cap)
- ISSB alignment
- GRI alignment
- CSRD changes

MEETING PLANNED – EFRAG SR TEG AND SRB

EFRAG SR TEG

29 August - 4 h

6 September 4h

7 September 2 h (Joint session with the SRB)

8 September 2h (Joint session with the SRB)

19/23 September (5 full days), in person/hybrid

17/21 October (5 full days), in person/hybrid

3/4 November (2 full days)

Additional meetings will be planned (EFRAG SR TEG and EFRAG SRB)

EFRAG SRB

2 September – 2 h

5 September – 2h

7 September 2h (Joint session with the SRB)

8 September 2h (Joint session with the SRB)

12-14 September (3 full days) teams

3-5 October (3 full days) in person/hybrid

25-27 October (3 full days), in person/hybrid

7 November (full day) teams

CONTENT OF SET 2 OF ESRS

1. Sector specific standards
 - 5 sectors covered by GRI: Agriculture, Coal Mining, Mining, Oil+Gas (upstream), Oil+Gas (mid-to downstream)
 - 5 high-impact sectors: Energy Production, Road Transport, Motor Vehicle Production, Food/Beverages, Textiles
2. Standard for non-EU companies
3. Standard for listed SMEs
4. Voluntary guidance for non-listed SMEs
5. Amendment to Set 1 in order to implement the 'cap' on value chain information



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