



# EFRAG UPDATE

March 2023

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.

## PUBLICATIONS

### Final Comment Letter

On 13 March 2023, EFRAG published its [Final Comment Letter](#) in response to the IASB's Exposure Draft 2023/1 *International Tax Reform - Pillar Two Model Rules (Proposed Amendments to IAS 12)*. In its letter, EFRAG welcomes the IASB's efforts to address the concerns of stakeholders about the implications for income tax accounting resulting from jurisdictions implementing the Pillar Two model rules. However, EFRAG proposes some improvements on the proposed targeted disclosures and encourages the IASB to add a disclosure objective that describes the needs of users of financial statements as it might help entities to apply judgment.

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

### Extended deadline: EFRAG Discussion Paper *Accounting for Variable Consideration - From a Purchaser's Perspective*

EFRAG published its Discussion Paper on [Accounting for Variable Consideration](#) on 27 September 2022. To allow more time for interested stakeholders to provide their views, responses are now requested **by 30 November 2023**.

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

## CALL FOR CANDIDATES

### Apply now! EFRAG seeks a future EFRAG FR TEG Chair

Interested candidates have until **10 April 2023** to apply for the full-time function of EFRAG Financial Reporting TEG Chair.

The [call for candidates](#) provides a complete description of the position and the nomination process. Applications are to be sent to [nominations@efrag.org](mailto:nominations@efrag.org).

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

### Join the EFRAG Advisory Panel on Connectivity between Financial and Sustainability Reporting Information

EFRAG is seeking candidates to join its new Advisory Panel on Connectivity between Financial and Sustainability Reporting Information (EFRAG CAP).



Candidatures should be submitted by completing the [online candidature form](#) by close of business on **Monday 10 April 2023**.

The objective of the EFRAG CAP is to advise the EFRAG Financial Reporting Technical Expert Group (EFRAG FR TEG) on EFRAG's proactive research project on the connectivity between financial reporting and sustainability reporting information. EFRAG CAP members will share their perspectives and practical experience regarding connectivity matters, and help EFRAG identify, assess and prioritise connectivity themes, identify related good reporting practices and develop possible approaches to enhance connectivity.

The role, competencies, composition, and modus operandi of the EFRAG CAP are further described in the [Terms of Reference](#).

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

### **EFRAG offers internship opportunities in its financial reporting and sustainability reporting activities**

Eager to gain valuable work experience and be part of the ongoing transformation of corporate reporting? Then apply to be our new intern and unlock your career!

EFRAG offers internship opportunities in its financial reporting and sustainability reporting activities, with the possibility to also work on EFRAG's research project on the connectivity between financial and sustainability reporting information. This opportunity is for a six-month (minimum period) internship with a renewal possibility and is based in EFRAG's offices in Brussels.

Take a look at the job description [here](#), we are recruiting on a continuous basis!

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

## **EFRAG - ASBJ MEETING IN BRUSSELS**

Representatives of EFRAG and representatives of the Accounting Standards Board of Japan (ASBJ) and the Sustainability Standards Board of Japan (SSBJ) (hereinafter referred to as "the Japanese Boards") held meetings on 30-31 March 2023 in Brussels, Belgium.

EFRAG welcomed to its offices Yasunobu Kawanishi, Chair ASBJ and Chair SSBJ and Nami Yamaguchi, ASBJ member. Yasunobu Kawanishi addressed both the EFRAG FRB and the EFRAG SRB in their meetings and reported on the developments in Japan on respectively financial reporting and sustainability reporting and had an exchange of views with the EFRAG Reporting Board members.

Yasunobu Kawanishi and Nami Yamaguchi met with the EFRAG financial reporting and sustainability reporting leadership. On financial reporting the participants provided updates on their respective activities and exchanged views on items of mutual interest, including *Primary Financial Statements*, *Crypto-Assets*, *International Tax Reform - Pillar Two Model Rules*, and *Business Combinations - Disclosures, Goodwill and Impairment*.



On sustainability reporting the participants shared information on their respective organisational structure, work plan and priorities and exchanged views on climate change and other topics related to sustainability reporting.

EFRAG and the Japanese Boards plan to continue to exchange views on a regular basis.

Press release of the meeting can be consulted [here](#).



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

## OPEN CONSULTATIONS

Title and description	Closing date
Academic study on the effects of IFRS 15 <i>Revenue from Contracts with Customers</i>	TBD
EFRAG Discussion Paper <i>Accounting for Variable Consideration from a Purchaser Perspective</i>	30 November 2023

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



## EFRAG FINANCIAL REPORTING BOARD (FRB)

### Webcast meeting

EFRAG FRB held a webcast meeting on [30 March 2023](#) and discussed the following topics:

#### **Non-current Liabilities with Covenants - Amendments to IAS 1**

EFRAG FRB approved the endorsement advice to the European Commission for the Amendments to IAS 1: *Non-current Liabilities with Covenants* issued by the IASB on 31 October 2022, Amendments to IAS 1: *Classification of Liabilities as Current or Non-current* issued by the IASB on 23 January 2020, and Amendment to IAS 1: *Classification of Liabilities as Current or Non-current - Deferral of Effective Date* issued by the IASB on 15 July 2020.

#### **IASB Project *Primary Financial Statements***

EFRAG FRB received an update on the IASB's latest tentative decisions on the project, discussed factors to consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard. Finally, the EFRAG FRB discussed the expected benefits and costs for stakeholders to help the IASB to develop the effect analysis.

Members generally welcomed the IASB's adjustments to its redeliberation plan to address the feedback received in the outreaches, including discussions on the presentation of income and expenses that arise from associates and joint ventures. Considering the significant impact of the IASB proposals on each reporting entity, members considered that the transition period should be at least 24 months. The EFRAG FRB pointed out that there are still important decisions to be made (e.g., presentation by nature when reporting by function) in order to make a final assessment. Such decisions will impact the cost and benefits and the impact assessment to be made at the end of the IASB's redeliberations.

#### **IASB Project *Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures***

EFRAG FRB received an update on the IASB's latest tentative decisions and discussed the expected costs and benefits of the IASB's proposals from different stakeholders perspectives.

In general, members supported the direction of the redeliberations. The scope exclusion for the insurance industry and the lack of reduction for IFRS 17 disclosures were questioned. Members noted that the proposed reduced disclosure standard would reduce the cost of financial reporting for eligible subsidiaries and their parents, even in jurisdictions that currently do not allow or require the use of IFRS Accounting Standards in the annual accounts (e.g., for international groups) while still providing relevant information to users. The interaction of the IASB's proposals with European legislation, particularly if the reduced-disclosure IFRS Accounting Standard would not include specific disclosures currently required by the Accounting Directive 2013/34/EU, should be carefully assessed in due course.

#### **Update of work plan and any other matters**

EFRAG FRB discussed and approved the technical workplan until October 2023.



### **Next meeting**

EFRAG FRB will hold a next webcast meeting on [24 April 2023](#).

### March 2023 written procedures

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

### Expected April 2023 written procedures

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

## **EFRAG FINANCIAL REPORTING BOARD (FRB) AND EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG)**

### Webcast meeting

EFRAG FRB and EFRAG FR TEG held a webcast meeting on [10 March 2023](#) and discussed:

#### **International Tax Reform—Pillar Two Model Rules**

EFRAG FRB and FR TEG received an update on the feedback from the outreach activities on the proposals in the IASB Exposure Draft *International Tax Reform—Pillar Two Model Rules (Proposed Amendments to IAS 12)* and a comment letter analysis. Members discussed the feedback received and approved a Final Comment Letter on the ED.

EFRAG FRB and FR TEG welcomed the IASB's efforts to timely address the concerns of stakeholders about the implications on income tax accounting for jurisdictions implementing the Pillar Two model rules. Members requested to encourage the IASB to add disclosure objectives that describe the needs of users of financial statements as required in the published Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards as it might help entities to apply judgment. In addition, some improvements on the proposed targeted disclosures were recommended.

## **EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG)**

### Webcast meeting

EFRAG FR TEG held a webcast meeting on [16 March 2023](#) and discussed the following topics:





## **Non-current Liabilities with Covenants – Amendments to IAS 1**

EFRAG FR TEG agreed to recommend a final endorsement advice for consideration by the EFRAG FRB. The final endorsement advice was subsequently submitted to the EFRAG FRB's approval on 30 March 2023.

## **IASB Project *Business Combinations – Disclosures, Goodwill and Impairment***

EFRAG FR TEG discussed the IASB's tentative decisions taken in February 2023 on applying the management approach to disclose information about the subsequent performance of business combinations including how long information should be required for, changing metrics, the use of ranges and key objectives of the business combination.

Some members considered that the focus on “strategically important” business combinations removed the need to define a level of management. Some considered that the IASB should consider the interaction with the levels of management being used under IFRS 8 and the goodwill impairment test under IAS 36. Other members agreed with the IASB tentative decision that defining a level of management (at senior level) was needed to focus on the most relevant information being provided.

Some members questioned why the IASB had tentatively decided not to proceed with the preliminary view to require an entity to disclose if it changes the metric used and the reasons for the change. It would be important to consider the package of disclosures to access the IASB tentative decisions on the various aspects of the management approach and how these would impact the information being provided.

No decisions were taken at the meeting.

## **IASB Project *Dynamic Risk Management***

EFRAG FR TEG were provided with an overview and discussed the November 2022 and February 2023 IASB's tentative agenda decisions. Some members had reservations regarding equity and financial assets measured at fair value through profit or loss not being eligible items in the DRM model as their exclusion represents a departure from current risk management practices. Furthermore, members were, in general, supportive of the IASB's tentative decisions regarding unexpected changes.

No decisions were taken at the meeting.

## **IASB Project *Financial Instruments with Characteristics of Equity***

EFRAG FR TEG received an update on the IASB's latest tentative decisions on its project *Financial Instruments with Characteristics of Equity*, including those on the presentation of equity instruments, presentation of liability instruments and sweep issues on classification and presentation topics.

In the meeting, EFRAG FR TEG considered that it would be useful to have illustrative financial statements reflecting the IASB's tentative decisions on the presentation of equity and called for specific examples of financial instruments that would be under the scope of the IASB tentative decisions on the presentation of financial liabilities.

Finally, the EFRAG FR TEG members expressed some concerns on the IASB's discussions on shareholders discretion (e.g., how the proposed factors should be considered and the extent of the disclosures) and the effects of laws on the contractual terms (e.g., how it would apply to bail-in and IFRIC 2-type instruments).

No decisions were taken at the meeting.

### **IASB Research Project *Post-implementation Review of IFRS 15 Revenue from Contracts with Customers***

EFRAG FR TEG discussed the categorisation and prioritisation of the application challenges identified during the preparatory work performed by the EFRAG Secretariat in anticipation of the publication of the RFI for the PIR of IFRS 15.

The EFRAG FR TEG members considered that the principal versus agent determination considerations, the determination of the transaction price (variable consideration, consideration payable to customers, significant financing components), the identification of performance obligations, accounting for licenses, collaborative arrangements, disclosures, and the interactions between IFRS 15 and IFRS 3, 10 and 16 should be high priority areas for EFRAG.

No decisions were taken at the meeting.

### **IASB Research Project *PIR IFRS 9 - Impairment***

EFRAG FR TEG were asked to provide written input on the updated list of issues collected during the preliminary work performed by the EFRAG Secretariat in anticipation of the publication of RFI of the PIR of IFRS 9 – *Impairment*.

No decisions were taken at the meeting.

### **Next meeting**

EFRAG FR TEG will hold a next webcast meetings on [13 April](#) and [24 April 2023](#).

## **EFRAG CFSS AND EFRAG FR TEG**

### Webcast meeting

EFRAG FR TEG and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) held a webcast meeting on [15 March 2023](#) and discussed the following topics:

### **IASB Project *Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures***

EFRAG FR TEG and EFRAG CFSS received an update on the IASB's latest tentative decisions and discussed the expected benefits and costs of the IASB's proposals for stakeholders in their jurisdiction.

In general, EFRAG FR TEG and EFRAG CFSS supported the direction of the redeliberations and recognised that this project would simplify and reduce the cost of financial reporting for



eligible subsidiaries and their parents, even in jurisdictions that currently do not allow or require the use of IFRS Accounting Standards in the annual accounts (e.g., for international groups), while still providing relevant information to users of financial statements.

EFRAG FR TEG and EFRAG CFSS highlighted that interaction of the IASB's proposals with European legislation, particularly if the reduced-disclosure IFRS Accounting Standard would not include specific disclosures currently required by the Accounting Directive 2013/34/EU should be assessed in due course. If such a Standard would be endorsed in Europe, the EU Member States would have to carefully consider disclosures that are currently required by the EU Accounting Directive but not by the final reduced-disclosure IFRS Accounting Standard.

### **IASB Project *Primary Financial Statements***

EFRAG FR TEG and EFRAG CFSS received an update on the IASB's latest tentative decisions on the project. In addition, the members discussed the factors that the IASB should consider in determining the transition period and effective date of the forthcoming IFRS Accounting Standard. Finally, EFRAG FR TEG and EFRAG CFSS discussed the expected benefits and costs for stakeholders in their jurisdictions.

Members generally welcomed the IASB's adjustments to its redeliberation plan to address the feedback received in the outreaches, including discussions on the presentation of income and expenses that arise from associates and joint ventures. Nonetheless, members highlighted the importance of having an open and transparent process on topics that will be addressed in the drafting process, particularly improvements to the financing category and management performance measures.

On the transition period and effective date, some members considered that a 24-month transition period may not be long, particularly when considering the IASB's proposal for entities to present the new subtotals in the condensed financial statements in interim financial report, (including comparatives), the impacts that it will have on digital reporting and the information used internally by management. In addition, the IASB's forthcoming discussions on disclosures by nature when presenting by function were considered fundamental.

Finally, members generally agreed with the IASB's cost-benefit analysis but highlighted the importance of updating the impact analysis at the end of the IASB's redeliberations.

### **IASB Project *Rate-regulated Activities***

EFRAG FR TEG and EFRAG CFSS discussed the IASB's tentative decisions taken from September to December 2022 on scope and total allowed compensation. A few members did not consider it necessary to have a re-exposure draft as a result of the new concept of direct/no direct relationship between an entity's regulatory capital base and its property, plant and equipment.

### **IASB Project *Business Combinations - Disclosures, Goodwill and Impairment***

EFRAG FR TEG and EFRAG CFSS discussed the suggestions respondents to the IASB Discussion Paper had for changes to the impairment test.





Members did not express much support for the proposal to disclose a comparison of cash flow forecasts used in impairment tests in prior years with actual cash flows as it could be commercially sensitive, costly to provide and might result in boiler plate information. In addition, it will not achieve the IASB objective, as the most of cash flows often lie in terminal value.

Members suggested that application guidance on what monitoring means, what is monitored and at which level will be useful and suggested to refer to US GAAP to define different levels of management monitoring.

Other suggestions were considered to have marginal impact.

### **IASB Research Project *Equity Method***

EFRAG FR TEG and EFRAG CFSS discussed the progress in IASB's project on the equity accounting method and the IASB's tentative decisions. They provided comments regarding usefulness of a package providing solutions to the application questions. They also reminded that a discussion on the principles and what the essence of equity accounting is, would also be useful.

### **EFRAG Research Project *Variable Consideration***

EFRAG FR TEG and EFRAG CFSS received a presentation of EFRAG's Discussion Paper *Accounting for Variable Consideration – From a preparer's perspective* and the initial feedback received in response to the Discussion Paper.

### **IFRS IC discussions**

EFRAG FR TEG and EFRAG CFSS were provided with a summary of the main open issues discussed by the IFRS Interpretations Committee. Some members expressed some concerns with respect to the process and analysis made by the IASB Staff on some of their recommendations on the new issues (e.g., home loans to employees). Regarding a potential annual improvement proposal on lessee accounting for lease payments forgiven (IFRS 16 and IFRS 9), members questioned whether this topic should be in the annual improvements cycle considering their potential impact on the current accounting practice: the proposals could raise concerns and unintended consequences.

### **Next meeting**

EFRAG FR TEG and EFRAG CFSS will hold a next webcast meeting [4 July 2023](#).

## **EFRAG'S SUSTAINABILITY REPORTING AND RELATED ACTIVITIES**

### **[EFRAG Governance for Sustainability Reporting](#)**

On 13 March 2023, the EFRAG SRB appointed Sigurt Vitols as EFRAG SR TEG Vice-Chair and Christoph Töpfer as EFRAG SR TEG member.



## **Updates to the Due Process Procedures**

On 16 March 2023, the EFRAG General Assembly approved updates to the Due Process Procedures ('DPP') for Sustainability Reporting to align them with the final provisions contained in the [Corporate Sustainability Reporting Directive \(CSRD\)](#) as issued on 16 December 2022. These revisions had been previously approved by the EFRAG Administrative Board at its 27 February 2023 meeting, with the support of its Due Process Committee.

At the same meeting, the yearly report of the EFRAG Administrative Board on the oversight of the due process over the past period was presented to the General Assembly.

The updated DPP can be accessed on EFRAG's public website [here](#). The yearly report of the EFRAG Administrative Board on the oversight of the due process can be accessed [here](#).

## **Appointment of the members of Digital Reporting Consultative Forum**

On 28 March 2023, EFRAG announced the [composition of the EFRAG ESRS Digital Reporting Consultative Forum](#) (EFRAG ESRS DRCF) and welcomed the establishment of the EFRAG Digital Reporting Community.

Members were appointed by EFRAG SR TEG at its 6 March 2023 meeting. The EFRAG ESRS DRCF, which held an introductory meeting on that day, will advise EFRAG SRB and EFRAG SR TEG on their activities related to digital reporting and, as such, contribute towards the goal of EFRAG to develop and maintain an XBRL Taxonomy of the European Sustainability Reporting Standards (ESRS).

The EFRAG Digital Reporting Community is established as a wider virtual group contributing to and being informed about EFRAG's digital-reporting meetings and discussions. The specialists, with an interest in digital reporting, are invited to join the Community by expressing an interest (including CV) to [Digital-Reporting@efrag.org](mailto:Digital-Reporting@efrag.org).

## **EC call on EFRAG to prioritise implementation support**

Commissioner McGuinness has publicly called on EFRAG to prioritise its efforts on capacity building for the implementation of the first set of ESRS over the preparatory work for the draft sector-specific standards. This also avoids overlapping consultations and eases the burden on all stakeholders wanting to contribute to the sustainability agenda. EFRAG is adjusting its workplan to this new priority whilst carrying on under a modified timetable work on sector-specific standards and standards for SMEs.

EFRAG delivered the first set of draft ESRS to the European Commission covering the sector-agnostic standards in November 2022 prepared under its due process. Following Commissioner McGuinness message, EFRAG fully recognises the need to translate a legal and regulatory framework into a real operational success and does not underestimate the significant potential challenges that are faced by all stakeholders. As a consequence, EFRAG is discussing how to put in place, with a high priority, an ESRS implementation support function. This could be organised under three pillars, dedicated to (i) the swift and timely provision of much-needed guidance, (ii) the creation of a user-friendly and comprehensive documentation hub, and (iii) the facilitation of educational initiatives. We are increasing the



number of EFRAG staff and allocating extra resources to these crucial tasks. EFRAG is also actively working on the digitalisation of the first set of ESRS.

The following sets of draft ESRS, dedicated to SMEs and sector-specific standards, remain on EFRAG's agenda as a key task. EFRAG has already progressed on the first draft sector standards as well as on the draft standard for listed SMEs and on the draft sector classification standard.

EFRAG's goal is to build on and contribute to the global progress of sustainability reporting. In this regard, the ongoing dialogue with the ISSB and the cooperation with GRI is particularly important. The two-way dialogue between the parties is intense and progress is significant. EFRAG is hopeful that interoperability will be achieved and, as a consequence, EU companies applying the first set of ESRS will not be confronted with multiple reporting requirements.

### [EFRAG Sustainability Reporting Board \(EFRAG SRB\)](#)

Meeting date	Topics covered
<a href="#">8 March 2023</a>	<p>EFRAG SRB discussed the simplifications explored by the EFRAG Secretariat and EFRAG SR TEG for the ESRS for listed SMEs (LSME ED) and encouraged EFRAG SR TEG to pursue additional simplifications.</p> <p>Presentation of a near-final SEC 1 exposure draft. EFRAG SRB considered the possibility to split the exposure draft in two separate documents, one - covering the sector classification and another - covering the general approach to sector-specific ESRS.</p>
<a href="#">10 March 2023</a>	<p>EFRAG SRB was updated on the outcome of EFRAG SR TEG vote held on 6 and 7 March 2023 where EFRAG SR TEG agreed to recommend to EFRAG SRB for issuance the first three sector ESRS exposure drafts: SEC 1; Mining, Quarrying and Coal (MIN); Oil and Gas (OG) exposure drafts. EFRAG SRB discussed the approach to materiality in sector-specific standards recommended by EFRAG SR TEG and instructed the EFRAG Secretariat to develop a detailed comparison of how the approach recommended by EFRAG SR TEG and the one discussed by EFRAG SRB on the 27 February 2023 would compare in practice.</p>
<a href="#">14 March 2023 and 16 March 2023</a>	<p>EFRAG SRB preliminary approved the content of SEC 1 ED, containing the ESRS classification approach, based on NACE codes, and the general approach to sector ESRS, together with the questionnaire to be used in order to collect feedback from stakeholders in a future public consultation. The approval is subject to further drafting changes.</p> <p>EFRAG SRB tentatively agreed on an approach to materiality for sector ESRS, with the following characteristics: the draft sector-specific ESRS</p>



Meeting date	Topics covered
	<p>includes a list of sustainability matters considered commonly applicable to undertakings in the sector and to be considered in the materiality assessment; the undertaking shall provide the conclusions of its materiality assessment, with a brief explanation in relation to its specific facts and circumstances of which matters are assessed to be material and which are not; the undertaking may omit DRs or datapoints in metrics; no explanation is required when a DR or datapoint is omitted.</p> <p>EFRAG SRB discussed the detailed content of the <i>Mining, Quarrying and Coal</i> ED and of the <i>Oil and Gas</i> ED approved by EFRAG SR TEG. Members provided instructions to the EFRAG Secretariat on how to enhance the drafting, in particular for policies, actions and targets and on the disclosures relating to business conduct (ERSR G1). Members provided detailed drafting comments on the two Eds.</p>
<a href="#">17 March 2023</a>	<p>EFRAG SRB continued its discussion on the detailed content of the <i>Oil and Gas</i> ED approved by EFRAG SR TEG. Members discussed a number of disclosures in the environmental chapters of the ED and provided drafting suggestions.</p> <p>EFRAG SRB discussed the approach to sector specifications to the sector agnostic disclosures E1-9 and E2-9 regarding potential financial effects of material impacts, risks and opportunities. Members agreed to consult on the possible inclusion of information on potential liabilities that do not meet the accounting recognition criteria at the reporting date.</p>
<a href="#">22 March 2023</a>	<p>Discussion of the second draft of LSME ESRS and update on the drafting approach that is being implemented in the exposure draft.</p>

The sessions on 17 March and 22 March 2023 were partly closed and discussed implications on the workplan of the request by the European Commission to prioritise implementation support over sector standards.

The next EFRAG SRB meeting will be held on 3 April 2023 and will be a closed meeting on which will be reported back in the public session in one of the future EFRAG SRB meetings.

#### [EFRAG Sustainability Reporting Technical Expert Group \(EFRAG SR TEG\)](#)

Meeting date	Topics covered
<a href="#">2 March 2023</a>	<p>EFRAG SR TEG discussed:</p> <ul style="list-style-type: none"> <li>the content of <i>Mining, Quarrying and Coal</i> ED concerning social disclosures and provided drafting suggestions;</li> </ul>



Meeting date	Topics covered
	<ul style="list-style-type: none"> <li>the content of SEC 1 ED, containing the ESRS sector classification system based on NACE codes and the general approach to sector-specific ESRS.</li> <li>the content of Oil and Gas ED.</li> </ul> <p>In this meeting EFRAG SR TEG discussed also the approach to materiality to be implemented in the sector standards.</p>
<a href="#">6 March 2023 and 7 March 2023</a>	<p>EFRAG SR TEG approved to recommend to EFRAG SRB :</p> <ul style="list-style-type: none"> <li>SEC 1 ED for issuance, subject to drafting changes agreed in the meeting;</li> <li>a materiality approach for sector specific ESRS with the following characteristics: list of sustainability matters that are material for the sector included in the ESRS ED; the undertaking may omit DRs or datapoints in metrics; when a DR is omitted as not material, the undertaking shall include a justification;</li> <li>to consult on the possibility to identify some DRs that would have to be reported irrespective of the materiality assessment;</li> <li>the EFRAG SRB <i>Coal, Quarrying and Mining</i> ED and <i>Oil and Gas</i> ED for issuance, subject to drafting changes agreed in the meeting.</li> <li>The EFRAG SR TEG received an overview of the content of the forthcoming working paper in preparation of the <i>Road &amp; Transport</i> ED.</li> </ul>
<a href="#">13 March 2023</a>	<p>The GRI Staff presented to EFRAG SR TEG the GRI sector standard on Agriculture.</p> <p>EFRAG SR TEG received a presentation of the content of the working paper in preparation of the <i>Agriculture Farming and Fishing</i> ED and provided preliminary feedback.</p> <p>EFRAG SR TEG discussed the working paper LSME, in preparation of the exposure draft and provided initial reactions and drafting comments.</p>
<a href="#">24 March 2023</a>	<p>EFRAG SR TEG received a presentation of the content of the working paper in preparation of the <i>Road &amp; Transport</i> ED and provided preliminary feedback on the environmental aspects.</p>
<a href="#">27 March 2023</a>	<p>The EFRAG SR TEG received a presentation of the content of the working paper in preparation of the <i>Road &amp; Transport</i> ED and provided preliminary feedback on the social and governance aspects.</p>

The next EFRAG SR TEG meeting will be held on the 3 April 2023.





## Bases for Conclusions for the first set of draft ESRS

On 10 March 2023, EFRAG issued the Basis for conclusions (BfC) to complement the first set of draft ESRS developed by EFRAG SRB with the support of EFRAG SR TEG. The basis for conclusions illustrates the objective and context of the draft standards, the process followed in their preparation, the reasons to include in the standards a disclosure requirement, when relevant the alternative considered, the references to other standard-setting initiatives or European or other relevant regulations and, where appropriate, the argument supporting the need for granular guidance. The Basis for conclusions has no authoritative status but accompanies the sector agnostic ESRS.

No comments are requested on the Basis for conclusions. Access the BfC [here](#).

## Educational videos on the first set of draft ESRS

On 3 March 2023, EFRAG launched a series of educational videos dedicated to the First set of draft ESRS, which were released to the European Commission in November 2022. This series is composed of 20 videos:

- the "Glimpses" give an overview of the standards; and
- the "Educational sessions" cover the draft standards in more details.

The purpose of this educational material is to offer interested stakeholders a better understanding of the twelve draft standards.

Click [here](#) to watch the videos.



**EFRAG educational videos on the First set of draft ESRS**

EDUCATIONAL SESSIONS

*Glimpses*

**EFRAG**  
sustainability reporting

Presented by our experts



### Other involvement in sustainability reporting

Platform on Sustainable Finance (PSF). The PSF is an advisory body that has been established under Article 20 of the Taxonomy Regulation and will operate in a context in which the development of technical screening criteria under the EU taxonomy has progressed significantly and the markets have started to apply the taxonomy and other sustainable finance regulations and tools. Therefore, its main purpose will be to advise the EC on the implementation and usability of the EU taxonomy and the sustainable finance framework more broadly. The PSF will also work on the development and possible revisions of taxonomy criteria and on monitoring of capital flows. The [second PSF](#) was established in February 2023. EFRAG is also observer on the second PSF and is represented by Kerstin Lopatta, the Vice-Chair of the EFRAG SRB. EFRAG observes the technical working group and the subgroup on usability.

The second PSF will start working on three main tasks to deliver key deliverables

- advising on the usability of the EU taxonomy and wider sustainable finance framework;
- advising on the technical screening criteria for the EU taxonomy; and
- monitoring capital flows into sustainable investments.

On 7 March 2023, the first meeting of the PSF took place and the PSF was addressed by Commissioner McGuinness and by Sean Berrigan, Director General DG FISMA. The meeting had an introductory and setting the scene character. A virtual meeting of the plenary and of the subgroups took place on 21 March 2023 focused on planning of activities. The next physical meeting will take place on 19 April 2023.

No comments are requested on the Basis for conclusions. Access the BfC [here](#).