

Annual Review

2023



Thought leadership,  
transparency and  
public accountability



EFRAAG

Europe's voice in corporate reporting

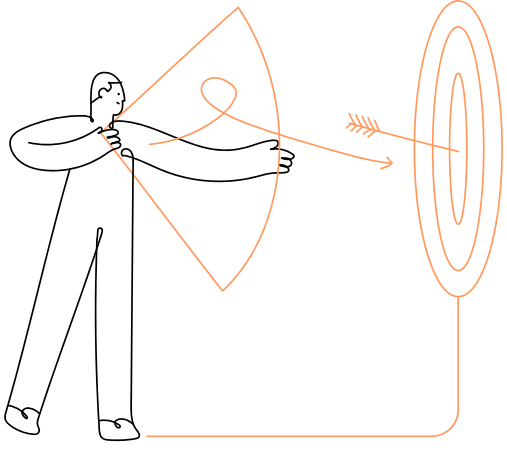
# CONTENTS



<b>1</b>	<b>MAIN ACHIEVEMENTS IN 2023</b> .....	<b>4</b>
<b>2</b>	<b>NAVIGATING THROUGH A CHALLENGING AND RAPIDLY CHANGING ENVIRONMENT IN CORPORATE REPORTING</b> .....	<b>6</b>
	General presentation.....	8
	Mission statement.....	8
	Efrag structure.....	9
	Efrag strategy.....	10
<b>3</b>	<b>EFRAG FINANCIAL REPORTING ACTIVITIES</b> .....	<b>12</b>
	Reports of EFRAG Financial Reporting Activities.....	13
	2023 Review of Financial Reporting Activities.....	19
	Ensuring that IFRS Accounting Standards are fit for use in Europe – EFRAG Endorsement AdviceWork.....	26
<b>4</b>	<b>EFRAG SUSTAINABILITY REPORTING ACTIVITIES</b> .....	<b>30</b>
	Reports of efrag Sustainability Reporting Activities.....	31
	2023 Review of efrag Activities on Sustainability Reporting Activities.....	36
<b>5</b>	<b>INTERNATIONAL COOPERATION</b> .....	<b>50</b>
	International Forum of Accounting Standards Setters (IFASS).....	51
	What key players in corporate reporting say about efrag.....	55
<b>6</b>	<b>OUR ORGANISATION</b> .....	<b>66</b>
	Communication Activities.....	74
	Friends of efrag (until April 2024).....	75
	Our Policies – Sustainability within efrag.....	76
<b>7</b>	<b>OUR PEOPLE</b> .....	<b>78</b>
	Tribute to Jean-Paul Gauzès.....	79
	EFRAG Secretariat (31 december 2023).....	81
	Testimonials from EFRAG Staff.....	83
	EFRAG is recruiting.....	86
<b>8</b>	<b>OUR GOVERNANCE BODIES WORKING GROUPS AND PANELS</b> .....	<b>88</b>
<b>9</b>	<b>OUR MEMBER ORGANISATIONS</b> .....	<b>100</b>
<b>10</b>	<b>EFRAG FINANCIALS</b> .....	<b>108</b>
	EFRAG Financial Statements.....	109
	Contributors to EFRAG Work.....	111

# MAIN ACHIEVEMENTS IN 2023 AND EARLY 2024

1



# MAIN ACHIEVEMENTS IN 2023 AND EARLY 2024



CORPORATE REPORTING  
ENVIRONMENT





# NAVIGATING THROUGH A CHALLENGING AND RAPIDLY CHANGING ENVIRONMENT IN CORPORATE REPORTING



## Report from Hans Buysse, EFRAG Administrative Board President

*'It has been a busy and challenging year for EFRAG and its Administrative Board, where we focused on defining a long-term strategy, securing proper funding for EFRAG's activities, discussing improvements to EFRAG's governance and due process and building an attractive organisation with excellent human resources.'*

### **EFRAG's 2024-2027 strategy**

In 2023, EFRAG's Administrative Board worked intensely on EFRAG's long-term strategy, which outlines specific goals and objectives to be achieved in the next four years. This strategy will, among other things, guide and help EFRAG in identifying priorities, deciding how to use its resources efficiently and making informed decisions. It will also help all those working with EFRAG (i.e., EFRAG Member Organisations, governance bodies, working groups and advisory panels, staff, etc.) understand what EFRAG wants to achieve and, consequently, align efforts towards common targets and goals. EFRAG's long-term strategy was presented at its Annual Conference and is being implemented ever since.

### **Securing proper funding for EFRAG's activities**

EFRAG's Administrative Board comprehensively discussed ways of securing proper funding for EFRAG's increasing activities, including discussions on innovating and supporting activities for the implementation of ESRS. I am very pleased to have relaunched *Friends of EFRAG* at our conference and to see the interest it generated, resulting in an expansion of the *Friends of EFRAG*. We expect to start seeing the results of our efforts already in 2024 with the expansion of our funding. However, ensuring proper funding will require a continuous effort in the upcoming years since our activities, notably in the sustainability reporting area, will further increase.

### **Ensuring that EFRAG's governance and due process are fit for its mission**

In 2023, EFRAG acknowledged the concerns expressed by some of its Member Organisations and stakeholders and started to take preliminary steps on a Post-Implementation Review (PIR) of Gauzès' governance reform to assess which elements of EFRAG's governance structure work well, which work less well and which changes could

be envisaged. EFRAG also worked on strengthening its already robust due process on both financial and sustainability reporting, including improving its transparency. A PIR always takes some time. EFRAG is making significant efforts and working hard to take into account its member organisations and other relevant stakeholders' needs to be more inclusive and to have a balanced representation in its governance bodies with a focus on its technical bodies.

### **Building an attractive organisation with sufficient excellent human resources**

EFRAG is in the process of adapting its office to its new structure, increased staff and activities, particularly considering that EFRAG is currently having more physical and online meetings and needs more working spaces for its staff as well as IT improvements that accommodate the requirements of its enhanced activities. There have been already significant improvements in 2023 but many more will come in the remainder of 2024, including the long-awaited launch of EFRAG's new website, giving equal prominence to our financial reporting and sustainability reporting activities.

### **Thank you!**

I would like to express my gratitude to all EFRAG Administrative Board members who have worked intensely and relentlessly this year to help EFRAG navigate through a challenging and rapidly changing environment. I also thank the EFRAG Secretariat for their support in making my mandate as the EFRAG Administrative Board President successful.

## GENERAL PRESENTATION

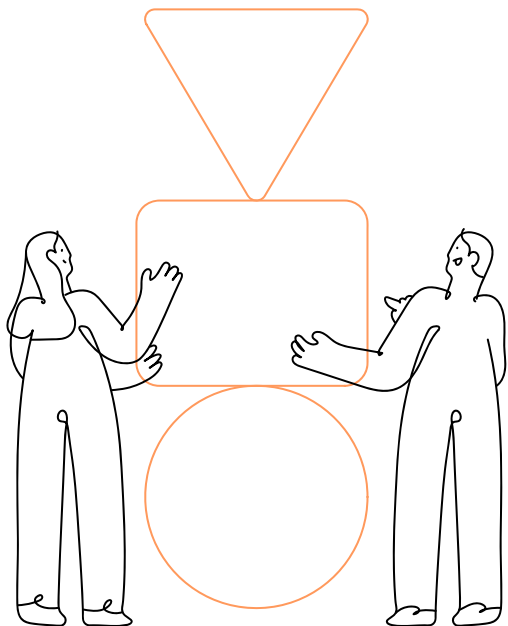


■ **EFRAG is a private association established in 2001** with the encouragement of the European Commission (EC) to serve the public interest. Following its new role assigned in the CSRD, EFRAG extended its mission in 2022 to provide technical advice to the EC in the form of draft European Sustainability Reporting Standards (ESRS) and draft amendments to these Standards. Its Member Organisations are European stakeholder organisations, National Organisations (National Standard Setters/countries) and Civil Society Organisations.

■ **EFRAG's activities are organised in two pillars:**

□ **A Financial Reporting pillar** influencing the development of IFRS Accounting Standards from a European perspective and how they contribute to the efficiency of capital markets as well as providing endorsement advice on (amendments to) IFRS Accounting Standards to the EC; and

□ **A Sustainability Reporting pillar** developing draft European Sustainability Reporting Standards (ESRS) and related amendments for the EC and to provide implementation support.



## MISSION STATEMENT



■ EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to progress in corporate reporting.

■ In its financial reporting activities, EFRAG ensures that the European views are properly considered in the IASB's standard-setting process and in related international debates. EFRAG ultimately provides advice to the EC on whether newly issued or amended IFRS Standards meet the criteria of the IAS Regulation for endorsement for use in the EU, including on whether endorsement would be conducive to the European public good.

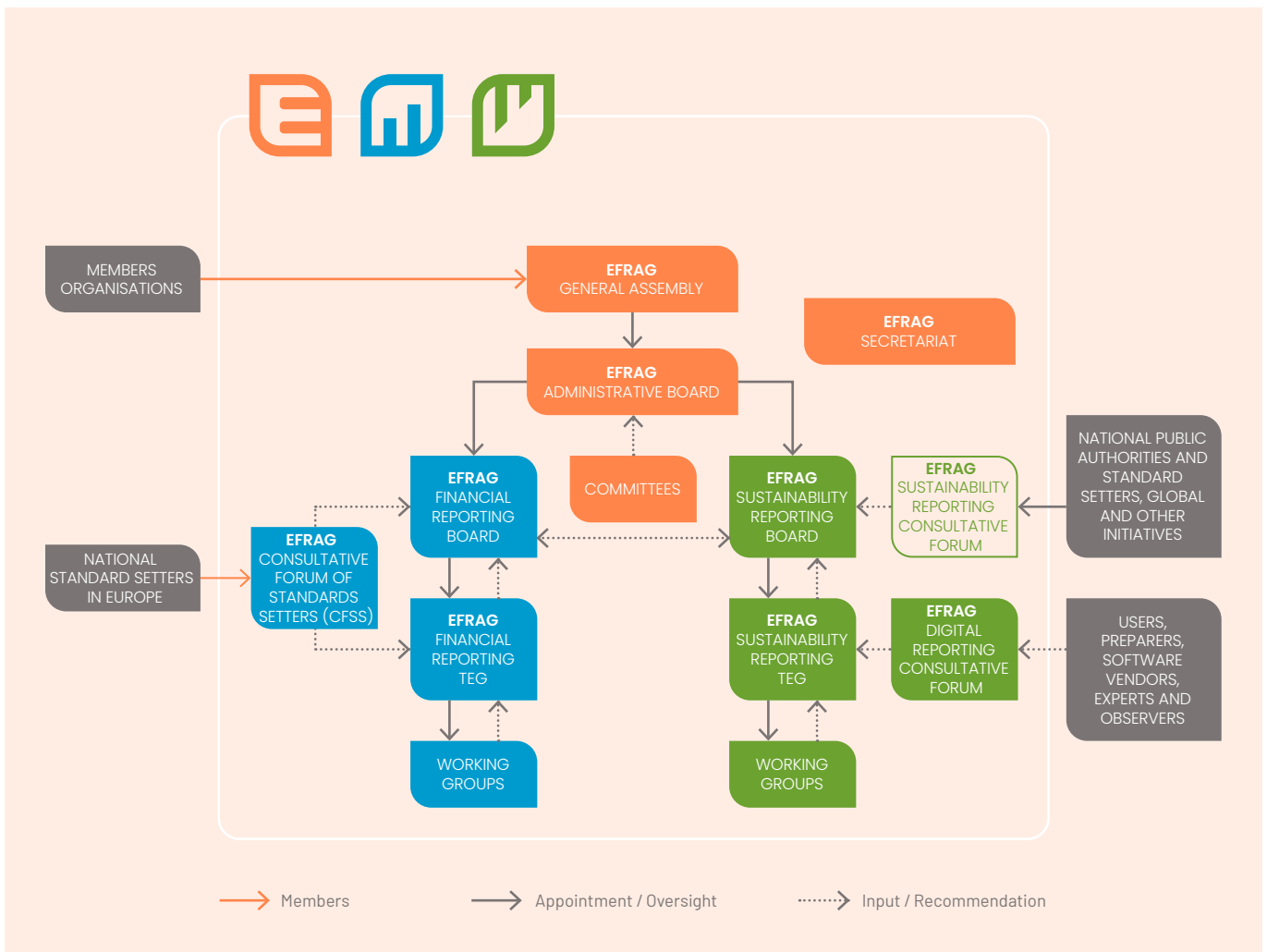
■ In its sustainability reporting activities, EFRAG provides technical advice to the EC in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

■ EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard-setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly and consistently and to be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.

[EFRAG Statutes and Internal Rules](#)



## EFRAG'S STRUCTURE



## EFRAG'S STRATEGY



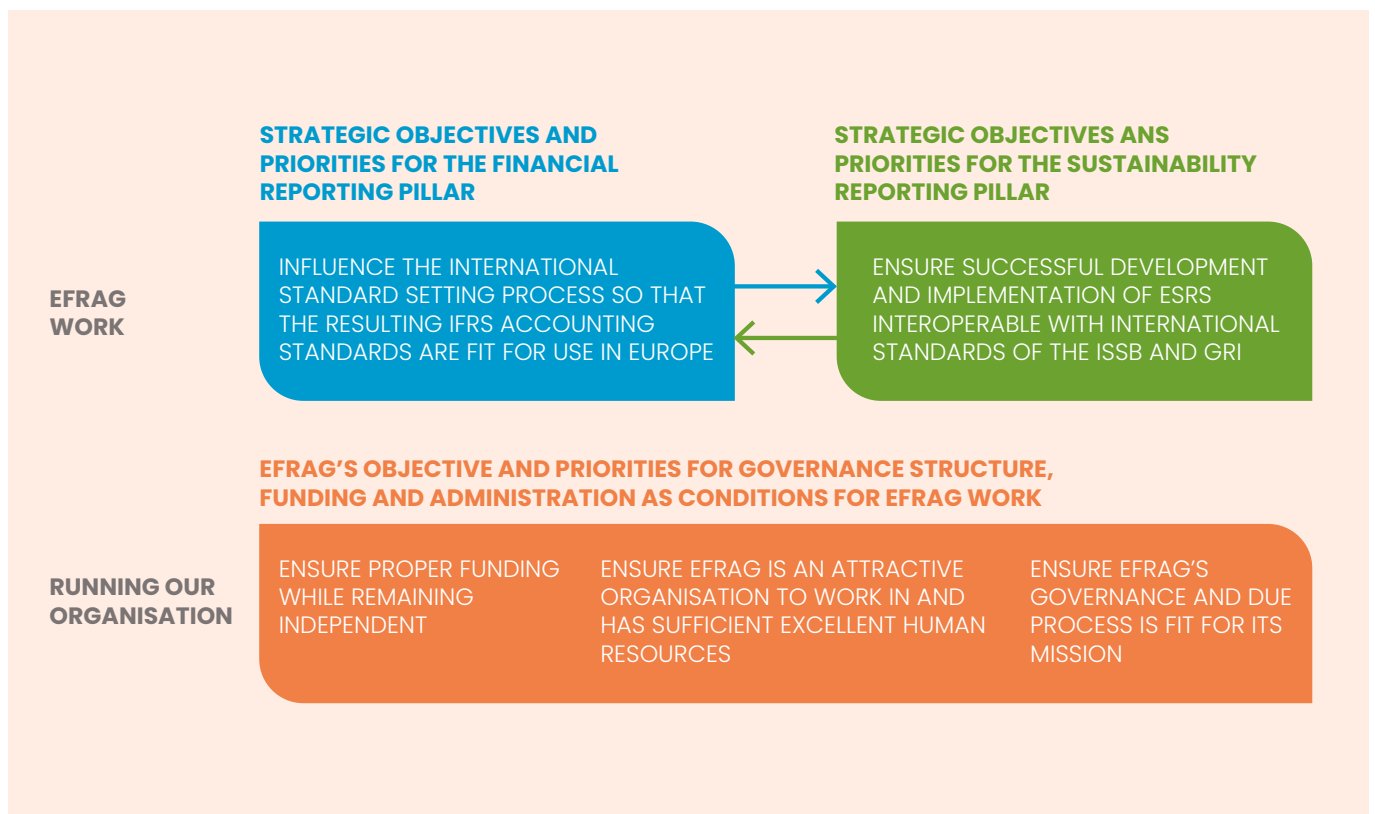
As Europe's voice in corporate reporting, EFRAG's overall objective is to further develop its thought leadership and key contributions to the development of high-quality corporate reporting in Europe and worldwide. This objective is fundamental to allow the consensus views of relevant European stakeholders to be heard in the standard-setting process. This ensures that the European public interest is considered in the international corporate reporting debate and standard-setting process, supporting the achievement of European policy goals.

EFRAG's 2024-2027 Strategy outlines specific goals and objectives to be achieved in the next four years and serves as a roadmap for EFRAG to navigate through a challenging and rapidly changing environment. This Strategy will, among other things, guide and help EFRAG in identifying priorities, deciding on how to use its resources efficiently and making informed decisions. It will also help all those working with EFRAG (i.e., EFRAG Member Organisations, working groups, staff, etc.) understand what EFRAG wants to achieve and consequently align efforts towards common targets and goals.

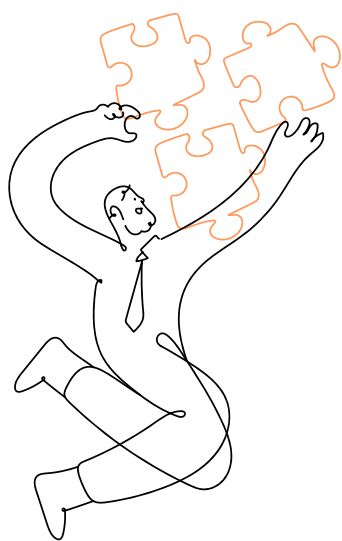
### EFRAG's 2024-2027 Strategy is divided in two main areas:

- Strategic objectives and priorities related to EFRAG's technical work and advice to the EC, which encompass financial reporting and sustainability reporting pillars; and
- Objectives and priorities related to EFRAG's governance structure, funding and administration as conditions for EFRAG's technical work and advice to the EC. These will help ensure that future IFRS Accounting Standards are endorsed, and that European Sustainability Reporting Standards (ESRS) are developed, using an inclusive and rigorous due process, making sure that EFRAG is an attractive organisation to work in now and in the future. These goals and objectives are particularly important for EFRAG to effectively manage the aftermath of its governance reform, which integrated the sustainability reporting pillar into its governance structure.

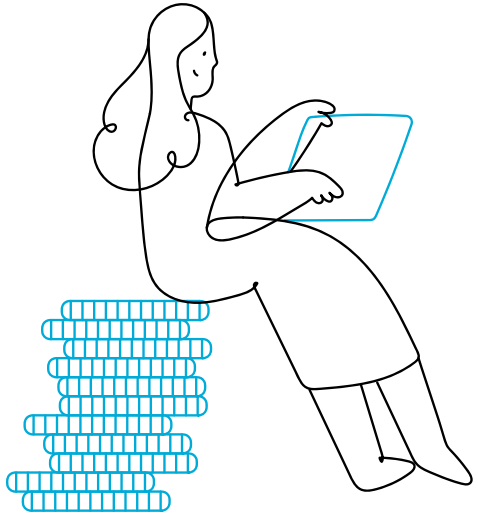
[About us | EFRAG](#)



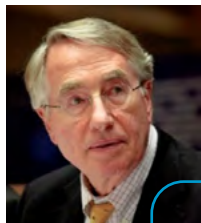
*'EFRAG's 2024-2027 Strategy outlines specific goals and objectives to be achieved in the next four years and serves as a roadmap for EFRAG to navigate through a challenging and rapidly changing environment.'*



# EFRAG'S FINANCIAL REPORTING ACTIVITIES



# REPORTS ON EFRAG'S FINANCIAL REPORTING ACTIVITIES



## Report from Wolf Klinz, EFRAG FRB Chair

*'We strongly engaged with our constituents and increased our cooperation with national standard setters to join resources and benefit from their knowledge and experience. In addition to many outreach events, we organised focused online surveys, the turnout of which proved to be relatively high and hence the feedback was very useful.'*

### Promoting international cooperation

From the very beginning, the mission of EFRAG has been to make sure that the European views are taken into account in the international standard-setting process and to contribute to the development of IFRS Accounting Standards that are fit for use in Europe. To ensure this, EFRAG has been actively influencing the work of the IASB based on the input of a wide range of stakeholders who EFRAG engaged with.

To be successful in 2023 was particularly demanding since qualified human resources continued to be scarce. We did increase our recruitment efforts, but the people we took on board did need some additional training to become fully effective. To ensure an adequate level of activities nonetheless, we strongly engaged with our constituents and increased our cooperation with national standard setters to join resources and benefit from their knowledge and experience. In addition to many outreach events, we organised focused online surveys, the turnout of which proved to be relatively high and hence the feedback was very useful. This was particularly true for the FICE project (*Financial Instruments with Characteristics of Equity*), which has been on the agenda of the IASB for many years and should be brought to a close in 2024.

In addition to these technical activities, the EFRAG Financial Reporting pillar actively worked on the Connectivity Project, the lead of which lies in its remit. The project requires close coordination and cooperation between the Financial Reporting and Sustainability Reporting pillars. A Connectivity Advisory Panel has been set up in mid-2023 comprised of highly experienced members. This Advisory Panel has met several times last year and proved to be a very useful support for the EFRAG activities in this area.

### Rearview mirror

On financial reporting, the year 2023 and the beginning of 2024 were marked by significant progress in many IASB projects, leading to the publication of many new important consultation documents focused on maintenance and consistent application and publication of new or amended IFRS Accounting Standards.

In terms of influencing the IASB and its standard-setting activities, EFRAG continued its close collaboration with the IASB in the development of new, or amending existing, IFRS Accounting Standards from a European perspective. This was the case for important maintenance projects such as amendments to IFRS 9 *Financial Instruments* and the Post-Implementation Review of IFRS 9 and IFRS 15 *Revenue from Contracts with Customers*.

In terms of upstream influence, EFRAG was very active in important projects such as connectivity, cash flows and intangible assets. EFRAG also aimed at influencing the IASB in two projects that were on IASB's reserve list and that will come to life in 2024: Intangible Assets and Statement of Cash Flows

In terms of endorsement, in 2023 EFRAG was mainly focused on important amendments to the IFRS Accounting Standards as part of maintenance and consistent application such as supplier finance arrangements, classification of liabilities as current or non-current and Pillar II model rules.

### Looking ahead

We expect to have a remarkably busy 2024. A lot is coming up from the IASB.

With the publication of many new IFRS Accounting Standards in 2024, EFRAG expects to be heavily working on the endorsement advices to the EC, particularly on the recently published IFRS 18 *Presentation and Disclosure in Financial Statements* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

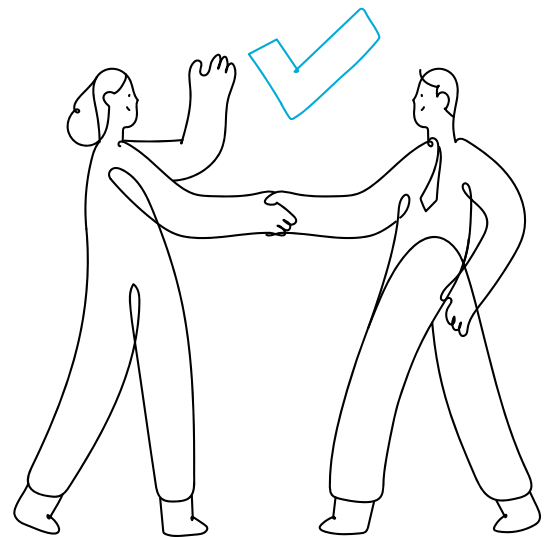
In particular, IFRS 18 is a very important standard for European stakeholders, particularly for users of financial statements, which is going to impact almost all entities reporting under IFRS. The ultimate objective of this project is to improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss (it replaces IAS 1 *Presentation of Financial Statements*).

In terms of influencing the IASB and standard-setting activities, EFRAG will also work on important maintenance projects such as *Power Purchase Agreements, Equity Method, Rate-regulated Activities* and the continuous updating of IFRS 19. EFRAG will also work on the continuous wave of post-implementation reviews launched by the IASB, including on PIR of IFRS 16 *Leases* and the third leg of PIR of IFRS 9 on hedge accounting requirements.

### Final words

In mid-2023 we succeeded in filling the vacant position of EFRAG FR TEG Chair by hiring Sébastien Harushimana. He integrated himself very quickly into the EFRAG team and proved to be a real asset to the organisation. A special word of thanks goes to Jens Berger, who acted as EFRAG FR TEG Chair until the appointment of Sébastien and who did an outstanding job. I am glad that he decided to stay on as Sébastien's Vice-Chair.

Thanks to the dedication and competence of the EFRAG Secretariat, we were able to continue being a valuable discussion partner for the IASB and the EC. We also hope to work effectively for the European public good in the field of financial reporting in the years ahead.





## Report from Sébastien Harushimana, EFRAG FR TEG Chair

*'In September 2023, I was appointed to lead Europe's financial reporting technical activities as the new EFRAG FR TEG Chair during one of the busiest moments in standard-setting. Building on the work done by my predecessors, I have enjoyed coordinating the EFRAG FR TEG, which is essentially a stupendous think tank of compromise where the best ideas from across Europe are debated in a coordinated manner to come up with the view that is believed to be conducive to the European public good.'*

### New in my role

Returning to EFRAG as the new FR TEG Chair after eight years was something of a home comeback but at the same time challenging, since it was and remains one of the busiest moments in standard-setting and so much has changed with the arrival of the EFRAG Sustainability Reporting Pillar. Despite the world focus on sustainability reporting standards, financial reporting has proven its enduring importance with so many requests from European stakeholders to make amendments to existing IFRS Accounting Standards to accommodate new sets of economic activities, including those related to sustainable economic activities.

In this regard, the need to amend IFRS 9 *Financial Instruments* and IFRS 7 *Insurance Contracts* for the accounting for power purchase agreements (PPAs) landed on my desk on day one. We learned from our stakeholders that many multimillion-Euro PPA projects for the construction of new sources of renewable energy were put on hold until the accounting for such contracts was amended to reflect their true economic substance.

The IASB listened and decided to fast-track the project with the exposure draft coming out in May 2024. Similarly, the need for the amendment of IFRS 9 and IFRS 7 for the accounting of loan products with ESG-linked features was quickly understood by the IASB, with the final amendments published in May 2024. Both projects are seen as furthering the transition to net zero and contributing to the European Union (EU) Green Deal.

At the same time, EFRAG was busy working on a research project on the connectivity between financial reporting and sustainability reporting, with a publication of the interim deliverable expected in June 2024. Other IFRS amendment projects were ongoing, including *Financial Instruments with Characteristics of Equity* (FICE), the replacement of IAS 1 *Presentation of Financial Statements* by IFRS 18 *Presentation and Disclosure in Financial Statements* and the new IFRS 19 *Subsidiaries without Public Accountability*.

### Moving forward

Despite challenges coming my way from day one, I was able to weather the storm thanks to the brilliant work done by my predecessors, Chiara Del Prete and Jens Berger, and the support of a highly qualified staff. As we continue to deliver the promise and consider the IASB's busy project pipeline, the recruitment of highly qualified staff remains a priority. I am also grateful to my fellow EFRAG FR TEG members for their continued enthusiasm and unreserved commitment to EFRAG's work.

When the best ideas from across Europe are debated at EFRAG FR TEG meetings, it is incontrovertible that the resulting proposal is beyond what any single Member State can achieve alone, thus making the EFRAG FR TEG debates Europe at its best. Finally, a huge thank you to EFRAG's working groups that support the EFRAG FR TEG and to our observers from the EC, ESMA and the IASB for their collaboration during EFRAG FR TEG meetings.





## Report from Serge Pattyn, EFRAG FRB Vice-Chair

*'Every model benefits from transparency, including financial reporting. Transparency in financial reporting means that investors have available the right information to take the right decision at the right time. This is crucial to avoid disruptions in the capital market and to keep it stable in the long term. We still have an important task left: to convince users even more of the importance of well-thought-out financial reporting because, after all, it is for them and the financial markets in general that we are working so hard.'*

EFRAG – in close collaboration with its stakeholders, with whom it has had an excellent, open communication over the years – has in my view played, and is still playing, a crucial role in the development of relevant and reliable financial reporting. I have always found open communication with all stakeholders to be a huge asset, which ensured that the solutions that were found always had a very large support base.

Admittedly, things seem to have been a bit quieter on this front in 2023. But that was just an appearance, only due to circumstances. In the meantime, a number of very important projects are on the table, which are of great importance to users and will require a lot of work in 2024 and 2025.

IFRS 18 *Presentation and Disclosure in Financial Statements* has been published. The standard for better information on business combinations is on its way. We are looking for reduced disclosure requirements for subsidiaries without public accountability and have to prepare the endorsement advice while it is also time to see whether we are dealing properly with intangibles in financial reporting. And we should not forget the post-implementation reviews, an incredibly useful exercise to check whether a standard is doing what it is supposed to do.

Last but not least, and a little further on the horizon, the question also arises on how we will link financial reporting to sustainability reporting – not an unimportant question if sustainability reporting is to continue to develop in the coming years.

So, there is still plenty of work to be done, not least because financial reporting is to reflect what happens in companies. And what happens over time in companies evolves over time (not to mention IFRS 9 *Financial Instruments*) and it is important for financial reporting to keep up with the newest developments in a timely manner. Only then can financial reporting remain useful.

If we still have an important task left, it is to convince users even more of the importance of well-thought-out financial reporting. Because after all, it is for them and the financial markets in general that we are working so hard on this.

So, a lot to look forward to – again.



## Report from Jens Berger, EFRAG FR TEG Vice-Chair and Ex Acting EFRAG FR TEG Chair and EFRAG FIWG and EFRAG CAP Chair

*'The last year showed again that EFRAG is at the forefront of financial reporting and that it is pivotal in shaping standards. With the new Chair and the new and existing EFRAG FR TEG members, I am confident we will continue this success story!'*

2023 was another busy yet interesting year for financial reporting and hence for the work of the EFRAG FR TEG. In addition, delivering as the Acting Chair for the EFRAG FR TEG and handing over that role to Sébastien kept me personally involved. However, the handover to Sébastien was as smooth and professional as can be, and I feel very confident that EFRAG FR TEG is in very capable hands. With pleasure I will resume the role of EFRAG FR TEG Vice-Chair until the end of my term.

The work on providing endorsement advice for *Supplier Finance Arrangements* and the Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, providing input to the finishing touches of IFRS 18 *Presentation and Disclosures in Financial Statements* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, and contributing to the IASB's project on Power Purchase Agreements were some of the highlights.

We also finalised our work on variable consideration by providing a feedback statement and submitted our comment letter to the IASB's FICE (*Financial Instruments with Characteristics of Equity*) project. Furthermore, we provided feedback on the Post-Implementation Review of Impairment of Financial Assets and IFRS 15 on revenue recognition and started our work on the looming PIR of IFRS 16 *Leases*.

Lastly, we commenced our work on connectivity and cash flow statements. Both are important projects for shaping the future of corporate reporting. I have the pleasure of chairing the EFRAG Connectivity Advisory Panel – the first discussions already showed that their expertise and dedication will significantly contribute to the Discussion Paper that is expected in the second half of 2024 at earliest. Another working group I am chairing is the EFRAG Financial Instruments Working Group (FIWG), one of the constants in the work of EFRAG, which meets regularly at a nearly monthly cadence.

A look at the work plan of the IASB leaves no doubt that it will keep its stakeholders, including EFRAG, busy for the foreseeable future. There are enough emerging topics and long-standing projects waiting for finalisation.

I want to express my gratitude to the EFRAG Secretariat, who deliver consistently and with high quality in these demanding times. Also, a huge 'Thank you!' to our working groups and advisory panels, who provide the basis for the discussions at the EFRAG FR TEG and whose input is invaluable. I also want to thank my fellow EFRAG FR TEG members for their contributions and great discussions, making the meetings rewarding and enjoyable. Lastly, I want to acknowledge the significant input received from our stakeholder community, which helps us shape our exchanges and arrive at robust technical positions.



## Report from Ralph Welter, former Chair of the EFRAG Rate-regulated Activities Working Party

At the end of 2023, I stepped down from leading the EFRAG Rate-regulated Activities Working Group. Before that, I was a member of the group for many years. It was a pleasure to contribute and work with the colleagues in the group as well as with EFRAG's technical staff, who would always prepare the meetings with high-quality material, helping group members to work through dense agendas.

What I can say is that my key lesson is the incredible diligence that is involved in getting to a new accounting standard! In our example, this new standard is set to solve a long-standing, well-known and difficult-to-tackle accounting problem: to reflect in entities' financial statements the fact that they are not in a free-market environment but are faced by price regulation because of natural monopoly situations. These companies in the past and today have had difficulties explaining their financial results, often having to use non-GAAP performance indicators.

The IASB decided to address this, which is entirely positive; however, it has proven a complex task to come up with solutions that solve the problem and that simultaneously fit in the IASB's conceptual framework. I have great respect for the work of the IASB staff and the board itself, of course!

EFRAG has an important role to play in this environment: to make sure that the European voice is heard in the process of creating new guidance that will bind businesses in the EU. I tried to do my best in this regard. Thanks to EFRAG and everybody involved for entrusting me with this responsibility. It was an honour.

I wish my successor, the team and EFRAG staff success in contributing to bringing this new and important accounting regulation home.

# 2023 REVIEW OF FINANCIAL REPORTING ACTIVITIES

## THOUGHT LEADERSHIP – EFRAG'S PROACTIVE RESEARCH WORK



**Rasmus Sommer,**  
EFRAG FR  
Associate Director

### Better information on intangibles

In April 2023, EFRAG issued its Recommendations and Feedback Statement on its project Better Information on Intangibles.

*'There has been great interest in EFRAG's Recommendations and Feedback Statement on its project on intangibles. EFRAG's recommendations and constituents' feedback will be used by the IASB when it starts a project on reviewing IAS 38 Intangible Assets.'*

#### Objectives and achievements in 2023 and Q1 2024

In 2021 EFRAG published its Discussion Paper *Better Information on Intangibles*. In the last months of 2022 and in the first months of 2023, the EFRAG FR TEG, the EFRAG SR TEG and the EFRAG FRB considered the input received in response to the Discussion Paper. It was assessed that the feedback on many issues provided clear directions for standard-setting. EFRAG was therefore able to develop a set of recommendations based on the feedback received. In April 2023, EFRAG thus issued its Recommendations and Feedback Statement on the project. Among other things, EFRAG recommends that all of the four approaches identified in the Discussion Paper should be considered for achieving better information on intangibles, as intangibles are different and some approaches are better for some intangibles than for others.

The four approaches identified in the Discussion Paper are: recognition and measurement of additional intangible assets; disclosures relating to specific intangibles; information on 'future-oriented' expenses; and risk/opportunity factors. EFRAG presented its recommendations and feedback at a number of events, including: the April 2023 IFASS meeting, the June 2023 Journal of International Accounting Research Conference, the July 2023 ASAF meeting, the IASB's Research Forum 2023 (at which EFRAG's presentation formed the basis for discussions in the breakout session) and the IASB/EAA research workshop on current and future research on intangible assets. Presenting EFRAG's work at international conferences is part of EFRAG's thought leadership activities and is also a manner to inform about Europe's views on accounting issues and solutions.

With the publication and presentations of EFRAG's Recommendations and Feedback Statement, EFRAG's proactive research project on better information on intangibles provides important European influence, direction and input for the IASB project on intangibles. In addition to the publication of the *Discussion Paper Better Information on Intangibles – Which is the best way to go?* in 2021, this project involved the publication of three academic studies, including a literature review on the topic.

#### Presentations at

- IFASS meeting (21 April 2023)
- EUIPO (European Union Intellectual Property Office) Working Group on IP and Finance (25 April 2023)
- JIAR research conference in Norwich (23 June 2023)
- ASAF meeting (10 July 2023)
- IASB Research Forum (2-3 November 2023)
- IASB EAA Research Workshop: Current and future research on Intangible Assets (30 January 2024)



## Accounting for Variable Consideration – From a purchaser's perspective

*EFRAG's Discussion Paper Accounting for Variable Consideration – From a purchaser's perspective arose due to diversity in practice. The Discussion Paper proposed solutions to the existing diversity in practice in the accounting by purchaser entities. The feedback to the DP (including on liability recognition and the meaning of measurement at cost) is relevant for current and future IASB projects.*

### Objectives and achievements in 2023 and Q1 2024

The use of variable consideration in buyer-to-seller exchange transactions arises across a broad variety of business models. These transactions are common in the pharmaceutical (e.g., acquired compound with several milestones before approval), extractive, entertainment and media (e.g., broadcasting rights) industries and in service concession arrangements. They also arise in risk-sharing arrangements.

At the same time, there is currently diversity in the accounting for these transactions by purchaser entities (i.e., when buyer entities acquire assets in exchange for variable consideration and when the variable payments depend on the entities' future actions).

To stimulate debate and galvanise views on possible solutions, in 2022 EFRAG published a Discussion Paper that focussed on two issues faced by purchaser entities where there is currently diversity in practice (i.e., the timing of recognition of the liability for variable payments and remeasurement of the asset acquired in exchange for the variable consideration). The Discussion Paper provided an assessment of alternative requirements for these two issues and considered whether they should be solved on a standard-by-standard level or by developing a unified set of principles.

During the public consultation, EFRAG conducted targeted outreach. Overall, the feedback to the Discussion Paper (outreach and comment letters) confirmed the diversity in practice on the two issues considered in the Discussion Paper and that standard-setting activities will be necessary to resolve the existing diversity in practice. A majority of respondents considered that, due to the diversity in the economic substance of affected transactions, addressing the two issues would be best done on a standard-by-standard basis.

We believe that the feedback received is thus useful for the IASB's projects on the equity method, provisions and intangible assets. Notably, variable consideration is particularly common during the acquisition of intangible assets (and businesses). Providing guidance on cost treatment could be an objective of the IASB's project on intangible assets. EFRAG's Discussion Paper and the feedback has thus contributed to the European and global discussion on a cross-cutting issue which has an impact on current and future international financial reporting projects.

#### Outreach activities

- Presentation at the December 2022 and March 2024 ASAF meetings
- Public outreach webinar event on 16 February 2023 with BusinessEurope (see summary report – Variable Consideration – Alternatives to Addressing Current Accounting Challenges)
- EAA/EFRAAG webinar in May 2023
- Eight closed outreach meetings/events in 2022/three held with professional accountancy bodies and user organisations
- Podcast published in February 2023

#### Final Steps

- Feedback statement published (April 2024)



## The statement of cash flows – objectives, usages and issues

In 2023 EFRAG initiated a proactive project on the statement of cash flows.

*Input from users shows that they consider important a project that deals with issues related to the statement of cash flows. The IASB is expected to start a project to deal with these issues in 2024 and EFRAG is providing input to that project.*

### Objectives and achievements in 2023 and Q1 2024

EFRAG launched its project on the statement of cash flows in the second half of 2023. Following its Third Agenda Consultation during which particularly users assessed a project on the statement of cash flows to be important, the IASB added a project on the statement of cash flows to its pipeline. The project will become active on the IASB's agenda in 2024.

EFRAG's project aims at providing input to the IASB's project by collecting input on the current issues with how statements of cash flows are prepared in accordance with the current requirements. To do so, the project is also investigating the objectives and usages of the statement.

To collect input, EFRAG arranged in 2023 four roundtables at which stakeholders with different backgrounds discussed the statement of cash flows.

The input collected by EFRAG will be summarised in a Discussion Paper to be issued for comments in 2024. One of the messages received from EFRAG's outreach activities is that it should be considered to present flows in the statement of cash flows that have not occurred, for example, certain combined asset purchase and finance transactions.

### Outreach activities

- Roundtable for financial institutions 17 November 2023
- Roundtable for corporates 27 November 2023
- Roundtable for mixed audience 30 November 2023
- Roundtable for users and academics 1 December 2023
- Roundtable for corporates 4 December 2023

### Action plan / Next steps

- Publication of a Discussion Paper in 2024



**Vincent Papa,**  
EFRAG FR  
Project Director

## Connectivity between financial reporting and sustainability reporting

*'Differences in the evolution history and maturity of different sections of the Annual Report (i.e., financial statements and management report, including the sustainability statement/disclosures) necessitate clear objectives and boundaries of the information within these different reports. Concurrently, the connectivity of information across reports contributes to an annual reporting package that has coherent and complementary components.'*

### Objectives and achievements in 2023 and Q1 2024

Connectivity was the top-ranked project during the 2021 EFRAG proactive research agenda consultation. The importance of connectivity has also been underscored in multiple EFRAG publications and events.

In 2023, EFRAG made significant strides in the connectivity research project. A key milestone was the formation of a 23-person multi-stakeholder connectivity advisory panel (EFRAG CAP). The EFRAG CAP members were selected from a pool of 158 applicants. Through the second half of 2023 and early 2024, EFRAG has developed an initial paper (*Connectivity considerations and boundaries of different Annual Report sections*) that was published in Q2 2024.

The initial paper defines connectivity as it is a relatively new concept in corporate reporting and stakeholders have a varied understanding on what the term means. The initial paper also explains why connectivity is important for enhancing the Annual Report (AR) package, for instance, in reducing green washing and conveying a complete and coherent picture of an entity's value creation. It also points to some grey areas on the placement of information in different AR sections, for example, where the best location of information (e.g., unrecognised intangibles) is unclear. Grey areas also arise where there is duplicated information across AR sections. Finally, the paper proposes steps that could be taken to enhance connectivity of information across different sections of the Annual Report and reduce expectation gaps on what information can be reported in different AR sections. These steps include leveraging XBRL-tagging technology, developing a sustainability reporting conceptual framework and enhancing the management commentary guidance.

Overall, the connectivity initial paper aims to contribute to education of stakeholders on the concept of connectivity and lessen expectation gaps on what and where information can be reported.

In addition to the initial paper, the development of illustrations of connectivity of information was kickstarted. Accordingly, the EFRAG Secretariat is partnering with the EFRAG CAP members in identifying or developing examples that will be part of a Discussion Paper, which is targeted for publication in either Q4 2024 or early next year.

#### Outreach events

- 2023 EFRAG Annual Conference and European Accounting Association – EAA symposium (see report – Multi-stakeholder perspectives on Connectivity)
- EFRAG presented at three of the last four IFASS meetings
- Presentations at ESRB stakeholder meetings and at the EIASM workshop held at the University of Sienna

#### Action plan / Next steps

- Publishing an interim deliverable in Q2 2024
- Conducting outreach in Q2/3 2024 before finalising the Discussion Paper
- Targeting the publication of the Discussion Paper in either Q4 2024 or early 2025



# INFLUENCING THE IASB AND STANDARD-SETTING ACTIVITIES – EFRAG'S REACTIVE WORK



**Kathrin Schoene,**  
EFRAG FR  
Project Director

## Primary Financial Statements (now IFRS 18 *Presentation and Disclosure in Financial Statements*)

*'IFRS 18 – Presentation and Disclosure in Financial Statements is a long-awaited new IFRS Accounting Standard aimed at improving how companies communicate in their financial statements. IFRS 18 responds to investor demands for better information about companies' financial performance, increased comparability, transparency and usefulness of information. It will affect all companies and all users. The feedback received from constituents, its extensive outreach and a close monitoring process helped EFRAG influence the IASB's decisions.'*

### Objectives and achievements in 2023 and Q1 2024

In 2023 EFRAG continued to influence the IASB's tentative decisions on the IFRS 18 – *Presentation and Disclosure in Financial Statements* project on a timely basis and prepared the endorsement process. The Standard was published in April 2024 and it replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, but companies can apply it earlier. The EC has to endorse the IFRS Accounting Standard before it comes into force in the EU.

The IASB's project on primary financial statements was a key project for European stakeholders. In 2022 EFRAG organised several roundtables with different stakeholders and working group meetings to assess whether the selected tentative decisions made by the IASB would work as intended and would achieve the intended balance between costs and benefits. Based on the outreach Summary Report and the included recommendations, in 2023 EFRAG followed closely the last phase of the project. EFRAG debated and assessed the IASB's proposals and decisions in several meetings (such as at the presentation of the results of associates and joint ventures using the equity method, cost-mitigating decisions for MPM and analysis of expenses by nature when presenting by function or illustrative examples to be included in the standard) and invited the IASB to be an observer in such meetings. The feedback received in these meetings will also be a starting point in assessing the endorsement criteria.

With the IASB and BusinessEurope, EACB, EBF, ESBG and Insurance Europe, EFRAG organised, respectively, two educational sessions for corporate and financial institution stakeholders. The sessions also provided further input for the upcoming endorsement process of IFRS 18 in Europe. Selected topics, including disclosures by nature when presenting by function and the presentation of the results outside of operating profit of equity method accounted investments, were presented and discussed with a panel of preparers covering a wide range of industries, explaining how IFRS 18 requirements apply to specific industries and situations, targeting concerns raised by stakeholders during the (re)deliberation process of the IASB.

#### Outreach events

- Extensive discussion of the IASB's proposals and tentative decisions with the EFRAG FR TEG and its working groups and the EFRAG FRB
- Public educational events for corporate and financial institutions
- Extensive discussions in the EFRAG FR TEG and its working groups to assess the European endorsement criteria and connect them to the feedback received

#### Action plan / Next steps

- Publication of a draft Endorsement Advice in 2024 for consultation
- Submission of the Final Endorsement Advice Letter to the EC at the beginning of 2025 to support even early application of IFRS 18 in the EU.



## Post-implementation review (PIR) – IFRS 15 Revenue from Contracts with Customers

*IFRS 15 was expected to improve the reporting of revenue (a key performance metric), for instance, through improved disclosures and the consistent reporting of economically similar transactions. The PIR in 2023 occurred nearly five years after the adoption of IFRS 15. EFRAG's related outreach confirmed that IFRS 15 is working well albeit there are some application challenges that could be addressed (e.g., principal versus agent considerations), and it also affirmed the expected positive cost-benefit balance resulting from implementing the standard.*

### Objectives and achievements in 2023 and Q1 2024

IFRS 15 was issued in 2014 and became effective from 2018. It replaced the prior, relatively fragmentary IFRS requirements, and it was expected to provide a robust approach to reporting revenue, to enhance comparability, to reduce the need for interpretive guidance and to improve the overall disclosure package available for users.

In June 2023, the IASB published a Request for Information (RFI) on the PIR for IFRS 15 that was open for consultation until the end of October 2023. In preparation for the PIR response, EFRAG undertook extensive outreach and successfully collaborated with academics from three Universities in Spain in conducting a survey that elicited responses from nearly 200 preparers and 50 other stakeholders including investors and auditors.

EFRAG's outreach feedback and thereafter our comment letter response published in October 2023 conveyed that stakeholders consider IFRS 15 to be generally working well in practice albeit that there are some areas for targeted improvements. In particular, the assessment of whether an entity is either a principal or an agent can be a challenging judgment across a variety of business models, including emergent digital-based business models. Another cross-cutting challenge arises in the interaction of IFRS 15 with other Standards (notably IFRS 3, IFRS 10 and IFRS 16). Also noted were the challenges in the accounting for contracts involving licences and the application of the variable consideration estimation constraint. Backed by the evidence gathered from collaborating with the academics, EFRAG's comment letter conveyed an overall favourable cost-benefit balance from implementing IFRS 15 albeit that the transition costs were significant for some industries (e.g., telecommunications, software and construction).

EFRAG issued a feedback statement in January 2024 and is monitoring the IASB's redeliberations.

### Outreach events

- Multiple meetings with preparers, auditors and users and EFRAG working groups before issuing draft comment letter, and meetings with two user organisations during the consultation period
- Presented at the EAA-IASB-EFRAG webinar in October 2023 and at the joint ASCG, AFRAC, FER online event in October 2023

### Action plan / Next steps

- Monitoring the IASB's redeliberations on the feedback to the RFI



**Didrik Thrane-Nielsen,**  
EFRAG FR  
Project Director

## Power Purchase Agreements

*'In the Power Purchase Agreement (PPA) project of the IASB, PPAs are described as agreements to sell or purchase power on a long-term basis in a contract that may include deliveries of Renewable Energy Certificates (RECs) or other proof of the green origination of the transacted electricity. These contracts have become increasingly important for a large population of European companies and are currently considered important in the green transformation of the EU economy. The PPAs create accounting challenges inasmuch as they are generally large and long-term bespoke contracts on electricity currently not economically storable, very price-volatile and considered readily convertible to cash.'*

### Objectives and achievements in 2023 and Q1 2024

During 2023 EFRAG helped European constituents raise awareness of the issue with physical and virtual PPAs to the IASB. EFRAG has identified the core accounting issues related to PPAs in IFRS 9 (the issues of net settlement, own use assessment and the definition of hedged item) and IFRS 7 (the issue of disclosures for PPAs that are not within the scope of IFRS 9).

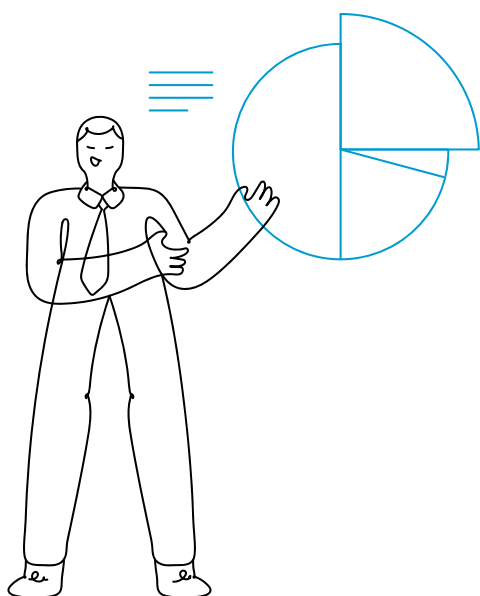
For the sake of reaching a requested expediated solution, the IASB has developed an Exposure Draft for a set of limited scope amendments relating to own use assessment, the definition of hedged item and the disclosures for a subset of PPAs. While contributing to making these amendments operational, for the future benefit of the IASB, EFRAG has developed proposals for principle-based amendments to own use assessment, the definition of hedged item and the disclosures for own use contracts applicable to all contracts with net settlement as well as all non-firm commitment future transactions identified as hedged items.

#### Outreach events

- Discussion of the IASB's proposals and tentative decisions with the EFRAG FR TEG and its working groups and the EFRAG FRB

#### Action plan / Next steps

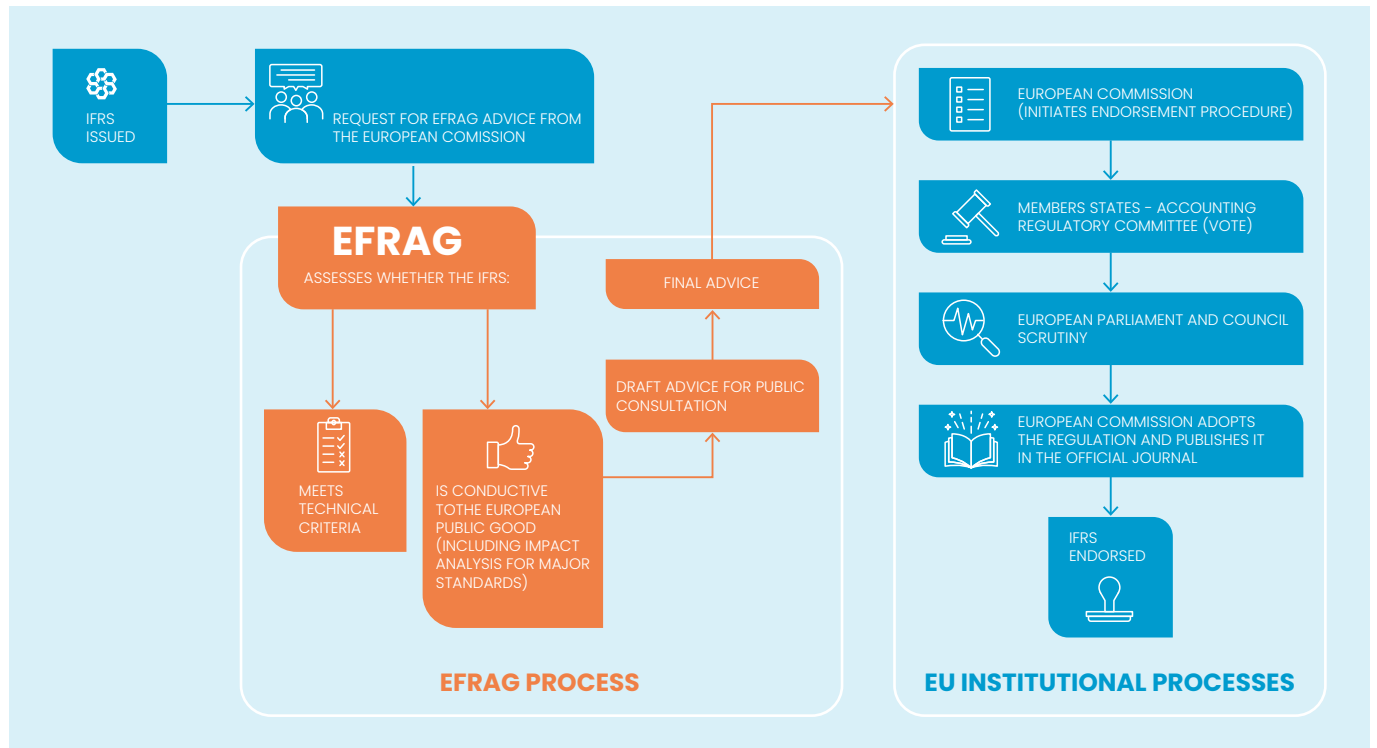
- To provide feedback on the IASB ED to secure the operability of the limited scope amendments
- To expand the acceptance of long-term, principle-based solutions



# ENSURING THAT IFRS ACCOUNTING STANDARDS ARE FIT FOR USE IN EUROPE – EFRAG ENDORSEMENT ADVICE WORK

The IFRS Accounting Standards that have been endorsed in the course of 2023, their effective dates of application in the EU and the dates of endorsement and of publication in the Official Journal are set out in the table that follows.

## Main steps of the endorsement process



## The EU endorsement status report (31 May 2024)

### IASB and IFRS IC documents not yet endorsed:

(Revisions to this schedule are made marked in **bold**. Steps marked in blue have been completed.)

	EFRAG draft endorsement advice	EFRAG endorsement advice	ARC Vote	When might endorsement be expected	IASB Effective date	Endorsement expected before the effective date
<b>IFRS STANDARDS AND INTERPRETATIONS</b>						
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosure</i> (Issued on 9 May 2024)					01/01/2027	
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> (Issued on 9 April 2024)					01/01/2027	▲
<b>AMENDMENTS</b>						
Amendments to the Classifications and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS7) (Issued on 30 May 2024)					<b>01/01/2026</b>	▲
Amendments to IAS 21 <i>The Effects of Foreign Exchange Rates: Lack of Exchangeability</i> (Issued on 15 August 2024)	28/09/2023	09/01/2024	04/04/2024		01/01/2025	▲

### IASB and IFRS IC documents that have been endorsed:

The IASB/IFRS IC documents that have been endorsed, their effective dates of application in the European Union, and the dates of endorsement and of publication in the Official Journal are set out in the table below. The full list of documents endorsed by the EU can be found in the Official Journal of the European Union, which can be accessed [here](#) in the EUR-Lex.

IASB AND IFRS IC DOCUMENTS	EU effective	Date of endorsement	Date of publication in the Official Journal
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i> (Issued on 25 May 2023)	01/01/2024	15/05/2024	16/05/2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : - Classification of Liabilities as Current or Non-current (Issued on 23 January 2020); - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Issued on 15 July 2020); and - Non-current Liabilities with Covenants (Issued on 31 October 2022)	01/01/2024	19/12/2023	20/12/2023
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i> (Issued on 22 September 2022)	01/01/2024	20/11/2023	21/11/2023
Amendments to IAS 12 <i>Income taxes: International Tax Reform - Pillar Two Model Rules</i> (Issued on 23 May 2023)	Immediately and 1 January 2023	08/11/2023	09/11/2023



## International Tax Reform – Pillar two model rules

On 23 May 2023, the IASB published new requirements that give companies a relief from accounting for deferred taxes arising from the OECD's international tax reform.

*EFRAG sent the endorsement advice letter 10 days after the publication of the Amendments by the IASB based on extensive pre-endorsement outreach and consultation. This swift response helped the European institutions endorse the Amendments before most European countries were requested to apply the OECD's Pillar Two Rules (1 January 2024).*

### Objectives and achievements in 2023 and Q1 2024

OECD's Pillar Two Model Rules aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate.

The IASB initiated this project at the end of 2022 to address the concerns raised by stakeholders about the implications for income (deferred) tax accounting resulting from jurisdictions implementing the Pillar Two rules within the short-term (some jurisdictions were expecting to enact tax law to implement the Pillar Two rules in 2023).

Given the tight timeline of the project, EFRAG decided to adopt a fast-track approval process through which the usual consultation process was shortened. Despite the short consultation time, EFRAG was able to involve a broad range of constituents from many jurisdictions in Europe to assess the merits of the IASB's Exposure Draft proposals. While most constituents agreed on the introduction of the exception, there were opposing views on the proposed targeted disclosures.

After considering the views of all its constituents, EFRAG asked in its Comment Letter for a more principle-based and less prescriptive approach.

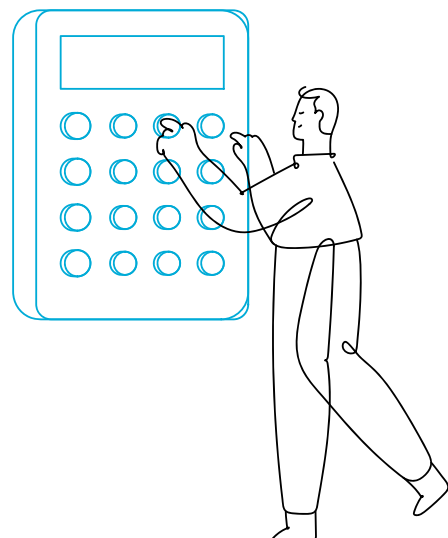
Such approach should enable entities to provide their own quantitative assessment of their exposure to paying top-up tax prepared under Pillar Two model rules. In EFRAG's view, even though users would not receive uniform information, it should provide them with a better and more relevant indicator of an entity's exposure to paying top-up tax. This approach was part of the IASB's Amendments published in May 2023. The Amendments were endorsed by the EU in November 2023.

### Outreach events

- EFRAG conducted 10 outreach activities with a wide range of constituents on the IASB's ED consultation.

### Action plan / Next steps

- The project is finalised.



## Supplier Finance Arrangements

In May 2023, the IASB published new requirements related to supplier finance arrangements.

*There were some concerns about whether some of the information now required would be available for preparers and whether the information would be useful at all. The outreach EFRAG conducted, however, provided evidence that for EU companies the information could be made available and that the additional information presented an improvement for European users of financial statements.*

### Objectives and achievements in 2023 and Q1 2024

In May 2023, the IASB published the Amendments to IAS 7 (*Statement of Cash Flows*) and IFRS 7 (*Financial Instruments: Disclosures*) Supplier Finance. These amendments were issued to deal with a concern expressed by users as they currently do not receive sufficient information about these arrangements. It is, among other things, difficult for users to assess the impact on an entity if its supplier finance arrangement would end.

Particularly, two issues arose when EFRAG considered whether it should recommend endorsement of the amendments: Would the required information be available to preparers of financial statements and would the relative aggregated information be useful?

The amendments include a requirement that financial statements should include information about amounts that suppliers have already received from finance providers. Preparers of financial statements do not have direct access to this information. Instead, this information would have to be provided to preparers of financial statements from finance providers or intermediaries arranging the supplier financing (e.g., supplier finance platforms). To understand whether it would be possible for preparers to obtain the required information from the supplier finance providers (banks) and/or intermediaries, EFRAG reached out to them (including supplier finance communities and research groups) as well as National Standard Setters. The input EFRAG received was that it would be possible to provide preparers of financial statements with the relevant information, but suppliers first needed to agree with the information made available to the purchaser (the reporting entity). Updating these contractual arrangements could take some time, and the effective date and transition requirements of the amendments were therefore important.

EFRAG also reached out to users, including a credit agency requesting the IASB to deal with the issue, to understand whether the information would be useful. The general feedback received was that the information would not be perfect but 'good enough'.

Based on this input, considering the effective date and transition requirements of the amendments, its technical assessments and the feedback received in response to its draft endorsement advice, EFRAG recommended the amendments for endorsement in the EU. The endorsement process was finalised in May 2024.

#### Outreach events

- Various closed outreaches with users of financial statements
- Various closed outreaches with supplier finance providers and supplier finance enablers (e.g., supplier finance platform providers)

#### Action plan / Next steps

- EFRAG's endorsement advice to be considered by the European institutions



# EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

# 4



# REPORTS ON EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES



## Report from Patrick de Cambourg, EFRAG SRB Chair

*'The first set of ESRS brings a great contribution to the Green Deal, and its data quality, transparency and accountability goals are essential in the sustainability and climate transition journey of companies. EFRAG strives to play a unique role in providing technical excellence and contributing to the public interest under the mandate it received.'*

### **The adoption of the first set of ESRS: a milestone contribution to the Green Deal**

2023 was an important year for sustainability reporting standard-setting. In December 2023 the first set of ESRS, including two cross-cutting and 10 topical standards, was published in the Official Journal. This constitutes a great contribution to the Green Deal since transparency and accountability are essential to the sustainability journey of the economy, in particular to the climate transition. EFRAG, after having submitted the draft ESRS to the EC, published the bases for conclusions and supported the EC in the process of adopting this crucial first set.

We are proud of EFRAG for having been instrumental in the elaboration of the ESRS. This is a pivotal step to meet the challenges of the much-needed sustainability-related data by placing sustainability statements on an equal footing with financial statements in terms of quality. Quality sustainability-related data is indeed key to decision-making, for the businesses themselves, for all stakeholders as well as for the public authorities. I personally wish to thank all those who contributed to this achievement: the EFRAG SRB, the EFRAG SR TEG, the PTF-ESRS, the EFRAG staff, the secondments in kind that give their time to EFRAG whilst managing their daily jobs and also the many stakeholders in our communities and beyond that contributed to this process. A warm thank you for their relentless efforts!

### **Making implementation a success: a priority for EFRAG**

It is enlightening to see that some of the companies that have to report under ESRS already apply ESRS or part of ESRS in their 2023 sustainability reporting to gain experience for the 2024 mandatory reporting year. However, there are many hurdles to overcome towards successful implementation, and Commissioner McGuinness rightly suggested that EFRAG, at the end of the first quarter of 2023, focus on implementation support and redirect part of its resources to these activities. The large number of questions we receive on the EFRAG Sustainability Reporting Q&A Platform is clear evidence of the need to support companies in their implementation efforts and to clarify certain aspects of the standards. Not surprisingly, our first implementation guidance documents address critical areas that were identified as such by the EFRAG SRB and EFRAG SR TEG but also about which we subsequently received many questions on our Q&A Platform: on materiality assessment, value chain and datapoints. The explanations we issue in batches and consolidated versions per topic, which complement the implementation guidance documents, are well received by companies and other stakeholders. Our Q&A Platform is open to all stakeholders and will also address in due time questions about the standards for SMEs, the sector-specific ESRS and the non-EU standard.

The draft XBRL taxonomy for the first set of ESRS is also an important tool which, beyond digitisation per se, supports users in making their implementation decisions.

### Including SMEs in the sustainability reporting momentum

In 2023 the exposure drafts for the SME standards were developed, and they were issued in the beginning of 2024 for public consultation. The standard for listed SMEs is required by the CSRD. While this is not the case for the voluntary standard for non-listed SMEs, there is great demand from the market, and the standard for VSMEs is high on the agenda of the EC. We hope that the VSME standard will be of great benefit to SMEs and their business partners: it is designed to be the common platform for sustainability-related data that consolidates and replaces the too many uncoordinated questionnaires that are requested from SMEs; it is also designed to be proportional, taking full account of the specificities of SMEs in terms of sustainability challenges and reporting capacity.

### Looking forward: the sector specific ESRS

In parallel to the focus on implementation support, EFRAG has continued the development of sector-specific standards for high impact industries and of a classification standard, and it has also initiated the process for the development of standards dedicated to the financial institutions. These standards complement the topical ESRS but are not replacing them. They set requirements that are industry-specific. Stakeholders expect these standards in due course given the transparency they will bring about for the sustainability journeys and transitions that have to obviously address sector-specific impacts, risks and opportunities. Sector-specific ESRS will enhance comparisons between companies and will be therefore a valuable source of information for all stakeholders. It is our expectation that the first exposure drafts will be published in the second half of 2024.

In the revision of the CSRD, which delayed the adoption of sector-specific ESRS and the standard for non-EU companies to 30 June 2026, the EC and EFRAG are requested by the European Parliament to publish eight sector-specific reporting standards as soon as they are ready. EFRAG is making all efforts whilst respecting a workable environment for our governance bodies and staff to meet the European Parliament's request.

### Interoperability between the ESRS and the international standards at the heart of EFRAG's standard-setting activities

Companies should be able to apply ESRS and international standards, such as the IFRS Sustainability Standards S1 and S2 and the GRI Standards, without duplication in reporting. EFRAG's goal, as we have said from the start and as clearly stated in the CSRD provisions, has been to build on and to contribute to the global progress of sustainability reporting. As a result, interoperability guidance has been developed to demonstrate how both ESRS and international standards can be complied with in a simple way and to give practical support in doing so. ESRS reporters should be in a position to comply with the ISSB's disclosure requirements and with the reference to GRI Standards without having to prepare additional reports. EFRAG is proud to offer a pragmatic solution to entities reporting under ESRS and to be in a front-runner position to support international convergence and a global baseline.

### Thanks!

Let me again, as a final word, express my gratitude to all the dedicated individuals who contributed so much to these achievements, as well as to the recognition of EFRAG as a robust standard-setter, for their commitment, motivation and enthusiasm. This has only been possible because we all worked with the same goal of making the sustainability and climate transition journey transparent in a reliable manner!





## Report from Chiara Del Prete, EFRAG SR TEG Chairwoman

*'With the imminent first application of ESRS, companies and other stakeholders are in great need of implementation support. This is why we are dedicating a substantial share of current capabilities to developing guidance, answering practical questions and supporting SMEs in participating in the sustainability reporting momentum.'*

### Supporting ESRS implementation and fostering interoperability

We were full speed ahead in the journey toward completing the first batch of sector ESRS when the EC asked us to work on implementation material. This was our intention anyway, but the EC helped us reprioritise our efforts. We rearranged the internal organisation and due process accordingly. The preparation of the first three implementation guidance documents (IGs) started immediately, covering the most challenging aspects of ESRS implementation, materiality assessment, value chain and datapoints, and they were exposed to public consultation between December 2023 and February 2024. We saw an incredible interest in these documents to the point that our website literally came to a halt. This tells us a lot about the stakeholders' needs and the importance of this task as well as about EFRAG's role and responsibility in achieving it.

In October 2023, we launched the ESRS Q&A implementation platform, and since then, a regular stream of implementation questions has been addressed, with 439 questions submitted until May 2024 and 239 already having been cleared, 68 of which issued Explanations. A substantial share of EFRAG's capacity is currently allocated to this area.

Interoperability has also been constantly in our agenda: thanks to intense cooperation with the IFRS Foundation and the GRI, we finalised the maps, which were issued jointly by the two respective organisations. This interoperability-related material illustrates a high level of commonality, avoiding double reporting and supporting companies that apply ESRS in complying at the same time with the respective ISSB Standards and the GRI Standards. The next step will now be to pursue digital interoperability.

### Involving SMEs in the sustainability reporting momentum

Another key area of activity has been the preparation of a Voluntary Standard for non-listed SMEs (VSME) and the preparation of ESRS for listed SMEs. With the intention to standardise the multiple and uncoordinated data requests they increasingly receive from lenders, investors and large companies, the VSME provides a simple tool to support SMEs in monitoring their sustainability performance. The VSME is the result of intense dialogue with all interested parties and has been built by leveraging questionnaires on real life events and experiences.

### Toward Sector ESRS

In the first three months of 2023, the EFRAG SR TEG developed advanced drafts of the ESRS sector classification and of the standards for Oil and Gas and Mining, Quarrying and Coal. After the reprioritisation, the work on high-impact sectors resumed with more momentum toward the end of 2023 with the support of a vibrant community of experts in the ESRS Sector communities and of secondments in kind, to which we are extremely grateful. Three new Financial Institutions Advisory Panels were constituted during 2023 and are currently operational, conducting research and drafting the ESRS for financial institutions.

### Paving the way for digital consumption of the ESRS sustainability statement

We have benefitted from the advice of the EFRAG Digital Reporting Consultative Forum, which we have consulted between February and April 2024 on the draft ESRS XBRL Taxonomy. As the next step, we will enhance the taxonomy on the basis of the consultation's input before delivering it to ESMA and the EC for finalisation.

**Looking ahead: 2024**

After the issuance of the consultation package for SMEs in January, the first few months of 2024 have been focused on cost-benefit analysis, field testing and outreach to SMEs as well as on the finalisation of the first three IGs. The ESRS Q&A implementation platform is now processing a regular stream of questions, and the work for the next IGs has been launched, including on climate transition plans. EFRAG's work programme in 2024 shows highly challenging deadlines: the finalisation of the XBRL Taxonomy, the VSME and ESRS LSME; the approval of the Exposure Drafts for the first batch of sector ESRS and ESRS for non-EU companies; and the completion of the working papers of sector ESRS for financial institutions and resources allowing for the advancement of research for the remaining high-impact sectors.

**Amazing people are making all of this possible**

I cannot believe that two years have already passed since the EFRAG SR TEG started its activities in its original composition. In May 2024 new experts joined us, replacing members that are not able to continue their contribution. My deep gratitude goes to the members that served in the first term of the EFRAG SR TEG, as well to all the experts in EFRAG communities, working groups and outreach activities in general.

Let me close by saying that all of this is possible thanks to the dedication, professionalism, energy and resilience of the EFRAG Secretariat, including in-kind contribution from staff members.



**Message from the EFRAG SRB Vice-Chair:  
Report from Kerstin Lopatta,  
Vice Chair EFRAG SRB**

*'Developing and implementing European Sustainability Reporting Standards are two different animals. We are therefore working hard to support stakeholders with our implementation guidance on different topics and with the Q&As. We are convinced that this will lead to high quality data in sustainability reports.'*



## Report from Sigurt Vitols, Vice Chair EFRAG SR TEG

*'2023 represents a milestone in sustainability reporting. On the basis of EFRAG's recommendations, the EU legislators approved reporting requirements which respect the principles of social dialogue and stakeholder engagement.'*

### **Stakeholder engagement and social dialogue in the ESRS**

The intensive work involved in developing reporting standards, which started during the Project Task Force phase, came to fruition in 2023 with the approval of the first set of ESRS by the EU legislators. In addition to supporting the TEG Chair Chiara Del Prete, as Vice Chair I was able to bring into the TEGs' work my particular expertise and contacts with experts in social policy and labour relations. The ESRS reflect the principles of stakeholder engagement and social dialogue embodied in EU social policy and labour law. These standards include not only reporting on social dialogue and the extent of collective bargaining but also affirm the role of affected stakeholders in the assessment of impacts, risks and opportunities.

### **Implementation guidance and further standards**

Particularly gratifying was the positive experience of a number of 'early reporters' who drew upon the ESRS, in particular own workforce metrics, already in their 2023 annual reports. EFRAG's work in 2023 and into 2024 included developing reporting requirements for the SMEs and the first sector-specific standards. A major challenge for EFRAG is to provide implementation guidance for the social standards not only for preparers and auditors but also for trade unions and civil society organisations so that they may effectively represent the stakeholders who are affected by the more than 50,000 companies applying the first set of ESRS.

# 2023 REVIEW OF EFRAG'S ACTIVITIES ON SUSTAINABILITY REPORTING ACTIVITIES

## THE CSRD AND ESRS AS DELEGATED ACTS

### ESRS in context



On 31 July 2023, the EC adopted the Delegated Act on the first set of European Sustainability Reporting Standards (ESRS). The adoption of ESRS by Delegated Act is mandated by the co-legislators in the Corporate Sustainability Reporting Directive (CSRD – Directive (EU) 2022/2464) adopted in December 2022. The Delegated Act and annexes were published in the Official Journal on 22 December 2023. Delegated acts (ESRS) are directly applicable to companies within the scope of the CSRD.

Since then, EFRAG has been actively engaged in about 150 workshops and events aimed at facilitating the understanding and implementation of these standards. The objective of EFRAG's participation in these events is to provide guidance, support and clarification to stakeholders regarding the application of ESRS, ensuring a smooth transition and effective adoption across the EU.

### Objectives and achievements in 2023 and Q1 2024

#### Scope of application and timing

The reporting requirements will be phased in over time for different kinds of companies. The first companies have to apply the standards in the 2024 financial year for reports published in 2025.

Listed SMEs are obliged to report as of 2026, with the further possibility of voluntary opt-out until 2028, and will be able to report according to separate, proportionate standards that EFRAG will develop next year.

#### Useful links

- [Publication in Official Journal](#) of the EU on 22 December 2023
- [Press announcement](#) of adoption
- [Implementing and delegated acts – CSRD webpage](#)
- [The delegated act](#)
- [EC Q & A](#) on adoption of ESRS
- [Webpage](#) detailing timeline of the initiative, stakeholder's feedback and other language versions

To assist its constituents, EFRAG has split the published ESRS into separate documents

- [Watch our educational videos](#) on the First set of draft ESRS on our youtube channel
- [Action plan Implementation Guidance EFRAG ESRS Q&A Platform](#)





**Pedro Faria,**  
Environmental  
leader

## Environmental team

*'Over the past year, we have made significant progress across several key areas. We successfully set up our team, hiring a young and incredibly smart team in what is currently a highly competitive environment, establishing effective ways of working and fostering a positive culture. We kept developing sector standards and defined crucial processes for that with the support of the European Climate Foundation. We built strong connections with organisations that have paved the field and continue to develop it, setting MOUs with the CEN/CENELEC, the GRI, the CDP and the TNFD. We published correspondence documents between frameworks and standards and the ESRS, namely with the ISSB, the TNFD and the GRI. Our efforts included participation in numerous events and meetings. Despite the challenges of high workload, high visibility and global expectations, our dedicated team remains committed to advancing our common sustainability objectives.'*



**Gemma  
Sanchez Danes,**  
Social leader

## Social team

*'With the adoption of the ESRS, the last twelve months represent an inflexion point in sustainability reporting in Europe. Social and human rights factors have seen a step change in their recognition within a mandatory reporting framework that combines both impact and financial materiality from the outset, consolidating existing EU regulation, international instruments and existing reporting frameworks such as the GRI.*

*We have focused our efforts on implementation guidance and support for the Q&A Platform for ESRS Set 1. We have also adopted the lens of social and human rights factors in the materiality assessment and value chain implementation guidance in an effort to continue prioritising our support for the ESRS implementation. This is coupled with investments made on interoperability tables with the GRI and the TNFD.*

*We have also been very active with stakeholder engagement in the past year with the SME standards, as we had a meaningful dialogue with the various actors to understand country specificities and how to best build proportionate standards. The same principle has also been applied to sector communities for the first set of sector standards that we are working on.*

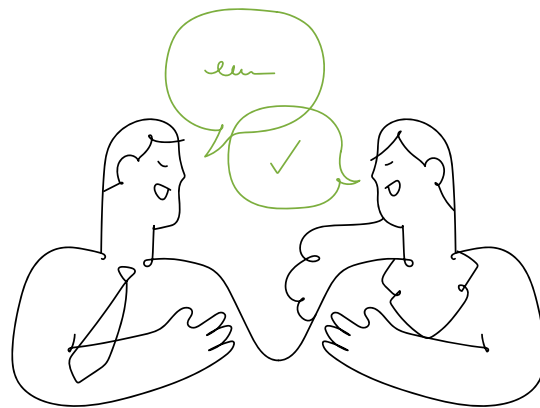
*Lastly, I would like to extend my gratitude to the growing, motivated and knowledgeable team who has worked closely together with the SR TEG and the SRB to write this Social chapter in sustainability reporting.'*



**Fredré Ferreira,  
Governance  
leader and PMO**

## Governance team

*'Another packed 15 months focussing on implementation support on ESRS Set 1 by speaking engagements and the Q&A platform. IG 2 on the value chain required the team to become intimately (re)acquainted with financial reporting principles and the GHG protocol, amongst other challenges. The Governance team quadrupled in size in 2023, which significantly progressed our work on the standards for sectors and SME's – some of our top priorities for the foreseeable future. On the project management side, we have improved significantly (aided by our fantastic interns amongst others as well as Kajsa Halberg and Mathilde Pierroux), but we continue to strive for improvement against the backdrop of tremendous growth in staff numbers, many meetings and documents to prepare amongst our other to-dos. Other challenges for the remainder of 2024 include strengthening our training and continuing to improve our efficiencies and processes. I am privileged to be part of this team.'*



# FACILITATING THE IMPLEMENTATION OF ESRS: IMPLEMENTATION GUIDANCE DOCUMENTS AND Q&A PLATFORM

## Interoperability and MoUs

EFRAG is actively promoting the global standardisation of sustainability reporting with the aim of supporting companies in their reporting activities. It cooperates with other standard setters and organisations to better achieve this common goal.

### Objectives and achievements in 2023 and Q1 2024



#### EFRAG and the CDP

In November 2023 EFRAG and Carbon Disclosure Project (CDP) agreed to cooperate. The CDP will work on the alignment of its disclosure system with the ESRS. This collaboration will support the market readiness for quality environmental reporting.



#### EFRAG and the CEN/CENELEC

EFRAG has signed a MoU with the CEN/CENELEC – two officially recognised European Standardisation Organisations (ESOs). This aims to ensure consistent and coherent implementation of EU legislation and promote international cooperation.



#### EFRAG and the GRI

After a successful three-year partnership in the EFRAG Project Task Force, by the end of November 2023 EFRAG and the Global Reporting Initiative (GRI) signed a new Memorandum of Understanding (MoU). A key result of this is the [draft] GRI-ESRS Interoperability Index, which shows a high degree of commonality. The MoU also commits both organisations to continue providing technical support to companies for reporting their (positive and negative) impacts.

#### Outreach events

- COP event in Dubai on biodiversity reporting, jointly organised with the TNFD and ISO

#### Public documents

- Released documents: the GRI-ESRS Interoperability Index
- Released the ESRS-TNFD Correspondence Mapping
- Currently working on the [draft] GRI 101 (Biodiversity) – ESRS Interoperability Index



#### EFRAG and the TNFD

EFRAG and the Taskforce on Nature-related Financial Disclosures (TNFD) announced a joint commitment to improve corporate transparency on biodiversity and ecosystems. The concordance mapping was released in June 2024.



## Implementation Guidance 1, 2 and 3

In 2023, the EFRAG SRB prioritised three documents to cover the most challenging aspects of ESRS implementation, which were issued as draft guidance documents (IGs) for feedback in early December 2023. The public feedback period ended in early February 2024.

The final IGs were published at the end of May 2024 to support companies in their applications of ESRS:

- EFRAG IG 1: *Materiality assessment implementation guidance*



- EFRAG IG 2: *Value chain implementation guidance*



- EFRAG IG 3: *Detailed ESRS datapoints implementation guidance and accompanying Explanatory Note*



### Objectives and achievements in 2023 and Q1 2024

These documents are non-authoritative and support implementation as follows.

- EFRAG IG 1 illustrates the reporting requirements on the materiality assessment, including the illustration of possible steps in the process. It also contains FAQs on the double materiality assessment to provide implementation guidance from a practical perspective.
- EFRAG IG 2 illustrates the reporting requirements on the value chain (VC) in the materiality statement for impacts, risks and opportunities management as well as for metrics and targets. It discusses the reporting boundary of the group for sustainability reporting and the role of operational control in environmental standards. It also contains FAQs to provide further information, and the 'VC coverage map' summarises the VC implications per disclosure requirement.

- EFRAG IG 3, the draft List of ESRS datapoints, presents the complete list of the detailed requirements contained in each Disclosure Requirement and related Application Requirements in an Excel format. The file has additional information (columns) useful to navigate and filter the content (i.e., the corresponding paragraphs and subparagraphs of each item). This list can form the basis for a data gap analysis as well as support the structuring of the ESRS sustainability report in a way that it facilitates its future digitalisation.

#### Achievement

- Publication of the final versions of IG 1, IG 2 and IG 3

## **EFRAG ESRS Q&A Platform**

When the EC adopted the ESRS in July 2023, it also announced that EFRAG would host a platform for technical questions that companies, or other stakeholders, may have about the application of ESRS. Already in October, EFRAG launched its newly developed ESRS Q&A Platform, a web-based platform giving preparers and others the option to have the questions they encounter when using ESRS.

### Objectives and achievements in 2023 and Q1 2024

Upon being launched, the first weeks showed that there was a need for an ESRS Q&A Platform given the numerous questions that were received. Since the platform went live in October 2023 until May 2024, more than 400 questions were submitted. They relate to all areas of ESRS ranging from Environmental, Social, Governance or the more general, cross-cutting topics to more specific questions related, for example, to the application of the XBRL taxonomy. Submitters are mostly companies or advisors to preparers in most cases located in the EU, such as Germany, the Netherlands and France, but also in non-EU countries, such as Switzerland, Canada and the US. Responses to the questions take the form of either EFRAG Implementation Guidance (IGs) exposed to public feedback or technical explanations. In February and March 2024, the first two batches of explanations were made public. In May 2024 EFRAG issued the third batch of 44 new explanations and as well a compilation of the 68 explanations published in the previous three batches.

EFRAG will continue to work on ESRS implementation support and, in addition to explanations, also regularly release IGs selected on the basis of questions submitted to the platform as well as on indications of other priority issues.

### Some statistics

Questions on:

- ESRS 12.36%,
- Environment 28%
- Social 18%
- Governance 3%
- Other questions 15%

Questions from:

- Preparers 30%
- Industry groups 18%
- Users 13%
- Assurance providers 8%
- Academia 4%
- NGO and National Standard Setters 3%
- Others 24%

By country:

- Germany 31%
- France 13%
- Belgium 8%
- Netherlands 6%
- Sweden 6%
- US 3%
- Others 33%

### Next steps

- To develop an IT-based solution to answer the growing number of questions in a timely manner



## Digital XBRL Taxonomy: publication of the Exposure Draft

The EC requested that EFRAG undertake the development of the draft XBRL taxonomies for the first set of ESRS and for Art 8 of the EU Taxonomy Regulation since this was not explicitly included in the CSRD but it was logical for EFRAG to undertake this as it prepared the draft ESRS for the EC. The Draft XBRL Taxonomy for the ESRS issued as Delegated Act in July 2023 (Set 1) has been approved by the EFRAG SRB (January 2023) following the technical advice of the EFRAG SR TEG, with inputs from the EFRAG Digital Reporting Consultative Forum. The ESRS Set 1 Draft XBRL Exposure Draft was published on 8 February for a two-month public consultation.

### Objectives and achievements in 2023 and Q1 2024

The EFRAG SRB approved the methodological approach for digitalisation of ESRS in April 2023, setting the basis for a robust and innovative digital translation of the standards while closely reflecting the outcome of the standard-setting process that led to the ESRS Set 1 Delegated Act.

The Digital Committee (DC), constituted by a number of EFRAG SR TEG and EFRAG SRB members, reviewed in detail the XBRL elements ('tags') of the XBRL taxonomy and provided 188 comments to EFRAG's digital team. All of the comments have been discussed, and amendments to the taxonomy have been implemented before the issuance of the Exposure Draft.

At the same time, EFRAG's digital team discussed different implementation details with the Digital Reporting Consultative Forum (EFRAG DRCF), a group of preparers, auditors, users, software vendors and XBRL experts. After providing the working draft of the XBRL taxonomy by the end of October 2023, the EFRAG DRCF members provided more than 200 comments, which lead again to a number of amendments and improvements ahead of the consultation.

In addition to the XBRL taxonomy itself, an extensive Explanatory Note and Basis for Conclusions document has been published together with a set of illustrations of application guidelines and illustrative examples of tagged ESRS reports in Inline XBRL in order to help stakeholders provide an informed response to the consultation.

After the start of the public consultation on 8 February 2023, a workshop on how to use the digital ESRS XBRL taxonomy has been carried out, attracting 600 participants.

A draft digital XBRL taxonomy for the Article 8 disclosures (EU Taxonomy Regulation) has been simultaneously developed on behalf of the EC by EFRAG. The consultation on it has started in parallel with the ESRS Set 1 Draft XBRL Taxonomy.

A regular workstream of joint activities is in place to support digital interoperability with the ISSB and the GRI staff. At the same time, a dialogue with the technical staff from the CDP and NZDPU has started in order to discuss and facilitate this digital interoperability.

#### Outreach events

- Workshop on the ESRS Set 1 Draft XBRL Taxonomy (29 February 2024)
- ESRS Set 1 Draft XBRL Taxonomy Outreach (3 April 2024)
- ESRS Set 1 Draft XBRL Taxonomy: Q&A (12 April 2024)
- Various presentations, meetings and panel discussions

#### Action plan / Next steps

- Review of the public consultation responses and approval of the proposed changes in EFRAG SR TEG and EFRAG SRB meetings
- Finalisation of the ESRS Set 1 XBRL Taxonomy and handing over to the EC and ESMA in Q3 2024
- Start of discussions and development of approaches for digital SME disclosures as well as ESRS sector specific disclosures



## INTEROPERABILITY BETWEEN ESRS AND ISSB SUSTAINABILITY STANDARDS

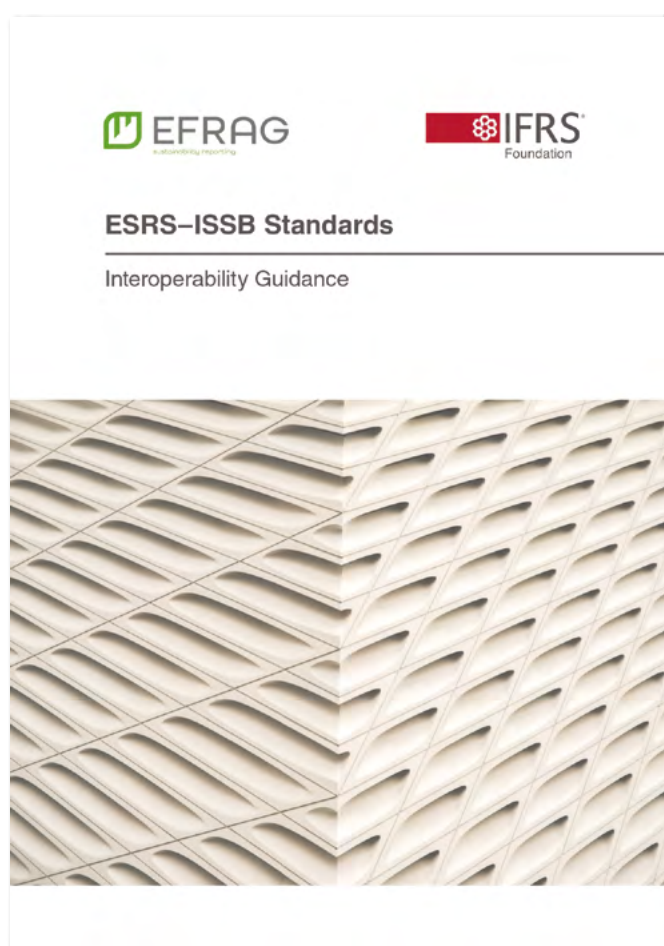
The EC, EFRAG and the ISSB have collaborated to enhance the interoperability of their climate-related disclosure requirements. They joined forces to publish guidance that will assist companies in navigating the standards. They will also work together on the digital tagging of disclosures.

On 2 May 2024, the IFRS Foundation and EFRAG published guidance material to illustrate the high level of alignment achieved between the International Sustainability Standards Board's IFRS Sustainability Disclosure Standards and the ESRS and how a company can apply both sets of standards, including detailed analysis of the alignment in climate-related disclosures.

ESRS preparers are able to report on climate, also in compliance with ISSB Standards, only with a very limited number of points to consider clearly identified in Section 3 of this guidance.

ESRS preparers are able to use ESRS to comply with ISSB Standards to report on matters beyond climate. Having first worked during the development of the ISSB Standards and ESRS to deliver a high degree of alignment, this publication provides practical support that explains how companies can efficiently comply with both sets of standards.

- Download the guidance material on EFRAG's website.
- Watch the EFRAG-ISSB event on Interoperability Guidance on our youtube channel.
- Watch the joint outreach event of the ISSB Agenda Consultation and the International Applicability of SASB Standards on our youtube channel.



## FOCUSING ON SMES: EXPOSURE DRAFTS FOR LISTED SMES AS WELL AS FOR A VOLUNTARY REPORTING STANDARD FOR SMES



### ESRS for SMEs: Two sets of exposure drafts

EFRAG has finalised the ESRS LSME and VSME Exposure Drafts at the end of 2023. On 22 January 2024, the consultation package for both Exposure Drafts was released, which includes the draft proposals and the bases for conclusions. The public consultation was open until 21 May 2024. In parallel, EFRAG has also launched field tests. Preparers and users have been invited to participate in the public consultation so they can share their feedback on the feasibility, costs, challenges, benefits and usefulness of the individual disclosures and on suggested improvements to the Exposure Drafts. Several outreaches at the European and national level were organised between February and May 2024 to complement the public consultation.

#### Objectives and achievements in 2023 and Q1 2024

##### VSME

Following the recommendations from numerous stakeholders, in 2023 EFRAG developed a voluntary sustainability reporting standard for non-listed SMEs (VSME) in addition to the Exposure Draft on ESRS for listed SMEs. While VSME is not legally binding as a voluntary standard, LSME is mandatory according to CSRD. VSME has been indicated by the EC SME Relief Package of September 2023 as the tool to support SMEs in accessing sustainable finance.

With a view to addressing the needs and capabilities of very different undertakings from micro- (with less than 10 employees) to medium-sized undertakings (with up to 249 employees), EFRAG has embedded in VSME ESRS a maximum level of proportionality, simplified language and a modular system. The ambition of this standard is to replace a substantial share of the current uncoordinated questionnaires that SMEs receive from investors, lenders and corporate clients that aim to manage their sustainable supply chains. This standard has as well the objective to provide a simple reporting tool to assist SMEs in starting their sustainability journey.

##### LSME

As part of the second set of draft European sustainability reporting standards, EFRAG has received the mandate from the EC to develop the European Sustainability Reporting Standard for SMEs that are public-interest entities, small non-complex credit institutions (SNCIs), and captive insurance and re-insurance undertakings (collectively referred to as 'LSME' or 'LSMEs').

This Standard is expected to support the availability of sustainability information provided by listed SMEs and, in this way, is expected to avoid discrimination against such entities from financial market participants, ensuring that financial market participants receive the information they need to comply with their own sustainability disclosure requirements such as Regulation EU 2019/2088 SFDR and Taxonomy disclosures.

Furthermore, the ESRS for LSMEs set the so-called 'value chain cap' for entities reporting on main ESRS for large undertakings. The ESRS for large undertakings, indeed, should not specify disclosures that would require undertakings to obtain information from small- and medium-sized undertakings in their value chain that exceeds the information to be disclosed in accordance with ESRS for LSMEs.



*VSME has been indicated by the EC SME Relief Package of September 2023 as the tool to support SMEs in accessing sustainable finance.*

**Engagement process**

Both VSME and ESRS LSME Exposure Drafts were developed through an intense engagement process with numerous stakeholders, including EFRAG VSME and LSME communities, SMEs' representative bodies (as preparers) and banks, investors and large companies (as users). A cost-benefit analysis is also being conducted on an ongoing basis to support the issuance of the final EFRAG advice on VSME and ESRS LSME.



**Outreach events in 2023**

- LSME & VSME Community workshops 27 and 31 January
- Exchange with European Issuers smaller issuers committee 9 May
- Exchange with EIB (European Investment Bank) Vienna Initiative on VSME 30 August
- EFRAG – SME United workshop 4 September
- 2nd Workshop EFRAG VSME community on 7 September
- VSME Workshop with CSR Europe on 5 October
- VSME Workshop with Business Europe on 13 October
- VSME Workshop with banks on 1 September and 23 October
- Watch the workshops & events on the SME standards on our youtube channel

**Action plan / Next Steps**

- Q2 / Q3 2024: Analysis of feedback / redrafting / discussions with EFRAG SR TEG and EFRAG SRB
- Q4 2024: Draft ESRS LSME & VSME to the EC

## TOWARDS SECTOR STANDARDS: DEVELOPMENTS ON SECTOR STANDARDS



### Sectors

In 2023, EFRAG remained steadfast to its commitment to developing sector-specific standards while also aligning its work with priorities on implementation efforts. An ambitious workplan for 2024 allowed for setting the stage for the development of the first high-impact sectors.

#### Objectives and achievements in 2023 and Q1 2024

In early 2023, work on sector standards was advancing at a high pace. From January to March, EFRAG organised a total of 11 meetings of the EFRAG SR TEG and nine meetings of the EFRAG SRB. These sessions were dedicated to discussions on three critical Exposure Drafts: SEC 1 Sector classification, Mining, Quarrying and Coal, and Oil and Gas. Additionally, during these meetings the EFRAG Secretariat's research on key matters that are most relevant for Road Transportation as well as for Agriculture, Farming and Fishing sectors were initially presented to the EFRAG SR TEG, achieving an important milestone in the development of the standards. These efforts resulted in the approval of three Exposure Drafts by the EFRAG SR TEG (SEC 1 Sector classification, Mining, Quarrying and Coal, and Oil and Gas) and their subsequent recommendation to the EFRAG SRB. The approval of the Exposure Drafts marked a significant progress in the development of the high impact sector standards.

In line with the priorities set by the EC, starting from April 2023 EFRAG shifted efforts to providing a comprehensive implementation support to the first set of ESRS. At the same time, EFRAG's commitment to advancing sector standards remained on the agenda, allowing for the achievement of steady progress in this workstream. From April to June, EFRAG organised meetings of the EFRAG SR TEG and the EFRAG SRB to exchange views on sector materiality assessments and to continue to adapt its work plan to the EC's priorities.

At the end of February, the EFRAG SR TEG approved the composition of the new EFRAG Banking, Capital Markets and Insurance Advisory Panels, which play a pivotal role in the development of early drafts of the ESRS for these sectors. The Advisory Panels established in February 2024 supported the development of these standards. Simultaneously, works on other high impact sectors continued. The discussions on materiality in sector-specific standards also remained active, highlighting the commitment to continue working with sector standards.

In October 2023, EFRAG released its updated workplan for 2024, outlining a roadmap for developing approximately 35 sector standards. The main emphasis of this work will be to prioritise high-impact sectors. However, in parallel with the development of this sector standard, acknowledging the important role of financial institutions in sustainable finance will be pursued as a high priority.

EFRAG is committed to delivering to the EC 11 sector ESRS (eight high-impact sectors and three financial institutions), as well as the sector classification standard, in two annual batches by the second half of 2026.

#### Key events

- 11 sessions of the EFRAG TEG
- Nine sessions of the EFRAG SRB
- Publication of Sector Classification, Oil and Gas, Mining Quarrying and Coal drafts
- Continuation of exchanges with sector communities

#### Action plan / Next steps

- EFRAG plans to announce public consultations on the SEC Sector Classification and, subject to the available resources, the first batch of high-impact sectors such as Oil and Gas or the Mining, Coal and Quarrying standard in the second half of 2024

## INFLUENCING THE ISSB'S STANDARD-SETTING ACTIVITIES



### ISSB Agenda Consultation

The ISSB consulted on its planned activities for the upcoming two years. The planned activities consist of biodiversity, ecosystems, ecosystem services, human capital, human rights and a joint project with the IASB on connectivity in reporting. In order to foster future interoperability from the early stages of standard-setting, EFRAG contributed to this consultation by providing a single European voice after public consultation.

#### Objectives and achievements in 2023 and Q1 2024

In addition to consulting on agenda priorities, the ISSB also sought feedback on the potential project on integration in reporting. They wanted to learn whether this potential project should be prioritised, whether it should be a formal joint project with the IASB, or whether an ISSB project that could draw on input from the IASB was needed. Also, they sought to learn whether concepts from the IASB's Management Commentary or Integrated Reporting Framework were to be included.

The ISSB issued its Request for Information (RFI) in May 2023 for a 120-day comment period. In response to this, EFRAG released its draft comment letter in June 2023. In its DCL, EFRAG noted that the ISSB should put emphasis on (i) a clear direction, with a definition of the universe of sustainability-related information, to be ultimately followed, together with the corresponding underlying concepts; (ii) the priority to be given to interoperability in structure and content along with other sustainability reporting standards; and (iii) connectivity to be included as a priority topic in the standard-setting workplan together with the topical standards, which should be inspired by the content of the ESRS to foster interoperability.

While considering the views of stakeholders in EFRAG's draft comment letter, in its final comment letter EFRAG proposes that the ISSB start new research and standard-setting projects (including on connectivity) and support the implementation of IFRS S1 and IFRS S2 as a high priority.

#### Outreach events

- 15 June 2023 Joint outreach event with the ISSB

#### Action plan / Next steps

- EFRAG is to follow the ISSB's decisions for achieving increased interoperability



## International applicability of the SASB Standards

The ISSB consulted on its enhancement of non-climate related metrics in the SASB Standards in order to enhance international applicability. The enhancements preserved the structure, completeness and intent of SASB Standards.

The enhancements were designed to ensure that entities can apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they apply.

The ISSB issued its ED on 9 May 2023 with a 90-day comment period. EFRAG issued its draft comment letter (DCL) on 2 June 2023. In its DCL, EFRAG stated that the proposed methodology would improve the international applicability of the SASB standards but pointed to the following improvements that could be made: i) keeping an acceptable comparability level when working with national references and ii) the ratification status of international references.

EFRAG considered the proposed methodology a reasonable transition approach, pending a more extensive standard setting activity to enhance the SASB Standards.

EFRAG requested the ISSB to develop a gap analysis between the SASB standards and sustainability reporting frameworks developed more recently or which are being developed. The results of this gap analysis should then serve as a basis for updates to the SASB standards.

EFRAG agreed to update the SASB XBRL Taxonomy to reflect the amended SASB standards accordingly. EFRAG invited the ISSB to work with EFRAG on a harmonisation of the sector specific digital XBRL taxonomies of the ESRS and ISSB standards.

The contributions from stakeholders EFRAG received to its draft comment letter generally supported the EFRAG messages. Further risks with the proposed methodology identified by stakeholders were included in the final comment letter.

Also, concerns were raised about the final status of the industry-based disclosure requirements. In case they were to become mandatory as a future step, EFRAG stressed the need for a robust technical process including preliminary public consultation.

### Outreach events

- 15 June 2023 Joint outreach event with the ISSB

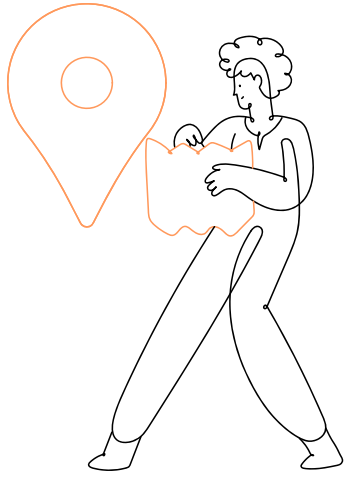
### Action plan / Next steps

- EFRAG is to follow the ISSB's work on SASB standards for achieving increased interoperability

*'EFRAG considered the proposed methodology a reasonable transition approach, pending a more extensive standard setting activity to enhance the SASB Standards.'*



INTERNATIONAL  
COOPERATION





# INTERNATIONAL FORUM OF ACCOUNTING STANDARDS SETTERS (IFASS)



EFRAG's influencing activities extend to the international sphere beyond the EU, including through its active participation in the International Forum of Accounting Standard Setters (IFASS), which is a group primarily consisting of national, regional and international accounting and sustainability reporting standard setters. The IFASS also includes other stakeholders and organisations involved in the enhancement of corporate reporting, and it holds periodic meetings to engage on financial reporting, sustainability reporting and other topics of interest to the standard-setting community. EFRAG regularly presents the work outputs of its Financial Reporting and Sustainability Reporting pillars at IFASS meetings, and this contributes to the cross-pollination of ideas and learning from other jurisdictions that face similar issues. Such collaboration gives visibility to EFRAG's technical outputs, influences other national standard setters and amplifies EFRAG's messages.

It also allows the development of mutually beneficial relationships between EFRAG and national standard setters across the globe. In this respect, this collaboration is an essential element of EFRAG's mandate: to help Europe influence the IASB, the ISSB and other international reporting initiatives that also have participants in these meetings. Of note is the fact that, along with hosting the annual World Standard Setters Conference and having the quarterly Accounting Standard-setters Advisory Forum (ASAF) and Sustainability Standard setters Advisory Forum (SSAF) meetings, the IFRS Foundation hosts the IFASS meetings once a year in London as it considers engagement with national standard setters to be a vital part of identifying and coming up with solutions for gaps in existing reporting requirements.

In the last two years, EFRAG has been fulfilling a leadership role at the IFASS. After the March 2022 meeting, the EFRAG SR TEG Chairwoman Chiara Del Prete has been serving as the IFASS chair, and her three-year term (i.e., after exercising an optional one-year extension) will end after the March/April 2025 meeting.

Under Chiara's leadership, the forum, which initially covered only financial reporting, moved to cover in equal proportions both sustainability and financial reporting as well as the recurrent coverage of connectivity and other innovative topics of relevance to corporate reporting more broadly (e.g., digital reporting). Chiara's leadership of the IFASS has provided EFRAG with opportunities to further build relationships and network with national standard setters and related stakeholders.

With Chiara chairing and EFRAG providing the IFASS Secretariat support, three IFASS meetings were held in 2023 (i.e., a virtual meeting held in January 2023 and two hybrid meetings held in April and September, respectively). Below are details of the location, participation profile and topics addressed during these meetings. Another hybrid meeting was held in April 2024.

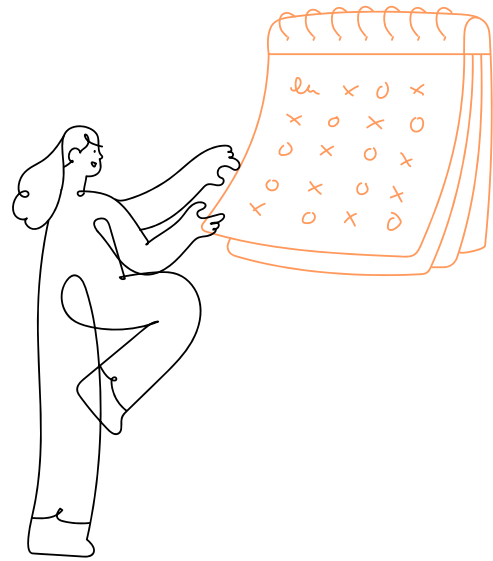


## 12 January 2023, IFASS virtual meeting

This virtual meeting had 133 participants (attendees and/or speakers) and consisted of national and international standard setters from 36 jurisdictions.

### The following were the meeting agenda items:

- IASB update (IASB presentation)
- ISSB update (ISSB presentation)
- Connectivity between financial reporting and sustainability reporting (EFRAG and UKEB presentations)
- IAS 12 Temporary exception amendment (IASB presentation)
- Qualitative research on the first-time application of IFRS 16 in France (ANC presentation)
- Transition relief and ongoing practical expedients in IFRS 16 (AASB-Australia and MASB-Malaysia presentations).





## 19–21 April 2023, IFASS hybrid meeting (hosted by US FASB) in Norwalk, Connecticut, US

This hybrid meeting had 160-plus participants (attendees and/or speakers) (70-plus in-person and 90-plus virtual) and consisted of national and international standard setters and legislative authorities from 35 jurisdictions

### The following were the meeting agenda items:

- Connectivity (IASB and ISSB presentations)
- IASB Update (IASB presentation)
- IFRS 9 Amendments to the Classification and Measurement of Financial Instruments (IASB presentation and breakout discussions)
- Public sector and not-for-profit updates (AASB – Australia, CIPFA, IPSASB presentations)
- Application of Malaysian Financial Reporting Standards to Islamic Social Finance Transactions (MASB presentation)
- Primary Financial Statements: Disaggregation of expenses (Panel discussion – EFRAG, FASB and IASB)
- Australia’s roadmap to sustainability reporting: climate-first approach (AASB Presentation)
- ISSB update (ISSB presentation)
- ESRS update (EFRAG presentation)
- GRI Update (GRI presentation)
- Sustainability reporting panel – Criteria for departing from the baseline of ISSB Standards (panel discussion involving AASB, CSSB, EC, KSSB, New Zealand XRB and conclusion from ISSB)
- Connectivity themes and research (AASB, AcSB, EFRAG, FRC-UK and UKEB presentations)
- Digital assets (AASB, AcSB and FASB presentations)
- Jurisdictional financial reporting priorities and updates (from AOSSG, GLASS, FASB and FRC-UK PAFA)
- Intangibles (Panel discussion/presentations from EFRAG, GLASS and UKEB).

**Photo caption:** Robert Stojek, EFRAG FR staff and Senior Manager Technology (until October 2023), Patrick de Cambourg, EFRAG SRB Chair, Sapna Heeralall, EFRAG FR Senior Technical Manager, Chiara Del Prete, EFRAG SR TEG and IFASS Chair, Jens Berger, EFRAG FR TEG Acting Chair, Vincent Thomas Papa, EFRAG Associate Director



## 26–27 2023 September, IFASS hybrid meeting (hosted by the IFRS Foundation) in London, UK

This hybrid meeting had 150-plus participants (attendees and/or speakers: 110-plus in-person and 40-plus virtual), including national and international standard setters and legislative authorities from 37 jurisdictions.

### Photo caption:

Professor Han Yi, Chair of the Korea Accounting Standards Board (KASB) and the Korea Sustainability Standards Board (KSSB), and Chiara Del Prete, EFRAG SR TEG Chair and IFASS Chair at the April 2024 IFASS meeting

### The following were the meeting agenda items:

- Climate-related and other uncertainties in the financial statements (presentations by AASB, UKEB and IASB, and a break-out discussion on the IASB project direction)
- Cash flow reporting (AcSB and EFRAG presentations)
- International Non-Profit Accounting Guidance (INPAG) update – Exposure Draft 2 (CIPFA presentation)
- International Public Sector Accounting Standards Board (IPSASB) update (IPSASB presentation)
- Accounting for carbon offsets and credits (AcSB and GLASS presentations)
- PIR IFRS 15 (panel discussion involving AOSSG, GLASS, OIC, PAFA and NZ XRB)
- NZ research – Meeting users’ needs, recognition and disclosure of intangibles (NZ XRB presentation)
- Hyperinflation (GLASS presentation)
- Connectivity between financial and sustainability reporting (UKEB presentation)
- ISSB consultation on agenda priorities and perspectives on interoperability (panel discussion involving DRSC, EFRAG, ISSB, KSSB, SSBJ and UK FRC-UK)
- OECD – sustainability reporting matters (OECD presentation)
- Sustainability reporting implementation issues, capacity building and implementation guidance (Panel discussion involving EFRAG, ICAI, NZ XRB, PAFA, UK Department for Business and Trade and AASB).



# WHAT KEY PLAYERS IN CORPORATE REPORTING SAY ABOUT EFRAG

## EUROPEAN INSTITUTIONS AND ORGANISATIONS



### **Mairead McGuinness, Commissioner for Financial Services, Financial Stability and Capital Markets Union at the EC**

*'EFRAG is a trusted authority on both financial reporting and sustainability reporting. EFRAG plays a key role in advancing Europe's goals in this important field.'*

EFRAG has carried out excellent work in 2023. Financial reporting, EFRAG's core business, is pivotal for efficient and well-functioning capital markets. Transparency is essential for maintaining trust and is therefore a necessary condition for financial stability.

As the technical advisor to the Commission on International Financial Reporting Standards (IFRS), EFRAG has played a key role in financial reporting, not least over the last year. EFRAG has built a strong international reputation over several years and is a well-respected voice in global financial reporting standard-setting. EFRAG champions the views of European stakeholders and contributes to the high quality of IFRS accounting standards.

In addition to its work on financial reporting, EFRAG's work on sustainability reporting has been exceptional. In mid-2023, the Commission adopted the first set of European Sustainability Reporting Standards (ESRS) based on EFRAG's drafts; this was a historic moment for corporate reporting.

Attention is now focused on helping companies implement the first set of ESRS. EFRAG's efforts to provide additional guidance for companies are invaluable. In addition, the development of reporting standards for SMEs will help smaller companies to better meet increasing demands for sustainability information and to grasp the opportunities of the transition to a sustainable economy. A high level of interoperability with global sustainability reporting standards remains an important strategic goal. Through its detailed technical work with global standard setters including the GRI and the ISSB, EFRAG has been making that goal a practical reality. As a result, European companies reporting according to ESRS should find it easy also to meet global reporting standards.

All the achievements of EFRAG, whether in financial reporting or sustainability reporting – or, increasingly, in the intersection of both – are the result of much hard work by all those in the EFRAG community. They are also a fitting testament to the work of Jean-Paul Gauzès, who sadly passed away in 2023.



## Pascal Durant, Member of the European Parliament

*'I would like to warmly thank EFRAG for its hard work, which illustrates our shared political will to make the EU a real standard-setter on a global scale. I am convinced that EFRAG will continue to bring the CSRD to life with ever more ambition and precision, in particular with the drafting of guidelines for implementing ESRS or the development of sectoral standards. This important work is in good hands.'*

As the end of this ninth legislative mandate in the European Parliament draws to a close, the time for a general appraisal of our path to sustainability has come, and the work accomplished in this regard in the EU is already quite impressive.

A cornerstone of this mandate, the Green Deal proposed by the EC five years ago, has translated into paramount pieces of legislation which addressed environmental concerns and established precise rules on the green taxonomy, climate transition plans and other measures aiming to better protect and respect the environment, biodiversity as well as social and human rights.

The CSRD, adopted in 2022, is a key part of this strategy as it requires companies to report information on their sustainability performance, including information on the environment, biodiversity, social and employee issues, human rights, anti-corruption and good governance. Companies are now widely expected to comply with the legislation, following a gradual, transitional implementation timeline.

The CSRD replaces the Non-Financial Reporting Directive (NFRD) adopted in 2017, which was the first piece of legislation to introduce the notion of corporate responsibility beyond economic performance. Going much further than its predecessor, the CSRD extends its scope in the first place, but it also requires the development of new European Sustainability Reporting Standards (ESRS), which define the content of the reports that companies are required to produce. This harmonisation process at the European level of which EFRAG is in charge will make information truly comparable, complete, accurate and thus more reliable.

Other than its ambitious scope, the CSRD introduced the key concept of double materiality, according to which companies must take account both of the impact of society and the environment on their financial performance, and on the impact of their activities on the former. This novel vision is one of the turning points for the transition to a more sustainable society.

EFRAG has played a crucial role in the realisation of double materiality as defended by the Parliament by drawing up sustainability standards. Providing high-level technical advice to the EC all along the process, EFRAG has also contributed to establishing close and efficient cooperation between those EU institutions so that the CSRD can now help build a more virtuous business model for companies, fit for our century and its new challenges.



## Jesus Lopez Zaballos, EFFAS Chair

*'EFFAS was founded in 1962 to enhance the transparency of information used by investment professionals. Sixty years later, EFFAS represents European users and enhances transparency of information. Additionally, it sponsors courses, accreditations while participating in partnerships with EFRAG, the ECMI, XBRL, ESMA and standard setters in activities on Bond Communication, Intellectual Capital and KPIs for ESG. Standards allow experts and market participants to make products and services more comparable, contributing to the efficiency of capital markets.'*

Users, through EFFAS, support EFRAG's role to endorse IASB financial accounting standards and EFRAG's activities as the European standard setter for sustainability issues. EFRAG is the EC advisor for the CSRD sustainability standards (ESRS). The open communication and collaboration between EFFAS and EFRAG allow users to provide valuable input.

EFFAS, through its Commission on Financial Reporting, provides position papers and feedback on EFRAG's documents on financial issues while participating in EFRAG's outreaches. Moreover, several members of EFFAS Commissions participate in EFRAG's working groups and standing committees, both on financial and non-financial topics.

EFFAS has been for several years the issuer of the widely recognised and successful Certified ESG Analyst (CESGA) certification. Following EFRAG's full implementation of the first twelve ESG standards, EFFAS will update the CESGA programme to incorporate the ESRS compliant version. Constructive discussions between EFRAG and EFFAS are developing to make this EFFAS CESGA programme EFRAG accredited.

Sustainability standards and training go beyond the European borders. This past March, Hong Kong witnessed the strength of the CESGA as Friends of the Earth (HK), in collaboration with EFFAS and the HKU Business School ICUBE, hosted the inaugural EFFAS Asia Summit. The gathering drew over a hundred participants in person and virtually from various sectors. This was a showcase for the collective commitment to advance environmental, social and governance (ESG) principles in finance.

Moreover, in collaboration with the Spanish Analysts Institute and sponsored by the Spanish company Acciona, EFFAS sponsored the first CESGA Congress in April. The Congress focused on the latest trends in sustainable finance and investment, examining the new regulatory frameworks and emerging challenges and opportunities in the ESG (Environment, Social and Governance) sector.

Jesús López Zaballos, chair of EFFAS, recently noted that 'EFFAS has contributed to improving the integration of extra-financial data in classical investment methods. Working with the ESG standard setters in Europe, EFRAG enhances transparency all the better'.

This past May, EFFAS and the Associazione Italiana per L'Analisi Finanziaria (AIAF) hosted the inaugural Gasperini ESG Awards at the Intesa Sanpaolo Conference Hall in Milan. This award honouring Andrea Gasperini, a member of the AIAF and a passionate advocate for sustainability, was a milestone, recognising the remarkable contribution of Mr Gasparini to ESG Research. Andrea was a member of one of the first working groups on sustainability reporting at EFRAG.

The ceremony, which was attended by EFRAG and enthusiasts of the financial and academic world, awarded top honours to cutting-edge research studies that push the boundaries of our understanding of ESG issues.





## **Aleksandra Palinska, Executive Director – Eurosif, the European Sustainable Investment Forum**

EFRAG plays a crucial role in shaping the European Sustainability Reporting Standards (ESRS), which are aimed at improving availability, quality, comparability and reliability of corporate sustainability-related disclosures. These disclosures are essential to enabling investors to make informed investment decisions, to ensuring adequate risk management and to allocating capital in line with their clients' sustainability preferences. The ambition and appropriate calibration of ESRS are key to accelerating a just transition towards a sustainable economy. I am pleased to have contributed to this important project, representing the users of sustainability information on the EFRAG SRB. Even though I stepped down towards the end of 2023, Eurosif remains an engaged member of EFRAG's sustainability reporting pillar.



## **Véronique Willems, Secretary General, SMEUnited**

Work EFRAG is doing to provide SMEs with a reporting tool to comply with the trickle-down effect of the CSRD is a high priority for SMEUnited. The advisory group has the important task to find the right balance between usability and simplicity. SMEUnited and its members had the opportunity to exchange their concerns in several occasions with the EFRAG Secretariat. The organisation continues cooperation with EFRAG towards the best possible outcome. 'Now that the public consultation is closed, we will continue the ongoing exchange with EFRAG to ensure the feedback from SMEs is well understood and addressed,' stated Petri Salminen, SMEUnited President.

During its Annual Conference in November 2023, EFRAG gave stakeholders a platform to debate on ESRS. SMEUnited Secretary General Véronique Willems provided the SME perspective, insisting on market acceptance of the VSME and its voluntary character.

## INTERNATIONAL ORGANISATIONS



### Sue Lloyd, Vice-Chair of the International Sustainability Standards Board (ISSB)

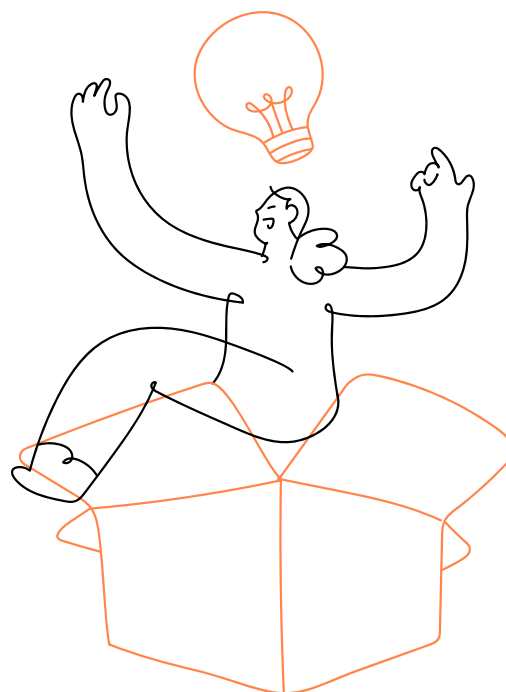
*'The International Sustainability Standards Board (ISSB) congratulates EFRAG on the important milestone it achieved in 2023 with the publication of the European Sustainability Reporting Standards.'*

Furthermore, we greatly appreciate our deep collaboration the result of which is a high degree of alignment between global and European sustainability disclosure requirements, particularly in relation to climate disclosures. Our partnership, which led to the publication of the ESRS-ISSB Standards Interoperability Guidance, embodies our joint commitment to create efficiencies where possible to advance transparency, comparability and accountability while delivering efficiency in reporting for companies.

We achieved this by working closely together, to find ways to align requirements and language, and then in jointly developing guidance to explain the interoperability of our standards. As a result, companies applying both sets of standards can do so with greater efficiency, reducing the complexity, fragmentation, and duplication that would have otherwise hampered them.

We owe our particular thanks to EFRAG Sustainability Reporting Board Chair Patrick de Cambourg and Technical Expert Group Chair Chiara Del Prete for their leadership in advancing interoperability and for the many hours they have spent collaborating closely with me and my ISSB colleagues.

Securing interoperability between the ISSB's international standards and ESRS is something that the ISSB has committed to embedding into its future standard-setting work. As such, the ISSB looks forward to continued collaboration with EFRAG to ensure the ongoing interoperability of our work including through interoperability of our digital taxonomies.





## Jean-Paul Servais, Chair, IOSCO

*'2023 will be remembered as a pivotal year in international sustainability reporting. The adoption of the first set of European Sustainability Reporting Standards (ESRS) in July formed a seminal moment for the ambitious European approach on the matter. It followed shortly after the ISSB's adoption of its inaugural standards S1 and S2 and IOSCO's consequent endorsement thereof in June. Both of which were important milestones towards the establishment of a global framework for sustainability reporting.'*

The ISSB standards and the ESRS form a strong public answer to the market call for a common language for sustainability disclosures, replacing the alphabet soup of private disclosure frameworks. The fact that on climate matters very strong alignment between both the ISSB and EFRAG was reached, illustrates a strong shared commitment of the ISSB and EFRAG, together with the EC, to limit duplicative reporting for companies worldwide and thereby reinforce the momentum for the pick-up of the standards.

The ESRS-ISSB Standards Interoperability Guidance that EFRAG and the IFRS Foundation recently published will provide an important tool for companies worldwide in the preparation of their respective sustainability reporting. Around 50,000 companies will in due course need to apply the ESRS. And, as announced at an ISSB-IOSCO joint press event at the end of May 2024, on the global stage already 20 jurisdictions, accounting for more than half of global GDP, have decided or are taking important steps towards incorporating the ISSB standards in their own legal framework.

But the work does not end here. More standards still need to be developed and important capacity building efforts are required to ensure that everyone is on board. Cooperation and capacity building between all players will therefore be essential. It is therefore recommended that the EC and EFRAG develop appropriate capacity and come out with Q&A's to assist companies as well as auditors in their understanding and use of the standards.

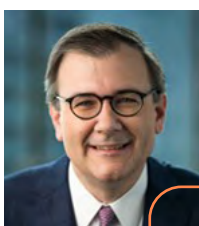
It is clear that the interconnection between both the financial and sustainability reporting will continue to gain in importance. EFRAG given its governance structure seems well placed to assure a coherent approach in that regard. I am convinced that EFRAG as an organisation will in the coming years continue to make good on the tasks the European legislator has entrusted it with and remain a constructive player on the international scene.





## Carmine Di Noia, Director for Financial and Enterprise Affairs, OECD

*'Markets need relevant, credible and comparable information on how companies manage their sustainability impacts, risks and opportunities. EFRAG has made important contributions to the development of sustainability reporting expectations that are consistent with internationally agreed standards, including on responsible business conduct and corporate governance.'*



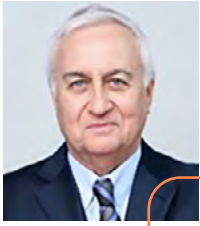
## Wes Bricker, Chair, XBRL International

*'At XBRL International, we are delighted to see the rapid development of the ESRS digital taxonomy at EFRAG. The digital taxonomy is the result of EFRAG's clear vision that sustainability reporting should be 'digital first'. As users increasingly rely on computers and AI programs to process information, reporting itself must be prepared in a structured format to remain relevant and useful. To achieve that, an authoritative digital taxonomy, akin to a dictionary, is needed for reporting entities to be able to mirror the disclosure requirements of the CSRD in their digital reports.'*

Our team has enjoyed the collaboration with the EFRAG taxonomy experts and with their technical counterparts from other key standards setters in digital sustainability reporting. We look forward to continuing these collaborations and to advancing comparable and consistent digital taxonomies around the world.

As the ESRS Taxonomy moves to ESMA for review, consultation and promulgation, we are fully confident that the EU's CSRD will have a strong digital foundation thanks to the exceptional effort of EFRAG. We congratulate you on the remarkable start of your digital journey!

## NATIONAL STANDARD SETTERS OUTSIDE EUROPE



### Charles-Antoine St-Jean, Canadian Sustainability Standards Board

*'The Canadian Sustainability Standards Board is thankful for EFRAG's generous help in navigating the interconnected international sustainability standards. We look forward to working together for years to come.'*

**Photo caption:**

Sandra Odendahl, Senior Vice President and Head Sustainability, Diversity & Partnerships at the Business Development Bank of Canada, Patrick de Cambourg, Chair of the EFRAG SRB, Charles-Antoine St-Jean, Chair at the Canadian Sustainability Standards Board met in April 2024 to discuss sustainability reporting topics with members of the Canadian Bankers Association.





## Yasunobu Kawanishi, Chair of the Accounting Standards Board (ASBJ) and Sustainability Standards Board (SSBJ) of Japan

### Sustainability Reporting

Japanese companies will be subject to SSBJ Standards, which will incorporate all requirements in IFRS S1 and IFRS S2 and add some jurisdiction-specific options that companies may choose to apply. Many of these companies will also be subject to ESRS, and we are grateful for EFRAG's efforts to enhance interoperability between ESRS and ISSB Standards. We are interested in ESRS for non-EU companies that are to be developed in future years, and we look forward to contributing to the development of such standards.

### Financial Reporting

The ASBJ is committed to align ASBJ Standards with international accounting standards and, therefore, it is critical that our views are reflected in the development of international accounting standards. Many of the views heard in our jurisdiction are also heard in Europe, and we look forward to working with EFRAG towards the development of high-quality international accounting standards.

#### Photo caption:

EFRAG and representatives of the Accounting Standards Board of Japan (ASBJ) and the Sustainability Standards Board of Japan (SSBJ) representatives held meetings on 30 and 31 March 2023 in Brussels.





## Han Yi, Chair of the Korea Sustainability Standards Board (KSSB)

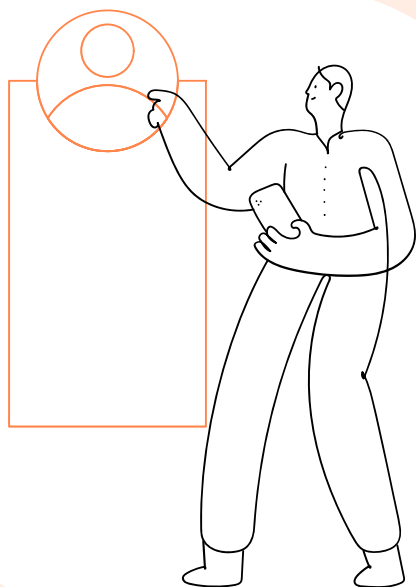
*'EFRAG's dedication to enhancing global corporate reporting standards resonates deeply with us. The implementation of European Sustainability Reporting Standards (ESRS) represents a significant advancement for transparency and sustainability in corporate reporting, one that influences Korean companies, especially those operating in or with Europe. EFRAG's efforts not only align with but actively support our pursuit of high-quality financial reporting practices in Korea.'*

#### Photo caption:

On March 12 2024, board members and technical staff from the Korea Sustainability Standards Board (KSSB) met with EFRAG SRB members and EFRAG SR TEG members in Brussels to share updates and discuss interoperability and other relevant issues.



*'EFRAG's influencing activities extend to the international sphere beyond the EU, including through its active participation in the International Forum of Accounting Standard Setters (IFASS)'*





OUR ORGANISATION





## Report from Saskia Slomp, EFRAG CEO

*'It is very encouraging that we managed to deliver our technical advice on time with good quality with relatively limited resources, demanding much from our staff in both the financial and sustainability reporting pillars in terms of work-life balance and working environment, and thanks to volunteers in our governance bodies and secondments in kind. We have to work on remaining an attractive place to work in that provides good career opportunities for all our staff. Our staff is our most important asset and a fixed value in the exciting developments to come.'*

Being now in the sixth year of my function as CEO, I have seen EFRAG develop from an organisation of some 20- staff, setting the first steps in the sustainability reporting of the European Lab in the second half of 2018, to a 60-person organisation in 2024 – and if we include our interns, close to 80 staff. Moving forth, with the integration of the sustainability reporting pillar, from one board and one TEG to three boards and two TEGs has made EFRAG's structure challenging, including working with one President and four Chairs.

First remarks have been collected from the members of EFRAG's governance bodies in their performance reviews and from EFRAG's Member Bodies in a survey seeking views on what is working well in EFRAG's structure and what could be improved. These preliminary views form the basis for using a term well known in financial reporting for the Post Implementation Review (PIR) of the 2021/2022 Gauzès governance reform, whilst EFRAG is continuing to build on its experience with its two-pillar structure as well as the involvement of civil society and impact organisations, a group of stakeholders to a lesser extent involved or interested in financial reporting.

Unfortunately, we received in September the sad news that former EFRAG Board President Jean-Paul Gauzès passed away just over a year after his mandate ended at the end of June 2022. During his six years serving as EFRAG's President, Jean-Paul has seen that his recommendations on EFRAG's new structure were agreed and welcomed by Commissioner McGuinness, and he was instrumental in putting the new structure in place. We should also remember that he achieved a consensus view of the Board on IFRS 17 on Insurance Contracts, a major achievement for which he clearly benefited from his

political experience.

In February 2024 Johan van Helleman, the first EFRAG TEG Chair from back in 2001, passed away. In the same month we had to bid farewell to Alberto Giussani, the OIC representative on the EFRAG General Assembly Nominating Committee who for many years was involved in EFRAG representing Italy and the OIC.

Soon after the publication of this annual review, our new website will go live. This long-awaited website shows EFRAG's financial reporting activities and sustainability reporting activities on equal footing, is easy to navigate and is robust. In particular, the sustainability reporting work and documents will be easier to find: they are quite hidden on our existing website given that it was developed in the pre-ESRS era. We want to express our gratitude to all those who helped us in the testing phase.

In 2023 and in the beginning of 2024, the rotation of the EFRAG FRB and the yearly rotation of the EFRAG FR TEG took place. The first rotation of the EFRAG SR TEG took place with over 200 applicants. Notably, the interest in EFRAG's sustainability reporting work is overwhelming. Also, the EFRAG Administrative Board members completed their first mandate of two years in January 2024 and rotation took place. Given that several members had only joined during 2023, the only newcomer was Helmut Maukner representing the Austrian Group of Standard Setters.



Hans Buysse reaches the end of his two-year term as EFRAG Administrative Board President on 30 June 2024 and has decided not to go for reappointment. Hans will continue as EFRAG Administrative Board member representing the user sector. He was a captain who kept his ship on a steady course in turbulent waters. Under his leadership, as successor to Jean Paul Gauzès, EFRAG completed the implementation of the governance reform and was guided through the first years full of opportunities and challenges. Although we are glad to see Hans continue as EFRAG Administrative Board member for the user sector, the EFRAG management and secretariat regrets that he has decided not to extend his mandate. We are looking forward to working with the new EFRAG Administrative Board President, who will be appointed on 26 June 2024.

While our staff number has more than doubled since the beginning of 2023, the demands for new deliverables have increased more than proportionally due to the need for new implementation support. It is very encouraging that with a lot of demands on our staff in both the financial and sustainability reporting pillars in terms on work-life balance and working environment, thanks to volunteers in our governance bodies and as secondments in kind we managed to deliver our technical advice in time and with good quality. It is very motivating to see the dedication, commitment and spirit of our staff working towards a common goal of transparency for corporate reporting stakeholders. Our new teleworking policy is very flexible in terms of working abroad, which is well appreciated by our staff since for most of them their home country is not Belgium.

I think it is fair to say that our experiment of involving an increased number of interns and developing our own staff both in financial reporting and sustainability reporting is a success story. Several interns have continued to work at EFRAG after their internships ended under a temporary contract. Two of them have transitioned to a permanent contract and more will follow. Fresh from the university, they bring up-to-date knowledge and new skills including AI and other tools. Bringing a relatively large number of highly motivated young people to EFRAG further offers a pleasant and lively atmosphere to our office.

### What is next?

EFRAG is expecting an exciting year ahead with new projects both in financial reporting and sustainability reporting. EFRAG will enhance its recruitment activities in both domains. Furthermore, we will have to decide if we can stay in our current offices and, if so, whether to embark on a large refurbishment journey. EFRAG will work on its sustainability policies and reporting according to its circumstances. We will work on further enhancing our visibility with our stakeholders and the general public, building on the momentum gained over the last few years. Our new, modern website will be great support on this.

### Big thanks

A big thank you to all the colleagues for their great contributions, hard work, good mood, humour and smiles. Thanks to all our in-kind secondments and their supporting organisations; without them our work would not be as successful. And a big thank you to all the members in our Reporting Boards and Reporting TEGs for volunteering an impressive amount of time and providing their valuable contributions to our work.





## Report of Peter Sampers, the Chair of EFRAG's Administrative Board Due Process Committee

*'EFRAG serves the European public interest and, in order to do so, applies a rigorous and transparent due process to collect input from stakeholders. After an initial focus on sustainability reporting, the financial reporting work will now also be addressed in the EFRAG Due Process Handbook.'*

A rigorous and transparent due process is critical for EFRAG's activities in both its Financial and Sustainability Reporting pillars. EFRAG's Statutes and EFRAG's Internal Rules establish that the EFRAG Administrative Board is responsible for the due process oversight of all technical bodies of EFRAG. In doing so, it is supported by a Due Process Committee (DPC).

The deliberations of the EFRAG Administrative Board on due process matters take place in public sessions. On a yearly basis, the EFRAG Administrative Board must report to the EFRAG General Assembly about its oversight of the due process. The EFRAG Due Process Committee (DPC) started its activities in March 2022 and held six meetings in 2023. In 2023, the EFRAG Administrative Board also held six sessions where due process matters were discussed. A summary of the discussions was included in the EFRAG Update of the respective months. The EFRAG Administrative Board provided its second report on the oversight of the due process in a public session during the EFRAG General Assembly meetings in March 2024. Stakeholders can provide input on due process matters that will be publicly accessible in an online register on the EFRAG website.

The DPC's activity initially focused on the Sustainability Reporting pillar where both the governing bodies and processes needed to be established and implemented. Subsequently, work was also started for the codification of the due process in the Financial Reporting pillar.

### In 2023 the DPC's activities were focussed on:

- the due process for Set 2 of the sustainability reporting standards. The decisions taken in this respect were subsequently amended due to the request of the EC to prioritise the implementation support for the first set of ESRS over the sector specific work. In that context, the EFRAG DPC called upon the EFRAG SRB and the EFRAG FRB to ensure that their future work plans would be structured in such a way that consultation could meet the objectives of the due process procedures, including a 120-day period for public comment and issuance of the basis of conclusions for draft standards together with the exposure draft of such draft standards;
- an update of the text of the Due Process Procedure for Sustainability Reporting in order to align those with the final text of the CSRD. The update was published in March 2023 and is available on the EFRAG website;
- the DPC also discussed and approved improvements identified by the EFRAG SRB and the EFRAG SR TEG to their modus operandi (i.e., publication of complete agendas, criteria for holding closed sessions/meetings and communication thereon), which were generally aligned with the DPC's recommendations;
- the development of a due process for implementation guidance. As this work deals with the development of non-binding guidance documents and other material to support implementations of ESRS, a modified due process was deemed to be appropriate. In this respect, the categorisation of implementation questions received and their inclusion in a public issue log was also addressed;

- it was noted that work still needs to be undertaken on the Due Process for Sustainability Reporting with respect to procedures for digital guidance and for cost-benefit analysis; and
- a review of lessons learned from the first year of operation of the Due Process for Sustainability Reporting.

The EFRAG Secretariat was asked to prepare the formalisation of the Due Process for Financial Reporting.

In 2024 the DPC continued its work on the Due Process for Financial Reporting, which will include the publication of an Exposure Draft for public comment around the summer. Due process issues that arise will be addressed and the DPC will further develop the monitoring of the processes in EFRAG to ensure that the Due Process Procedures are properly applied.

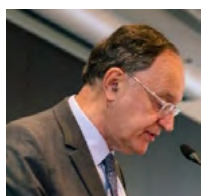
Furthermore, stakeholders will be encouraged to formally respond to the DPC to ensure that due process matters are publicly addressed and finally find their way to the register of due process matters on EFRAG's website.

## COMMUNICATION ACTIVITIES

### EFRAG Annual Conference

#### 'European Corporate Reporting – Two Pillars for success'

Organised with the participation of the EC, the 2023 EFRAG Conference **'European Corporate Reporting: Two pillars for success'** took place in Brussels on 28 November 2023. Approximately 350 interested stakeholders attended in person, and a further 2,000 joined the event online, enabling many to share their experience with sustainability reporting, corporate reporting and financial reporting. Topics ranged from opportunities of digital reporting to ESRS implementation support to European sustainability standards for SMEs. The programme, speakers' biographies and videos of the keynote speeches, panel discussions and tribute to the late **Jean-Paul Gauzès** (former EFRAG Board President and MEP) can be reviewed [here](#).



**Hans Buysse** (EFRAG Administrative Board President) delivered a welcome address. Next, Pascal Durand (French MEP and CSRD Rapporteur), Jean-Paul Servais (IOSCO Chair), Emmanuel Faber (ISSB Chair) and Patrick de Cambourg (EFRAG SRB Chair) delivered speeches on the theme **'Sustainability reporting: state of play'**.



**Mairead McGuinness** (European Commissioner for Financial Stability, Financial Services and Capital Markets Union) then delivered a speech on corporate reporting for the second consecutive year. Numerous moving tributes were delivered in honour of the late Jean-Paul Gauzès (former EFRAG Board President), who regrettably passed away on 13 September 2023. Richard Boessen (EFRAG Senior Manager Digital Reporting) then introduced John Turner (XBRL International CEO) for his keynote speech, **'Opportunities of digital reporting from the start'**.



Chiara Del Prete (EFRAG SR TEG Chair) introduced the panel **'Implementation support for ESRS'** comprised of Eelco van der Enden (GRI CEO), Sebastien Godinot (EFRAG Administrative Board member, WWF), Mark Vaessen (Accountancy Europe President) and Luc Vansteenkiste (EFRAG SRB member, European Issuers Chair). Kerstin Lopatta (EFRAG SRB Vice-Chair) moderated the discussion. This was followed by closing remarks by Eelco van der Enden on the importance of implementation support.



Next came the panel **'Sustainability reporting: European Sustainability Standards for SMEs'** introduced by Elisa Bevilacqua (EFRAG SR Senior Technical Manager) and moderated by Sven Gentner (Head of Unit, DG FISMA, Corporate Reporting, Audit and Credit Rating Agencies). The panel was comprised by Etienne Barel (Deputy Chief Executive Officer of the French Banking Federation), Salvador Marin (EFRAG SRB member and EFAA President), Cristina Saporetti (Head of sustainability reporting, Eni) and Véronique Willems (SMEunited Secretary General).



Keynote speeches on the theme 'State of play: financial reporting' were then delivered by Wolf Klinz (EFRAG FRB Chair), Linda Mezon-Hutter (IASB Vice-Chair) and Verena Ross (ESMA Chair).

The last panel, '**Financial reporting Connectivity: Building bridges**', was introduced by **Sébastien Harushimana** (EFRAG FR TEG Chair) and moderated by Jens Berger (EFRAG FR TEG Vice-Chair). It was comprised of Kirsten Margrethe Hovi (EFRAG CAP member and Norsk Hydro ESG Advisor), Sirkku Palmuaro (EFRAG CAP member and Nordic Offsetsenior advisor), Leo van der Tas, (EFRAG CAP member, EY advisor) and Carsten Zielke (EFRAG CAP member, EFRAG User Panel Vice-Chair). The conference was crowned by a speech delivered by Christine Lagarde (ECB President).



## Communication Overview

Throughout the dynamic landscape of 2023, EFRAG underwent significant changes marked by the addition of the new Friends of EFRAG, the integration of fresh talents into our team and the evolution of our working methodologies. As EFRAG embraced these changes, our communication efforts played a pivotal role in facilitating seamless transitions, fostering transparency and engaging stakeholders effectively.

### Social Media

EFRAG's social media activity increased significantly in 2023:



EFRAG's LinkedIn followers nearly doubled, from 23,632 in 2022 to 40,006 in April 2024.



EFRAG's YouTube channel, with more than 100 comprehensive financial and sustainable reporting videos, has drawn over 271,000 views. EFRAG's YouTube subscribers more than doubled from 700 to 1,760 subscribers in April 2024.



EFRAG's X follower base grew to over 3,000 in April 2024.



EFRAG Newsletter : between 2023 and 2024, EFRAG achieved significant growth, nearly doubling its subscriber base to approximately 20,000.







## Communication Activities – Financial Reporting

In 2023, EFRAG's Financial Reporting pillar continued its work of influencing the development of IFRS Accounting Standards from a European perspective and providing endorsement advice on and amendments to IFRS Accounting Standards to the EC through 14 key public consultations. To collect input, the Financial Reporting pillar also held eight public outreach events and two workshops as well as extensive external events besides the EFRAG FR TEG, the EFRAG FRB and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) meetings. The technical sessions of the EFRAG FR TEG and the EFRAG FRB meetings are held in public and the supporting papers are available on EFRAG's website. These efforts led to increased stakeholder engagement and progress in the issues that preparers and users of European financial statements face.

The work on connectivity was carried out in partnership with the EFRAG Sustainability Reporting pillar.



## Communication Activities – Sustainability Reporting

In 2023, EFRAG embarked on an ambitious journey to enhance communication efforts to reflect its sustainability reporting activities, aligning with its strategic goal of fostering transparency and promoting stakeholder engagement. Throughout the year, EFRAG engaged in extensive outreach events, interactive workshops and more than 100 collaborative external events aimed at raising awareness, gathering feedback and driving dialogue on sustainability reporting standards and practices.

EFRAG issued four major public consultations crucial to the development of sustainability reporting: i.e., public consultation on the three draft EFRAG ESRS IG documents (EFRAG IG 1 to IG 3) and public consultation on two Exposure Drafts on sustainability reporting standards for SMEs and the ISSB's Request for Information (RFI) on its Agenda Priorities as well as those on the draft XBRL Taxonomy, the first set of ESRS, and on the draft XBRL Taxonomy, Article 8 of the Taxonomy Regulation.

By leveraging various communication channels such as webinars, social media platforms and stakeholder consultations, EFRAG facilitated meaningful exchanges, disseminated valuable insights and solicited diverse perspectives from stakeholders across Europe and the globe. As a result, EFRAG's communication activities in the area of sustainability reporting played a pivotal role in advancing the understanding, adoption and implementation of sustainable reporting standards, reinforcing its position as a trusted voice in the realm of corporate sustainability.

The technical discussions of the EFRAG SR TEG and the EFRAG SRB are held in public and support papers are available on the EFRAG website. In this way, our stakeholders have full transparency on the discussions and progress of the projects. The recordings of the meetings can also be listened to after the meetings.



## Friends of EFRAG (up to April 2024)

In June 2024, EFRAG welcomed 11 new Friends of EFRAG – Sustainability Reporting (Atlas Metrics, Boston Consulting Group, Brightest, ClimateSeed, Ecobio, Ecocharting, Lucanet, Nordic Sustainability, Novata, Sunhat, SWEEP).



Angela Impact Economy



World Business Council for Sustainable Development



osapiens  
osapiens



SIBS



Greenomy



GSES System



Karbonpath  
Karbonpath



CSR Auditor



Baker Hughes



Code Gaia



CLEERIT



ROSE Framework



IntegrityNext



Watershed



SustainSoft

We have been welcoming Friends of EFRAG on an ongoing basis since April and will continue to do so moving forward.



## Our Policies – Sustainability within EFRAG

In recent years, an unprecedented institutional, social and corporate mobilisation has taken place in response to the main sustainability challenges: social, environmental and governance (ESG).

The worldwide adoption of the 'Paris Agreement on Climate Change' in 2015 and the 'UN Sustainable Development Goals' aim to make progress towards a more sustainable economy that improves the future of our planet.

To support these goals, the EU establishes the objective of turning Europe into the first carbon-neutral continent with the 'European Green Deal', and it expects organisations to play an important role in this transition.

EFRAG is aware of the challenge posed by sustainability, 'Taking into account the environmental (including climate and biodiversity), social, human and economic impact in its business decisions to create sustainable value in the long-term'.

In developing its activity, EFRAG considers that its actions should promote the balance of economic growth, social cohesion and environment preservation in accordance with its corporate purpose.

EFRAG continuously works on its internal policy aims to:

- demonstrate and formalise EFRAG's commitment to sustainable development and the creation of value related to its activity; and
- establish the action framework for EFRAG in terms of sustainability (hence containing the commitments taken toward its stakeholders to promote a sustainable, inclusive and environmentally friendly growth with a long-term vision).

Sustainable development is based on action principles that include any type of activity or decision to be addressed within the framework of EFRAG's Policy:

- maximum respect and promotion of ethics and good governance
- defense of human rights
- promotion of the personal and professional development of employees
- careful and comprehensive management of all risks (financial or otherwise)
- defense of transparency by promoting clear, complete and truthful communication
- contribution to social integration
- defense of the environment by contributing to the decarbonisation of the economy and by promoting sustainable activities (aligned with the objectives of the 'Paris Agreement on Climate Change' and the 'European Green Deal').

In June and July 2023, EFRAG was provided with training on Diversity, Equity and Inclusion (DEI). It was designed to:

- inform on what DEI is and why it is important;
- establish a clear vision of what DEI means within the context of EFRAG;
- create a network of DEI champions to lead the change and act as points of contact; and
- provide concrete tools to embed DEI into daily work and interaction.

Subsequently, there were three DEI champions that were selected who are responsible to promote an inclusive and supportive workplace culture.



OUR PEOPLE





## Tribute to Jean-Paul Gauzès

*Jean-Paul Gauzès, former MEP and EFRAG Board President from July 2016 to June 2022, passed away on 13 September 2023.*



His contributions, particularly on changes to the governance and funding of EFRAG, have left a lasting impact on our organisation, and we are deeply grateful for his unwavering commitment and hard work.

In 2020, the EC Executive Vice-President, Valdis Dombrovskis, invited Jean-Paul Gauzès on an ad personam basis to provide recommendations about possible changes to the governance and financing of EFRAG in case EFRAG were entrusted with the responsibility of the development of 'non-financial EU reporting standards'. To help develop the proposals for possible changes to the governance and funding of EFRAG, Jean-Paul Gauzès sought the contribution of all interested stakeholders who wished to provide their views on his mandate. Taking into account the feedback received, Jean-Paul Gauzès issued his final report in March 2021 on his ad personam mandate, proposing reforms to EFRAG's governance structure to ensure that future European sustainability reporting standards are developed using an inclusive and rigorous process should EFRAG were to become the European sustainability reporting standard setter.

Many tributes have been delivered by those working and collaborating with EFRAG at the November 2023 conference, including from EFRAG President Administrative Board Hans Buysse, EFRAG CEO Saskia Slomp, EFRAG FRB Chair Wolf Klinz, EFRAG SRB Chair Patrick de Cambourg, MEP Pascal Durand and Commissioner Mairead McGuinness:

- 'Jean-Paul was somebody who was driving and striving for consensus.' – Hans Buysse
- 'Jean-Paul would be very proud ... to see that the first set of European sustainability standards is in law and is a reality.' – Saskia Slomp
- 'He had the gift to analyse a problem systematically and develop scenarios on how to solve it ... Jean-Paul, thank you for your contribution to the European cause, and thank you for your friendship.' – Wolf Klinz
- 'His roots made him what he was: a man of dedication, passionate ... for what he was doing, pragmatic and ambitious, lucid and modest, available and loyal.' – Patrick de Cambourg
- 'All the achievements of EFRAG, whether in financial reporting, sustainability reporting – and, increasingly, in the intersection of both – are the result of much hard work by all those in the EFRAG community. They are also a fitting testament to the work of Jean-Paul Gauzès. I knew Jean-Paul from when we were both MEPs together, and later I had the pleasure of cooperating with him while he was Chair of EFRAG's Board. He was a charming person, a true European and a dedicated public servant. He was the chief architect of the new EFRAG that is a recognised authority on both financial reporting and sustainability reporting. We honour his memory by building on the foundations he developed' – Commissioner McGuinness



‘Jean-Paul Gauzès was the first EFRAG Board President after the Maystadt governance reform and the first EFRAG Board President that had been a member of the European Parliament. I had the opportunity to see how much he was respected and listened to, and I am sure that his political vision and experience from the Parliament has brought great added value to EFRAG.’ – Pascal Durand

‘The unexpected passing of Jean-Paul left us all in disbelief. I had the honour to witness how he, as a convinced European, used his great talent to strike consensus in his various roles. As a two-time Board President, he played a pivotal role in the further development of financial and sustainability reporting at EFRAG.’ – Jean-Paul Servais, Chair IOSCO and FSMA (Belgium)

## Passing of Alberto Giussani in 2023

*EFRAG pays tribute to Alberto Giussani, who as an OIC representative was for many years involved in EFRAG in various capacities. He served from 2002 to 2023 as member of the OIC Technical-Scientific Committee. Until his sudden death, he was the Italian representative of the EFRAG General Assembly Nominating Committee.*

## Passing of Johan van Helleman in 2023, first Chair of the EFRAG TEG

*EFRAG also pays tribute to Johan van Helleman, who served as the first EFRAG TEG Chair in 2001. His dedication and leadership played a pivotal role in advancing EFRAG’s mission and growth during his tenure. Johan’s contributions have left a lasting impact on our organisation, and we are deeply grateful for his unwavering commitment and hard work.*



## EFRAG Secretariat (30 June 2024)



### Management Staff

- Saskia Slomp – EFRAG CEO
- Filipe Alves – EFRAG FR Senior Technical Manager & Chief Operating Officer

### Operational Staff

- Ovidiu Spirescu – EFRAG IT Manager
- Nicolae Bobocea – EFRAG IT Assistant
- David Calvet – EFRAG Editor

- Emily Darrow – EFRAG Communications and Media Manager
- Virginie Goethals – EFRAG Support Staff Coordination
- Caroline Martins – EFRAG Communications and Media Manager
- Cecile Etevenot – EFRAG Communications and Media Manager
- Madeleine Kabeya – EFRAG Finance and HR Manager
- Diana Morales – EFRAG Office Manager
- Bouchra Tabet – EFRAG Office Manager





### Financial Reporting Staff

- Sébastien Harushimana – EFRAG FR TEG Chair
- Vincent Papa – EFRAG FR Project Director
- Kathrin Schoene – EFRAG FR Project Director
- Didrik Thrane-Nielsen – EFRAG FR Project Director
- Rasmus Sommer – EFRAG FR Associate Director
- Isabel Batista – EFRAG FR Senior Technical Manager
- Hocine Kebli – EFRAG FR Senior Technical Manager
- Sapna Heeralall – EFRAG FR Senior Technical Manager
- Aleksandra Sivash – EFRAG FR Senior Technical Manager
- Galina Borisova – EFRAG FR Advanced Technical Manager
- Juan Jose Gomez de la Calzada – EFRAG FR Advanced Technical Manager
- Ioana Kiss – EFRAG FR Advanced Technical Manager
- Sergey Vinogradov – EFRAG FR Advanced Technical Manager
- Monica Franceschini – EFRAG FR Technical Manager, seconded by KPMG Italy
- Vasileios Panagiotis Dionelis – EFRAG FR Junior Technical Manager
- Ioanna Michailidi – EFRAG FR Junior Technical Manager
- Matteo Amerio – EFRAG FR Assistant Technical Manager
- Jamal Boualla – EFRAG FR Assistant Technical Manager

### Sustainability Reporting Staff

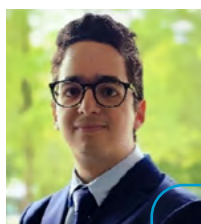
- Chiara Del Prete – EFRAG SR TEG Chair
- Pedro Faria – EFRAG SR Environmental Lead
- Fredré Ferreira – EFRAG SR Governance Lead
- Gemma Sanchez Danes – EFRAG SR Social Lead
- Stefano Maneri – EFRAG SR Sector Lead
- Didier Andries – EFRAG SR Senior Technical Manager
- Elisa Bevilacqua – EFRAG SR Senior Technical Manager
- Richard Boessen – EFRAG Senior Manager Digital Reporting
- Emmanuelle Cordano – EFRAG SR Senior Technical Manager
- Bernhard Frey – EFRAG SR Senior Technical Manager
- Anna Grochowska – EFRAG SR Senior Technical Manager
- Sebastian Heintges – EFRAG SR Senior Technical Manager
- Abigail Levrau – EFRAG SR Senior Technical Manager
- Paolo Mazzeo – EFRAG SR Senior Technical Manager
- Ben Renier – EFRAG SR Senior Technical Manager
- Giulia Faedo – EFRAG SR Technical Manager
- Johanna Marie Falk – EFRAG SR Technical Manager
- Julian Müller – EFRAG SR Technical Manager
- Valeria Villacorta Cussianovich – EFRAG SR Technical Manager
- Kajsa Hallberg – EFRAG SR Junior Technical Manager
- Dimitris Katsagounos – EFRAG SR Junior Technical Manager
- Olena Liakh – EFRAG SR Junior Technical Manager
- Mari Peltola – EFRAG SR Junior Technical Manager
- Rita Marinhos – EFRAG SR Junior Technical Manager
- Paula Garcia Mora – EFRAG SR Junior Technical Manager
- Nichita Madan – EFRAG SR Junior Technical Manager
- Mathilde Pierroux – EFRAG SR Junior Technical Manager
- Elisabeth Trouvain – EFRAG SR Junior Technical Manager
- Mathias Mingazzini – EFRAG SR Junior Technical Manager
- Dania Merla – EFRAG SR Junior Technical Manager
- Ana Pol Velasco – EFRAG SR Junior Technical Manager
- Alexis Houser – EFRAG SR Junior Technical Manager

## Testimonials from EFRAG Staff



### **Laura Abeni,** **Head of Group Accounting Policies and** **IFRS Reporting at Generali**

'Working at EFRAG was an excellent opportunity to collaborate with a multicultural team with deep experience in international accounting. At EFRAG, you work together to improve the quality of international reporting and day by day concretely influence the development of IFRS Standards from a European perspective. Therefore, after many years in accounting consultancy, I had the opportunity to see with my own eyes how international accounting standards are developed, collaborating with high-level professionals from all over Europe and beyond. This fantastic experience allowed me to complete my knowledge and my professional profile, allowing me today to hold a responsible accounting role in one of the largest insurance companies in Europe.'



### **Jamal Boualla,** **Financial Reporting Junior Technical Manager**

'I started working at EFRAG as a financial reporting intern in May 2023 and then joined the permanent staff a couple of months later. EFRAG helped me develop my skills in the review of reporting practices including through the use of the AI-based application AlphaSense, stakeholder data gathering via surveys and analysis of findings, and writing of outreach reports, all this while being involved in EFRAG's research project on connectivity as well as IFRS workplan projects, such as rate-regulated activities and climate-related and other uncertainties in the financial statements. I am also part of the IFASS Secretariat, and this has involved planning/event organisation, issue resolution while liaising with global stakeholders and contributing to writing the meeting summaries for the last three IFASS meetings. Working at EFRAG also means working in a great and multicultural workplace, which is a very important aspect of EFRAG's corporate culture.'



## **Bernhard Frey, Sustainability Reporting Senior Technical Manager**

'Working at EFRAG offers a unique chance to be at the forefront of shaping international sustainability reporting standards, enhancing one's expertise in a rapidly-growing field. By contributing to the development of the ESRS, I can play a leading role in fostering corporate transparency and supporting an accelerated transition towards a more sustainable economy. At EFRAG I have the opportunity of collaborating with a diverse group of industry professionals, experts and civil society representatives and learning from my highly dedicated colleagues.'



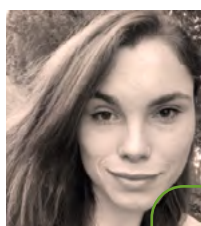
## **Juan Jose Gomez de la Calzada, Financial Reporting Advanced Technical Manager**

'I started working for EFRAG as part of a secondment in 2020, and in 2023 I joined EFRAG's permanent staff. There were several reasons that prompted me to make this decision, but among them I must highlight the great working environment, the multiculturalism that exists at EFRAG, all that I learn from it and the possibility to keep contributing to the improvement of financial reporting in Europe. Working at EFRAG allows you to be at the forefront of financial reporting, understand the underlying rationale and objectives of all accounting standards and interact with many knowledgeable stakeholders to foresee how financial reporting standards may impact the financial community.'



## **Ioanna Michailidi, Junior Technical Manager**

'The European public relies on EFRAG's work to ensure that European perspectives are duly considered in the international standard-setting process for financial reporting, which makes EFRAG an attractive and rewarding workplace. Joining EFRAG in my early career provides me with the opportunity to be involved in a wide range of projects and expand my technical proficiency in IFRS Accounting Standards, including their implementation and application in the EU. Furthermore, EFRAG empowers me to apply critical thinking skills, to rethink existing financial reporting requirements and to participate in stimulating discussions with highly experienced stakeholders.'



## **Elisabeth Trouvain, Sustainability Reporting Junior Technical Manager**

'I joined EFRAG in early 2023 and it has been a great opportunity to be part of this dedicated team and work to ensure that the European perspective is articulated in the international standard-setting process for sustainability reporting. The dynamic and ever-evolving nature of the work and the expertise of EFRAG makes it an attractive work environment. The development of the topical standards on social sustainability matters is central and I am honoured to contribute to the team which is at the forefront of reporting on these topics. As part of the social team, I am able to continuously learn and deepen my understanding of human rights, labour rights and social sustainability. EFRAG shapes the future of sustainability reporting by engaging with experienced stakeholders, which is something that I value and appreciate for my professional development.'

EFRAG would also like to thank all our interns. Their work is highly valued and appreciated by EFRAG: Beatriz Alagoa Dos Santos Amaro, Lorenzo Baldini, Aisa Batista, Sebastian Bozek, Bianca Buccolini, Francesco Cascone, Margherita Cristaldi, Claudia Cuomo, Philippe D'Aumeries, Taha Daoudi, Rosalie Devroye, Michele Dicatorato, Camille Diliberto, Alessandro Ganzi, Emma Gastineau, Adil Ghafiri, Alexis Houser, Inigo Garcia Irache, Florian Isselmann, Mira Koves, Lova Loinder Arvidsson, Marina Manti. Théo Pecqueur-Terrail, Beatrice Peghin, Aureliano Petrucci, Alessandro Rizzardo, Ada Rodríguez Martínez and Davide Simoni.

## EFRAG is recruiting



### Who do we need?

EFRAG welcomes both staff on employment contracts and secondments (in kind and paid) for financial reporting and sustainability reporting. We have a permanent recruitment process and welcome spontaneous applications. EFRAG is recruiting at all levels of the organisation, from junior to senior positions. We are open to applications from candidates with limited experience who are keen to learning and are highly motivated.

EFRAG also offers internships of a minimum of six months in both financial and sustainability reporting, communications and administrative support. An EFRAG internship provides a valuable steppingstone in your career, offering a unique experience in corporate reporting.

### Why join EFRAG?

A career with EFRAG represents a unique opportunity to develop in-depth knowledge and understanding of corporate reporting. It is an opportunity to work in a dynamic, multicultural and intellectually stimulating environment and to engage directly with the perspectives of multiple stakeholders including auditors, preparers, users, regulators and EU and global national standard setters.

### How to apply?

Please send a detailed CV and cover letter, addressed to EFRAG CEO Saskia Slomp, to [rh@efrag.org](mailto:rh@efrag.org).







At EFRAG, we place a strong emphasis on team-building activities, particularly through our love for sports. These events not only foster team spirit but also enhance collaboration among our team members. As we continue to grow and evolve, we look forward to welcoming new colleagues who share our passion for excellence and cooperation.»



Photo caption: EFRAG padel tournament, February 2024



Photo caption: EFRAG running the 20km of Brussels, May 2024

Photo caption: EFRAG second padel tournament, May 2024



# OUR GOVERNANCE BODIES WORKING GROUPS AND PANELS

08





# OUR GOVERNANCE BODIES WORKING GROUPS AND PANELS

## EFRAG General Assembly Nominating Committee (31 December 2023)



- Hans Buysse – EFRAG Administrative Board President – Chair
- Alberto Giussani – OIC\*
- Matis Joab – BETTER FINANCE
- Olav Jones – Insurance Europe
- Sven Morich – ASCG
- Pedro Oliveira – BusinessEurope
- Nina Schindler – EACB
- Goran Tidström – Swedish Association for Generally Accepted Principles in the Securities Market
- Nadine Wiedermann-Ondrej – Austrian Group of Standard Setters

\* Passed away February 2024

## EFRAG Administrative Board (31 December 2023) EFRAG



- Hans Buysse – Administrative Board President: Users sector
- Georg Lanfermann – Vice President, Germany

### European Stakeholder Organisations Chapter

- Sébastien de Brouwer – Banking sector
- Benoit Jaspar – Insurance sector
- Claes Norberg – Corporate sector
- Elina Peill – Accountancy profession sector

### National Organisations Chapter

- Robert Ophele – France
- Santiago Durán Domínguez – Spain
- Michele Pizzo – Italy joined in 2023
- Camilla Hesselby – Denmark
- Peter Sampers – Netherlands
- Andrea Sternisko – Austria\*
- Anders Ullberg – Sweden

### Civil Society Organisations Chapter

- Sebastian Godinot

### Observer

- EC

\* The new composition of the EFRAG Administrative Board after a two year term was announced in January 2024 with the new member Helmut Maukner from Austria replacing Andrea Sternisko.

## EFRAG Financial Reporting Board (EFRAG FRB) (31 December 2023)\*



- Wolf Klinz – EFRAG FRB Chair
- Serge Pattyn – EFRAG FRB Vice-Chair, user sector

### European Stakeholder Organisations

- Rosa Bruguera – Banking sector (Deputy Ricardo Sánchez Fernández)
- Michael Fechner – Corporate sector (Deputy Kristian Koktvedgaard)
- Roman Sauer – Insurance sector
- Olivier Scherer – Accountancy profession sector (Deputy Francesca Amatimaggio)

### National Organisations

- Simone Scettri – OIC Italy
- Sven Morich – ASCG Germany
- Sadi Podevijn – CNC-CBN Belgium
- Gerhard Prachner – AFRAC Austria
- Maria Dolores Urrea Sandoval – ICAC Spain
- Gerard van Santen – DASB Netherlands
- Marie Seiller – ANC France
- Soren Kok Olsen – DASB Denmark
- Fredrik Walméus – SFRB Sweden

### Observers

- European organisations representing private investors

In addition, the EC, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) have been granted observer status.

\* As of 30 April 2024 Rosa Bruguera stepped down and was replaced by Anna Vidal, as of 10 June 2024 Maria Urrea was replaced by Carlos Moreno, and as of 26 June Olivier Scherer was replaced by Sylvie Koppes.

## EFRAG Financial Reporting TEG (EFRAG FR TEG) (31 December 2023)\*



- Sébastien Harushimana – EFRAG FR TEG Chair
- Jens Berger – EFRAG FR TEG Vice-Chair
- Carmen Barrasa – Accountancy profession
- Emmanuelle Guyomard – Industry
- Dennis Jullens – User
- Sylvie Koppes – accountancy profession - Financial instruments specialist
- Erlend Kvaal – Academic
- Aranzazu Leo Abad – Banking industry
- Malgorzata Matuszewicz – Accountancy profession
- Pierre Phan van Phi – Accountancy profession EY France
- David Procházka – at large
- Christoph Schauerte – Industry
- Massimo Tosoni – Insurance industry

### Country liaison members

- Ilka Canitz – Country liaison Germany, ASCG
- Pierre Martin – Country liaison France, ANC
- Tommaso Fabi – Country liaison Italy, OIC

### Observers

The EC, the European Central Bank (ECB), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the IASB have been granted observer status.

\* *Emanuelle Gyomard and Erlend Kvaal stepped down as of 1 April 2024. Three new EFRAG FR TEG members were appointed: Andrea Lionzo (academic), An Lommers (industry) and Peter Ujvari (industry).*

## EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) (31 December 2023)



Meetings with the EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) address current European financial reporting issues, major proposed changes to IFRS Standards and EFRAG's proactive work. These discussions allow the EFRAG FR TEG to have a better understanding of the impact of the proposed amendments on national business practices and national accounting standards. EFRAG CFSS provides input for the EFRAG representation at the ASAF meetings of the IASB.

- AFRAC – Austrian Standard Setter
- ANC – French Standard Setter
- ASCG – German Standard Setter
- Authority of Audit and Accounting – Lithuania
- BASB – Belgium
- BDO Portugal
- CFRSB – Croatian Standard Setter
- CNC – Portuguese Standard Setter
- CNC / CBN – Belgian Standard Setter
- CNC LU – Luxembourgish Standard Setter
- CSSF – Luxembourg
- DASB – Dutch Standard Setter
- DASC – Danish Standard Setter
- European Central Bank DG-MF
- FAB/KILA – Finnish Standard Setter
- FSR – Denmark
- Graz University – Austria
- ICAC – Spanish Standard Setter
- ICPAC – Cyprus Standard Setter
- LMF – Latvian Ministry of Finance
- LMoF – Lithuanian Ministry of Finance
- MFSR – Slovak Ministry of Finance
- MIA – Maltese Standard Setter
- Ministry of Finance Lithuania
- MOFB – Bulgarian Standard Setter
- MOPF – Romanian Ministry of Public Finance
- NASB – Norwegian Standard Setter
- OIC – Italian Standard Setter
- PASC – Polish Standard Setter
- Polish Ministry of Finance
- SFRB V Swedish Standard Setter
- SIR V Slovenian Standard Setter
- State Administration of Liechtenstein
- UCP Portugal
- UK Endorsement Board
- UK FRC/UKES V United Kingdom Standard Setters

### Observers

- EC
- ESMA
- IASB

## EFRAG Academic Panel (31 December 2023)



- Erlend Kvaal – Chair
- Véronique Blum – Université Grenoble Alpes
- Kees Camfferman – Vrije Universiteit Amsterdam
- Joachim Gassen – Humboldt-Universität zu Berlin
- Niclas Hellman – Stockholm School of Economics
- Ann Jorissen – Universiteit Antwerpen
- Andrea Lionzo – Università Cattolica del Sacro Cuore Milan
- Araceli Mora – Universidad de Valencia
- Roberto di Pietra – Università di Siena
- Thorsten Sellhorn – Ludwig-Maximilians-Universität München
- Alfred Wagenhofer – Karl-Franzen Universität Graz

### Honorary member

- Günther Gebhardt – Honorary Member

### Observers

The IASB and ANC have been granted observer status

## EFRAG Advisory Panel on Intangibles (EFRAG API) (31 December 2023)



- Florian Bercault – User, (Estimeo)
- Ian Bishop – Preparer, (Roche Group)
- Giorgio Calimani – Preparer, (Pirelli)
- Laure Châtillon – Valuator, (PwC France)
- Alexandre Goncalves – Preparer, (Galp Energia SGPS)
- Javier Hombria – (EFFAS)
- Laurine Lemon – Preparer, (Royal DSM)
- Gianluca Manca – User, (EBF)
- Marietta Miemietz – User, (Primavenue)
- Ton van Ooijen – User, (APG Asset Management)
- Laurent Pieraerts – Preparer, (LPMS)
- Jochem Quaak – Valuator, (Duff & Phelps)
- Ivars Strautins – Valuator, (BKG Ltd)
- Jeremy Stuber – User, (Newton Investment Management)
- Jesus Federico Valero Gil – Valuator, (Deloitte)
- Jeremy Stuber – User
- Hanno Wulbrand – Preparer, (Bayer AG)

### Observers

In addition, the IASB, the European Federation of Financial Analysts Societies (EFFAS) and the CFA have been granted observer status

In addition, the IASB and the CFA Institute have been granted observer status

## EFRAG Connectivity Advisory Panel (EFRAG CAP) (31 December 2023)



- Jens Berger – EFRAG FR TEG Acting Chair
- Mario Abela – Value Balancing Alliance
- Martijn Bos – Eumedion
- Jorge Capeans Vales – General Council of Economists of Spain
- Alessandra Cerruti – Deloitte
- Deborah Fischer – RSM Belgium
- Simon Gobert – Royal DSM
- Kirsten Margrethe Hovi – Norsk Hydro ASA
- Evgeniya Kyuchukova – Troanska SGI Europe
- Manuel Liotta – Leonardo spa
- Gaizka Ormazabal – IESE Business School
- Laura Palmeiro – Danone
- Sirkku Palmaro – Finnish Financial Supervisory Authority
- Martin Petrov – Sofia International Securities JSC
- Sabrina Pucci – Roma Tre University
- Valentina Rossi – Mediobanca S.p.A.
- Thorsten Sellhorn – LMU Munich School of Management
- Jeremy Stuber – Newton Investment Management
- Cedric Tonnerre – Mazars
- Leo van der Tas – Tilburg University
- Anna Viefhues – SSAB
- Virginie Vitiello – Caisse des dépôts
- Isabella Widmer – EnBW Energie Baden-Württemberg AG
- Carsten Zielke – Zielke Research Consult GmbH

### Observers

In addition to its members, the EFRAG CAP will also have observers from designated organisations. Observer status will also be offered to interested EFRAG Financial Reporting Board members and EFRAG Financial Reporting TEG members and observers



## EFRAG Financial Instruments Working Group (EFRAG FIWG) (31 December 2023)



- Jens Berger – Chair EFRAG FIWG, EFRAG FR TEG Vice-Chair Auditor (Deloitte)
- Jannis Bischof – Academic (University of Mannheim)
- David Bisnath – Banking (Deutsche Bank)
- Alan Chapman – Auditor (Grant Thornton)
- Pierre Henri Damotte – Banking (Société Générale)
- Karin Eisenhut – Banking (DZ Bank AG)
- Maria Erviti Legarra – Banking (BBVA)
- Bonifacio Di Francescantonio – Banking (UniCredit)
- Fabio Goia – Banking (Intesa Sanpaolo)
- Patricia Tato Gomez – Auditor (KPMG Spain)
- Niklas Grip – Banking (Svenska Handelsbanken)
- Laure Guegan – Auditor (EY)
- Vincent Guillard – Auditor (Mazars)
- Edgar Loew – Academic (Frankfurt School of Finance & Management)
- Selma Marte – Banking (BNP Paribas)
- Holger Meurer – Auditor (PwC)
- Martin Petrov – Banking (Sofia International Securities)
- Roberto Spiller – Auditor (KPMG)
- Martin Svitek – Banking (Erste Group)
- Anna Vidal – Banking (Caixa Bank)

### Observers

- Lorenza Bignozzi – National Standard Setter OIC
- Antonio Corbi – ISDA (International Swaps and Derivatives Association)
- Stephane Lefrancq – National Standard Setter, ANC
- Gerhard Margetich – National banking organisation
- Raoul Vogel – PWC

In addition, the EC, the European Investment Bank (EIB), the European Banking Authority (EBA) and the European Securities Markets Authority (ESMA) and the IASB have been granted observer status

## EFRAG Insurance Accounting Working Group (EFRAG IAWG) (31 December 2023)



- Massimo Tosoni – EFRAG IAWG Chair, EFRAG FR TEG member
- Matteo Brusatori – Auditor (EY)
- Cardi Van Capelle – Insurance industry (NN Group)
- Alexander Dollhopf – Actuary (PwC)
- Laura Abeni – Insurance Industry (Generali)
- Luca D’Onofrio – User (Grant Thornton)
- Hugh Francis – Insurance industry (Aviva)
- William Hawkins – Insurance Industry (Keefe, Bruyette & Woods)
- Laura Kennedy – Auditor (PwC)
- Joachim Kolschbach – Auditor (KPMG)
- Jasper Kolsters – Auditor (EY)
- Sophie Massol – Insurance Industry (AXA)
- Richard Olswang – Insurance industry (Prudential)
- Jean Michel Pinton – Auditor (EY)
- Sabrina Pucci – Academic (Rome University)
- Thomas Ringsted – Auditor and Actuary (Deloitte)
- Andreas Thiele – Insurance industry (Allianz)
- Cedric Tonnerre – Auditor (Mazars)
- Carsten Zielke – User (Zielke Research Consult GmbH)

### Observers

The EC, the European Insurance and Occupational Pensions Authority (EIOPA), the International Credit Insurance and Surety Association (ICISA), the European Securities and Markets Authority (ESMA), Insurance Europe, the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), Munich RE, the IASB, the reinsurance industry and financial conglomerates have been granted observer status

## EFRAG Rate Regulated Activities Working Group (EFRAG RRAWG) (31 December 2023)



- Ralph Welter – Chair, Auditor (PwC)
- Giorgio Acunzo – Auditor (EY)
- Nicola Bruno – Industry (Atlantia SpA)
- Jean-Louis Caulier – Auditor, (KPMG)
- Jose-Luis Daroca – Auditor, (Deloitte)
- Claire Dusser – Auditor (Mazars)
- Gunther Falkenhahn – EON
- Isabelle Triquera Gonbeau – Industry, (EDF Group)
- Cosimo Guarini – Industry, (Terna Spa)
- Markus Lotz – Industry, (50Hertz Transmission GmbH)
- Isabelle Nuss – Industry, (Engie)
- Thomas Possert – Industry, (Energie Steiermark AG)
- Fabien Rock – Industry, (SNCF Reseau)
- Laura Lopez Sotomayor – Industry, (Ferrovial SA)
- Assiata Touré – Auditor (PwC)
- Samuel Vaughan – Industry, (United Utilities Group PLC)
- Javier Pastor Zuazaga – Industry, (Iberdrola SA)
- Stefanie Voelz – User, (Moody’s)

### Observers

- Nadia De Santis – OIC Italy
- IASB and UKEB



## EFRAG User Panel (31 December 2023)



- Sébastien Harushimana – EFRAG FR TEG Chair
- Carsten Zielke – EFRAG User Panel Vice Chair (Zielke Research Consult GmbH)
- Andrea Bellucci – Academic (University of Perugia)
- Martijn Bos – Eumedion
- Luca D’Onofrio – Grant Thornton
- Jacques de Greling – Scope Ratings
- Sam Holland – Standard & Poor’s
- Dennis Jullens – EFRAG FR TEG Member
- Thomas Justinussen – Danskebank
- Peter Malmqvist – Malmqvist EQR AB
- Felipe Herranz Martin – Academic (UAM)(AECA)
- Matthias Meitner – VALUESQUE
- Marie-Pascale Peltre – Independent Financial Analyst
- Serge Pattyn – EFRAG FRB member
- Richard Schreuder – Saemor Capital
- Jed Wrigley – Eight Roads

### Observers

- IASB

## EFRAG Sustainability Reporting Board (EFRAG SRB) (31 December 2023)\*



- Patrick de Cambourg – EFRAG SRB Chair
- Kerstin Lopatta – EFRAG SRB Vice-Chair (ASCG Germany)

### European Stakeholder Organisations

- Wim Bartels – Accountancy profession sector
- Grégoire de Montchalin – Insurance
- Tegwen Le Berthe – Asset managers
- Salvador Marin – Business SMEs/SMPs
- Aleksandra Palinska – Users
- Annina Tanhuanpää – Banking
- Luc Vansteenkiste – Business Listed
- Stefan Schnell – Business General

### National Organisations

- Marcello Bianchi – Italy
- Simon Braaksma – Netherlands
- Monika Brom – Austria
- Kristian Koktvedgaard – Denmark
- arlos Moreno – Spain
- Laurence Rivat – France
- Charlotte Söderlund – Sweden

## EFRAG Sustainability Reporting Board (EFRAG SRB) (31 December 2023)\*



### Civil Society Organisations

- Begona Giner – Academics
- Filip Gregor – NGOs
- Thierry Philipponnat – Consumer Organisations
- Isabelle Schoemann – Trade Unions
- David Vermijs – NGOs

### Observers

The EC, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA), the European Environmental Agency (EEA), the European Union Agency for Fundamental Rights (FRA), the Committee of European Auditing and Oversight Bodies (CEAOB) and the European Investment Bank (EIB) have been granted observer status

---

\* In 2024 Aleksandra Palinska representing the user sector was replaced by Alexander Basse; Tegwen Le Berthe representing the asset managers was replaced by Thomas Roulland; and Carlos Moreno representing ICAC (Spain) was replaced by Maria Urrea.

## EFRAG Sustainability Reporting TEG (31 December 2023)\*



- Chiara Del Prete – EFRAG SR TEG Chair
- Sigurt Vitols – SR TEG Vice-Chair – Trade Unions
- Alexandra van Selm – SER
- Anne-Claire Ducrocq – Banking industry
- Belen Varela – Industry
- Carlota de Paula Coelho – SMEs
- Chiara Mio – Academic
- Giulia Genuardi – Industry
- Signe Andreasen Lysgaard – Danish Institute for Human Rights
- Johan Dahl – Banking industry
- Julia Menacher – Insurance industry
- Julie Mary – Accountancy profession
- Katerina Katsouli – Accountancy profession
- Klaus Hufschlag – Industry
- Julian Muller – Consumer organisations
- Luc Hendrickx – SMEs
- Luca Bonaccorsi – Consultancy
- Philippe Diaz – NGO
- Piotr Biernacki – Industry
- Christoph Topfer – User
- Sandra Adler – Social specialist

## EFRAG Sustainability Reporting TEG (31 December 2023)\*



### Country liaison members

- PierMario Barzaghi – Country liaison Italy, (OIC)
- Eric Duvaud – Country liaison France, (ANC)
- Maria Mora – Country liaison Spain, (ICAC)
- Thomas Schmotz – Country liaison Germany (ASCG)

### Observers

The EC, the European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA), the European Environmental Agency (EEA), the European Union Agency for Fundamental Rights (FRA), the Committee of European Auditing and Oversight Bodies (CEAOB) and the European Investment Bank (EIB) have been granted observer status

---

\* Johan Dahl, Katerina Katsouli, Julie Mary, Julia Menacher, Chiara Mio, Maria Mora, Julian Muller, Thomas Schmotz and Alexandra van Selm left the EFRAG FR TEG 1 May 2024, and twelve new members were appointed effective from 1 May: Robert Adamczyk, Jean-Francois Coppenolle, Julia Kölzer, Elena Philopova, Luis Piacenza, Vanya Rusinova, Olivier Scherer, Per Törnqvist, Antonino Vaccaro, Fiona Watson and national standard setters representatives Kati Beiersdorf, ASCG – Germany and Jose M Moneva, ICAC – Spain.

## EFRAG ESRS Digital Reporting Consultative Forum (ESRS DRCF) (31 December 2023)



- Chiara del Prete – Chair
- Tina Aggerholm – Confederation of Danish Industry
- Päivi Antikainen – Nokia
- Laureen van Breen – The WikiRate Project
- Dedinienne Daiva – The Bank of Lithuania
- Pierre Henri Damotte – Société Générale
- Robin Dierckx – Greenomy
- Enrico Evink – EY
- Deborah Fischer – RSM Belgium
- Andrea Fradeani – University of Macerata
- Manuela Gottschalk – Deutsche Bank
- Lidia Grzegorzczak – Velma ESG
- Julien Guichandut – Clarity AI
- Tom Heuser – Merck
- Marc Houllier – Corporatings
- Walter Kern – Economy for the Common Good
- Thomas Klement – ABZ Reporting
- Elina Tuulia Koskentalo – Arcos Consulting
- Florina Nicolae – IDS GmbH
- Rimgaudas Pazniokas – Audifina
- Henrik Sandin – Workiva
- Peter Schaap – Deloitte
- Philipp Stampfuss – AMANA consulting
- Emma Burger, Bloomberg – Observer
- Stuart Rowan, XBRL International
- Gaurav Trivedi, MSCI – Observer

### Observers

In addition, the ESRS DRCF welcomes as observers XBRL Europe and ESMA.

## EFRAG Sustainability Reporting Pillar – Secondments in kind (31 December 2023)



- Belen de Anta – Deloitte Spain
- Nicola Bacaro – ENI
- Ignacio Boixo – EasyESEF LTD
- Orla Carolan – GT
- Haley Dyrstad – PwC Norway
- Andrea Giannini – CONSOB
- Minhea Jurca – Deloitte, Romania
- Laura Kaspar – Climate & Company
- Max Kolb – NABU
- Sabine Kutzner – Deutsche Post DHL Group
- Sarah Langwell – GT
- Paco Lari Pons – Crowe Spain
- Christopher Larsson – KPMG Sweden
- Jenny Lay-Kumar – Regionalwert Research GmbH
- Mariana Lopez – ECOS
- Nikolina Markota Vukic – The Croatian Institute for CSR (IDOP)
- Chloe Martin – GT
- Raja Mohan – Sodexo
- Roxana Oudelet – PwC
- Saverio Petruzzelli – Value A.t.p.
- Giorgia Ranzato – T&E Transport & Environment
- Victoria Savchenko – KPMG France
- Kimberly Schnell – KPMG Germany
- Anna Shpak – Generation Impact
- Max Tettero – Climate & Company
- Dustin Tissen – KPMG Germany
- Derya Ugurlu – KPMG Germany
- Tobias Maximillian Wildner – personal capacity
- Stephen Werkman – Tesla
- Niels Westerkamp – KPMG Germany

OUR MEMBER ORGANISATIONS



# OUR MEMBER ORGANISATIONS

## Role of the EFRAG General Assembly



Alongside fulfilling the legal requirements under the Belgian law for international associations and deciding over the statutes, internal rules and membership of EFRAG, the EFRAG General Assembly is in charge of:

- approving the financial statements and the next year budget;
- appointing the President, Vice-President and members of the EFRAG Administrative Board;
- appointing the Chairs, Vice-Chairs and members of the EFRAG Financial Reporting Board and the EFRAG Sustainability Reporting Board. The Chairs of the EFRAG Financial Reporting Board and the EFRAG Sustainability Reporting Board are nominated by the EC after having heard the Council of the EU and the European Parliament;
- providing a Discussion Forum for EFRAG Member Organisations to debate on strategy and broader orientations; and
- exercising general oversight over the EFRAG Administrative Board. Please refer to the legal section for EFRAG's comprehensive texts of the EFRAG by-laws (Statutes and Internal Rules).

EFRAG's activities are organised in two pillars, Financial & Sustainability Reporting pillars. The EFRAG General Assembly is composed of all EFRAG Member Organisations. Membership of EFRAG per 31 December 2023 is detailed below:

### Financial Reporting pillar

#### European Stakeholder Organisations

Accountancy Europe



BusinessEurope – European Business Federation



EACB – European Association of Co-operative Banks



EBF – European Banking Federation



**European Stakeholder Organisations**

ESBG – European Savings and Retail Banking Group



EFFAS – European Federation of Financial Analysts



Insurance Europe – European Insurance Federation



**National Organisations (countries)**

Austrian Group of Standard Setters – Austria



Commission des Normes Comptables/Commissie voor boekhoudkundige normen (CNC/CBN) – Belgium



Grouping of five Danish organisations – Denmark



Autorité des Normes comptables (ANC) – France



Accounting Standards Committee of Germany (ASCG) – Germany





### National Organisations (countries)

Organismo Italiano di Contabilità (OIC) – Italy



Commission des Normes comptables (CNC) – Luxembourg



Dutch Accounting Standards Board (DASB) – The Netherlands



Instituto de Contabilidad y Auditoría de Cuentas (ICAC) – Spain



The Association for Generally Accepted Principles in the Securities Market – Sweden



### Sustainability Reporting pillar

#### European Stakeholder Organisations

Accountancy Europe



BusinessEurope – European Business Federation



EuropeanIssuers



EACB – European Association of Co-operative Banks



EBF – European Banking Federation



**European Stakeholder Organisations**

ESBG – European Savings and Retail Banking Group



EFAA – European Federation of Accountants and Auditors for SMEs



EFFAS – European Federation of Financial Analysts Societies



EFAMA – European Fund and Asset Management Association



**European Stakeholder Organisations**

Eurosif – European Sustainable Investment Forum



Insurance Europe – European Insurance Federation



**National Organisations (countries)**

Austrian Group of Standard Setters – Austria



Grouping of five Danish organisations – Denmark



Autorité des Normes comptables (ANC) – France



Accounting Standards Committee of Germany (ASCG) – Germany



Deutsches Rechnungslegungs Standards Committee e.V.

Organismo Italiano di Contabilità (OIC) – Italy

**National Organisations (countries)**

Commission des Normes comptables (CNC) – Luxembourg



Dutch Accounting Standards Board (DASB) – The Netherlands



Instituto de Contabilidad y Auditoría de Cuentas (ICAC) – Spain



The Association for Generally Accepted Principles in the Securities Market – Sweden



**Civil Society Organisations - NGOs**

Economy for the Common Good



Environmental Defense Fund Europe



Frank Bold Society



Publish What You Pay



**Civil Society Organisations - NGOs**

Transport & Environment



World Wild Fund for Nature (WWF)



**Consumer Organisations**

BETTER FINANCE



Finance Watch



**Trade Unions**

European Trade Union Confederation (ETUC)



**Academics**

European Accounting Association (EAA)





## Abbreviated financial statements as of 31 December 2023



INCOME STATEMENT	2023 000 EUR	2022 000 EUR
<b>Contributions</b>		
European Stakeholder Organisations financial reporting	615	615
National Organisations financial reporting	1,610	1,525
European Stakeholder Organisations sustainability reporting	431	248
National Organisations sustainability reporting	767	440
Civil Society Organisations sustainability reporting	93	54
EC	5,485	3,949
European Climate Fund	20	
Friends of EFRAG	40	0
Ad hoc funding sustainability reporting	0	178
<i>Contributions in kind</i>	3,258	3,886
<b>TOTAL CONTRIBUTIONS</b>	<b>12,319</b>	<b>10,895</b>
<b>Operating expenses</b>		
Human resources	-7,219	-5,060
Building	-463	-399
Travel	-119	-41
Special events	-66	-56
Publications	-7	-14
Outsourcing (economic and academic studies)	-281	-671
Meetings	-53	-37
Other costs	-520	-763
<i>Expenses in kind</i>	-3,258	-3,886
<b>TOTAL OPERATING EXPENSES</b>	<b>-11,986</b>	<b>-10,927</b>
Operating profit or loss	333	-32
Financial result	-2	-18
<b>Net Loss/Surplus</b>	<b>331</b>	<b>-50</b>



BALANCE SHEET	31/12/2023 000 EUR	31/12/2022 000 EUR
Tangible assets	77	46
Office guarantee	240	241
<b>Total fixed assets</b>	<b>317</b>	<b>287</b>
Accounts receivable	1210	950
Cash	6,251	6,259
Deferred charges and accrued income	107	168
<b>Total current assets</b>	<b>7,568</b>	<b>7,377</b>
<b>TOTAL ASSETS</b>	<b>7,885</b>	<b>7,664</b>
Equity: Accumulated surplus	4,882	4,551
Liabilities		
■ financial debt	7	13
■ accounts payable	376	720
■ taxes, remuneration and social security	967	666
■ provision for pension guarantees and liabilities	413	822
■ deferred income	1240	875
■ other accruals	0	17
Total Liabilities	3,003	3,113
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>7,885</b>	<b>7,664</b>

The financial highlights are based on statutory financial statements audited by BDO, Belgium, which issued an unqualified audit report on those statements on 13 March 2024. The statutory financial statements have been approved by the EFRAG General Assembly on 18 March 2024.

## Contributions and expenses in kind



Contributions in kind 2023	000 EUR
<b>Time and travel contributions</b>	
EFRAG FRB	201
EFRAG FR TEG	520
Other FR Groups and Panels	204
EFRAG SRB	358
EFRAG SR TEG	684
Other SR groups, PTFs	66
In kind secondments sustainability reporting	933
EFRAG Administrative Board, General Assembly and committees	292
<b>TOTAL CONTRIBUTIONS IN KIND</b>	<b>3,258</b>

## NOTE



### Guaranteed return on EFRAG's pension fund and other provisions

Belgian law requires that contributions paid on behalf of employees by their employers are subject to a guaranteed minimum return of 3.25% until 31 December 2015 and 1.75% from 1 January 2016. Since 2013, the minimum return by EFRAG's pension provider has been less than these rates (2% in 2013, 1.5% in 2014 and 2015, 1% in 2016 and 0% from 2017 onwards). EFRAG has an obligation for any shortfall at retirement resulting from these differences. The financial statements include a provision arising from past contributions based on an actuarial estimate.

EFRAG receives funding from the EC in accordance with annual grant agreements. EFRAG's grant returns for the year 2016 until 2021 have been subject to checks 'on-the-spot' by the EC. Until 2022 EFRAG had operating grants with a funding rate (co-financing) of 60%. Since 2023, EFRAG has action grants for financial reporting with a funding rate of 60% of the eligible costs, and for sustainability reporting, 90% of the eligible costs.

## Financial structure of EFRAG



EFRAG is a publicly and privately funded organization working in the European public interest. The EC provides the public sector funding. At present, EFRAG's structure comprises a Financial Reporting pillar and a Sustainability Reporting pillar. The EFRAG membership structure includes three chapters: the European Stakeholder Organisations Chapter, the National Organisations Chapter and the Civil Society Organisations Chapter. EFRAG Member Organisations can join one of the pillars or both. EFRAG has as of 31 December 31 Member Organisations.

Supported by the EC, the Council and the European Parliament, EFRAG is continuously seeking to broaden its membership base, notably in the National Organisations Chapter. EFRAG seeks as well to broaden its membership in the Civil Society Organisations Chapter and the European Stakeholder Organisations Chapter, notably with impact expertise organisations to be representative of as wide as possible a range of corporate reporting stakeholders.

In 2023 and in previous years, in addition to cash funding EFRAG received contributions in kind provided by the members of EFRAG Reporting TEGs, the EFRAG Reporting Boards, the EFRAG Administrative Board, the Committees, Working Groups, Advisory Panels and Project Task Forces as well as in the form of in-kind secondments.

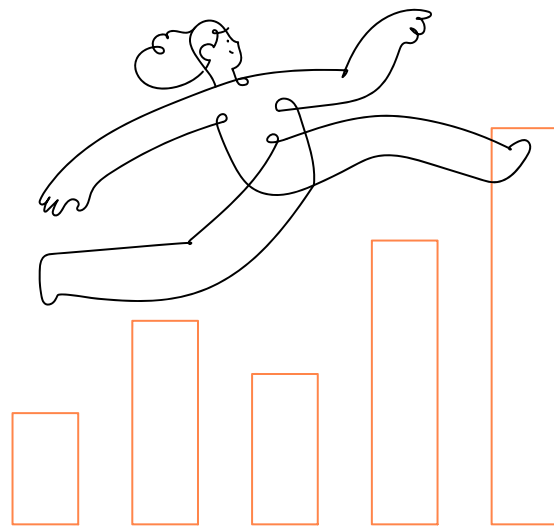
The breakdown of contributions by Member Organisations is as follows.

## Contributions and expenses in kind



			2023	2022
	Financial reporting	Sustainability reporting	Total	Total
<b>European Stakeholder Organisations Chapter</b>				
Accountancy Europe	150	80	230	230
BUSINESSEUROPE	125	80	205	205
INSURANCE EUROPE	150	80	230	230
EBF	50	27	77	77
ESBG	50	27	77	77
EACB	50	27	77	77
EFAA	15	15	30	30
EFFAS	25	25	50	50
EuropeanIssuers	-	80	80	80
EFAMA	-	80	80	80
Eurosif	-	20	20	20
<b>Total</b>	<b>615</b>	<b>540</b>	<b>1,155</b>	<b>1,155</b>
<b>National Organisations Chapter</b>				
France	350	175	525	525
Germany	350	175	525	525
Italy	350	175	525	525
Spain	175	175	350	350
Sweden	100	75	175	175
Denmark	50	50	100	100
Netherlands	75	75	150	150
Luxembourg	10	10	20	20
Austria	75	50	125	125
Belgium	75		75	
<b>Total</b>	<b>1,610</b>	<b>960</b>	<b>2,570</b>	<b>2,485</b>

			2023	2022
	Financial reporting	Sustainability reporting	Total	Total
<b>Civil Society Organisations Chapter</b>				
Climate Finance Fund of the ECF	-	48	48	46
Economy for the Common Good	-	5	5	5
Environmental Defense Fund (EDF)	-	15	15	15
Frank Bold Society	-	In kind	-	-
Publish What You Pay	-	In kind	-	-
Transport & Environment	-	5+ in kind	5	5
WWF	-	In kind	-	-
BETTER FINANCE	-	2.5	2.5	5
Finance Watch	-	7.5	7.5	8
ETUC	-	25	25	25
EAA	-	8 +symposium	8	8
<b>Total</b>		<b>116</b>	<b>116</b>	<b>117</b>
Reversal advance contributions		875	875	
Advance on contributions	-	-1200	-1200	-875
Adhoc funding sustainability reporting	-			178
Friends of EFRAG		40	40	0
European Commission	1,745	3740	5485	3,949
ECF		20	20	0
<b>TOTAL CONTRIBUTIONS</b>	<b>3,970</b>	<b>5,091</b>	<b>9,061</b>	<b>7,009</b>





EFRAG is co-funded by the EU through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein) as well as Kosovo participate. Any views and opinions expressed are, however, those of the authors only and do not necessarily reflect those of the EU, the EC or of countries that participate in the Single Market Programme. Neither the EU, the EC nor countries participating in the Single market Programme can be held responsible for them.

**EFRAG**  
**aisbl - ivzw**

35 Square de Meeûs  
1000 Brussels  
+32 (0)2 207 93 00  
info@efrag.org  
www.efrag.org



Design : trinome.be

Subscribe to our newsletter  
& follow us on

