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Value Chain Implementation Guidance Updated Cover Note

Objective

1. The objective of the session is to validate the document with SR TEG members after its approval considering the further changes since then.

Important information

2. EFRAG can only issue non-authoritative guidance in its role as technical advisor to the EC. Furthermore, while drafting guidance, EFRAG cannot develop concepts or requirements that go beyond the content of the July 2023 delegated act. The guidance aims to illustrate the delegated act but not go beyond it. For new provisions, separate standard-setting activities in accordance with the standard-setting process has to be concluded.
3. The content of the guidance presented for this meeting has not been validated by the ISSB, GRI or FISMA.
4. EFRAG is also in the process of establishing a process to answer questions from constituents similar to the IFRIC decisions under the IFRS framework.

Next steps

5. The EFRAG SRB will approve the implementation guidance at the meeting of 15 November 2023. The EFRAG Secretariat will review the document for:
 - a. Consistency with the MAIG; and
 - b. Further editorial improvements.
6. The EFRAG SRB envisages releasing the guidance in draft for public feedback for a period of four weeks as per EFRAG's due process procedures.

Changes since last version

7. EFRAG SR TEG agreed to the following:
 - a. Including the first change in agenda paper 04-02 in the guidance while excluding the remaining changes in the paper.
 - b. Add guidance from ESRS E1 AR 40 to section on *Operational control* in Chapter 2.3.
 - c. Deletions: FAQ 7: 'to obtain reliable data' in paragraph 103; Paragraph 116 after second sentence.
 - d. FAQ 8: Replace 'data' with 'information' in paragraph 110; and
 - e. Par 123, remove 'consider investment in technology' and cross refer to paragraph 48 to highlight not all actors have to be considered.
8. The EFRAG SRB requested the following improvements:



- a. explanation re reporting boundaries.
- b. alignment with MAIG including paragraph 12 (c).
- c. wording in respect of PAT and the VC, e.g. in the summary and elsewhere.

Additional agenda papers

9. In addition to this paper, the EFRAG Secretariat presents the following additional papers:
 - a. Agenda paper 03-02 Updated VCIG (clean); and
 - b. Agenda paper 03-03 Updated VCIG (in tracked changes).

Question for EFRAG SR TEG

10. Do EFRAG SR TEG members agree that paragraphs 29 and 33 in the VCIG (agenda paper 03-02) are clarifications rather than interpretations and so could remain in the guidance?
11. Do EFRAG SR TEG members validate the implementation guidance subject to alignment with the MAIG as well as further editorial changes?

