EFRAG UPDATE

January 2025

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EFRAG UPDATE

JANUARY 2025

The EFGRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions and decisions taken that month.

1.1 EFRAG Conference 2024: Summary Report Now Available

The EFRAG Conference 2024, held on 10 December in Brussels, brought together leading professionals in corporate reporting. Under the theme *'Advancing Transparency and Competitiveness in Challenging Times,'* discussions focused on key challenges shaping the future of corporate reporting, with 350 attendees participating in person and 850 joining virtually.

The **summary report** now available provides insights from the discussions, including highlights of the keynote speeches, panel discussions and fireside chat.

For more information, please see the EFRAG website.

EFRAG’S FINANCIAL REPORTING ACTIVITIES

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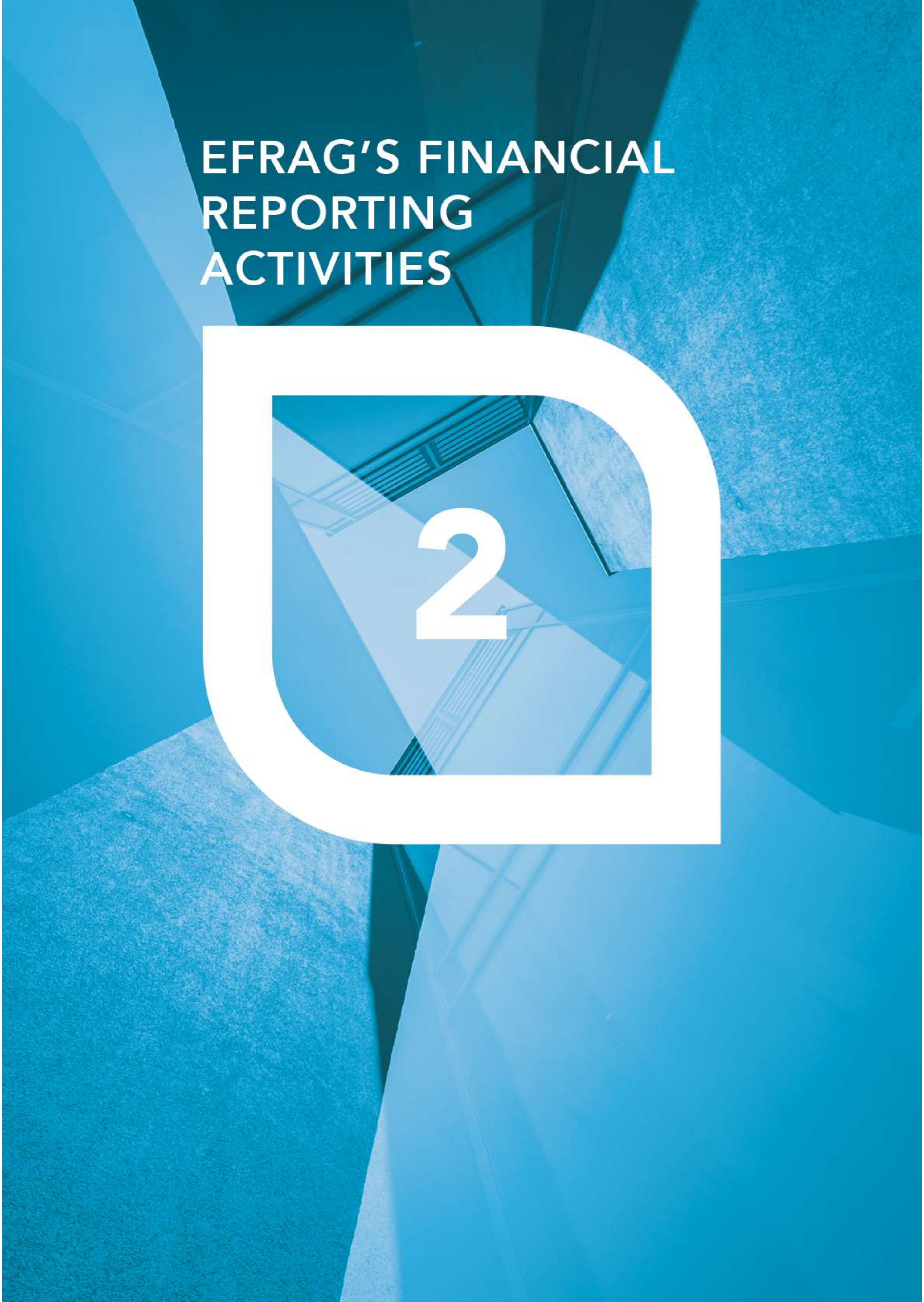

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EFRAG'S FINANCIAL REPORTING ACTIVITIES

2.1 Open consultations

TITLE AND DESCRIPTION	CLOSING DATE
EFRAG's Draft Comment Letter on the IASB ED *Provisions—Targeted Improvements*	25 February 2025
Call for Candidates EFRAG Rate-Regulated Activities Working Group	28 February 2025
EFRAG's online survey to seek preparers' (subsidiaries and parent entities) views on the voluntary application of *IFRS 19 Subsidiaries without Public Accountability: Disclosures*	28 February 2025
EFRAG's online survey to seek users' views on the voluntary application of IFRS 19 Subsidiaries without Public Accountability*: Disclosures*	28 February 2025
EFRAG's Draft Endorsement Advice on *IFRS 18 Presentation and Disclosure in Financial Statements*	26 March 2025
EFRAG's survey to preparers of financial statements of rate-regulated entities	31 March 2025
EFRAG's Discussion Paper on *The Statement of Cash Flows*	15 May 2025

For more information, please see EFRAG's consultations page.

2.2 Other news

ONE MONTH LEFT TO HAVE YOUR SAY: SUPPORT IFRS 19 ENDORSEMENT IN THE EU BY COMPLETING EFRAG'S SURVEYS

Users and preparers have until **28 February 2025** to give feedback on the endorsement of the reduced disclosure standard in Europe for eligible subsidiaries.

EFRAG is currently inviting financial statements preparers and users to submit their feedback on the voluntary application of IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, allowing eligible subsidiaries to prepare reduced disclosures under IFRS Accounting Standards. **The deadline for submission is 28 February 2025**:

- survey for preparers (PDF).
- survey for users (PDF).

Alternatively, you can contact us to arrange a meeting and share your views at galina.borisova@efrag.org.

SUMMARY REPORT ON THE Joint IASB & EFRAG Educational session on IFRS 19

In January EFRAG published a summary report on the 2 December 2024 educational session on IFRS 19, jointly organised with the IASB. The event addressed IFRS 19, its practical application, along with potential implications for European entities.

For more information, please see the EFRAG website.

NEW DEADLINE: JOIN THE EFRAG RATE-REGULATED ACTIVITIES WORKING GROUP BY 28 FEBRUARY 2025

Apply now and be part of the process to support the endorsement of a new IFRS Accounting Standard on regulatory assets and liabilities!

EFRAG is renewing its Rate-regulated Activities Working Group (EFRAG RRAWG or the group) to support the endorsement process for a new IFRS Accounting Standard on regulatory assets and regulatory liabilities, expected in late 2025. The group seeks additional members, particularly preparers and users, with expertise in rate-regulated environments and financial reporting. The size of the group is limited to around 20.

*Applications, in the form of a CV and a cover letter, should be sent to EFRAG at nominations@efrag.org no later than **28 February 2025**.*

Please see the group's Terms of Reference.

For more information, please see the EFRAG website.

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

Webcast meeting 15 January 2025

EFRAG FRB and EFRAG FR TEG held a joint webcast meeting on 15 January 2025 and discussed the following topics:

CONTRACTS REFERENCING NATURE-DEPENDENT ELECTRICITY: AMENDMENTS TO IFRS 9 AND IFRS 7

Members considered the comments received on EFRAG's draft endorsement advice during the consultation period and didn't raise any additional issues. EFRAG FR TEG recommended and EFRAG FRB approved EFRAG's **final endorsement advice** on the *Contracts Referencing Nature-Dependent Electricity: Amendments to IFRS 9 and IFRS 7.*

IASB PROJECT EQUITY METHOD

Members considered the comments received on EFRAG's draft comment letter during the consultation period and discussed the changes to be incorporated in EFRAG's final comment letter. EFRAG FR TEG recommended and EFRAG FRB approved EFRAG's **final comment letter** on the IASB Exposure Draft *Equity Method of Accounting IAS 28 Investments in Associates and Joint Ventures (revised 202x)* (the 'ED').

Specifically, members supported the ED's proposals related to the measurement of cost of an associate or joint venture (investee), transactions between an investor and its investees, disclosures, and impairment indicators.

At the same time, EFRAG FRB and FR TEG expressed several concerns and, among its recommendations, has called for: (a) further simplification of the proposed layered approach applied for step acquisitions of an investee; (b) the development of a holistic, principle-based solution for non-exchange changes in ownership interests in an investee; (c) exempting transactions with equity-accounted subsidiaries from the ED's proposals for separate financial statements, and (d) the modification and clarification of the proposed transition requirements. Members also suggested the IASB include a fundamental review of the equity method in its forthcoming agenda consultation.

NEXT MEETINGS

The next EFRAG FR TEG meeting will be held on 11 and 12 February and the next EFRAG FRB meeting will be held on 27 February 2025.

The next EFRAG FRB and EFRAG FR TEG joint meeting will take place on 14 May 2025.

EFRAG FRB January 2025 written procedures

EFRAG FRB did not approve any documents using written procedures in January 2025.

EFRAG FRB February 2025 expected written procedures

EFRAG FRB is not expected to approve any documents using written procedures in February 2025.

EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

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EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

3.1 Educational event

JOINT EUROPEAN ACCOUNTING ASSOCIATION (EAA) – EFRAG – ISSB SUSTAINABILITY REPORTING STANDARDS EDUCATION WORKSHOP

As part of EFRAG's educational activities, on 20-21 January 2025, EFRAG, along with the EAA and ISSB, EFRAG organised a sustainability reporting standards education workshop, covering aspects of ESRS, IFRS Sustainability Disclosure Standards and GRI Standards. The workshop was aimed at academics that wanted to set up or enhance sustainability reporting programmes at their universities. It provided valuable insight on how EFRAG can better serve the needs of trainers with its future educational initiatives. The workshop has been chaired by Begoña Giner, an EFRAG SRB member. It took place in the Frankfurt School of Finance and Management Campus, in Frankfurt Am Main, Germany.

Anna Grochowska and Julian Müller represented EFRAG in the workshop.

3.2 Calls for candidates for EFRAG SR TEG

EFRAG OPENS CALL FOR CANDIDATES FOR 2025 EFRAG SR TEG ROTATION

Keen to shape the future of sustainability reporting and contribute to the development of ESRS? Apply now to join the EFRAG SR TEG!

EFRAG invites candidates with expertise across a broad range of sectors in environmental, social, and governance (ESG) reporting. It is looking for individuals from diverse geographical backgrounds, genders, and professional sectors, with a particular emphasis on preparers, auditors, NGOs, and investors with experience with the implementation and professional use of ESRS.

The group's primary role is to provide technical advice on the development and implementation of the European Sustainability Reporting Standards (ESRS). Successful candidates should have deep technical knowledge of ESG reporting standards, particularly those under the EU's Corporate Sustainability Reporting Directive (CSRD) and demonstrate experience in both standard-setting and practical application.

Members will serve for a term of one or two years, **starting 1 May 2025**, with the possibility of reappointment for up to six years. They will engage in monthly meetings, with between 20 and 30% of their working time dedicated to EFRAG activities. Candidates must have European Economic Area nationality and be committed to acting in the public interest.

To apply, complete the online form by **17 March 2025 COB**. Interviews will be conducted in March and April 2025.

Please see the **online form** and for more information about the competences required and the selection process, the **call for candidates**.

3.3 Building the VSME ecosystem

Call for Expression of Interest – EFRAG mapping of initiatives, tools and platforms for SME sustainability reporting

EFRAG is conducting a self-assessment to map existing and ongoing initiatives, tools and platforms for SME sustainability reporting.

Through a self-assessment form, EFRAG is seeking to map existing and ongoing initiatives on SME sustainability reporting (this may include access to data banks such as waste registers, EPCs, etc.), digital platforms (e.g. ESG data platforms that match online supply and demand of ESG data and that act as aggregators of preparer and user sustainability data), and digital tools (e.g. GHG calculators, geolocation tools). This is being done as part of EFRAG's 'VSME Ecosystem'. The assessment aims to compare the consistency of the platforms and other initiatives with EFRAG's VSME to stimulate and ensure a coordinated adoption in Europe.

Fill out the **online survey** to express your interest by **24 February 2025**.

Access the call for expression of interest.

For more information, please see the EFRAG website.

3.4 EFRAG Sustainability Reporting Board (SRB)

TOPICS COVERED	MEETING DATE
VSME ecosystem and support guides (Closed) Transition plan IG (Closed) Non-EU group ESRS Q&A (categorisation in the public and Explanation in a closed meeting) ESRS implementation challenges and future IGs (Closed)	**15 January 2025**
Omnibus Regulation. Exchange of views (Closed) Educational session on latest EIOPA consultation sustainability risks and SII review (Closed) Q&A (categorisation in the public and Explanation in a closed meeting) Transition Plan IG	**29 January 2025**

The next EFRAG SRB meeting will be held on 12 February 2025.

As anticipated in the issuance of the last batch of Q&A Explanations in December 2024, EFRAG will not issue new Explanations during the reporting season. For this reason, the EFRG SRB and EFRAG SR TEG will have closed technical meeting to prepare for future public discussions and approval sessions on implementation support.

Non-EU Group ESRS (N-ESRS)

Waiting for indications of possible changes to the CSRD deriving from the ongoing discussions leading to a simplification legislative proposal (Omnibus), on 15 January 2025, the EFRAG SRB could not vote on the formal approval of the N-ESRS Exposure Draft. However, the EFRAG SRB Chair, to conclude the technical activities, asked members to express their support on the technical content of the Exposure Draft. Differently from the version approved by EFRAG SR TEG in December, the approved Exposure Draft includes the option to limit the disclosures for matters other than climate to impacts that are connected with products and services destined to EU customers. A majority of the members approved the technical content of N-ESRS. Several members expressed reservations on this option, including on the basis of its technical feasibility and auditability. The European Commission recommended consulting on this option. A formal vote on the issuance of the standard will be considered at a later stage. The next steps include incorporating these editorial changes to the ED, preparing the consultation package to be sent for review and finalization, and carry out the public consultation upon receival of the green light from the European Commission.

Q&A

On 15 January 2025, several EFRAG SRB members recommended changing the categorisation of ID 1108 from rejection to explanation and to refer to the ESRS definition of lobbying and focusing on the principle of transparency. These changes were agreed on. The EFRAG SRB also agreed to reclassify ID 825 from 'out of scope' to 'amendment'. On ID 1117, some EFRAG SRB members questioned the type of IG suggested. Eventually, the EFRAG SRB voted on the categorisation of 80 IDs in total, which were all approved subject to what agreed upon two items, namely, ID 825 and ID 1108. The next steps include receiving further written comments by EFRAG SRB members on editorial changes.

On 29 January 2025, two Q&A sessions were held. During the first, the EFRAG SRB approved three Explanations for IDs on environmental topics (ID 647, 818 and 823) and 12 IDs on social topics (ID 351, 388, 548, 691, 755, 692, 748, 750, 797, 1074, 1169 and 1208). On social topics Explanations, three IDs were approved subject to editorial comments (ID 452, 688 and 793) and two IDs were objected (ID 489, 562). During the second session, all proposed categorisations were approved.

TRANSITION PLAN IG

On 29 January 2025, most discussions on the Transition Plan IG concerned editorial fixes. The EFRAG SRB members agreed to bring the content of the FAQ into paragraph 35. Moreover, some expressed concerns on the definition of extra costs and pointed to an editorial clarification to avoid possible long discussions with auditors. Concerning FAQ 13, a proposal to simplify the listed criteria for a complete transition plan was discussed, so to avoid risks and uncertainties. An agreement to introduce a paragraph in FAQ 13 on the subjective aspects of assessing completeness was achieved. The next steps include the EFRAG Secretariat incorporating these comments into the documents and waiting for confirmation of the consultation date from the European Commission. The EFRAG SRB will be asked to approve the technical content in the next meeting in February.

3.5 EFRAG Sustainability Reporting Technical Expert Group (SR TEG)

TOPICS COVERED	MEETING DATE
Transition Plan IG Implementation challenges and pipeline for IG (closed) VSME ecosystem and support guides – planning session (closed)	**21 January 2025**
Educational session on Forced labour regulation by the European Commission (closed) Transition plan IG Education session on the ESMA consultation on ESRS XBRL taxonomy (closed) Gross vs net IG (closed) Q&A (closed)	**23 January 2025**

The next EFRAG SR TEG meeting will take place on 4 February 2025.

TRANSITION PLAN IG

On 21 January 2025, the EFRAG SR TEG met for a preparatory discussion for approval of draft TPIG. The EFRAG Secretariat clarified that the feedback period on the TPIG is still to be determined. If the decision is made subject to the References Practices Document (RPD), it will shift to later. The final release of TPIG and RPD is expected to take place at the same time. The DG FISMA representative added that there might be more clarity on suited timeline for consultation following the directions of the Omnibus package, as more information will be available in February. The discussion then shifted to the five-year time horizon and to several editorial changes. An EFRAG SR TEG member requested to mention minimum safeguards in Chapter 2 paragraph 25 for completeness, and the EFRAG Secretariat will follow up bilaterally on the issue. The EFRAG Secretariat also made explicit that if climate change mitigation is material, the undertaking will need to disclose under paragraph 17 if it does not have a TP. The next steps include integrating all the editorial changes suggested and to carry on the discussion on funding.

On 23 January 2025, the EFRAG SR TEG approved the draft TPIG. First, the content of paragraph 55 was discussed with an emphasis on the time horizon and on editorial changes. The EFRAG SR TEG highlighted the need to accommodate different business models with the financial planning horizon and with the extent of transparency of disclosures. Eventually, the EFRAG SR TEG agreed on the final text of paragraph 55. Other editorial changes were made to the FAQs. 16 EFRAG SR TEG members approved the document without reservations, two EFRAG SR TEG members approved it with reservations on the timeline.

3.6 Other involvement in sustainability reporting

PLATFORM ON SUSTAINABLE FINANCE (PSF)

EFRAG is an official observer in the second mandate of the Platform on Sustainable Finance which ends on 31 March 2025 and is represented by Kerstin Lopatta, EFRAG SRB Vice-Chair. EFRAG participates in *Usability and Data* (SG1) and in the *Technical Working Group advising on the technical screening criteria* (SG2).

The 21st plenary meeting of the Platform being the first meeting in 2025 took place on 29 January 2025. The meeting discussed the report "Simplifying the EU Taxonomy to Foster Sustainable Finance". The rapporteurs provided an update on pending issues, present feedback received and how comments have been integrated, followed by an exchange of views. There was a preliminary adoption of the section on corporate KPIs, DNSH and Data survey and the final adoption of the rest of the report. The ongoing work of the Technical Working Group was presented. In addition, there were updates on the work of subgroup 3 on Monitoring of Capital Flows and subgroup 1 Usability and Data on green bonds and benchmarks, followed by a preliminary adoption of the Green Bonds report.

A virtual extraordinary meeting of the Platform is envisaged to take place on 27 February. The next regular plenary meeting takes place on 12 March 2025.

VACANCIES

Financial reporting

EFRAG Financial Reporting Internship Opportunities

EFRAG is offering internships in its financial reporting activities. As an intern, you will be expected to support the EFRAG financial reporting work in influencing the development of IFRS Accounting Standards (including projects on the IASB workplan and EFRAG's proactive research projects) and providing endorsement advice on IFRS Accounting Standards.

There is also an opportunity to work on EFRAG's research project on the connectivity between financial and sustainability reporting.

The internship role entails giving support to the work conducted by the EFRAG technical staff in the drafting of technical documents, regular engagement with EFRAG's governance bodies (EFRAG Reporting Technical Expert Groups and Reporting Board), working groups and outreach to a broad range of external stakeholders including preparers, users, national standard setters, auditors and regulators.

Through the internship you will gain unique professional experience in corporate reporting standard-setting activities in a dynamic and multicultural environment and have access to and direct interaction with a rich network of corporate reporting stakeholders.

EFRAG is recruiting interns on a continual basis for a 6-month term (renewal is possible for one term of 6 months). Please note that the places for March 2025 are now filled and new opportunities will be available **for September 2025.**

For more information, please contact EFRAG CEO Saskia Slomp at saskia.slomp@efrag.org.

For more information, including on how to apply, please visit EFRAG's website.

Sustainability Reporting

EFRAG Sustainability Reporting Internship Opportunities

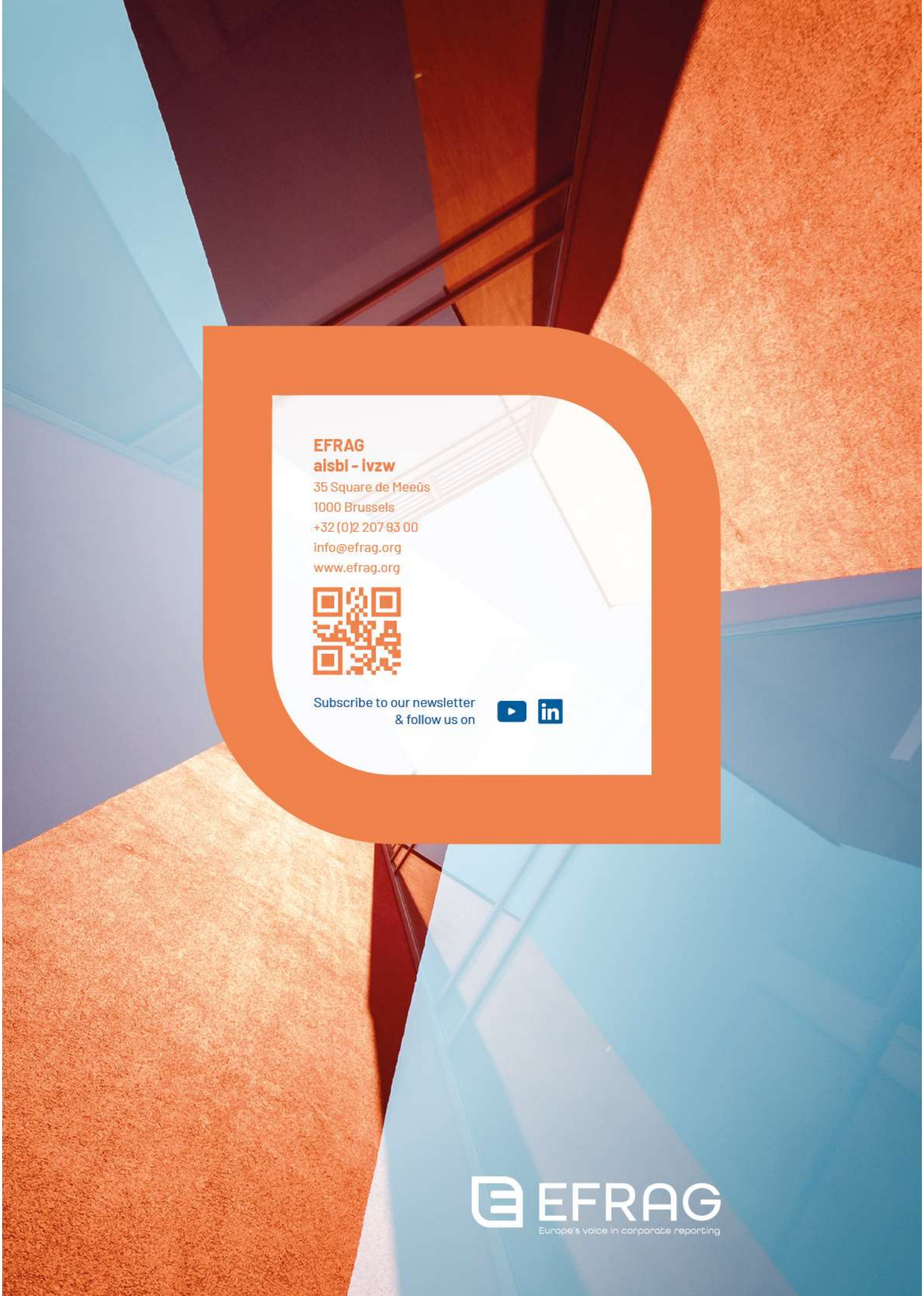
EFRAG is offering internships in its sustainability reporting activities. Through the internship, you will gain a unique professional experience in corporate reporting standard-setting in a dynamic and multi-cultural environment and have access to and direct interaction with a rich network of corporate reporting stakeholders.

You must be in the final year of your Master in sustainability or the following related subjects: accounting, business, finance, economics, lawor engineering or digital reporting (including XBRL).

EFRAG is recruiting interns on a continual basis with a few vacancies available from March to June. Please note that new opportunities will be available **for September 2025.**

For more information, please contact EFRAG CEO Saskia Slomp at saskia.slomp@efrag.org.

For more information, including on how to apply, please visit EFRAG's website.



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