

# EFRAG UPDATE



December 2025 & January 2026

# CONTENTS

<b>EFRAG UPDATE December 2025 &amp; January 2026</b> .....	<b>3</b>
1.1 EFRAG Publishes Discussion Paper on Connectivity of Financial and Sustainability Reporting.....	3
1.2 EFRAG Administrative Board .....	4
1.3 EFRAG General Assembly .....	4
1.4 EFRAG General Assembly Decisions on Governance Appointments.....	4
1.5 EFRAG November Podcast Highlights.....	5
<b>EFRAG’S FINANCIAL REPORTING ACTIVITIES</b> .....	<b>7</b>
2.1 EFRAG launches survey for preparers from rate-regulated non-energy sectors on expected IFRS X impacts .....	7
2.2 Publications.....	7
2.3 Open consultations.....	10
2.4 Meetings.....	10
<b>EFRAG’S SUSTAINABILITY REPORTING ACTIVITIES</b> .....	<b>14</b>
3.1 EFRAG publishes complementary materials supporting the draft simplified ESRS .....	14
3.2 EFRAG Calls for Greater Interoperability in ISSB’s Proposed SASB Amendments.....	14
3.3 Webinar “Circular Economy Reporting in Focus: The Draft Simplified ESRS E5” .....	15
3.4 EFRAG contribution to the GHG Protocol on Scope 2 consultation .....	15
3.5 EFRAG continued work on VSME ecosystem .....	16
3.6 EFRAG Opens Call for Candidates to Join its Sustainability Reporting Technical Expert Group .....	16
3.7 EFRAG Sustainability Reporting Board (EFRAG SRB).....	17
3.8 EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG) .....	17
3.9 Third EC Platform on Sustainable Finance.....	17
3.10 Friends of EFRAG .....	18
3.11 Visit the EFRAG ESRS Knowledge Hub.....	18
<b>VACANCIES</b> .....	<b>19</b>
Financial reporting .....	19
Sustainability reporting.....	19

The EFRAG 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 Publishes Discussion Paper on Connectivity of Financial and Sustainability Reporting

On 17 December 2025, EFRAG released its **Discussion Paper (DP) "Connectivity of Financial and Sustainability Reporting"**, following its 2021 research agenda consultation, where connectivity was the top-ranked topic by EU stakeholders. The DP highlights **concepts, types, and mechanisms of the connectivity of reported information**. It also highlights that **connectivity can enhance reporting quality irrespective of the underlying reporting framework**.

The DP emphasises that the importance of connectivity extends beyond linking sustainability statements to the financial statements or addressing only sustainability-related matters. It shows that **connectivity is improving even though companies are still in the early stages of applying this concept**. It identifies **current gaps**, such as inconsistent terminology, and possible underreporting of sustainability-related information in the segment disclosures in the financial statements. The DP also suggests the **way forward**, including clarifying the boundary of financial statements with respect to disclosures, and developing application guidance for the assessment of qualitatively material information in the financial statements. It underscores that improving connectivity will be a **multi-stakeholder effort** involving preparers, standard setters, auditors, and enforcers.

**The DP has a supplemental document containing 17 real-world illustrations from company reports.** These illustrations demonstrate practical instances of connectivity between sustainability disclosures under ESRS or ISSB Standards and financial statements under IFRS Accounting Standards, and they help stakeholders visualise how connectivity is applied in practice.

[Download Discussion Paper](#)

[Download Illustrations](#)

Sebastien Harushimana, *Chair of the EFRAG Financial Reporting Technical Expert Group (EFRAG FR TEG)*, stated:

*'The real-life illustrations demonstrate how the connectivity concepts set out in our initial paper, "Connectivity considerations and boundaries of different annual report sections", published in June 2024, are applied in practice. Through this Discussion Paper, we seek to encourage further work by standard-setters at a time when investors increasingly demand integrated and connected information across the annual report to support informed economic decision-making. I would like to thank all those involved—EFRAG CAP, the EFRAG TEGs, the EFRAG FRBs, and the EFRAG Secretariat—and I warmly invite stakeholders in Europe and around the world to share their views.'*

Chiara Del Prete, *Chair of the EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG)*, stated:

*'With the first wave of ESRS reports in 2024, sustainability reporting has now become a reality. If we want it to rapidly reach the necessary level of quality, integration with the rest of corporate reporting is a priority, and connectivity serves as an enabler of this process. Awareness of the purposes and boundaries of financial and sustainability reporting is essential for proper connectivity. Preparers and users need to understand what can and cannot be connected to avoid*

*expectation gaps. The EFRAG Discussion Paper arrives at the right time, providing an illustration of the boundaries, techniques, and emerging practices in connectivity.'*

Stakeholders are invited to [submit their comments](#) by **30 June 2026**.

For more information on connectivity, please see the [dedicated page](#).

## 1.2 EFRAG Administrative Board

The EFRAG Administrative Board had its regularly monthly meeting on 20 January 2025. In the meeting there was a public session on the EFRAG Administrative Board Due Process Committee activities. The 2025 Report on the due process oversight activities of the EFRAG Administrative Board and its Due Process Committee were presented and recommended for submission to the EFRAG General Assembly. In the same public session, the final draft version of the Financial Reporting Due Process Procedures was discussed and agreed for submission for approval to the EFRAG General Assembly.

In addition, the meeting included various updates such as on the EC grants and various committees, including the Nominating Committee with the 2026 EFRAG Reporting TEGs rotations. The next regular meeting takes place on 24 February 2025.

## 1.3 EFRAG General Assembly

In its meeting of 29 January, the EFRAG General Assembly received a report on the due process activities in 2025. This report is available on the EFRAG website. The EFRAG General Assembly approved [the Financial Reporting Due Process Procedures](#) (see below).

## 1.4 EFRAG General Assembly Decisions on Governance Appointments

In meetings in Q4 2025, the EFRAG General Assembly took several important decisions regarding the composition of EFRAG's governance bodies.

The EFRAG General Assembly approved the **new composition of the EFRAG Administrative Board**, effective from 22 January 2026. This renewal includes **four changes** to the Board's membership. EFRAG warmly welcomes the newly appointed members and extends its sincere thanks to those members who are leaving the Administrative Board for their valuable commitment and contributions to EFRAG's work over the past years.

Welcomed as new members of the EFRAG Administrative Board

- **Mark Vaessen** (Accountancy profession sector)
- **Ines Scacchi** (Banking sector)
- **Jesus Lopez Zaballos** (User sector)
- **Mariana Gonçalves Felgar Ferreira** (Civil Society Organisations)

Thanked as members leaving the EFRAG Administrative Board

- **Sebastien de Brouwer**
- **Hans Buysse**
- **Sebastien Godinot**
- **Elina Peill**

The EFRAG General Assembly also **reappointed Wolf Klinz as Chair of the EFRAG Financial Reporting Board** (EFRAG FRB), confirming continuity in the leadership of EFRAG's financial reporting activities.

In addition, at its 24 November meeting, the EFRAG General Assembly appointed **Michael Bruecks** as a member of the EFRAG FRB. Michael Bruecks replaces **Michael Fechner**.

Commenting on the new compositions, **Benoît Jaspar, President of the EFRAG Administrative Board**, said:

*'I am pleased with the General Assembly's decisions, which strengthen EFRAG's governance and ensure continuity, expertise and balance across our bodies. I would like to warmly thank those members who are stepping down for their dedication to EFRAG's mission, and to welcome the new appointees. Their experience and commitment will be instrumental as EFRAG continues to serve the European public interest in corporate reporting in challenging times.'*

## 1.5 EFRAG November Podcast Highlights

Tune into the new episode of the EFRAG Update podcast to learn about the latest developments in sustainability and financial reporting.

Highlights of this episode include:

- The submission of technical advice on Draft Simplified ESRS to the European Commission
- The EFRAG Conference "EFRAG unveils Draft Simplified ESRS" attracts 10,000 participants
- The launch of the ESRS Knowledge Hub
- New Languages available in the VSME Digital Template
- The call for members to join the EFRAG Financial Reporting Technical Expert Group (deadline: 15 January 2026)
- The findings from the survey on Dynamic Interest Rate Risk Management Practices

### Sustainability Reporting Podcast Episode #9

This month's sustainability reporting episode is hosted by **Chiara Del Prete**, *EFRAG SR TEG Chair*.

- [Spotify](#)
- [YouTube](#)

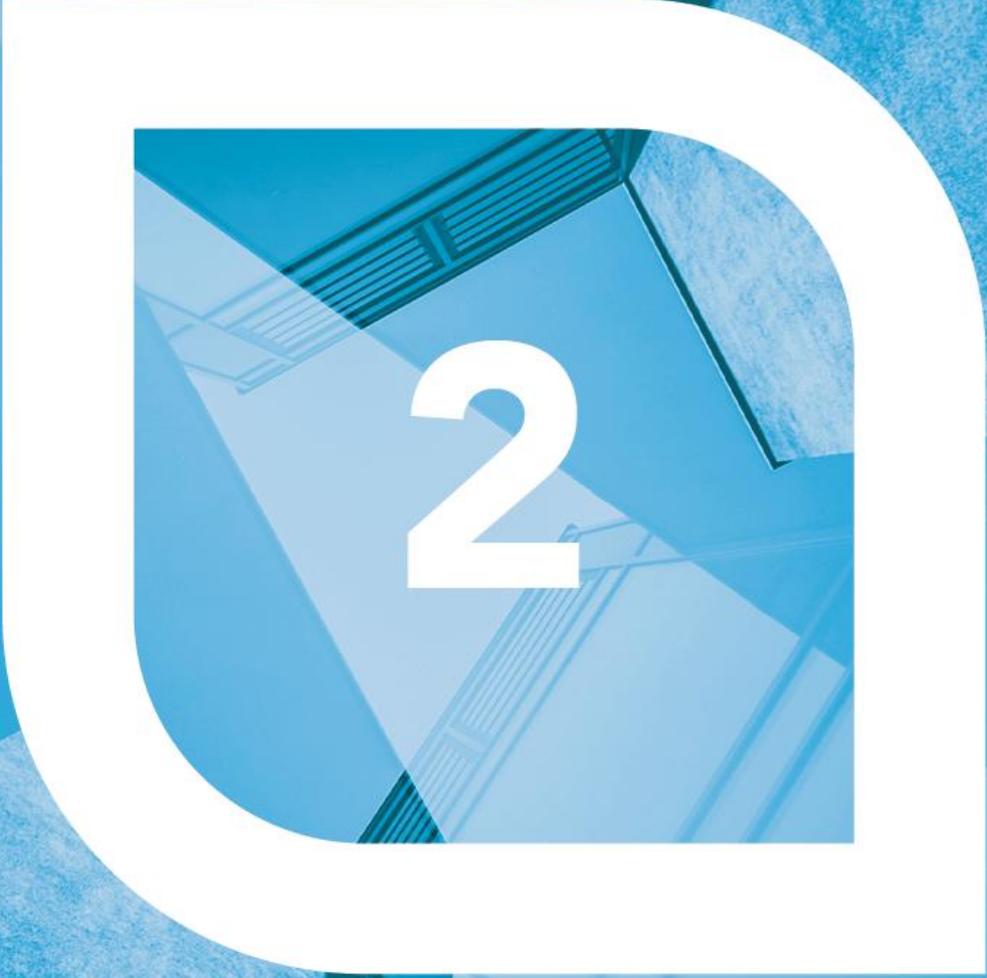
### Financial Reporting Podcast Episode #9

The Financial reporting episode is hosted instead by **Kathrin Schöne**, *FR Director*, and **Ioana Kiss**, *FR Advanced Technical Manager*.

- [Spotify](#)
- [YouTube](#)

**Prefer reading instead?** Download our [EFRAG Update of November](#).

# EFRAG'S FINANCIAL REPORTING ACTIVITIES



2

# EFRAG'S FINANCIAL REPORTING ACTIVITIES



## 2.1 EFRAG launches survey for preparers from rate-regulated non-energy sectors on expected IFRS X impacts

EFRAG has launched a **new survey aimed at preparers from European rate-regulated entities operating outside the energy sector and likely to fall within the scope of the forthcoming IFRS X standard *Regulatory Assets and Regulatory Liabilities***. Specifically, the outreach targets organisations in the water industry, motorway and rail infrastructure, airport services, postal services, as well as any other rate-regulated sectors beyond gas and electricity. **The deadline to provide feedback is 31 March 2026.**

**The survey seeks detailed information on the regulatory agreements applied by these entities in order to assess the potential impact of IFRS X on their IFRS financial statements.** The results, together with the findings of the earlier energy-sector survey, will inform EFRAG's preparatory work in anticipation of the European Commission's request for endorsement advice, expected in H2 2026.

The new IFRS Accounting Standard is expected to be issued in the second quarter of 2026. IFRS X will allow rate-regulated entities to recognise regulatory assets and regulatory liabilities in their statement of financial position, along with related changes in the statement of financial performance, subject to specific conditions. This is intended to provide a more faithful representation of financial performance by these entities.

**The survey takes approximately 15 minutes to complete.** Respondents are able to take a break (and save their answers) while completing the survey. A document containing the survey questions is also available, should respondents wish to consult them beforehand. While questions are conditional - with certain sections appearing depending on earlier responses - the PDF document displays all questions.

[Take the survey](#)

[View survey questions](#)

For queries regarding the survey content, respondents may contact EFRAG Advanced Technical Manager, [Ioana Kiss](#), or OIC Technical Manager seconded to EFRAG, [Silvia Persichetti](#).

## 2.2 Publications

### 2.2.1 PUBLISHES DUE PROCESS PROCEDURES

#### EFRAG PUBLISHES DUE PROCESS PROCEDURES FOR FINANCIAL REPORTING ACTIVITIES

EFRAG has issued the **[Due Process Procedures for the Financial Reporting Activities \(DPP\)](#)**, formalising the process it already applies to its work in financial reporting.

The DPP set out the steps EFRAG must follow in developing European perspectives for the IASB's standard-setting process, undertaking proactive research, and providing technical advice on the endorsement of IFRS accounting standards.

The document therefore **enhances transparency and provides clarity on the processes and procedures** EFRAG follows in developing its technical positions.

The DPP was approved by the EFRAG General Assembly on 29 January 2026.

## 2.2.2 FINAL ENDORSEMENT ADVICE

### [EFRAG ISSUES ENDORSEMENT ADVICE OF ENDORSEMENT OF AMENDMENTS TO IFRS 19](#)

EFRAG has published its [final endorsement advice](#) on the [Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures](#), concluding that the amendments meet all technical endorsement criteria and are conducive to the European public good. **EFRAG, therefore, recommends endorsement in the EU.**

In its assessment, EFRAG has concluded that the Amendments to IFRS 19 meet the qualitative characteristics of useful information required to support economic decisions, and that the assessment of stewardship would improve financial reporting while achieving an acceptable cost-benefit trade-off.

Published by the IASB on 21 August 2025, the Amendments to IFRS 19 complete the reductions in disclosure requirements for new or amended IFRS Accounting Standards issued between February 2021 and May 2024.

The endorsement advice on the Amendments to IFRS 19 enables the European Commission to work on the endorsement of the full package of reduced disclosure requirements alongside the endorsement advice on the main IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

View [EFRAG's Final Endorsement Advice letter](#)

## 2.2.3 DRAFT ENDORSEMENT ADVICE

### [EFRAG LAUNCHES CONSULTATION ON DRAFT ENDORSEMENT ADVICE FOR AMENDMENTS TO IAS 21](#)

EFRAG has issued its [draft endorsement advice letter](#) and a separate [invitation to comment](#) on the proposed EU adoption of [Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency](#) ('Amendments to IAS 21'), issued by the IASB on 13 November 2025.

- The Amendments to IAS 21 change the **translation procedures** for entities that present their financial statements in a **hyperinflationary currency**.
- The changes apply when translating the **results and financial position** of:
  - An entity whose **functional currency is non-hyperinflationary**, but whose **presentation currency is hyperinflationary**.
  - A **foreign operation** whose **functional currency is non-hyperinflationary**.
- The **translation procedure is simple and can be applied consistently**, thereby improving the **relevance and comparability** of reported information.

EFRAG's overall preliminary assessment is that **Amendments to IAS 21 satisfy the criteria for endorsement for use in the EU and therefore recommends their endorsement**. To this end, EFRAG has also updated its [Endorsement Status Report](#).

View [EFRAG's Draft Endorsement Advice](#)

## 2.2.4 FEEDBACK STATEMENT

### EFRAG PUBLISHES FEEDBACK STATEMENT ON ITS DISCUSSION PAPER ‘THE STATEMENT OF CASH FLOWS– OBJECTIVES, USAGES AND ISSUES’

EFRAG has published the [feedback statement](#) summarising constituents’ comments on its [Discussion Paper \(the ‘DP’\), The Statement of Cash Flows - Objectives, Usages and Issues](#). The feedback will inform EFRAG’s response to relevant IASB proposals.

The DP was issued on 15 November 2024, identifying the current issues with the statement of cash flows as prepared under IAS 7 *Statement of Cash Flows*. The DP asked for comments on the identified issues, objectives and uses of the statement, and potential approaches to address them.

Respondents confirmed that the statement of cash flows remains essential for assessing an entity’s ability to generate cash and cash equivalents. Differing views were expressed on other identified objectives of the statement. Constituents highlighted issues with how the statement of cash flows is currently prepared under IAS 7 in areas such as the definitions of cash and cash equivalents, disclosures and disaggregation. It was also generally considered that the statement of cash flows is not useful for most types of financial institutions. While views diverged on the priority of specific issues, most respondents favoured targeted improvements to IAS 7 rather than a full-scale review.

When considering the feedback, EFRAG’s Financial Reporting Technical Expert Group (EFRAG FR TEG) noted that much of it had already been communicated to the IASB staff. As a result, the potential recommendations from EFRAG were already reflected in the IASB’s approach to its [Statement of Cash Flows and Related Matters](#) project. EFRAG FR TEG therefore concluded that issuing additional formal recommendations was unnecessary.

## 2.2.5 SUMMARY REPORT

### EFRAG RELEASES SUMMARY REPORT ON WORKSHOP SERIES ON USERS’ NEEDS FOR INTANGIBLES REPORTING

EFRAG has published on 22 December [the report of the Intangibles workshop series](#) held in November 2025 with the collaboration of the IASB. The purpose of the workshops was to discuss the information needs of users on specific types of intangibles:

- [Software, AI, data resources, algorithms, digital platforms](#);
- [R&D, patents and unpatented technology](#);
- [Marketing and customer/supplier related intangibles](#) (brands, trademarks, internet domains, customer lists or relationships); and
- [Intellectual property](#) (copyrights and broadcast rights).

Across the workshops, a clear message emerged: the information currently available in the financial statements is insufficient to enable a comprehensive understanding of intangibles. Participants consistently called for a combination of qualitative explanations and quantitative information detail, focused on how intangible assets contribute to value creation across different business models. Participants also highlighted the need for:

- Enhanced disaggregation of expenditures and assets to distinguish investment from maintenance spending;
- Understanding how intangibles contribute to future cash flows; and
- Better transparency around risks, governance, and potential impairment triggers.

[View the report](#)

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

## 2.3 Open consultations

TITLE AND DESCRIPTION	CLOSING DATE
Survey for preparers from rate-regulated non-energy sectors on expected IFRS X impacts	31 March 2026
EFRAG's Discussion Paper ' <i>Connectivity of Financial and Sustainability Reporting</i> '	30 June 2026

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



## 2.4 Meetings

### 2.4.1 EFRAG FINANCIAL REPORTING BOARD (EFRAG FRB)

[Webcast meeting 29 January 2026](#)

The EFRAG FRB held a webcast meeting on [29 January 2026](#) and discussed the following topics:

#### IASB PROJECT: RISK MITIGATION ACCOUNTING

The EFRAG FRB approved EFRAG's Draft Comment Letter ('DCL'). They indicated that the DCL should explain to constituents that EFRAG, at this stage, does not yet have an EFRAG tentative position on several aspects of the Exposure Draft, as it is too early to form a view. EFRAG will therefore gather input from stakeholders, which will provide the basis for developing an EFRAG position. The EFRAG FRB also agreed that the deadline for comments will be 22 June 2026.

#### IASB PROJECT: RATE-REGULATED ACTIVITIES

The EFRAG FRB received an educational session providing an overview of the main requirements in the forthcoming IFRS Accounting Standard on Regulatory Assets and Regulatory Liabilities, together with illustrative examples developed by the EFRAG Secretariat.

#### NEXT MEETING

The next EFRAG FRB meeting will be held on [26 February 2026](#).

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

[Webcast meeting 17 December 2025](#)

The EFRAG FRB and EFRAG FR TEG jointly held a webcast meeting on [17 December 2025](#) and discussed the following topics:

#### KPIs FOR SMES

Members discussed a voluntary reporting template for key information of SMEs at the European Single Access Point. Views were expressed on the ability of the template to improve SME financing or address structural weaknesses in the EU capital market. The preliminary findings of EFRAG's outreach activities showed that banks had limited interest in using the information provided in the template due to regulatory constraints. However, some other types of stakeholders consulted saw value in the template for some investor groups.

#### IASB PROJECT: *AMENDMENTS TO IFRS 19 SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES*

Based on feedback received, members were supportive of EFRAG's positive final endorsement advice ('FEA') on the amendments. EFRAG FR TEG agreed to recommend the FEA to the EFRAG FRB for approval, and the EFRAG FRB approved the submission of the FEA to the European Commission.

#### *IASB PROJECT: USE OF A HYPERINFLATIONARY PRESENTATION CURRENCY BY A NON-HYPERINFLATIONARY ENTITY (IAS 21)*

Members were supportive of EFRAG's positive draft endorsement advice (DEA') on the amendments, albeit indicating that hyperinflation, and, consequently, these amendments, were of limited relevance for EU entities currently. EFRAG FR TEG agreed to recommend the DEA to the EFRAG FRB for approval, and the EFRAG FRB approved the submission of the DEA for public exposure. The comment deadline was agreed to be 2 February 2026.

#### *IASB PROJECT: EQUITY METHOD*

Members discussed recent IASB redeliberations. Some members disagreed with the layered approach and the suggested reliefs, considering the approach did not satisfy the IASB's criteria for simplicity, usefulness, and consistency with other standards, while others agreed with the approach, provided there are cost-saving reliefs. In addition, members highlighted that the equity method is overall complex to apply and also raised concerns about earnings management with regard to the recognition of full gains and losses in transactions with associates and Joint Ventures, suggesting additional disclosures to mitigate this risk.

#### *IASB PROJECT: EQUITY METHOD – FAIR VALUE OPTION*

Members provided their views on the IASB's tentative decisions. Most members agreed with the decisions and preferred restricting the scope of the fair value option (FVO') in IAS 28 rather than having an unrestricted option, as an unrestricted option would affect comparability, make it complex for users, and there would be a need to assess the impact (and possible unintended consequences) of an unrestricted FVO. Members acknowledged that with the revised wording of paragraphs 18 and 19 of IAS 28, banks and insurers would be able to apply the FVO. They considered important that the amendments are finalised before IFRS 18 becomes effective.

#### *IASB PROJECT: RISK MITIGATION ACCOUNTING*

Members were informed of the project timeline and there was general agreement on this timeline.

#### **NEXT MEETING**

The next joint EFRAG FRB and EFRAG FR TEG meeting will be held on [13 May 2026](#).

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

#### *Webcast meeting 15 January 2026*

EFRAG FR TEG held a webcast meeting on [15 January 2026](#) and discussed the following topics:

#### *IASB PROJECT: RISK MITIGATION ACCOUNTING*

Members discussed EFRAG's Draft Comment Letter (DCL') on the Exposure Draft (ED') *Risk Mitigation Accounting* from ED question one to six. Members were, in general, supportive of the key messages in the DCL and made suggestions, for example enhancing/elaborating certain aspects and adding some additional questions to constituents.

#### *IASB PROJECT: RATE-REGULATED ACTIVITIES*

EFRAG FR TEG discussed the IASB decisions taken in October 2025 on two sweep issues: (1) recognition conditions (recognition requirements related to a direct relationship between an entity's regulatory capital base and its property, plant and equipment) and (2) inflation adjustments (treatment of inflation adjustments to an entity's regulatory capital base). EFRAG FR TEG members were generally supportive of these decisions, noting that the more principles-based approach taken on recognition is an improvement to the previous drafting of the requirements.

### IASB RESEARCH PROJECT: *STATEMENT OF CASH FLOWS AND RELATED MATTERS*

EFRAG FR TEG discussed the IASB tentative decisions on the project Statement of Cash Flows and Related Matters related to improving the transparency of information about cash flow measures, presentation and classification of cash flows and presentation of discontinued operations in the statement of cash flows. Members supported the IASB direction of proposed requirements in all three scoping topics.

### IASB RESEARCH PROJECT: *INTANGIBLE ASSETS*

Members were informed about, and discussed, the findings of identified during the EFRAG Secretariat workshops and other related outreach meetings on users' information needs regarding specific types of intangible items. The findings reinforced the recommendations set out in EFRAG's [\*Feedback and Recommendations on the Discussion Paper "Better Information on Intangibles – Which is the Best Way to Go?"\*](#) and clearly demonstrated that users' information needs vary depending on the type of intangible. Notably, there is a strong need for information that supports an understanding of an entity's business model and the associated future cash flows driven by intangibles, as well as information on expenditures related to both capitalised and uncapitalised intangibles. Although information needs differ by intangible type, two overarching priorities emerged: appropriate aggregation or disaggregation of information and a clear linkage to the entity's business model.

### Webcast meeting 21 January 2026

EFRAG FR TEG held a webcast meeting on [21 January 2026](#) and discussed the following topic:

### IASB PROJECT: *RISK MITIGATION ACCOUNTING*

Members continued discussing EFRAG's Draft Comment Letter (DCL) on the Exposure Draft (ED) *Risk Mitigation Accounting*. Overall, there was general agreement of the key messages including the cover letter. EFRAG FR TEG agreed to recommend the DCL to EFRAG FRB for approval.

### NEXT MEETING

The next EFRAG FR TEG meeting was held on [11 February 2026](#).



# EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES



3

## EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

### 3.1 EFRAG publishes complementary materials supporting the draft simplified ESRS

Following the release of the draft simplified European Sustainability Reporting Standards (ESRS) early December, EFRAG published on 23 December the Basis for Conclusions and of four other accompanying documents aimed at supporting stakeholders' understanding of the draft simplified ESRS. The Basis for Conclusions also serves as feedback statement and explains how the feedback from the public consultation has shaped the amendments.

These publications include:

- [Basis for Conclusions](#)
- [Cost–benefit analysis](#)
- [Logs of amendments for the 12 standards and for Annex II \(Aggregated acronyms and glossary of terms\)](#)
- [Comparative table of texts \(Set 1 / ED / Technical Advice\) for the 12 standards and for Annex II \(Aggregated acronyms and glossary of terms\)](#)
- [Explanatory note on Article 29b and its Annex.](#)

For further information about the complementary materials, please consult the related [news item](#).

### 3.2 EFRAG Calls for Greater Interoperability in ISSB's Proposed SASB Amendments

EFRAG released its [Comment Letter](#) to [the Exposure Draft - Proposed Amendments to the \(Sustainability Accounting Standards Board \(SASB\) Standards](#), and [Exposure Draft - Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2](#), published by the International Sustainability Standards Board (ISSB).

EFRAG welcomes the ISSB's efforts to enhance the SASB Standards and acknowledges the significant progress made. The amendments represent an important step toward more consistent and decision-useful sustainability reporting at the global level.

At the same time, EFRAG highlights several areas where further clarity and alignment would help ensure the amendments are practical and proportionate for preparers:

- **CLARIFICATION OF THE PRACTICAL MEANING OF 'SHALL REFER TO AND CONSIDER': POSITIONING SASB STANDARDS AS OPTIONAL GUIDANCE TO SUPPORT MATERIALITY ASSESSMENTS**

EFRAG recommends changing the wording from "shall" to "may" to avoid ambiguity and avoid reporting burden. The SASB Standards should function as a library of non-mandatory disclosures that help entities identify financially material information by highlighting likely material topics and metrics for each industry. This would support more relevant disclosures without creating new reporting obligations.

#### • STRENGTHENING INTEROPERABILITY WITH OTHER STANDARDS

EFRAG strongly supports closer alignment between SASB and the European Sustainability Reporting Standards (ESRS). While the proposed amendments move in this direction, certain provisions may still be difficult to reconcile with ESRS, EU law or other reporting frameworks. These inconsistencies could increase reporting complexity for companies operating in Europe.

#### • ENSURING PROPORTIONAL AND IMPLEMENTABLE REQUIREMENTS

Some of the proposed metrics may be challenging to apply in practice due to data availability, sensitivity, or the level of granularity requested. EFRAG stresses that all datapoints should remain decision-useful, proportionate, and subject to materiality to avoid unnecessary burden for preparers.

#### • CLARIFYING THE ROLE OF SASB IN RELATION TO IFRS S1 AND S2

EFRAG encourages the ISSB to provide clearer guidance on how SASB topics and metrics relate to the “risks and opportunities” approach in IFRS S1 and S2, and to avoid unnecessary overlaps between the standards.

For further information, please consult the related [news item](#).

### 3.3 Webinar “Circular Economy Reporting in Focus: The Draft Simplified ESRS E5”

EFRAG held an [online webinar ‘Circular Economy Reporting in Focus: the Draft Simplified ESRS E5’](#), on 3 February 2026 .

The session introduced the draft simplified ESRS E5 on Resource Use and Circular Economy and situate it within the broader regulatory and sustainability reporting landscape. It outlined the role of ESRS E5 and reflect on key lessons learned from the first year of its application.

For further information about the webinar, please consult the related [news item](#).

### 3.4 EFRAG contribution to the GHG Protocol on Scope 2 consultation

In response to the public consultation of Greenhouse Gas Protocol on the proposed changes to Scope 2 Guidance (closing 31 January 2026), EFRAG has submitted [its position](#) on the proposed revisions set forth in the consultation materials.

EFRAG recognises the substantial effort invested in the Scope 2 Guidance and supports the objective of comparability and accuracy of Scope 2 measurement. Given the wide application of GHG Protocol and its referencing in regulatory context, EFRAG also emphasises the importance of carefully balancing complexity and cost-effectiveness, particularly in relation to the more detailed and ambitious proposed changes.

Key messages [EFRAG's letter link](#) include:

- Need to ensure a balanced approach and careful cost-benefit analysis, weighing complexity of changes such as most precise EF or hourly matching against their effectiveness, and pilot the revised Scope 2 Guidance before full rollout;
- Recommendation to allow sufficiently long consultation periods (e.g. minimum 120 days), reflecting growing regulatory relevance;
- Suggestion to base consultations on concrete draft amendments rather than high-level directional proposals;
- Need to strengthen alignment and consistency across different GHG Protocol standards to avoid conceptual misalignment;

- Proposition to focus the GHG Protocol on high-level principles, leaving detailed technical specifications to jurisdictions to reflect local data, markets and regulation.
- Emphasis on the need for subsidiarity, particularly given the increasing incorporation of the GHG Protocol into mandatory reporting frameworks.
- Concerns on feasibility of new requirements given market readiness and available tools.

Pedro Faria, *Environmental Director at EFRAG Sustainability Reporting*, stated:

*“We welcome the ambition to improve Scope 2 reporting. At the same time, it will be essential strike the right balance between greater precision and practical, cost-effective implementation.”*

### 3.5 EFRAG continued work on VSME ecosystem

#### UPDATE ON SME FORUM

EFRAG held its [First SME Forum meeting on 6 February 2026](#), where the 2026 priorities were presented, along with a summary of the results from the SME Forum plenary survey, which gathered feedback on how to support VSME implementation at the national level through the activities of its members. The meeting also included an introduction to the interactive VSME part of the ESRS Knowledge Hub and the launch of two calls for expression of interest: one focused on mapping digital tools, platforms, and related sustainability reporting initiatives, and another on collecting VSME reports.

For further information on the event [First SME Forum meeting of 2026](#)

#### UPDATE ON VSME DIGITAL TEMPLATE AND XBRL TAXONOMY

EFRAG Secretariat will release a new version of the VSME Digital Template in the month of February 2026.

#### EFRAG CALL FOR EXPRESSION OF INTERESTS ON VSME DIGITAL TOOLS AND PLATFORMS

EFRAG has opened **two calls** for expression of interest to support the wider uptake of the VSME Standard across the EU market. **Stakeholders can submit their responses by 5 April 2026**. The calls are part of EFRAG’s ongoing work on the VSME ecosystem, building on the feedback from stakeholders collected in the [VSME Market Acceptance Progress Report](#). They build on the mappings of [digital platforms and initiatives](#), as well as [digital tools](#) that were released in 2025 to help Small- and Medium-sized enterprises (SMEs) with voluntary sustainability reporting.

For further information and to respond to the call please follow the related [news item](#).

### 3.6 EFRAG Opens Call for Candidates to Join its Sustainability Reporting Technical Expert Group

EFRAG has opened applications for its [Sustainability Reporting Technical Expert Group](#) (SR TEG), inviting professionals with expertise across the environmental, social, and governance (ESG) domain. Successful candidates will be part of EFRAG SR TEG, which provides technical advice to the [EFRAG Sustainability Reporting Board](#) (EFRAG SRB) on the draft European Sustainability Reporting Standards (ESRS) and implementation support. **Applications closed on 1 March 2026**.

### 3.7 EFRAG Sustainability Reporting Board (EFRAG SRB)

TOPICS COVERED	MEETING DATE
<ul style="list-style-type: none"><li>• 2026 Workplan (public)</li><li>• GHGP consultation on Scope 2 (closed)</li></ul>	<b>21 January 2026</b>
<ul style="list-style-type: none"><li>• 2026 Workplan and deliverables (closed)</li><li>• GHGP consultation on Scope 2 (public)</li></ul>	<b>28 January 2026</b>

#### EFRAG SRB 21 JANUARY

In the public session of 21 January, the EFRAG SRB members were informed about the ongoing preparatory SRB activity. The EFRAG SRB also discussed in a closed session the content and approach of EFRAG workplan for 2026.

#### EFRAG SRB 28 JANUARY

In the public session of 28 January, the EFRAG SRB members discussed the GHGP consultation on Scope 2. Representatives from the GHGP attended as guests in this public session. Based on input from this meeting and from the SR TEG meeting on 22 January, the EFRAG Secretariat submitted a contribution to the consultation survey. The submitted comments aim to support the GHG Protocol's work by highlighting issues of feasibility, proportionality and jurisdictional applicability. The EFRAG SRB also discussed in a closed session the content and approach of EFRAG workplan for 2026.

### 3.8 EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG)

TOPICS COVERED	MEETING DATE
<ul style="list-style-type: none"><li>• GHG protocol Scope 2 consultation (public)</li></ul>	<b>22 January 2026</b>

#### EFRAG SR TEG 22 JANUARY

In the public session of 22 January, the EFRAG SR TEG discussed the EFRAG Secretariat's input to the GHG protocol Scope 2 consultation.

### 3.9 Third EC Platform on Sustainable Finance

EFRAG was invited by Commissioner Albuquerque to be observer in the Third Platform on Sustainable Finance. The Platform, chaired by Helena Vines Fiestas, started its activities in February. A first meeting was held on 11 February. The first activity is commenting to the EC on the EFRAG technical advice on simplified ESRS from a taxonomy perspective.

### 3.10 Friends of EFRAG

For information on the advantages, conditions and how to apply to become a [Friends of EFRAG – Sustainability Reporting](#), Please visit our [website](#) or contact us directly at [friendsofefrag@EFRAG.ORG](mailto:friendsofefrag@EFRAG.ORG).

Entities can also become [Friends of EFRAG – Financial Reporting](#).

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

### 3.11 Visit the EFRAG ESRS Knowledge Hub

The ESRS Knowledge Hub launched early December 2025 gives you a wealth of information on ESRS and VSME and EFRAG's sustainability reporting activities. It provides an interactive online platform to support companies, practitioners and stakeholders in navigating ESRS, VSME standard and broader sustainability reporting materials developed by EFRAG and all key materials related to ESRS in a single comprehensive environment. The platform provides access to the adopted 2023 ESRS as well as to the simplified ESRS, the VSME standard in an interactive way. The interactive feature has also been implemented for EFRAG's technical advice on simplified ESRS (to be replaced by the delegated act once adopted by the EC).

[Visit the ESRS Knowledge Hub!](#)

# VACANCIES<sup>1</sup>

## INTERNSHIP

EFRAG offers opportunities for university students and recent graduates in the form of internships lasting between six and twelve months. This will allow interns to acquire an understanding of EFRAG's work in the financial reporting and/or sustainability reporting fields.

Applicants for an internship are eager to keep learning to get a taste of professional life, discover how we make an impact that matters, and get ahead in your career!

You will gain:

- An overview of the EFRAG's objectives and activities;
- A first professional and personal experience in the dynamic world of corporate reporting standard setting and the identification of good reporting practices in a European and global environment;
- Working in a dynamic and multi-cultural environment as well as direct interaction with a rich network of corporate reporting stakeholders;
- the opportunity to work closely with experienced professionals and executives;
- exposure to the European and global corporate reporting sectors; and
- Practical knowledge in your area of study.

You will work in the EFRAG offices in Brussels.

***Next openings: For financial reporting we have one open place from March/April. For sustainability reporting internships can start again from September (applications can be submitted from May).***

## Financial reporting

EFRAG continues to consider applications for technical staff functions of candidates with a financial reporting background with a thorough IFRS knowledge (temporary contracts and secondments). Applications require EEA (European Economic Area) nationality and reallocation to Brussels/Belgium. Applications, including a letter of motivation and a detailed CV, should be sent to Saskia Slomp, EFRAG CEO, at [Rh@efrag.org](mailto:Rh@efrag.org)

For our advertisements, please visit [EFRAG's website](#).

## Sustainability reporting

### SUSTAINABILITY REPORTING EXPERTS

EFRAG continues to consider applications from sustainability reporting experts from social and human rights specialists (employment and labor rights due diligence) with a senior profile. Positions are based in Brussels and require EEA (European Economic Area) nationality. All positions are based in Brussels. and require EEA nationality. Applications,

---

<sup>1</sup> Applications, consisting of a letter of motivation and a detailed CV, should be sent via the form below (continuous recruitment). In applying for a function at EFRAG, the applicant agrees that EFRAG can process the data you have provided in your CV, cover letter and any other document. EFRAG will store your CV, cover letter and any other document in its database for one year.

including a letter of motivation and a detailed CV, should be sent to Saskia Slomp, EFRAG CEO, at [Rh@efrag.org](mailto:Rh@efrag.org)

For our advertisements, please visit [EFRAG's website](#).

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

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



Subscribe to our newsletter  
& follow us on

