



EFRAG

Europe's voice in corporate reporting

JULY 2024



EFRAG UPDATE

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

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

EFRAG LAUNCHES NEW WEBSITE

We are excited to announce the launch of EFRAG's new website! Designed with a dynamic platform dedicated to enhancing our activities across both the Financial Reporting and Sustainability Reporting pillars, this new website not only serves as a portal to our latest updates, resources and initiatives, but it also reflects our mission to develop and promote European views in the field of corporate reporting and our commitment to sustainability, as it is powered by renewable energy.

Our new website offers streamlined navigation and improved functionality, making it easier than ever for users to access essential information, resources and updates on our ongoing initiatives. It serves as a centralised resource through which stakeholders can engage with EFRAG's work and contribute to advancing corporate reporting practices across Europe.

As a significant step towards environmental responsibility, our website is hosted on servers powered by renewable energy sources. This initiative is part of our broader strategy to minimise our ecological footprint and support sustainable practices in all aspects of our operations.

[Visit our new website](#) and stay updated on EFRAG's initiatives!

We also welcome feedback on the new website. Please provide your comments via the [online survey](#).

EFRAG'S ANNUAL REVIEW 2023 IS NOW AVAILABLE

EFRAG is pleased to present its key developments for 2023 and in Q1 of 2024 in the [Annual Review 2023](#).

**EFRAG Financial Reporting activities, with a focus on EFRAG's work regarding:
EFRAG's Proactive Research Work**

- Better Information on Intangibles: Our recommendations and feedback statement on this project address the need for improved reporting on intangible assets.
- Accounting for Variable Consideration: This discussion paper, focused on the purchaser's perspective, arose due to diversity in practice in this area.
- Statement of Cash Flows: Our proactive project aims to enhance the clarity and usefulness of the cash flow statement.
- Connectivity between Financial Reporting and Sustainability Reporting: Our research explores the integration and alignment of financial and sustainability reporting.

Influencing the IASB and Standard-Setting Activities

- Primary Financial Statements: Our input on improving the presentation and structure of primary financial statements.
- Post-Implementation Review (PIR) of IFRS 15 (Revenue from Contracts with Customers): Our review focuses on the practical application and challenges of IFRS 15.
- Power Purchase Agreements: Addressing the accounting challenges and standardisation needs in power purchase agreements.

Ensuring IFRS Accounting Standards are Fit for Use in Europe - EFRAG Endorsement Advice Work

- Providing endorsement advice to ensure that IFRS accounting standards are suitable and effective for use in the European context.

EFRAG Sustainability Reporting Activities, providing insights on the EFRAG's activities related to:

Facilitating the Implementation of ESRS:

- Implementation guidance documents.
- ESRS Q&A platform to support the effective adoption of ESRS.

Digital XBRL Taxonomy:

- Publication of the Exposure Draft for Digital XBRL Taxonomy to enhance reporting efficiency and accuracy.

Interoperability between ESRS and ISSB Sustainability Standards:

- Efforts to ensure compatibility and alignment between ESRS and ISSB sustainability standards.

Focusing on SMEs:

- Development of Exposure Drafts tailored for listed SMEs and a voluntary reporting standard for SMEs to address their unique reporting needs.

Towards Sector Standards:

- Progress and developments in creating sector-specific sustainability standards and the sector classification.

Influencing the ISSB's Standard-Setting Activities:

- Our ongoing work to shape and contribute to the ISSB's sustainability standard-setting initiatives.

And much more!

EFRAG ADMINISTRATIVE BOARD

Physical meeting 23 July 2024

The EFRAG Administrative Board held a physical meeting on [23 July 2024](#) and discussed the Financial and Sustainability Reporting Due Process Procedures in a public meeting in addition to the agenda items such as review of applications for Friends of EFRAG; approval of the EFRAG Annual Review; agreement on recommendations to the EFRAG General Assembly on replacements of EFRAG Reporting Board members; financial developments; operations of the EFRAG Administrative Board; and EFRAG offices.

Financial and Sustainability Reporting Due Process Procedures

EFRAG Administrative Board members discussed EFRAG's Financial Reporting Due Process Procedures in a public meeting with the objective of formalising the due process procedures currently applied to the financial reporting pillar. The draft due process procedures will be published for public consultation in September 2024 with a three-month deadline.

Members also discussed whether a re-exposure would be needed following the tentative decision of the EFRAG SRB to restructure the LSME draft standard following the comments received in the public consultation by adopting the content of VSME as starting point whenever possible, while keeping the listed SME standard as a separate standard. Members agreed that the EFRAG SRB had duly followed the procedures until today. They also acknowledged the EFRAG SRB's agreement that no new feedback could be expected to emerge from an additional public consultation following re-exposure at this stage and that therefore there was no

need for re-exposure. The EFRAG Administrative Board DPC noted that EFRAG will undertake additional focused meetings with relevant stakeholders to obtain their input.

The EFRAG SRB Chair will keep the EFRAG Administrative Board Due Process Committee (DPC) updated on future discussions in relation to the LSME developments.

VIDEO – TAKEAWAYS FROM EFRAG'S PAPER ON CONNECTIVITY AND REPORTING BOUNDARIES

EFRAG has released a video interview with the EFRAG Connectivity Advisory Panel (EFRAG CAP) leaders Jens Berger (EFRAG CAP Chair and EFRAG FR TEG Vice-Chair) and Leo van der Tas (EFRAG CAP concepts subgroup leader), sharing the main takeaways from the recently published EFRAG connectivity project initial paper entitled 'Connectivity considerations and boundaries of different Annual Report sections'. A Discussion Paper with illustrations and concepts will be published at a later date.

Download the [EFRAG connectivity project initial paper](#).

Download the [short version of the initial paper](#).

The video can be found [here](#).

For more information, please visit our [website](#).

EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG) AND EFRAG SUSTAINABILITY REPORTING TECHNICAL EXPERT GROUP (SR TEG)

[Webcast meeting 3 July 2024](#)

The EFRAG FR TEG held a webcast meeting on [3 July 2024](#) and discussed the following topics:

IASB Project Management commentary

At the EFRAG FR TEG and EFRAG SR TEG joint meeting, IASB representatives gave an overview of the project and the underpinnings of the IASB decision to finalise the Management Commentary Practice Statement revision. The EFRAG Secretariat

presented the positions that EFRAG has taken on the project in the past. There was a discussion on aspects of the management commentary revision proposed guidance and on how it complements financial statements and sustainability reporting information.

Q&A Platform

On 3 July 2024, the EFRAG FR TEG and EFRAG SR TEG members received an update on the ESRS Q&A Platform. During this session, they sought clarification on the functioning of this platform.

The next EFRAG FR TEG and EFRAG SR TEG meeting will be held on [4 December 2024](#).

EFRAG'S FINANCIAL REPORTING ACTIVITIES

PUBLICATIONS

Final Comment Letters

Business Combinations - Disclosures, Goodwill and Impairment

On 22 July 2024, EFRAG published its [final comment letter](#) on the IASB's Exposure Draft *Business Combinations – Disclosures, Goodwill and Impairment*.

EFRAG supports the IASB's objective to improve the information that entities provide to investors, at a reasonable cost, about acquisitions made. However, EFRAG notes key reservations on some of the proposed amendments to IFRS 3 *Business Combinations*, in particular on the location of the performance information and quantitative information on expected synergies in the financial statement.

EFRAG also makes recommendations as regards the proposed amendments to IAS 36 included in the Exposure Draft.

Please find the comment letter [here](#).

For more details, please visit [EFRAG's website](#).

Contracts for Renewable Electricity, Proposed amendments to IFRS 9 and IFRS 7

On 31 July 2024, EFRAG published its [final comment letter](#) on the IASB's Exposure Draft [Contracts for Renewable Electricity, Proposed amendments to IFRS 9 and IFRS 7](#). In the context of the European Green Deal and related policies, regulations and

legislations, an increasing number of entities are entering into Power Purchase Agreements. EFRAG understands the urgency and prevalence of the matter that the IASB intends to address through the proposed amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* and supports the IASB in this task.

Overall, EFRAG is supportive of the direction of IASB's proposals geared towards a narrow-scope application, addressing both own-use exception requirements as well as hedge accounting requirements.

EFRAG also provides some comments and recommendations related to the proposed amendments.

Please find the comment letter [here](#).

For more details, please visit [EFRAG's website](#).

EFRAG Releases Summary Reports on the Educational Sessions on IFRS 18 Presentation and Disclosure in Financial Statements

EFRAG has issued summary reports on the educational sessions on IFRS 18 held on 7 June for corporates and on 11 June for financial institutions (including insurance companies and conglomerates).

Jointly with the IASB and some of its member organisations, EFRAG held educational sessions on IFRS 18 *Presentation and Disclosure in Financial Statements*. The first session for corporates was held on 7 June; please consult the summary report [here](#). The session for financial institutions (including insurance companies and conglomerates) was held on 11 June; please consult the summary report [here](#).

The summary reports sum up the feedback received during the events, including panellists' views of and experience with the new requirements, related to the following topics:

- categories and subtotals
- Management-defined Performance Measures (MPMs)
- grouping - aggregation and disaggregation - of information
- limited changes to the cash flow statement, effective date and transition requirements.

Videos of both sessions can be consulted via the following links:

- [Educational session for corporates - 7 July](#)
- [Educational session for financial institutions \(including insurance companies & conglomerates\) - 11 July](#)

OPEN CONSULTATIONS

Title and description	Closing date
EFRAG's Draft Endorsement Advice on the IASB's <i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)	13 September 2024

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

OPEN JOB POSITIONS

Title and description	Closing date
Financial Institutions Specialist - Financial Reporting (Senior) Technical Manager (job description)	
Generalist - Senior Financial Reporting Technical Manager (job description)	
Financial reporting internship opportunities (job description)	

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

[Webcast meeting 29 July 2024](#)

The EFRAG FRB and EFRAG FR TEG held a joint webcast meeting on [29 July 2024](#) and discussed the following topic.

IASB Project Power Purchase Agreements

The objective of this session was to request the EFRAG FR TEG members recommendation and EFRAG FRB members approval to issue EFRAG's [final comment letter](#) ('FCL') on the IASB's Exposure Draft [Contracts for Renewable Electricity, Proposed amendments to IFRS 9 and IFRS 7](#). EFRAG FR TEG and EFRAG FRB members expressed their support for the FCL and approved its publication, following some improvements suggested during the meeting.

The EFRAG FRB and EFRAG FR TEG will hold their next joint meeting on [8 October 2024](#).

EFRAG FINANCIAL REPORTING BOARD (FRB)

Webcast meeting 17 July 2024

The EFRAG FRB held a webcast meeting on [17 July 2024](#) and discussed the following topics.

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

The EFRAG FRB discussed an updated version of EFRAG's comment letter considering EFRAG FR TEG's recommendation and the feedback from the outreach events and the comment letters that were received. Taking all this into consideration, the EFRAG FRB approved the final comment letter.

EFRAG Research Project *Cash Flow Reporting*

The EFRAG FRB received a presentation on EFRAG's Discussion Paper on the statement of cash flows and provided some comments. The EFRAG FRB also received a presentation on a draft report on input collected regarding issues with the statement of cash flows prepared by an external contractor.

IASB Project *Provisions - Targeted Improvements*

The EFRAG FRB discussed the IASB's tentative proposals on the project *Provisions - Targeted Improvements*. Some members expressed reservations about the IASB's tentative proposals on when a provision that would depend on several actions of an entity should be recognised.

IASB Project *Updating the Subsidiaries without Public Accountability: Disclosures Standard*

EFRAG FRB members were updated on the project, including on its timeline, and discussed key messages on the upcoming Exposure Draft. They were supportive of the IASB's proposals and agreed to approve the Draft Comment Letter via written procedure.

The EFRAG FRB will hold their next meeting in September 2024.

EFRAG FRB July 2024 written procedures

The EFRAG FRB did not approve any documents using written procedures in July 2024.

EFRAG FRB August 2024 expected written procedures

The EFRAG FRB is not expected to approve any of the following documents using written procedures in August 2024.

EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG)

Physical meeting 1 July 2024

The EFRAG FR TEG held a physical meeting on [1 July 2024](#) and discussed the following topics:

EFRAG Research project *Cash flow reporting*

The EFRAG FR TEG discussed the first draft of the discussion paper on the statement of cash flows and provided suggestions related to the content, structure and completeness of the paper. EFRAG is expected to issue the discussion paper in Q4 2024 to provide input to the IASB's project on the statement of cash flows. The EFRAG FR TEG will consider the discussion paper further at its meeting in September 2024.

No decisions were taken at the meeting.

EFRAG FR TEG and EFRAG Academic Panel

The EFRAG FR TEG discussed how it could make better use of the EFRAG Academic Panel.

IASB Research project *Post-implementation review of IFRS 9 - Impairment*

The EFRAG FR TEG discussed the IASB's staff feedback analysis and the IASB's tentative decisions on the credit risk disclosures and other matters, which complete the IASB's discussions on this PIR.

Members highlighted the importance of not overprescribing the disclosure requirements. The EFRAG FR TEG also noted that the issue of Expected Credit Losses (ECL) on intragroup financial instruments is conceptual rather than operational and suggested that it may be further addressed by the EFRAG Academic Panel.

No decisions were taken at the meeting.

IASB Project *Updating the subsidiaries without public accountability: Disclosures Standard*

The EFRAG FR TEG members were presented with the key messages to be included in EFRAG's draft comment letter for the upcoming IASB exposure draft. They were very supportive of the EFRAG Secretariat's position, which was in line with the IASB's amendments. It was also considered to request input from credit analysts who are the primary investors in subsidiaries without public accountability.

No decisions were taken at the meeting.

Next meeting

The EFRAG FR TEG will hold its next meeting on [13 September 2024](#).

EFRAG FR TEG AND EFRAG CFSS

Physical meeting 2 July 2024

The EFRAG FR TEG and the EFRAG CFSS held a physical meeting on [2 July 2024](#) and discussed the following topics.

IASB Project *Financial Instruments with Characteristics of Equity*

Members were provided with key messages on the IASB's feedback summary of the IASB's Exposure Draft *Financial Instruments with Characteristics of Equity* (FICE) along with a comparison with the key conclusions of EFRAG's [Final Comment Letter](#). Members confirmed their agreement with the approach proposed by EFRAG in the Final Comment Letter (i.e. to split two issues - effects of relevant laws and regulations and put options over non-controlling interest - into separate projects and to finalise the issues where limited deliberations are needed as a part of the current project).

IASB Project *Provisions - Targeted Improvements*

Members expressed mixed views on the IASB's tentative proposals on when to recognise a provision that depends on two or more actions of the reporting entity. Members generally supported the IASB's tentative proposal to discount expenditures related to a provision using a risk-free rate. However, the view was also expressed that if an entity was required, following local regulation, to set aside assets to cover a provision, it should be possible to use any discount rate that would be specified for that purpose. It was also noted that the IASB's proposal did not consider whether inflation should be included in the discount rate. This would affect whether increases in the expenditures following from inflation should be reflected as a finance expense or as part of operating expenses.

IASB Project *Power Purchase Agreements*

Members discussed the IASB proposals included in the ED *Contracts for Renewable Electricity*. They specifically discussed whether the proposed requirements addressed the objectives that the IASB aims to achieve and whether they were aware of operational challenges that an entity may face in providing the proposed disclosures. Members generally supported the IASB's proposals. In relation to disclosures, several members noted that the disclosure requirements should only apply to contracts assessed to be own-use. In addition, some members considered that disclosures requirements included in paragraphs 42U and 42V of the ED were burdensome and raised questions on their usefulness.

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

Members were provided with the IASB presentation for the ASAF meeting on the IASB's Exposure Draft *Business Combinations - Disclosures, Goodwill and Impairment*. Members had several concerns with the proposed amendments to IFRS 3 and in particular with disclosing performance information and quantitative information about expected synergies in the financial statements. Members also noted that, in some cases, the proposed thresholds may fail to capture the intended population of strategic business combinations. Some suggestions were replacing operating profit with a capital market measure and basing quantitative thresholds on an average number of years.

Regarding IAS 36, members did not expect significant changes from the proposed amendments, but some members expressed concern about permitting future restructuring and asset enhancement.

IASB Research Project *Pollutant Pricing Mechanisms*

The purpose of the meeting was to seek views on whether the IASB should prioritise and initiate a project on pollutant pricing mechanisms (PPMs). EFRAG FR TEG-EFRAG CFSS did not provide strong indications that such a project should be prioritised. Some members expressed a preference for the IASB to address the accounting issues around voluntary credit schemes and Renewable Energy Certificates over compliance schemes as the latter are more mature with established reporting practice. The interaction between accounting for PPMs and other IFRS Accounting Standards was also raised.

EFRAG Research Project *Intangible assets*

Members were provided with the IASB presentation on ASAF on *Intangible assets*. Members discussed the issues their stakeholders encounter with the accounting for intangibles today and the proposed key priorities for the IASB's *Intangible assets*

project. Cloud computing and software as a service, the accounting treatment for R&D costs, the issue of internally generated versus acquired intangible assets and fair value accounting for intangible assets were mentioned as some such issues. When discussing the overall approach of the IASB's project, members emphasised that the IASB should prioritise topics where a speedy solution could be found, taking into account that the entire IASB's project will probably be a very long one.

IFRS 18 *Presentation and Disclosure in Financial Statements*

Members were provided with an overview of the EFRAG Endorsement work plan for IFRS 18 *Presentation and Disclosure in Financial Statements*. Members discussed the technical endorsement criteria, key topics identified for the draft endorsement advice and how the key topics are assessed considering the technical endorsement criteria. The presentation included the views collected from both preparers' and users' groups. No additional topics were raised by the EFRAG CFSS members. The EFRAG Secretariat will continue with the endorsement process and with the drafting of the draft endorsement advice.

IFRS IC Topics

The EFRAG FR TEG and the EFRAG CFSS were provided with a summary of the main open issues that were discussed by the IFRS Interpretations Committee.

Next meeting

The EFRAG FR TEG and the EFRAG CFSS will hold their next meeting on [12 September 2024](#).

EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES

PUBLICATIONS

EFRAG Releases Study on Early Implementation of ESRS: Insights from Selected EU Companies for Q2 2024

EFRAG issued on 25 July 2024 a study on the initial practices for implementing European Sustainability Reporting Standards (ESRS) as of Q2 2024 titled 'State of play as of Q2 2024 | Implementation of European Sustainability Reporting Standards (ESRS): Initial Practices from Selected Companies'. The study offers preliminary insights into early practices and challenges in ESRS implementation based on interviews with 28 large EU companies across various sectors. These companies were selected for their potential maturity and resources in applying ESRS.

The study focuses on four key areas: the materiality assessment, value chain, gap analysis on datapoints and the ESG reporting organisational approach. The findings are preliminary and not indicative of mature practices as the study intentionally focuses on larger undertakings. For subsequent years, EFRAG will consider an annual 'State of play' study taking stock of a larger number of undertakings and of sustainability statements effectively prepared in accordance with ESRS.

The study was developed with the assistance of Boston Consulting Group (BCG), whom EFRAG warmly thanks.

Download the study [here](#).

For more details, please visit [EFRAG's website](#).

EFRAG Releases New ESRS Q&A Explanations Covering the January-July 2024 Period

EFRAG announced on 26 July 2024 the release of 23 new Explanations to be added to its Compilation of Technical Explanations to assist stakeholders in the implementation of the ESRS via the EFRAG ESRS Q&A Platform. The Compilation of Explanations now includes a total of 93 explanations released between January and July 2024.

These responses are provided as part of EFRAG's role as a technical advisor to the European Commission and are expected to provide practical and timely support to preparers and others in the implementation of ESRS. The Explanations released today are grouped in chapters according to their nature (Cross-cutting,

Environment, Social or Governance) and their Disclosure Requirements, following the ESRS' architecture. To increase user friendliness, the Compilation of Explanations also has now hyperlinks to the text of the individual ESRS, including its Corrigendum.

The Compilation of Explanations also has now in an appendix a log of those questions received that were categorised as 'already asked/answered'. They were rejected because they were answered elsewhere. The log has a reference to the location where they have been answered.

EFRAG will continue releasing Explanations following its due process, including on the engagement from both EFRAG's Sustainability Reporting Board and its Technical Expert Group in public discussions.

Download the Compilation of Explanations [here](#).

For more details, please visit [EFRAG's website](#).

OPEN JOB POSITIONS

Title and description	Closing date
Civil Society, Impact and SME experts (as well as other experts)	19 August 2024
Social and Human Rights reporting specialists (employment, labour rights and due diligence)	Ongoing
ESRS Sector programme expert (with different levels of seniority)	Ongoing
Environmental reporting specialist	Ongoing
Business Conduct and related reporting specialist	Ongoing

For further details, please visit [EFRAG's website](#).

EFRAG SUSTAINABILITY REPORTING BOARD (SRB)

Meeting date	Topics covered
04 July 2024	LSME, strategic direction on architecture (public) Oil and Gas Exposure Draft (O&G ED) (public)
10 July 2024	Initiation of approval of Mining Quarrying Coal Exposure Draft (MQC ED) (public) VSME strategic direction (public) Q&A approval (public)
17 July	XBRL Taxonomy update on cost of tagging (closed) XBRL Taxonomy approval (public) Q&A approval (public) VSME/LSME continued discussion strategic direction (public)

The next EFRAG SRB meeting will be held on [4 September 2024](#).

LSME

On 4 July 2024, the EFRAG SRB provided strategic direction on the architecture of the LSME Exposure Draft (ED). The direction aims to significantly streamline the ED by implementing proposals of constituents during the public consultation. The session concluded with no objections to revising the standard adopting the content of VSME as a starting point whenever possible, adding to such content the elements identified as mandatory LSME content by the CSRD. The EFRAG SRB asked to see the 'revised LSME' for the final approval of the draft standard. The EFRAG Secretariat will prepare the draft standard for approval based on the EFRAG SRB's direction and more detailed instructions at datapoint level given by the EFRAG SR TEG.

On 17 July 2024, the EFRAG SRB further discussed the public consultation feedback and considered the need for re-exposure. The EFRAG SRB agreed with the Secretariat that re-exposure would bring little new feedback at this stage. However, the EFRAG SRB also noted the importance of meeting the users' needs and suggested to perform outreach sessions with interested parties in September 2024.

VSME

On 10 July 2024, the EFRAG SRB deliberated on the strategic direction for the VSME ED. The EFRAG SRB noted the importance of making available VSME as an online active tool. Proposals included removing the Double Materiality Analysis, renaming the Business Partners Module and merging the three modules (BM, Narrative-PAT and BPM) into two. An additional module will be discussed by EFRAG SR TEG to cover additional banking-specific items. The EU taxonomy for VSME and the

implications of the LSME value chain cap were also discussed. The EFRAG SRB requested a visual presentation of the disclosures to be included in the three proposed modules.

On 17 July 2024, the EFRAG SRB further discussed these topics. Aspects of the 'business partner' module as well as new proposals, such as GHG intensity and water intensity, were discussed along with inputs from the new EBA guidelines. The EFRAG SRB recommended to maintain the initial modularity concept as it was a success factor.

Oil and Gas Exposure Draft

On 4 July 2024, the EFRAG SRB discussed the approval of the Oil and Gas ED (O&G ED) for public consultation and agreed on a list of editorial changes. There was also a general agreement on the technical foundations of the standard, but members noted the necessity to streamline the structure and enhance the accessibility and understandability of the content of main body and appendices, in particular in the areas of policies-actions-targets and sustainability matters. The SRB requested to see an updated version before approval of the Exposure Draft for issuance for public consultation.

Mining, Quarrying and Coal Exposure Draft

On 10 July 2024, the EFRAG SRB initiated discussions on the approval of the Mining, Quarrying and Coal Exposure Draft (MQC ED). The discussion focussed on the aspects of the MQC ED that do not overlap with the O&G ED as those agreed changes will also be implemented here. The approval discussions of the Exposure Draft will continue in future meetings.

Q&A Platform

On 10 July 2024, the EFRAG SRB approved several cross-cutting explanations, including ID 762 ('Location of policies, actions and targets in the sustainability report'), ID 821 ('Risk and opportunity for financial materiality'), ID 863 (Metrics calculation'), ID 906 ('Structure of sustainability statement') and ID 910 ('Transitional provisions for value chain and Scope 3 GHG emissions'). The first two are subject to editorial changes. Additionally, several environment-related explanations were approved: ID 268 ('GHG emissions reporting'), ID 414 ('Disaggregation of total emissions'), ID 535 ('Emission trading schemes'), ID 536 ('Carbon-credit - Quality standard'), ID 555 ('Financial effects and climate risk'), ID 636 ('Definition of types of removals'), ID 718 ('Disaggregation of GHG emissions') and ID 802 ('Reference lists of biodiversity-sensitive areas').

On 17 July 2024, the EFRAG SRB approved a set of explanations and categorisations. Following discussion on ID 1014, it was noted that future amendments to IG 1-3 should consider the IGs as living documents in case addenda need to be added. Regarding ID 939, SRB members emphasised the importance of aligning with financial reporting standards and ensuring interoperability with the ISSB to address ID 166 and ID 939. IDs 245, 577 and 689 were approved, with one SRB member to provide editorial comments.

XBRL Taxonomy

On 17 July 2024, the EFRAG SRB approved the final draft of the ESRS Taxonomy following the EFRAG SR TEG's approval the previous day. One EFRAG SRB member abstained, citing concerns about the document's complexity and architectural details. During the meeting, it was confirmed that the ESRS and ISSB taxonomies are well-aligned in terms of the XBRL elements common to both. However, differences remain in places where the IFRS S2 and ESRS standards diverge. There are plans to achieve digital concordance between the two taxonomies once they are finalised, with support offered by the XBRL taxonomy team.

EFRAG SUSTAINABILITY REPORTING TECHNICAL EXPERT GROUP (SR TEG)

Meeting date	Topics covered
1 July 2024	Mapping AR 16 with DRs (Explanation) (public) XBRL Taxonomy, Update on SRB strategic direction (public)
3 July 2024	Transition Plans Implementation Guidance (TPIG) - drafting (editorial session) (closed) MQC (public)
16 July 2024	XBRL Taxonomy update on cost of tagging (closed) Approval XBRL Taxonomy (open) VSME Strategic direction feedback (public)
18 July 2024	Update on non-EU Standard (closed) TPIG Strategic direction update (closed) VSME Update (public) LSME Update (public) Q&A (public)

The next EFRAG SR TEG meeting will be held on 12 September 2024.

Mapping AR 16 to DRs (Explanation)

On 1 July 2024, the EFRAG SR TEG discussed Q&A Explanation ID 177 'Mapping of AR16 to the DRs'. Discussions addressed concerns over the use of the term 'judgment' in materiality assessments, clarified the mapping of matters to DRs and highlighted improvements in the new version, including added datapoints. There was consensus to classify the document as an explanation and clear principles for its preparation. The EFRAG Secretariat is to present the explanation to the EFRAG SRB as recommended for issuance.

XBRL Taxonomy

On 1 July 2024, the EFRAG SR TEG received an update on the EFRAG SRB strategic direction, confirming the implementation of technical improvements and rejecting the aggregation proposals that are incompatible with the methodology. Key points discussed included concerns over the granularity and cost-effectiveness of the XBRL taxonomy. Some EFRAG SR TEG members highlighted benefits for sustainability data users and interoperability, while others raised concerns about costs and the availability of tagging software.

On 16 July 2024, the EFRAG SR TEG met to approve XBRL Taxonomy. The cost of tagging was discussed. It was clarified that the cost from providers does not include audit costs and that costs vary based on tagging type. Furthermore, there is no

tagging requirement until the RTS will be in place. The EFRAG SR TEG approved the approach, with some members in favour of the phase-in of the tagging requirements (e.g. starting with quantitative metrics only) and others against it given that the phasing in of some ESRS requirements already creates a natural delay. Some suggested to recommend to ESMA to organize as next steps a field test based on real life ESRS reports issued in 2025. Others noted that defining the content of the next steps (including detailed phasing in and field test) is outside EFRAG remit.

Publication is planned for the second half of August, after EFRAG SRB's approval.

Mining, Quarrying and Coal Exposure Draft

On 3 July 2024, the EFRAG SR TEG met to approve the MQC Exposure Draft. The meeting focused on the classification of industries under NACE codes to maintain clarity and avoid complexity, with emphasis on distinct categories rather than broad combinations. Members supported updates to NACE codes based on sustainability criteria and specific industry practices, highlighting the importance of clear sector standards. NACE, as the foundation, was retained while mapping to other categorisations are underway to accommodate diverse industry activities. Concerns were also raised about the granularity and comparability of disclosures. The meeting concluded with proposals to streamline document requirements and ensure efficiency in reporting practices. Members voted to recommend the Exposure Draft for issuance to the EFRAG SRB. Next steps include addressing the EFRAG SR TEG and EFRAG SRB editorial comments including those that are common to OG and MQC.

VSME

On 16 July 2024, the EFRAG SR TEG received the EFRAG Secretariat's presentation on the key documents and feedback received regarding the VSME public consultation and structural changes. EFRAG SR TEG members agreed on the structure proposed by EFRAG Secretariat, with some concerns about materiality and naming conventions being raised. The proposed changes involve no significant removal of disclosures and aim to meet preparer and user needs. There were discussions about banking-specific datapoints requests in a possible new module and the overall alignment with large undertakings' requests. Members emphasised reducing reporting burdens on SMEs, while some suggested further guidance and a clearer distinction between sector-specific standards. Key takeaways from the public consultation were reviewed, with consensus being reached on several adjustments, including the handling of philanthropic activities and convictions.

The EFRAG SR TEG is to continue analysing the EFRAG Secretariat's suggestions on changes to B4-B11 and BP1-BP11 on 18 July 2024, aiming to provide strategic orientations aligned with the EFRAG SRB's decisions.

On 18 July 2024, the EFRAG SR TEG met to continue discussing the VSME technical proposal at the disclosure requirement level. There was agreement on simplifying guidance and providing a simplified energy consumption methodology. Other simplifications involved opting for a priority list of pollutants based on EU law. Views were split on B5 regarding geolocation's role in biodiversity impact. The EFRAG SR TEG members also agreed on further structural changes to ensure simplicity. EFRAG SR TEG members will provide their remaining feedback in the proposed changes to VSME by the 29 July in writing, so that the Secretariat can work before the next EFRAG SR TEG meeting after the summer break.

LSME

On 18 July 2024, EFRAG SR TEG met to discuss the proposed revised approach to the LSME ED, focussing on any value chain cap implications. The feedback and the SRB-approved revised approach to LSME was explained, and the importance of maintaining value chain coverage in Set 1 was discussed. There was debate over the necessity of GHG removals and carbon credits reporting for SMEs, with mixed opinions on its importance for auditability. Some members opposed significant change in approach, while others stressed the need for a balanced cost/benefit approach and broader stakeholder involvement. Concerns were raised about the adequacy of biodiversity disclosures and the connection between value chain caps and sector-specific standards. It was agreed to reinforce the language on entity-specific disclosures to cover value chain datapoints with a sector relevance. Further written feedback to be provided by EFRAG SR TEG by 29 July 2024, so that the Secretariat can work before the next EFRAG SR TEG meeting after the summer break.

Q&A Platform

On 18 July 2024, EFRAG SR TEG received an update on Q&A outstanding items. It was noted that 25 environmental categorisations were approved by the EFRAG SRB with no objections. On ID 526 (water consumption), materiality concerns were clarified, and PPE and ID 753 discussed. Scope 2 was confirmed as 'own operations.' The EFRAG SR TEG approved all categorisations as well as IDs 496, 595, 650 and 526 (explanations). ID 753 (explanation) was not approved.

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 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 16th plenary meeting of the Platform took place on 10 July 2024 with the adoption in principle of the Platform's EU Taxonomy -Aligning Benchmarks report; an update on the papers in development on transition plans and transition finance; and the adoption in principle of the Platform's proposal on product categorisation on the agenda.

The next plenary meeting of the Platform is scheduled for 11 September 2024.

FRIENDS OF EFRAG

JOIN FRIENDS OF EFRAG - SUSTAINABILITY REPORTING

For information on the advantages, conditions and how to apply to join, download the brochure [Friends of EFRAG - Sustainability Reporting](#) and access the [online application form](#).

For more information, please visit [EFRAG's website](#).

VACANCIES

FINANCIAL REPORTING

JOIN EFRAG AS A FINANCIAL REPORTING (SENIOR) TECHNICAL MANAGER - FINANCIAL INSTITUTIONS SPECIALIST

EFRAG is looking for a Financial Reporting (Senior) Technical Manager - Financial Institutions Specialist for a secondment or permanent employment contract based in Brussels. For full details, please see the [job description](#).

Applications (CV plus motivation letter - with name and surname as the document's title) should be sent to rh@efrag.org, mentioning 'EFRAG FR Team - Technical Manager' (or 'Senior Technical Manager') in the subject.

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

JOIN EFRAG AS A (SENIOR) TECHNICAL MANAGER - EXPAND YOUR IFRS EXPERTISE

EFRAG is looking for a (Senior) Technical Manager for its financial reporting pillar. The role is based in EFRAG's offices in Brussels.

EFRAG welcomes applications for either full-time employment contracts or two-year secondments (different tenure periods can be discussed).

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

Applications (CV plus motivation letter - with name and surname as the document's title) should be sent to rh@efrag.org, mentioning 'EFRAG FR Team - Technical Manager' (or 'Senior Technical Manager') in the subject.

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 drafting of technical documents, regular engagement with EFRAG's

governance bodies (EFRAG Reporting Technical Expert Groups and Reporting Boards), working groups and outreach to a broad range of external stakeholders including preparers, users, national standard setters, auditors, regulators.

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.

EFRAG is recruiting interns on a continual basis for a 6-month term (renewal possible for one term of 6 months).

Should you have any questions, please contact Caroline Martins (EFRAG Media & Communications Manager) using caroline.martins@efrag.org.

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

SUSTAINABILITY REPORTING

EFRAG is seeking technical staff under short-term contracts to enhance impact and sector expertise in its ESRS work

To ensure that EFRAG's standard-setting and implementation support activities are prepared following a unique multi-stakeholder approach, EFRAG seeks additional civil society, impact and SME experts as well as other experts. Expertise in specific sectors will be an added value. Therefore, EFRAG is looking to hire technical experts – freelancers (natural persons or one-person companies), paid secondments and temporary employees – under short-term contracts, with a start date in the second half of September or the beginning of October.

Applications are preferably expected by **19 August 2024**.

For more details, please visit [EFRAG's website](#).

OPEN POSITIONS - JOIN EFRAG'S SUSTAINABILITY REPORTING TEAM TO SHAPE THE FUTURE OF SUSTAINABILITY REPORTING

EFRAG has vacancies in its sustainability reporting team:

- [Social and Human Rights reporting specialists](#) (employment and labour rights due diligence)
- [ESRS Sector programme experts](#) (with different levels of seniority)
- [Environmental reporting specialist](#)
- [Business Conduct and related reporting specialist](#)

All positions are permanent, based in Brussels and require EEA nationality.



Applications, including a letter of motivation and a detailed CV, should be sent to Saskia Slomp, EFRAG CEO, at Rh@efrag.org

Apply now and join us in shaping the future of sustainability reporting at EFRAG!

