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Cover note - Contracts Referencing Nature-dependent Electricity— Amendments to IFRS 9 and IFRS 7

Objective

- 1 The objective of this session is for EFRAG FR TEG to recommend and for EFRAG FRB to approve the EFRAG final endorsement advice (FEA) to the European Commission regarding endorsement of Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7.

Background

- 2 On 18 December 2024, the IASB published *Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7* (the Amendments)¹.
- 3 Following the publication of the Amendments, EFRAG received Endorsement Advice request [here](#) from the European Commission.
- 4 Following the joint EFRAG FRB and EFRAG FR TEG meeting held on 20 December where members discussed the Draft endorsement advice (DEA) on the Amendments, EFRAG published the [DEA](#) on 23 December 2024 with a consultation period until 13 January 2025.
- 5 In order for the Amendments to be available to be applied by the European companies in H1 2025, EFRAG’s Administrative Board approved, on 17 December 2024, a reduced consultation period for the DEA, shortening the minimum 30-day consultation period as per EFRAG’s due process, to 20 days.

¹ A link to the IASB publication, on EFRAG’s website, is provided under permission of the IASB and is only valid until the publication of the Amendments/Standard in the official journal

Comment letters

- 6 At the date of writing this paper, EFRAG has received six comment letters which support the assessment in the DEA:

Respondent	Category	Country
Instituto de Contabilidad y Auditoría de Cuentas (ICAC)	National Standard Setter	Spain
Siemens AG	Preparer	Germany
Mercedes-Benz Group AG	Preparer	Germany
Deutsche Telekom AG	Preparer	Germany
Å Energy AS	Preparer	Norway
Organismo Italiano di Contabilità (OIC)	National Standard Setter	Italy

- 7 Å Energy AS highlighted the importance of paragraphs 35 and 36 of Appendix 2 of the DEA to support the Amendments. No other comments were made in the other comment letters.
- 8 In addition, we have received a communication from Statkraft AS (Norwegian preparer) supporting the endorsement advice and emphasising the importance of including the wording in paragraphs 35 and 36 of Appendix 2 in the endorsement advice.

EFRAG Secretariat Conclusion

- 9 Considering the responses received, the EFRAG Secretariat recommends that the EFRAG FR TEG recommend and the EFRAG FRB approve the Final Endorsement advice letter included in agenda paper 02-02. No changes were made to the content of the document with respect to the published DEA.

Timeline and next steps

- 10 In order for the Amendments to be available to be applied by the European companies in H1 2025 and considering the timeline of the endorsement process, EFRAG aims at publishing its final endorsement advice by 22 January 2025.

Agenda papers

- 11 In addition to this cover note, we include for this session Agenda paper 02-02 – Final Endorsement Advice on Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7.

Questions to the EFRAG FR TEG and EFRAG FRB

- 12 Do EFRAG FR TEG and EFRAG FRB have any comments or questions on the FEA?
- 13 Does EFRAG FR TEG recommend the FEA for approval to EFRAG FRB?
- 14 Does EFRAG FRB approve the FEA?