

EFRAG UPDATE



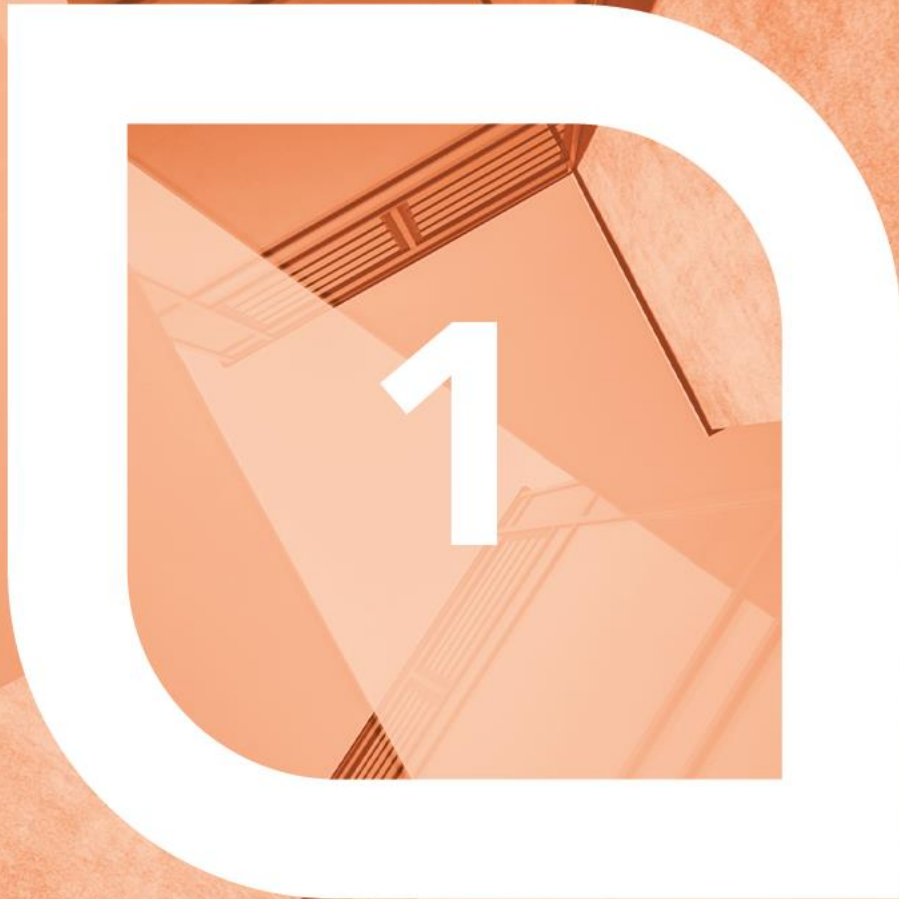
European's voice in
corporate reporting

December 2024

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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.



1.1 EFRAG Conference 2024 10/12/2024



On 10 December 2024 in Brussels, EFRAG hosted its third annual conference "Advancing Transparency & Competitiveness in Challenging Times". The event highlighted EFRAG's progress in sustainability reporting and new developments in financial reporting. High-level speakers discussed the evolving corporate reporting landscape.

Our insightful keynote speeches and our three panels covered the following aspects, among others:

- Advancing further Financial Reporting
- Advancing Sustainability Reporting globally for all economic players
- Advancing Sustainability Reporting implementation to meet business & strategic challenges

Take a look at the full [programme and our speakers, recording and pictures](#).

The summary report will be published in due course.

1.2 EFRAG FINANCIAL REPORTING BOARD (FRB) & EFRAG SUSTAINABILITY REPORTING BOARD (SRB)

Physical meeting 11 December 2024

EFRAG FRB & EFRAG SRB held a webcast meeting on [11 December 2024](#) and discussed the following topics:

CEAOB AUDITING GUIDELINES OF SUSTAINABILITY REPORTING

The CEAOB (Committee of European Audit Oversight Bodies) representative presented the CEAOB Guidelines on 'Limited Assurance on Sustainability Reporting'. It was specified that the CEAOB Guidelines are not directly applicable, but shall be translated into national guidelines, conditional on CSRD transposition and state-specific choices.

LOCATION OF UNRECOGNISED INTANGIBLES

EFRAG FRB and EFRAG SRB members presented views on what type of information on unrecognised intangibles, if any, should be provided in the financial statements and what should be provided elsewhere, including in the (sustainability reporting part of the) management report. Members also provided more general views on the criteria for placing information in the financial statements versus in the management report.

ESMA ENFORCEMENT PRIORITIES

The ESMA representative presented the European Common Enforcement Priorities on financial and sustainability reporting, as well as general considerations concerning digital reporting, connectivity between financial and sustainability reporting, alternative performance measures, and provided an update on the state of play of the ESEF.

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

Physical meeting 4 December 2024

EFRAG FR TEG & EFRAG SR TEG held a physical meeting on [4 December 2024](#) and discussed the following topic:

IASB-ISSB STAFF CONNECTIVITY EXAMPLES

EFRAG FR TEG and EFRAG SR TEG members discussed the connectivity examples jointly developed by the IASB and ISSB that were presented at the September 2024 World Standard Setters Conference. The discussion highlighted areas where connectivity challenges arise as well as where standard-setting activity may be needed.

CONNECTIVITY AND BOUNDARIES – INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH (IAAER) PAPER

Academics presented EFRAG FR TEG and EFRAG SR TEG members with the findings of an IAAER working paper on boundaries and the connectivity of climate-related financial disclosures in annual reports.

MANAGEMENT COMMENTARY (IASB UPDATE AND ISSB CONSIDERATIONS)

EFRAG FR TEG and EFRAG SR TEG members discussed EFRAG's perspective on management commentary and several connectivity-related considerations.

ACCOUNTING FOR CARBON CREDITS INCLUDING CONNECTIVITY ISSUES

ESMA representatives presented ESMA's public statement on accounting for carbon credits in the financial statements. Members asked clarification questions on ESMA's findings on observed practices and recommendations.

1.4 EFRAG ADMINISTRATIVE BOARD

Physical meeting 17 December 2024

The EFRAG Administrative Board met on 11 and 17 December. The EFRAG Administrative Board welcomed Matis Joab to the Board on the second seat for the EFRAG CSO Chapter. In these meetings the EFRAG Administrative Board received an update on the EC grant developments including the pilot project grant application and discussed the related financials. The main focus of both meetings was on the 2025 financial reporting and sustainability reporting workplans and the 2025 EFRAG budget. The agenda of the meeting of 17 December included in addition an update on the activities of the EFRAG Administrative Board Nominating Committee including the 2025 EFRAG FR TEG rotation, the 2025 EFRA SRB rotation and the forthcoming 2025 EFRAG SR TEG rotation.

UPDATE ON DUE PROCESS PROCEDURES

In its [17 December 2024](#) meeting in the public session EFRAG Administrative Board members received an update on EFRAG Due Process Procedures for Financial and Sustainability Reporting Activities. More specifically, members received an update on the Exposure Draft *Due Process Procedures for Financial Reporting*, which was open for public consultation until 31 December 2024, an update on the review of sustainability due process procedures and discussed a request for having a short comment period (less than 30 days) for the Draft Endorsement Advice related to the project *Power Purchase Agreements*, which was approved by consensus.

Peter Sampers, the Chair of the EFRAG Administrative Board Due Process Committee stepped down per 31 December after a long history of involvement in EFRAG in various roles. He was thanked for his great contributions to and support for EFRAG.

The next EFRAG Administrative Board meeting will take place on 28 January 2025.

EFRAG'S FINANCIAL REPORTING ACTIVITIES



2

EFRAG'S FINANCIAL REPORTING ACTIVITIES



2.1 Events

JOINT ABAF/BVFA1 – EFRAG – CBN/CNC2 EVENT: FINANCIAL REPORTING: WHAT'S AHEAD FOR 2025? FOCUS ON INVESTOR AND ANALYSTS-ORIENTED PROJECTS

On 6 February 2025, EFRAG, along with ABAF/BVFA and CBN/CNC, will co-host a hybrid event where industry leaders and experts will outline the trending topics and discussions. The event takes place in the EFRAG offices. Gain insight into what lies ahead and how these changes will impact financial accounting and reporting! The discussions will cover what is ahead in 2025 in financial reporting and specific topics such as IFRS 18 *Presentation and Disclosure in Financial Statements*, the statement of cash flows and intangibles. Speakers include Nick Anderson, IASB member, Wolf Klinz, EFRAG FRB Chair, Serge Pattyn ABAF/BVFA Board member and EFRAG FRB Vice-Chair, Sebastien Harushimana, EFRAG FR TEG Chair, Rasmus Sommer, EFRAG Associate Director, Sadi Podevijn, CBN-CNC Secretary General and Saskia Slomp, EFRAG CEO.

Please register via [this link](#).

More information, including the [programme](#) of the event, is available on [EFRAG's website](#).

2.2 Open consultations

TITLE AND DESCRIPTION	CLOSING DATE
EFRAG's Draft Comment Letter on the IASB ED <i>Provisions—Targeted Improvements</i>	25 February 2025 (EFRAG has requested an extension to the IASB comment period)
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 <i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	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

¹ Association Belge des Analystes Financiers/Belgische Vereniging van Financiële Analisten BVFA

² Commissie voor Boekhoudkundige Normen/Commission des Normes Comptables

EFRAG's Draft Endorsement Advice on <i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	26 March 2025
EFRAG's survey to preparers of financial statements of rate-regulated entities	31 March 2025
EFRAG's Discussion Paper on <i>The Statement of Cash Flows</i>	15 May 2025

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



2.3 Other news

JOINT EFRAG & IASB SESSION ON IFRS 19: SUMMARY REPORT NOW AVAILABLE

Read about the potential practical impact of IFRS 19 within European context explored during the event.

EFRAG has published a [summary report](#) on the educational session on IFRS 19, the IASB's reduced disclosure standard, held on 2 December 2024. The event addressed IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, its practical application, along with potential implications for European entities.

The report summarises feedback received from panellists and questions raised by the audience on several key topics discussed during the event.

Please see the [recording](#) of the educational session.

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

EFRAG SURVEY TO PREPARERS OF FINANCIAL STATEMENTS OF RATE-REGULATED ENTITIES - DEADLINE - 31 MARCH 2025

EFRAG's survey aims to gather information from preparers on the practicability and likely effects of the upcoming IASB Standard on Regulatory Assets and Regulatory Liabilities.

In July 2024, the IASB completed its redeliberations of the proposals in the Exposure Draft Regulatory Assets and Regulatory Liabilities and a final Standard is expected in the H2 2025. EFRAG anticipates a request from the European Commission for endorsement advice to be issued thereafter. Correspondingly, to facilitate EFRAG's timely issuance of its endorsement advice, EFRAG has commenced related preparatory work including assessing the practicability and conducting a cost-benefit assessment of the forthcoming IFRS.

As part of this work, EFRAG is conducting a survey targeted at preparers of financial statements of European entities that are likely to be in the scope of forthcoming IFRS. [The survey](#) aims to gather information on how this IFRS is likely to affect these entities applying with a focus on critical areas identified by EFRAG.

The deadline is **31 March 2025**.

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

EFRAG REQUESTS AN EXTENSION OF THE COMMENT PERIOD ON THE EXPOSURE DRAFT PROVISIONS -TARGETED IMPROVEMENTS

EFRAG has requested the IASB to extend the comment period on the Exposure Draft *Provisions — Targeted Improvements* (the 'ED') to 12 May 2025.

On 12 November 2024, the IASB issued the ED proposing targeted amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments aim to clarify when an entity has a present obligation and propose some changes to the measurement of provisions.

[In its letter](#), EFRAG acknowledges that the proposed amendments are not intended to fundamentally change IAS 37. However, after having made an initial assessment of the proposals EFRAG considers that further analysis is needed to better assess whether the proposals are sufficiently clear and will not result in any unintended consequences. In this regard, EFRAG notes that the amendments do not seem urgent, and it is currently ‘busy season’ for the accountancy profession in Europe. This means that it will be difficult for EFRAG (and National Standard Setters in EU member states) to collect sufficient information related to the proposals and their effects.

For these reasons, EFRAG believes that the comment period should be extended by 60 days in order to facilitate participation in outreach activities for all stakeholders for the benefit of any resulting amendments.

EFRAG PARTICIPATION IN ASAF MEETING 5-6 DECEMBER 2024

On 5-6 December 2024, EFRAG participated in the IASB’s Accounting Standards Advisory Forum (ASAF) meeting. EFRAG representatives at the meeting aired various issues of importance for European constituents on IASB projects.



2.4 Publications

FINAL ENDORSEMENT ADVICE

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

EFRAG has published its [Final Endorsement Advice](#) (‘FEA’) on *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7* (‘the Amendments’).

EFRAG assesses that the Amendments meet the technical endorsement criteria of the IAS Regulation and are conducive to the European public good. EFRAG therefore recommends their endorsement.

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

ANNUAL IMPROVEMENTS TO IFRS ACCOUNTING STANDARDS—VOLUME 11

EFRAG has submitted its [Final Endorsement Advice](#) related to Annual Improvements to IFRS Accounting Standards—Volume 11 (‘the Amendments’), for use in the European Union (EU) and European Economic Area (EEA). EFRAG assesses that the Amendments meet all technical endorsement criteria of the IAS Regulation and are conducive to the European public good. It therefore recommends endorsement of the Amendments. EFRAG’s recommendation is explained in the letter to the European Commission and the accompanying appendices.

DRAFT ENDORSEMENT ADVICE

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

EFRAG has published its [Draft Endorsement Advice](#) (‘DEA’) on *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7* (‘the Amendments’) and invited stakeholders to submit comments by 13 January 2025.

EFRAG is consulting on its assessment of the Amendments against the technical criteria for endorsement in the EU, and on its assessment of whether the Amendments are conducive to the European public good.

The objective of the Amendments is to better reflect the effects of physical and virtual nature-dependent electricity contracts in the financial statements through narrow-scope amendments to the own-use assessment, hedge accounting and disclosure requirements.

The Amendments should be applied retrospectively for the own-use amendments and prospectively for the hedge accounting amendments for annual periods beginning on or after 1 January 2026, with earlier application permitted.

EFRAG's overall preliminary assessment was that the Amendments satisfy the criteria for endorsement for use in the EU and therefore recommends their endorsement. EFRAG sought comments on all aspects of its analysis supporting the preliminary conclusions.

DRAFT COMMENT LETTER

PROVISIONS—TARGETED IMPROVEMENTS

EFRAG has issued its Draft Comment Letter on the IASB ED Provisions—Targeted Improvements (Proposed amendments to IAS 37).

EFRAG has published its [Draft Comment Letter](#) ('DCL') on the IASB's Exposure Draft [IASB/ED/2024/8 Provisions—Targeted Improvements \(Proposed amendments to IAS 37\)](#) (the 'ED'). Comments on EFRAG's DCL are requested by **25 February 2025** (EFRAG has requested the IASB to extend its comment period on the ED. Should the IASB agree, EFRAG will similarly extend its comment period on the DCL).

The DCL includes questions to constituents on the most significant aspects of the proposals which EFRAG might need to consider further before finalising its comment letter to the IASB on the ED.

In the DCL, EFRAG's tentative view is that the proposals aiming at clarifying the current requirements on when an entity has a present obligation as a result of a past event are overall useful. However, EFRAG acknowledges that there are arguments both in favour of and against the proposed requirements of the ED resulting in some provisions being recognised earlier than currently done.

EFRAG tentatively supports the proposal to specify that the costs to settle a present obligation comprise the costs that relate directly to that obligation. Overall, EFRAG generally supports the IASB's efforts to reduce diversity in practice by specifying that the rate an entity uses to discount the future expenditure to its present value is a risk-free rate and should not include non-performance risk. EFRAG makes further suggestions to enhance the clarity of the proposals and comments on the proposed transition requirements, disclosures for subsidiaries without public accountability and the proposed amendments to the implementation guidance of IAS 37.

Please submit your comment letters using this [form](#).

During the consultation period, EFRAG will perform additional outreach in order to better understand the implications of the proposals.

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

[Webcast meeting 20 December 2024](#)

EFRAG FRB and EFRAG FR TEG held a webcast meeting on [20 December 2024](#) and discussed the following topic:

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

EFRAG FRB and EFRAG FR TEG members discussed EFRAG's Draft Endorsement Advice (DEA) on the *CONTRACTS REFERENCING NATURE-DEPENDENT ELECTRICITY: AMENDMENTS TO IFRS 9 AND IFRS 7* (the 'Amendments'), issued by the IASB on 18 December 2024.

Members supported the DEA and agreed that the Amendments satisfy the technical endorsement criteria and are not contrary to the true and fair view principle. The benefits associated with the Amendments are assessed to outweigh the costs for both preparers and users of financial statements. Further, the Amendments are expected to contribute to the development of the renewable electricity market, thus contributing to the European Green Deal. EFRAG did not identify any factors that indicated that the Amendments could have adverse effects on the European economy or the public good.

Therefore, EFRAG FR TEG recommended and EFRAG FRB approved the DEA. To allow for a timely endorsement process and to enable European entities to apply the Amendments in their half-year reports in 2025, the consultation period was reduced to 20 days. [EFRAG's constituents were asked to provide their input on the DEA until 13 January 2025.](#)

2.6 EFRAG FINANCIAL REPORTING BOARD (EFRAG FRB)

Physical meeting 11 December 2024

EFRAG FRB held a physical meeting on [11 December 2024](#) and discussed the following topics:

ANNUAL IMPROVEMENTS TO IFRS ACCOUNTING STANDARDS – VOLUME 11

EFRAG FRB members discussed and approved EFRAG's Final Endorsement Advice.

IASB PROJECT *PROVISIONS – TARGETED IMPROVEMENTS* (AMENDMENTS TO IAS 37)

EFRAG FRB members discussed and approved EFRAG's Draft Comment Letter (the 'DCL') on the IASB's Exposure Draft (the 'ED') Provisions – Targeted improvements (Proposed amendments to IAS 37) as recommended by the EFRAG FR TEG.

EFRAG FRB members concluded that it was difficult to understand the implications of the proposals, especially the effects of the proposed changes to the present obligation recognition criteria which in EFRAG's view could result in more significant changes than initially expected. On the provision recognition proposal, EFRAG would express two views in its DCL and ask constituents for additional input. EFRAG FRB members concluded that EFRAG would need to conduct a more in-depth analysis of the proposals through outreach activities which had not initially been planned. For these reasons and given that the IASB's comment period fell within the 'busy season' for companies with a December year-end, members decided that EFRAG should ask the IASB to extend the comment period on the ED by 60 days (allowing comments by 12 May 2025 instead of 12 March 2025 as currently requested).

2.7 EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (FR TEG) & EFRAG CFSS

Physical meeting 3 December 2024

EFRAG FR TEG and EFRAG CFSS held a physical meeting on [3 December 2024](#) and discussed the following topics:

EFRAG RESEARCH PROJECT *STATEMENT OF CASH FLOWS*

EFRAG FR TEG members and EFRAG CFSS members provided input on issues the IASB should consider as part of its project on the statement of cash flows and related matters.

IASB PROJECT *RATE-REGULATED ACTIVITIES*

The purpose of the session was to obtain EFRAG FR TEG and EFRAG CFSS members' views on the IASB's July 2024 tentative decisions on its redeliberations of the 2021 IASB Exposure Draft Regulatory Assets and Regulatory Liabilities (the ED). The topics discussed were (a) extending the measurement proposals; (b) extending the presentation proposals; and (c) transition and effective date.

IASB PROJECT *MANAGEMENT COMMENTARY*

EFRAG FR TEG and EFRAG CFSS members were updated and gave comments on the steps to the finalisation of the IASB's project Management Commentary with a revised practice statement expected in H1 2025.

IASB PROJECT *EQUITY METHOD*

EFRAG FR TEG and EFRAG CFSS members' discussed the September 2024 IASB Exposure Draft *Equity Method of Accounting, IAS 28 Investments in Associates and Joint Ventures (revised 202x)* ('ED') proposals and EFRAG's draft comment letter ('DCL') response. Members suggested the need for a fundamental review of the equity method of accounting as well as providing specific comments on the ED's proposals including the need of additional simplification of some of the proposals.

IASB PROJECT *AMORTISED COST MEASUREMENT*

EFRAG FR TEG and EFRAG CFSS discussed and agreed with the project objectives and approach (targeted improvements) as suggested by the IASB. Members confirmed that, in their view, the list of topics included in the project scope (as described in Appendix A to the IASB agenda paper AP11 presented at the IASB September 2024 meeting) was fairly complete. Members also discussed ways of supporting stakeholders throughout the project.

UPDATE ON IFRS IC TOPICS

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

2.8 EFRAG FINANCIAL REPORTING TECHNICAL EXPERT GROUP (EFRAG FR TEG)

Physical meeting 2 December 2024

EFRAG FR TEG held a physical meeting on [2 December 2024](#) and discussed the following topics:

IASB RESEARCH PROJECT PIR IFRS 16 *LEASES*

EFRAG FR TEG discussed the preliminary assessment, both in terms of prevalence and priority, of the IFRS 16 application challenges identified by the EFRAG Secretariat. EFRAG FR TEG members mainly agreed with the prioritisation of issues made by the EFRAG Secretariat. Members also agreed to include only the high priority issues in the main text of the comment letter responding to the forthcoming request for information and to include the non-high priority issues in an Appendix.

IASB PROJECT *PROVISIONS-TARGETED IMPROVEMENTS (AMENDMENTS TO IAS 37)*

EFRAG FR TEG decided to recommend the EFRAG FRB to issue a Draft Comment Letter in response to the IASB's ED *Provisions—Targeted Improvements*.

ANNUAL IMPROVEMENTS TO IFRS ACCOUNTING STANDARDS – VOLUME 11

EFRAG FR TEG considered the comments received on EFRAG's Draft Endorsement Advice and recommended EFRAG's Final Endorsement Advice for approval by EFRAG FRB.



EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES



3

EFRAG'S SUSTAINABILITY REPORTING ACTIVITIES



3.1 Events

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

On 20-21 January 2025, EFRAG, along with the EAA and ISSB, will organise a [sustainability reporting standards education workshop](#), covering aspects of ESRS, IFRS Sustainability Disclosure Standards and GRI Standards. The workshop is aimed at academics that want to set up or enhance sustainability reporting programmes at their universities.

The workshop will be chaired by Begoña Giner, an EFRAG SRB member. It will take place in the Frankfurt School of Finance and Management Campus, in Frankfurt Am Main, Germany.

For more information, please see the workshop's [programme](#).

3.2 Other news

PARTICIPATE IN ESMA'S CONSULTATION ON DIGITAL TAGGING OF ESRS STATEMENTS

EFRAG invites all stakeholders to participate in [ESMA's consultation](#).

On 13 December, the European Securities and Exchange Commission (ESMA) issued a [public consultation](#) on an amended **European Single Electronic Format Regulatory Technical Standard (ESEF RTS)**, which requires affected companies in the EU to digitise their ESRS and Article 8 disclosures.

Draft XBRL Taxonomy and Proposal Overview

The proposal comes with a draft XBRL taxonomy, which is based upon the [digital taxonomy](#) developed by EFRAG reflecting the ESRS Set 1 (as published on 30 August 2023). The digitisation of the ESRS statements is required under the Corporate Sustainability Reporting Directive (CSRD).

Digitisation Timeline and Phased Approach

- **Large PIEs & Parent Undertakings:** ESMA proposes that large PIEs or those that are parent undertakings of large groups (including third-country issuers) begin digitising disclosures using Inline XBRL for the 2026 or 2027 financial year, making sustainability reports publicly available by 2027 or 2028.
- **Large Non-PIEs:** Large non-PIEs or non-PIEs that are parent undertakings would have an additional year to start digitisation.
- **Phased Implementation:** A phased approach will gradually extend mandatory digital tagging of ESRS disclosures, aiming for fully digitised ESRS Set 1 statements by 2031 or 2032.

The consultation is open until **31 March 2025**.

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

3.3 Publications

STREAMLINING SUSTAINABILITY REPORTING: MAPPING THE VOLUNTARY EMAS AGAINST THE ESRS

See how many of the environmental disclosure requirements of the ESRS can be built on data already available within the EMAS framework!

The EU is taking significant steps in promoting sustainable business practices and enhancing transparency in environmental reporting, but also to support streamlining such requirements, when possible.

As part of this work, the European Commission and EFRAG have collaborated closely to clarify the synergies between the voluntary Eco-Management and Audit Scheme (EMAS) and the new European Sustainability Reporting Standards (ESRS) mandatory for large companies and make it easier for businesses to report on their environmental policies.

A paper published today by EFRAG Secretariat "[Understanding the synergies between ESRS \(European Sustainability Reporting Standards\) and EMAS \(the EU Eco-Management and Audit Scheme\)](#)" shows that many of the environmental disclosure requirements of the ESRS can be built on data already available within the EMAS framework.

EMAS-registered companies are set to benefit substantially from these recognised synergies, as the existing environmental statements prepared under EMAS can now be used to comply with parts of the ESRS requirements. In practice, this means that for the more than 4,100 organizations already using EMAS to improve their environmental performance, it will be possible to incorporate by reference the data already produced in their Environmental Statement, following the provisions of ESRS 1 paragraph 121. This development is particularly beneficial for the EMAS-registered companies subject to the new ESRS that came into effect in 2024, with first reports from companies due in 2025.

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

EFRAG RELEASES THE VSME SUSTAINABILITY REPORTING STANDARD

On 17 December 2024 EFRAG released its technical advice on the VSME, a voluntary sustainability reporting standard designed for non-listed micro-, small-, and medium-sized undertakings, delivered at the request of the European Commission, formally confirmed on December 12, 2024.

Between January 22, 2024, and May 21, 2024, EFRAG conducted public consultations on the Exposure Draft of the VSME. The process included input from a broad range of stakeholders, whose feedback was incorporated by EFRAG SR TEG and EFRAG SRB. The VSME was subsequently approved by EFRAG SRB on November 13, 2024, and by EFRAG SR TEG on October 22, 2024.

The VSME is intended for undertakings that are not covered under the mandatory scope of the CSRD. EFRAG's work on the VSME is aligned with the European Commission's [SME Relief Package](#) of September 2023, which highlights this standard as a tool to help SMEs access sustainable finance.

The VSME consists of two parts: a Basic Module and a Comprehensive Module. These aim to address a significant portion of requests from business partners—such as banks, investors, and large corporations—that SMEs currently face. While the VSME offers standardized disclosures for undertakings across various sectors, some additional data requests may still be necessary to address sector-specific requirements. At the request of stakeholders, the VSME will be complemented with digital tools, additional guidance and supporting material to encourage SME adoption and market acceptance of the standard. In 2025, EFRAG will focus on the roll-out of such initiatives.

Please find some relevant links below:

- The full [press release](#).

- EFRAG's [Cover Letter](#) on the VSME.
- The [VSME Standard](#).
- The [VSME Basis for Conclusions](#).
- EFRAG's [Cover Letter and Cost-Benefit Analysis](#) on the VSME.
- The [Feedback Statement](#) on the public consultation.

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

EFRAG RELEASES VSME EDUCATIONAL VIDEOS

On 17 December 2024, EFRAG delivered three educational videos on the VSME standard to the European Commission. The first video is an introduction to the VSME, providing a glimpse into its goals and highlights; the second video is a deep dive into the Basic Module; and the third video concerns the Comprehensive Module and the next steps.

Please find the videos under the following links:

- [Introduction and highlights of the VSME](#), presented by Chiara Del Prete (EFRAG SR TEG Chairwoman) and Elisa Bevilacqua (EFRAG Sustainability Reporting Senior Technical Manager).
- [A deep dive into the Basic Module](#), presented by Mathias Mingazzini (EFRAG Sustainability Reporting Junior Technical Manager).
- [A deep dive into the Comprehensive Module and the next steps](#), presented by Elisa Bevilacqua (EFRAG Sustainability Reporting Senior Technical Manager).

Please find a compilation of all SME-related videos on [EFRAG's YouTube channel](#).

EFRAG PUBLISHES TECHNICAL ADDENDUM TO ESRS IG 3

On 20 December 2024, EFRAG released an addendum to the IG 3 List of Datapoints, relying on stakeholders' inputs. Following the release of the List of ESRS Datapoints in May, EFRAG has now published several corrections and clarifications to simplify the users' application of this tool.

EFRAG is grateful for the comments received from stakeholders through the Q&A Platform and will further implement IG 3 Excel Workbook in spring 2025, following the first cycle of ESRS-based reporting. New clarifications may be expected then.

Please find the above mentioned documents below:

- [Addendum to IG 3](#): Technical adjustments to the ESRS IG 3 List of Datapoints
- [ESRS IG documents](#)
- IG 3 List of Datapoints as an [Excel Workbook](#)
- [Accompanying Explanatory Note](#) to the IG 3 List of Datapoints

EFRAG RELEASES FIVE NEW EXPLANATIONS ON Q&A PLATFORM

On 19 December 2024, EFRAG released five new Explanations answering environmental questions received on the Q&A Platform. This brings the overall number of questions answered up to 162. The questions relate to Climate Change mitigation and adaptation targets and biodiversity and ecosystems. These Explanations are expected to be added to the next major update to the Compilation of Explanations which will be released in Spring 2025.

Please find some relevant links below:

- [Compilation of Explanations – December 2024](#)
- [Compilation of Explanations: January – November 2024](#)
- [ESRS Q&A Platform](#)



3.4 EFRAG Sustainability Reporting Board (SRB)

TOPICS COVERED	MEETING DATE
Non-EU Group ESRS	3 December 2024
Q&A	11 December 2024
Transition Plan IG Non-EU Group ESRS Q&A	12 December 2024
Q&A	18 December 2024

The next EFRAG SRB meeting will be held on [15 January 2025](#).

Q&A

On 11 December 2024 the EFRAG SRB approved to reclassify as Explanations three IDs initially classified as requiring an IG. The submitters asked for an exception that would allow financial institutions not to report also on targets in absolute values, when they have adopted targets in intensity values for their lending/investment portfolios. The EFRAG SRB approved an Explanation that refers to the possibility in the transitional provision (paragraph 133 (a)) to limit the information on policies, actions and targets in the first three years to the information available in-house.

On 12 December 2024, the EFRAG SRB objected to IDs 855, 870 and 1210. It approved subject to editorial comments IDs 1057, 1058 and 116. The three approved IDs will be released as an addendum in the month of December.

On 18 December 2024, ID 1057 triggered a discussion on targets. It was then approved subject to editorial changes. The EFRAG SRB also decided that ID 870 and 1210 need to be reworded so as to include a reference to the disaggregation of data for the subsidiary, which was previously missing. ID 855 on time horizon was reclassified and combined in the IG on financial materiality. Finally, the EFRAG SRB decided to take more time on ID 803 on own operations and to address it through an implementation guidance.

TRANSITION PLAN IG (TPIG)

On 12 December 2024, the European Commission informed the EFRAG SRB that the issue of “compatibility of 1.5°C” in the TPIG require legal interpretation, as such is out of scope of what EFRAG can cover in the document. The legal interpretation will be issued by the European Commission. On interoperability, EFRAG Secretariat is cooperating with ISSB Staff to receive feedback on the TPIG. The discussion also covered: alignment with the CSDDD, relationship between a separate strategic document of TP and the fact that ESRS would not allow incorporation by reference from this document, how to handle incomplete transition plans, the reference Practices document prepared by EFRAG Secretariat that EFRAG would issue jointly to the TPIG. Members asked to further amend the document to make it more readable and easily accessible to all audiences, they indicated editorial changes to several paragraphs. The next steps for EFRAG will be to engage with EFRAG SR TEG on editorial changes, to provide a version for the SRB to review by 6-10 January and to update the EFRAG SRB on 15 January. The final version is expected to be approved on 29 January.

NON-EU GROUP ESRS

Following the approval session on 3 December, where the EFRAG SR TEG recommendation for an Exposure Draft on non-EU ESRS was presented for discussion, 12 December 2024, the EFRAG SRB discussed remaining changes to be made to the draft before its approval and confirmed the intention to expose for comments a version that, differently from the one approved by EFRAG SR TEG, will include the option to limit the disclosures for matters other than climate to impacts that are related to sales to EU customers. Other items discussed included the incorporation by reference and the relevance of apportionment for metrics in connection with the option to limit disclosure for topics other than climate. Members were asked to express a directional vote and a majority of them expressed their intention to approve, subject to the changes agreed in this meeting. The approval is scheduled to take place on 15 January 2025.



3.5 EFRAG Sustainability Reporting Technical Expert Group (SR TEG)

TOPICS COVERED	MEETING DATE
TP IG (public)	4 December 2024
GHG intensity targets for financial institutions IG (closed) EC and SRB Chair update (closed) Q&A (public) PCAF educational session (closed)	5 December 2024
IG Gross VS Net (closed) Social topical IG (closed) TP IG (closed)	19 December 2024

The next EFRAG SR TEG meeting will take place on [21 January 2025](#).

CLOSED SESSIONS IN DECEMBER

The EFRAG TEG members had the following sessions in closed meetings: drafting sessions on GHG intensity targets for financial institutions and on TP IG; planning sessions on Social topical IG and on Gross versus Net IG. The EFRAG SR TEG received also an educational session from the Partnership for Carbon Accounting Financials (PCAF) staff.

TP IG

On 4 December 2024, the EFRAG SR TEG observer representing the European Commission informed about the issue of compatibility of the transition plans. The European Commission will provide a legal clarification on the issue in 2025 and have requested EFRAG to not include the issue in the TP IG. The EFRAG SR TEG discussed how this impacts the current TP IG and what changes needs to be done. The discussions also concerned auditing of TPs, the issue of complete/incomplete TPs and how to disclose these, high emitting sectors, and other smaller items of the TP IG.

Q&A

On 5 December 2024, EFRAG SR TEG discussed and approved several Q&As. The questions discussed several topics such as substances of very high concern, net zero targets and GHG emission reduction targets, carbon credits, emission factors and GWP values, as well as some questions on social matters.

3.6 Friends of EFRAG

EFRAG WELCOMES 16 NEW FRIENDS OF EFRAG – SUSTAINABILITY REPORTING

We are happy to announce that 16 companies have officially become Friends of EFRAG, demonstrating their commitment to sustainability reporting and supporting EFRAG's mission.

The new Friends of EFRAG – Sustainability Reporting include:

- [SosteniAbilita](#)
- [ESG Playbook](#)
- [Pulsora](#)
- [One Click ESG](#)
- [SmartHead](#)
- [Denxpert](#)
- [Encon](#)
- [Open ESG](#)
- [Ecovadis](#)
- [Sustainalyse](#)
- [Tennaxia](#)
- [Envirly](#)
- [TreeBlock](#)
- [BeCause](#)
- [Beavr](#)
- [Nossa Data](#)

For more information on the advantages, conditions and how to apply to join [Friends of EFRAG – Sustainability Reporting](#), please visit our [website](#) or contact us directly at EFRAGSecretariat@EFRAG.ORG.

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

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

3.7 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 20th plenary meeting of the Platform took place on 4 December 2024 with as agenda points the draft recommendations of the Technical Working Group; update of the work on Subgroup 1 on “Simplifying the EU

Taxonomy to Foster Sustainable Finance” and preliminary adoption of the report; Preliminary adoption of the SME report; and an update of Subgroup 3 on its work on monitoring capital flows.

The 21st plenary meeting of the Platform being the first meeting in 2025 will take place on 29 January 2025.



VACANCIES³

Corporate – both pillars

INTERNSHIPS – FINANCIAL REPORTING AND SUSTAINABILITY REPORTING

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: September 2025 with limited places for sustainability reporting from March to June.

INTERNSHIP – DIGITAL REPORTING (XBRL TAXONOMY)

Support the EFRAG sustainability reporting activities in developing draft European Sustainability Reporting Standards (ESRS) in the area of [digital corporate sustainability reporting in XBRL](#).

The digital sustainability XBRL taxonomies developed by EFRAG will be used by thousands of companies to make their human-readable sustainability statements machine-readable.

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

The selected candidate would start as soon as possible.

³ 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.

Should you have any questions, please contact Richard Boessen (EFRAG Senior Digital Reporting Technical Manager) at richard.boessen@efrag.org and Saskia Slomp (EFRAG CEO) at saskia.slomp@efrag.org.

For more details, including on how to apply, please visit [EFRAG's website](#).

Financial reporting

EFRAG continues to consider applications from experts with a financial reporting background with a thorough IFRS knowledge. Applications require EEA 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

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

Sustainability Reporting

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

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

SECONDMENTS IN KIND (FREE OF CHARGE TO EFRAG)

EFRAG welcomes as well applications for senior secondments in kind (**this is without any payment by EFRAG**) to support its work on the sustainability reporting work plan for 2024 including sector ESRS, implementation support, non-EU ESRS and interoperability with other frameworks and standards.

EFRAG is very grateful for the wide range of organisations that have provided secondments in kind for the technical work on European Sustainability Reporting Standards (ESRS). EFRAG seeks further contributions in the form of secondments in kind from a wide range of stakeholders.

In particular, EFRAG is looking for senior secondments in kind to support its work on:

- Implementation support for the first set of ESRS: that is,
 - implementation guidance on climate change transition plans;
 - examples of emerging market practices under ESRS, notably of issues addressed in the implementation guidance provided in EFRAG IG 1 – Materiality assessment and IG 2 – Value chain, but of other topics as well;
 - implementation guidance on most frequently asked questions;
- Development of the draft ESRS for non-EU companies as required by the CSRD;
- Interoperability: that is, preparation and comparison of mapping tables with international initiatives other than the ISSB; and
- Sector-specific ESRS for high-impact sectors and financial institutions.

In most cases, practical expertise and real business experience (for sectors in particular) is expected.

Ideally, secondments in-kind (free of charge to EFRAG) are arranged on a full-time basis, but they can be arranged on a minimum, part-time basis (50%) for a period of at least six months in principle. As part of the selection process, an interview with the candidates will be conducted to determine the type of work that the secondments entail. Academics are also welcome to apply as secondment in kind.

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