ESS ESG Conference 7 July2023

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26 June 2023

Europe's voice in corporate reporting

Disclaimer

The views expressed in this presentation are those of the presenter, except where indicated otherwise. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers or draft standards, or in any other form considered appropriate in the circumstances.

Who is EFRAG?

EFRAG

Private not-for-profit established in 2001, influencing and endorsement of IFRS requirements

Encouraged by the EC to serve the public interest

Since 2010 over 50% funded by the European Union

2018 European Corporate Reporting Lab@EFRAG following EC Action Plan: *Financing Sustainable growth*

2022 Sustainability reporting pillar established

EFRAG Mission Statement

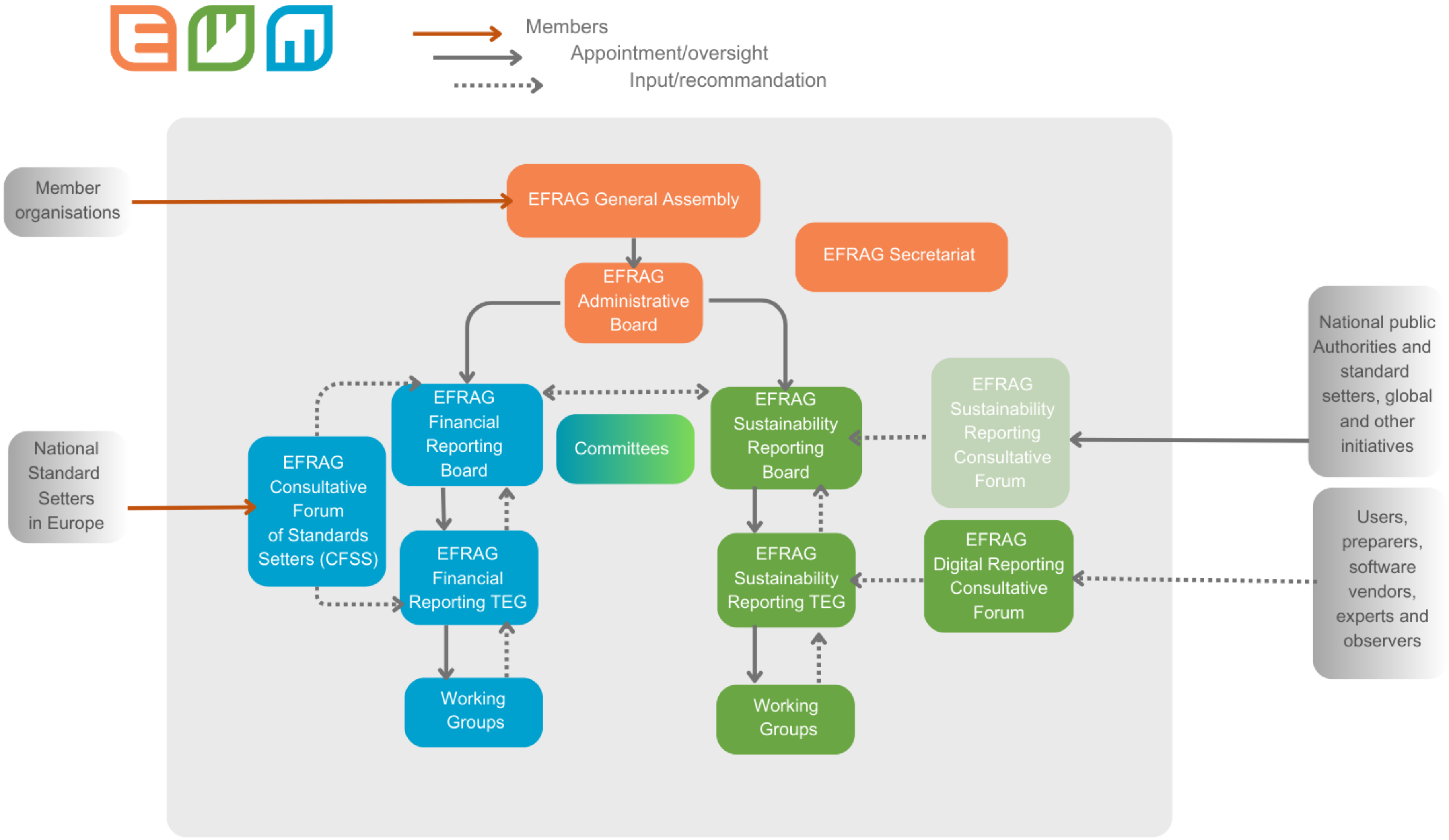
EFRAG’s mission is to serve the **European public interest** in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG **builds on and contributes to the progress in corporate reporting**.

In its financial reporting activities, EFRAG ensures that the European views are properly considered in the IASB’s standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or amended IFRS Standards meet the criteria of the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

In its **sustainability reporting activities**, EFRAG provides **technical advice** to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

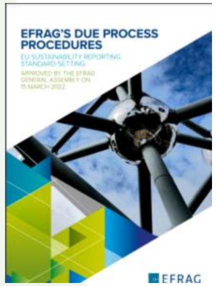
EFRAG seeks **input from all stakeholders** and obtains evidence about specific European circumstances throughout the standard-setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as **the European voice in corporate reporting** and a contributor to global progress in corporate reporting.

EFRAG Structure



A bit of history

- June 2020 request EVP Dombrovskis
- 8 March 2021 publication final reports with recommendations
- 21 April 2021 publication proposal for a CSRD
- 12 May 2021 Letter Commissioner McGuinness to start developing standards in a project mode
- Summer 2021 public consultation Due Process Procedures on EU Sustainability Reporting Standards (15 March 2022 approved, update 16 March 2023)
- 2021/2022 governance reform- integration sustainability reporting pilar
    - Admission 14 new member organisations
    - 1 March 2022 EFRAG SRB
    - 13 April 2022 EFRAG SR TEG
- 28 April 2022 Exposure drafts of draft ESRS published (13)
- 22 November 2022 draft ESRS submitted to EC (12) with Cost Benefit Analysis
- 2023 EFRAG working on Digital taxonomy first set of ESRS



Next steps

Non authoritative guidance and implementation questions

- EC asked EFRAG to **focus on providing additional guidance** for companies to apply the first set of horizontal standards rather than preparing for sector standards (**Materiality assessment, Value chain, Inventory of datapoints**)

Standard setting activities (Set 2)

- **Sector classification**: SEC 1
- **Sector-specific standards**: (standards for EU companies in 4 sectors) Agriculture, Mining Quarrying and Coal, Oil and Gas, Road Transport
- **SMEs**: Standard for listed SMEs (LSME) + Voluntary guidance for non-listed SMEs (VSME)

Standard setting activities (Set 3)

- **4 high-impact sectors:** Energy Production, Motor Vehicles, Food/Beverage, Textiles
- **Financial institutions** (banking, insurance, asset management)
- The **remaining 30 sector-specific standards**
- **Non-EU parent company** standard

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