
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**39th SESSION
1 – 3 November 2022**

Tuesday, 1 November 2022

**High-level panel
Recent developments in financial and sustainability reporting
requirements and related standard-setting developments and
their implications for practical implementation**

Presented by

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ISAR 39th session

DRAFT ESRS

1 November 2022



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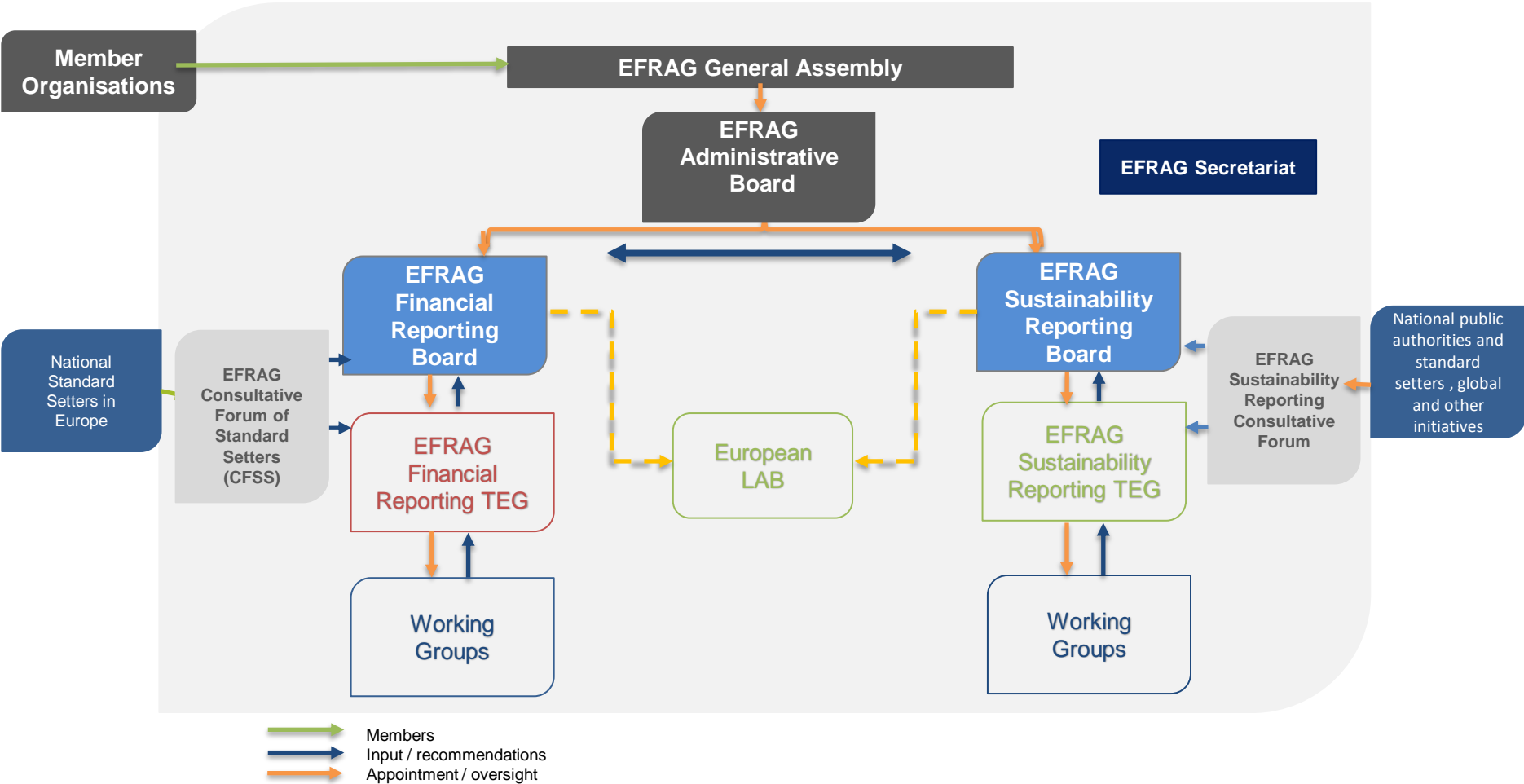
DELIVERABLES



Stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices – three projects including climate-related reporting; reporting on risks and opportunities and the linkage with the business model



EFRAG'S ORGANISATION CHART



PROGRESS TO DATE

- ✓ April 2022¹³ Exposure Drafts: first set of draft ESRS issued for comment by 8 August 2022
- ✓ During public consultation period (May- August):
 - ✓ Educational sessions on each ED, transition to permanent structure
 - ✓ 16 outreaches at country and stakeholder level
- ✓ June political agreement on CSRD:
 - ✓ EFRAG confirmed as technical advisor to the EC providing technical advice in the form of draft ESRS
 - ✓ Mandatory ESRS
- ✓ Discussion of results of public consultation (>700 submissions)
- ✓ Submission of first set of draft ESRS to the EC mid- November 2022
 - ✓ Cost benefit analysis and ESRS XBRL Taxonomy
- ✓ 2023: influencing international developments: ISSB, GRI etc

Exposure Drafts

Cross-cutting standards

- ESRS 1 General principles
- ESRS 2 General strategy, governance and materiality assessment

Environment

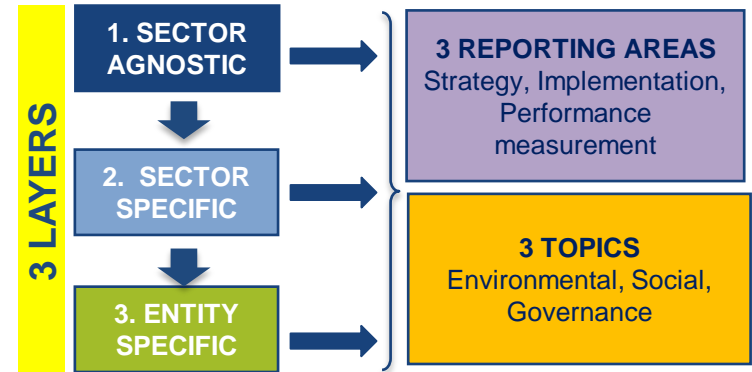
- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine sources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource and circular economy

Social

- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end users

Governance

- ESRS G1 Governance, risk management and internal control
- ESRS G2 Business conduct



12 draft ESRS will be submitted to the EC by mid November

FUNDAMENTAL TOPICS – TENTATIVE DECISIONS

- Materiality approach (replace rebuttable presumption with materiality assessment)
- Additional guidance on double materiality
- CSRD changes
- SFDR, EU benchmark requirements and sector agnostic Pillar 3 mandatory (outside materiality assessment)
- ISSB alignment – to the maximum extent possible in available timeframe, amendments in next years - GRI alignment
- Significant simplification (number of DRs/granularity/language), following detailed analysis of relevance to simplify
- Phasing-in (including 3 years for value chain)

CONTENT OF SET 2 OF DRAFT ESRS

- Sector specific standards
 - 5 sectors covered by GRI: Agriculture, Coal Mining, Mining, Oil+Gas (upstream), Oil+Gas (mid-to downstream)
 - 5 high-impact sectors: Energy Production, Road Transport, Motor Vehicle Production, Food/Beverages, Textiles
- Standard for non-EU companies
- Standard for listed SMEs
- Voluntary guidance for non-listed SMEs
- Amendment to Set 1 in order to implement the ‘cap’ on value chain information => **most likely set 3**

Work on draft sector ESRS in progress (workshops in June/July) and new series of workshops in October/November

Followed by two further sets of sector specific standards



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