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

40th SESSION
17 – 19 October 2023

Tuesday, 17 October 2023

Keynote

Presented by

Saskia Slomp
Chief Executive Officer
European Financial Reporting Advisory Group (EFRAG)

This material has been reproduced in the language and form as it was provided. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
UNCTAD ISAR 40th session

Current state of global financial and sustainability reporting frameworks, standards and codes: prospects of further harmonisation

Abu Dhabi, 17 October 2023

Saskia Slomp

EFRAG CEO
The sector agnostic standards on the finish line

ESRS Exposure
Drafts by EFRAG PTF
June 2021 – April 2022

Draft ESRS
released to EC
Apr. 30 – Aug. 8 2022

EC draft Delegated Act
Public feedback
Nov. 2022

EC adopted
June 9 – July 7 2023

Scrutinity period
Oct. 21

ESRS EDs exposed
for comments

31 July 2023

No changes to the text, but EP or Council could reject
The first set of sector agnostic ESRS elaborated by EFRAG

84 Disclosure Requirements
Qualitative or quantitative

Double materiality
- Financial materiality
- Impact materiality

4 pillars
- Governance
- Strategy
- Impact, risk and opportunity management
- Metrics and targets

Digital taxonomy

... to be complemented by sector specific standards + SME standards (next steps)
Interoperability at the heart of the ESRS approach

• Building on and contributing to global sustainability reporting progress:
  ✓ Long-standing achievements as a key source of inspiration: GRI, UN, OECD, TCFD
  ✓ Support to the global baseline developments: ISSB, SASB, IIRC, CDSB

• Avoiding multiple reports:
  ✓ Counterproductive for the overall progress of sustainability reporting
  ✓ Burdensome for preparers, difficult to understand for users
  ✓ Both in human-readable and machine-readable formats
  ✓ Possibility to add disclosures stemming from other sets of standards as long as identified clearly (ESRS 1 §114 and ESRS 2 §15)
Key interoperability steps achieved in practice

EFRAG’s interim assessment of interoperability:

- EFRAG assesses a very high degree of interoperability between the two sets of standards:
- ESRS preparers will to a very large extent report the same information as companies that use ISSB standards; and
- This significantly reduces the risk that ESRS reporters will have to report the same information twice.

EFRAG has published a mapping table working document which illustrates the above
EFRAG and GRI agreement:

- A high level of interoperability has been achieved in respect to impact reporting;

- Entities complying with ESRS considered reporting *with reference* to GRI Standard (as defined by GRI 1).

**EFRAG and GRI have issued on September 4th a joint statement of interoperability**
EFRAG’s current and future activities

- **Implementation support**
  - Providing non-authoritative guidance: materiality assessment, value chain, data points, and others to come
  - Answering FAQs: ESRS implementation Q&A process with access point
  - Facilitating access to relevant documents and education

- **SME standards**
  - Listed SME standard (LSME)
  - Voluntary SME standard (not in CSRD scope)

- **Sector specific draft ESRS** (complementary to sector agnostic ESRS)

- **Digital taxonomy first set of ESRS**