

**Report by the ASCG
on the 33rd meeting of the Joint Technical Committees and
on the 18th meeting of the Financial Reporting Technical Committee
on the 18th meeting of the Sustainability Reporting Technical Committee**

15 and 16 June 2023

33rd meeting of the Joint Technical Committee

The Joint Technical Committee (JTC) received an update on the status of the discussions regarding an improved **reporting on intangibles**. First, the activities of other standard setters were considered. In particular, the work of EFRAG and UKEB was highlighted as they have been the subject of recent IFASS and ASAF meetings. In the subsequent section, the staff presented the preliminary results of the Working Group "Intangibles" on the interpretation of the new CSRD-reporting requirements regarding intangible resources. At the end of the agenda item, the staff informed the JTC about a planned White Paper in cooperation with the Bertelsmann Foundation. It is intended to illustrate the needs for improved reporting on intangible resources, to present possible approaches and to identify connections to the sustainability reporting.

In addition, the JTC discussed the consultation on priorities for **future ISSB activities**. The discussions related to a potential ISSB research project on integration in reporting (question 7 of the consultation document). The JTC referred to the previous positioning of the ASCG for an integrated reporting. However, the JTC also highlighted that an integration cannot be implemented in the short term. This implementation is a process that needs time. In this respect, the integration of financial and sustainability reporting is a long-term goal that should be further promoted by the ISSB and the IASB. In the short term, the ISSB should prioritise the more pressing technical issues on specific sustainability aspects.

18th meeting of the Financial Reporting (FR) Technical Committee

At the beginning of the meeting, the FR Technical Committee was informed about the topics and decisions taken by the **IFRSIC in its June 2023 meeting**. The Technical Committee had no comments on the tentative agenda decision, In respect of the issue of "Applying the own use exemption on power purchase contracts", the Technical Committee welcomed the question now being addressed via standard-setting by the IASB. As regards "Consolidation by a hyperinflationary parent", it does not seem clear yet how urgent the issue is from an European perspective, Thus, the Technical Committee had no final view as to whether a timely clarification is needed.

Further, the FR Technical Committee continued its discussion of its comment letter to IASB ED/2023/2 **Amendments to the Classification and Measurement of Financial Instruments - Proposed amendments to IFRS 9 and IFRS 7**. First, the Technical Committee was briefed about the latest discussion in the ASCG's Financial Instruments Working Group, and all recent

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comments made were summarized as the tentative views. Finally, the Technical Committee has confirmed its position and finalized its deliberation of the exposure draft. During its next meeting, the Technical Committee will conclude on the ASCG comment letter.

In addition, the FR Technical Committee was initially informed about the IASB consultation document ("Request for Information", RfI) as part of the **Post-Implementation Review of IFRS 9, Part 2: Impairment**. The Technical Committee asks the ASCG's Financial Instruments Working Group to deliberate the document and intend to start its own discussion during the next meeting.

Further, the FR Technical Committee discussed the final amendments to the **draft German Accounting Amendment Standard No. 13 (GAAS 13)** and decided on a few corrections. One substantive change concerns the presentation of cash changes in cash pool receivables, which - if the cash pool receivables have a quasi-permanent receivable balance - are to be reported in the cash flow from investing activities. In addition, the requirement for conglomerates that were proposed by the draft (GAS 20 Appendix 1, introductory text, second paragraph, and Appendix 2, introductory text, third paragraph) were not adopted in the final GAAS 13.

The amendment standard shall be applied for the first time to the financial year beginning after 31 December 2022. Earlier application is permitted. GAAS 13 will be submitted to the Federal Ministry of Justice and Consumer Protection for the purpose of publication in accordance with section 342 (2) of the HGB in a timely manner.

18th meeting of the Sustainability Reporting (SR) Technical Committee

At the beginning of the meeting, the SR Technical Committee discussed the draft of a delegated act regarding **Set 1 of the European Sustainability Reporting Standards (ESRS)** published by the European Commission on 9 June 2023. The majority of the SR Technical Committee welcomed the strengthening of the materiality assessment as the basis for the reporting obligations and the additional transitional arrangements. There was unanimous criticism, in particular, of the gross reporting of the expected financial effects from material physical risks or transition risks.

Furthermore, the SR Technical Committee discussed its draft comments on the **ISSB consultation document ISSB/ED/2023/1** (Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates).

Finally, the SR Technical Committee continued its discussion on the **agenda consultation of the ISSB**. The subject of this session was questions 4-6, which address potential research projects on the specific sustainability aspects of biodiversity (question 4), human capital (question 5) and human rights (question 6). With regard to the prioritisation of individual topics, the SR Technical Committee once again referred to the degree of maturity of the topics as the decisive factor.