TAKING A POSITION – SHAPING CHANGE

Annual Report 2020

Accounting Standards Committee of Germany

DRSC

TAKING A POSITION – SHAPING CHANGE

Our concept for the 2020 Annual Report goes beyond a mere description of the ASCG's core competencies and focuses strongly on a topical subject area that is very dynamic and forward-looking. Overall, it is taking up more and more of our attention and is also increasingly shaping our activities: non-financial reporting.

Our divider pages address aspects and questions surrounding this important issue that are currently very much at the forefront in Germany, Europe and the world. Our objective is to stimulate discussion, because the ASCG's tremendous subject-area expertise and experience mean that, as the central institution in Germany, it is particularly qualified to discuss financial and non-financial aspects of corporate reporting by taking a consolidated, technically well-founded approach, and to play a key role in shaping them. At the same time, we see our role as being both a companion and a pioneer. Going forward, we will position ourselves more strongly at the heart of the exchange with our members and external stakeholders on broader corporate reporting issues so that we can jointly find a German voice – one that is neutral and relevant to the economy as a whole, in line with our tradition.

All the statistics shown in this report come from our comprehensive study of current CSR reporting practice in Germany that we successfully conducted on behalf of the BMJV in 2020.

CONTENT

Ladies and gentlemen, dear ASCG members,

At the beginning of 2020, no one could have foreseen the course of the unprecedented year ahead. Discussions on the content of financial reporting were not the only focus of the ASCG's work last year. All of us, the business world and the ASCG's working environment alike, were rocked by one event: the coronavirus pandemic. The ASCG's staff also had to adapt to the new circumstances, implementing digital processes and structures. As well as establishing working from home and moving committee meetings online, it was essential to continue addressing and developing the diverse corporate reporting issues at a high level, which we also achieved with great success. This is down to the dedication of all involved, particularly the ASCG's staff, to whom I am extremely grateful.

In the midst of the pandemic, we tackled the additional challenge of our planned office relocation. The ASCG has been working from new offices near Kranzler Eck in Berlin since 1 July 2020. I am hopeful that we will soon be able to welcome our constituents and committees back to our new offices. Despite the many advantages of virtual working, we have really missed the ability to directly exchange views with you and meet in person.

Our work in 2020 was again dominated by numerous financial and non-financial corporate reporting initiatives at German, European and global level. Although international financial reporting organisations slowed the pace of consultations, they by no means came to a standstill. And any lull on the IASB side was offset by proposals originating from Brussels.

In addition to classic accounting issues, the regulation of non-financial reporting gained significant momentum. A series of consultations were launched at European level – including a consultation on the review of the CSR Directive – which ultimately aim to considerably expand ESG reporting requirements. Notwithstanding the general consensus that non-financial reporting is ripe for improvement, views on who should report, as well as the reporting format, location and frequency vary widely.

These consultations have given fresh impetus to the efforts to standardise sustainability information as a separate European solution. These include activities launched by EFRAG. Firstly, the personal report by the EFRAG Board President on the organisational framework for the potential development of EU non-financial reporting standards deserves mention. Secondly, the work of the European Reporting Lab @EFRAG project task force on non-financial reporting standards, which has now also reported to the European Commission, is also noteworthy.

At global level, too, efforts by prominent institutions for the first time indicate that consolidation and standardisation are a possibility. The IFRS Foundation's push to provide the necessary organisational framework, potentially in the form of a second board to sit alongside the IASB – which would probably be the most significant change in the IASB's 20-year history – shares the same objective.

▲ **Nicolas Peter**
Chairman of the Administrative Board

It is important that we not only observe these developments but also make an active contribution, both with regard to their content and to the debate on responsibility for their standardisation. We therefore submitted comments on all of the above consultations. Due to the political significance of the discussions, we regularly also involved the Administrative Board in addition to the two technical committees. We believe that EU requirements should be as internationally focused as possible, since specific European solutions are not in our interests.

With regard to the needs of German stakeholders, I would like to draw particular attention to the ASCG's high-profile horizontal study on CSR reporting practices in Germany from 2017 to 2019, which we conducted in 2020 at the request of the BMJV and presented in February 2021. The report includes key recommendations regarding the expected revision of the CSR Directive. In my view, the ASCG's position is strengthened by the recommendations made to the German federal government by the Sustainable Finance Committee shortly thereafter, which fundamentally head in the same direction.

Alongside these overarching issues, our deliberations on German Accounting Standards and IFRS financial reporting remained the cornerstones of our work.

Let's begin with the work of the German GAAP Technical Committee, which completed its deliberations on the revision of GAS 3 *Segment Reporting* and GAS 18 *Deferred Taxes* in the past year. With the exception of GAS 17 *Remuneration of Members of Governing Bodies*, the German GAAP Technical Committee has thus reviewed all standards of the former German Accounting standards Board (GASB) and, where legally required and appropriate in light of experience, amended these standards to reflect current developments.

The work of the IFRS Technical Committee centred on supporting IASB and EFRAG projects as well as commenting on the corresponding consultation papers. In particular, I would like to highlight the extensive comments on the IASB proposals regarding the reclassification of the statement of profit or loss and goodwill accounting, for which we also drew on input from external stakeholders. The IFRS Technical Committee also addressed the interpreting activities of the IFRS Interpretations Committee in detail.

I would also like to highlight two topics which I consider require political evaluation in addition to discussion in the technical committees. Following the revision of IFRS 17 *Insurance Contracts* by the IASB, the developments on the EU endorsement of the standard remained a major focus of our work. We found the related discussions at EFRAG difficult and campaigned for a quick conclusion to the endorsement process without further delay to initial application. Specific interests of individual EU Member States came to the fore here. The question of the extent to which special European solutions or specific EU standards are a viable alternative for corporate reporting is still being raised by critics of IFRSs. The ASCG's stance is clearly opposed to this approach. In our view, global standard-setting represents the best basis for internationally active companies. How far Europe can and should take a leading role in this process remains to be seen.

I would like to now turn from technical issues to personnel changes in our governing bodies and technical committees.

Overall, the association's membership numbers declined by five, partly due to the pandemic. There were six departures (Bertelsmann SE & Co KGaA, DB Privat- und Firmenkundenbank AG, Deutsche Lufthansa AG, Franz Haniel & Cie GmbH, Linde AG, and individual member Hans-Christoph Seewald) and one new member as at the end of 2020. I would like to thank the former member companies for their – in some cases long-standing – support of the association and express our hope that as many of them as possible rejoin the ASCG once they have weathered the challenges of the coronavirus pandemic. At the same time, I would like to extend a warm welcome to our new members firesys GmbH (from 1 April 2020), adidas AG (from 1 January 2021) and FAS AG (from 1 February 2021).

Alongside changes in the ASCG's membership structure, there were also personnel changes in our governing bodies, committees and, finally, at the head of the Executive Committee itself. At the thirty-third General Assembly on 14 July 2020, the association's 20-strong Administrative Board and the Nomination Committee were elected for three-year terms as scheduled. The most significant change came with Prof. Dr Ralf Thomas – our long-serving Administrative Board Chairman – handing over the baton to me as his successor. Prof. Dr Thomas took over as Chairman of the Administrative Board during the challenging realignment in 2011 and was extremely successful in this role over three full terms of office. That the ASCG is where it is today is also largely to his credit, for which we owe him an enormous debt of gratitude and respect. It is a great honour and a pleasure to be appointed as his successor and I very much look forward to working for the association.

Alongside myself, we warmly welcome Georg Baur, Marc Oliver Heß, Gerhard Hofmann, Christian Sailer, Dr Jochen Schmitz, Dr Sven Schneider, Stefan Schnell, Dr Christopher Sessar, Marco Swoboda and Dr Jürgen Wagner as new Administrative Board members. An enthusiastic welcome also goes out to our new Nomination Committee members, Santokh Advani and Gerhard Ziegler.

I would like to express my thanks to the departing – and in many cases long-standing – Administrative Board members for their many years supporting the association and their contribution to the Administrative Board: Prof. Dr Stefan Asenkerschbaumer, Dr Bernhard Günther, Paul Hagen, Albert Hasselmeyer, Prof. Dr Christoph Hütten, Carsten Knobel, Simone Menne, Dr Christian Ossig, Dr Karl-Peter Schackmann-Fallis, and Prof. Dr Norbert Winkeljohann. I would also like to thank Peter Krieg and Dr Wolfgang Russ for their valuable service on the Nomination Committee over many years.

Following the introduction of phased terms of office in 2016, 2020 saw further regular rotations of the two technical committees' members, which Prof. Dr Barckow reports on in further detail in his foreword. I am delighted that so many excellent candidates again put themselves forward for the roles and would like to thank all applicants, as well as the Nomination Committee for its hard work in the selection process.

Remaining with personnel matters, let's turn our attention to the future. I am extremely pleased that following a ten-month selection process involving more than 200 candidates from 29 countries, the IFRS Foundation Trustees unanimously selected our former President Prof. Dr Andreas Barckow as the new IASB Chair as from 1 July 2021. Prof. Dr Barckow has made a major contribution to shaping the ASCG over the past years and his appointment to the IASB is ultimately testament to the international respect for our work. I would like to warmly congratulate him on his new role and express my thanks for his exemplary work over the years. At the same time, I regret the loss for the association that this decision brings. I am certain that Prof. Dr Barckow will continue to give his all in his new position and retain his passion for financial reporting. On behalf of the ASCG, I wish him all the best and look forward to our paths crossing in our new roles.

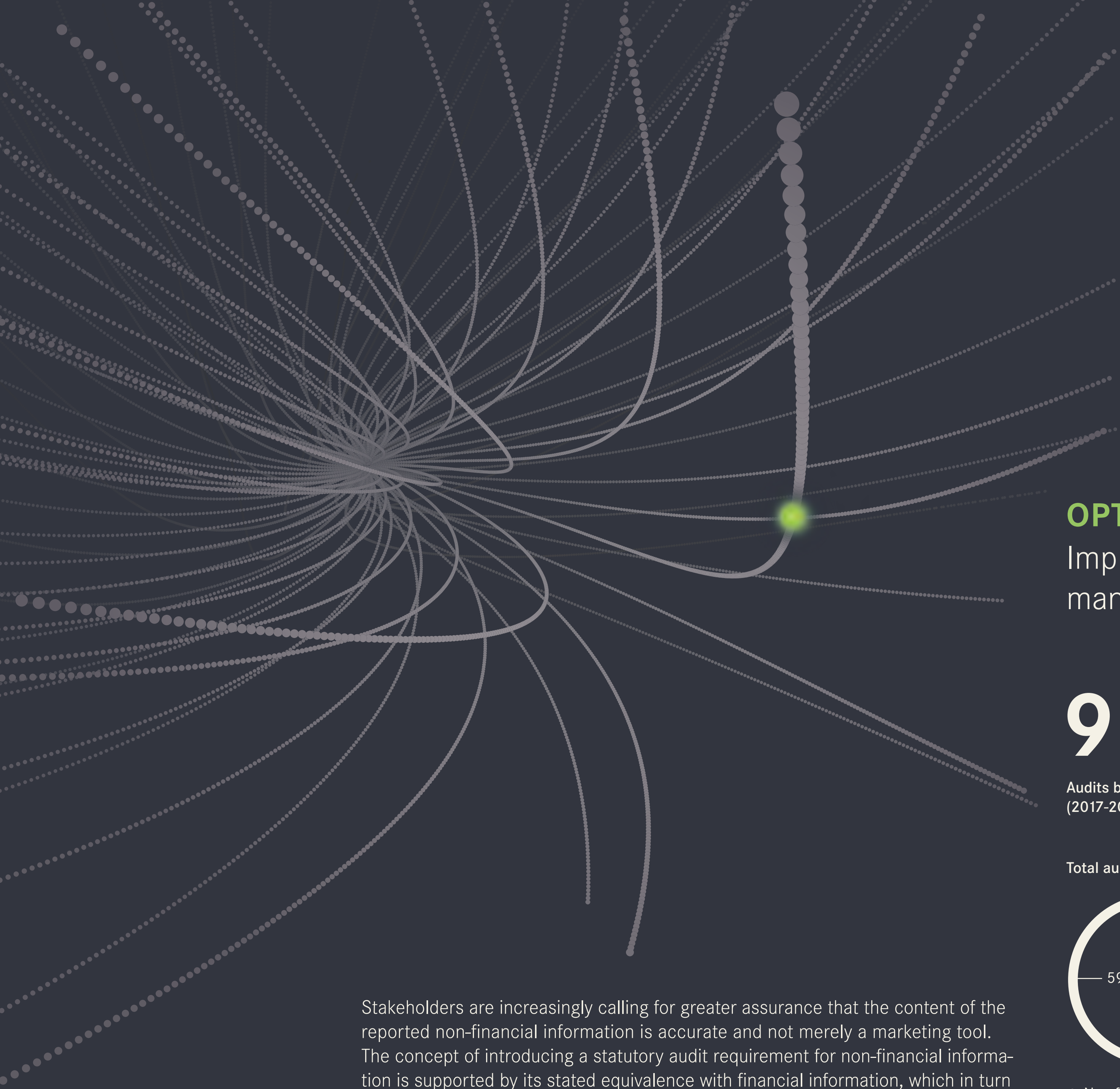
Prof. Dr Barckow's unavailability to serve a further term as President prompted the Administrative Board to realign the association's management structure and the relevant required expertise. A strategic working group was set up for this purpose at the end of 2020. The aim is to adapt our structure and personnel to the needs of the constantly evolving corporate reporting environment and prepare for the anticipated expansion of our remit. Financial reporting is our historical core competency, which we will continue to track closely. However, since the understanding of reporting is becoming increasingly broad, our work has for some time addressed and interconnected adjacent issues. This trend is ongoing and non-financial reporting matters will increasingly require our attention.

In light of this, I am particularly pleased that the nomination process resulted in the appointment of Georg Lanfermann as the ASCG's new President for a three-year term starting on 1 March 2021. His experience and expertise in the area of non-financial reporting makes him the ideal person to steer the realignment and the process of extending our remit. At the same time, accounting and financial reporting will remain a central focus of our work. We wanted to reflect these circumstances in the association's management. The Administrative Board therefore resolved to reinstate the position of Vice President. The nomination process for this role has now also been completed. Prof. Dr Sven Morich, the association's former Executive Director, was appointed as Vice President as of 1 April 2021. In future, he will have particular responsibility for issues relating to financial reporting and chair the two technical committees. I wish the new leadership duo all the best in their new roles and every success in fulfilling their multifaceted tasks.

Lastly, I would like to thank the old and new Presidents, the (former) Executive Director and all staff members on behalf of my colleagues on the Administrative Board for their expert, unreserved and dedicated cooperation even in these very challenging times. The ASCG's Administrative Board and staff will continue to address the emerging challenges in the economic and political environment for you. Thank you for standing by us.

Sincerely

Nicolas Peter
Chairman of the Administrative Board



OPTIMISING INFORMATION QUALITY

Improving reliability through mandatory audits

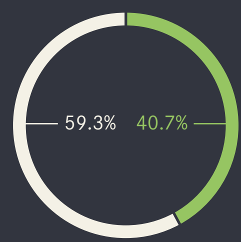
96.7%

Audits by auditors (2017-2019)

87.6%

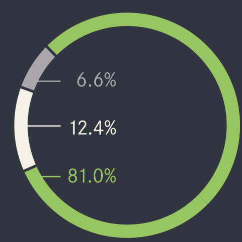
Audits by companies' auditors (2017-2019)

Total audits



- Non-financial statements not audited
- Non-financial statements audited

Level of assurance



- Not apparent
- Reasonable assurance
- Limited assurance

Stakeholders are increasingly calling for greater assurance that the content of the reported non-financial information is accurate and not merely a marketing tool. The concept of introducing a statutory audit requirement for non-financial information is supported by its stated equivalence with financial information, which in turn has to be audited. In the medium term, there can be no justification for different audit standards for financial and non-financial corporate reporting.

Dear ASCG members and financial reporting stakeholders,

A year ago, Sven Morich and I reported here on a relatively uneventful and peaceful 2019. At that time, we had already announced the upcoming changes to our governing bodies and our imminent relocation but could not have predicted the radical upheaval ahead.

First and foremost, of course, we must mention the ongoing coronavirus pandemic. As for so many of you, the virus transformed our way of working through remote and virtual meetings. The most radical change for us was switching of all our technical committee meetings to a virtual format. It became clear early on that, to manage our workload while maintaining the customary high quality, the meetings would need to be shorter but more frequent. I would like to express my sincere thanks to all involved for their dedication and flexibility over the past twelve months. The technical committees, governing bodies and, not least, our staff faced and tackled the challenge with aplomb, helping ensure that the ASCG continued to be viewed as a strong and reliable voice in the financial reporting arena.

We successfully navigated a second change in the past year in the form of our relocation. After close to two decades at Zimmerstrasse in central Berlin, we moved to our new home at Joachimsthaler Strasse, a stone's throw from Kranzler Eck in the western district of the capital. The new space is smaller, but extremely well presented and functional, and perfectly tailored to our needs and size. In the course of the move, we fitted out the meeting room with user-friendly video conferencing equipment. This has already served us very well for meetings of our technical committees and governing bodies, the ESEF preparer forums and the outreach events, which we held online in spite of the pandemic and which enabled us to we reach more constituents virtually than would have been possible in person. Our staff will doubtless put the positive experience gained to good use in the new year.

There are also changes to report in terms of personnel. In addition to the regular new appointments to the Administrative Board and the Nomination Committee, there were some changes in the two technical committees. The terms of office of Prof. Dr Sven Hayn, Dr Bernd Keller, Prof. Dr Hans-Jürgen Kirsch and Cedric von Osterroht came to an end on 30 November 2020. Mr Keller and Mr Kirsch thus left as scheduled following nine years' tenure. I would like to extend my heartfelt thanks for their effective cooperation, which has defined and advanced the association's technical work. On the German GAAP Technical Committee, Mr von Osterroht has been elected for a further three years, and we are pleased to welcome new member Birgit Weisschuh. Ms Weisschuh has been appointed for a term of five years. On the IFRS Technical Committee, Prof. Dr Corinna Ewelt-Knauer has also been appointed for a five-year term as the successor to Prof Kirsch. Prof. Hayn was reappointed for a further three-year term. In addition to the scheduled rotation of members referred to above, Dr Jörg Wallbaum announced his early departure from the IFRS Technical Committee for professional reasons in the spring. The Administrative Board appointed Dr Marco Ebel to cover the remaining term of office of Dr Wallbaum, which it extended for four years. I would like to

▲ **Georg Lanfermann** (left)
Prof. Dr Sven Morich (middle)
Prof. Dr Andreas Barckow (right)
Executive Committee

express my deepest gratitude to all technical committee members for their cooperation. On behalf of the association, I would also like to welcome our new committee members and wish them every success in their new roles.

Perhaps the most surprising personnel change for many of our members concerns me personally. At the General Assembly, I announced my wish to stand for a third term of office. However, just three months later, the IFRS Foundation Trustees unanimously selected me to succeed Hans Hoogervorst as the IASB Chair. This is not only a great honour for me, but also demonstrates the high esteem in which the ASCG is held for its many years of successful work in the international arena. Although the decision was not publicly announced until 12 November, the Nomination Committee was able to factor it into its succession planning deliberations in advance. The nomination of Georg Lanfermann as my replacement as from 1 March 2021 was unanimously agreed by the Administrative Board. His focus differs from my own, which the Administrative Board considered as an opportunity to implement the ASCG's strategic realignment: in the future, the ASCG will give equal weight to financial and sustainability reporting. Moving forward, these two pillars will each be headed up by a dedicated Executive Committee member. The nomination process for the future Vice-President was initiated immediately following the selection of the President and, at the end of January 2021, the existing Executive Director Prof. Dr Sven Morich emerged as the successful candidate. Following a three-and-a-half year gap, this means that the ASCG will again have a two-person Executive Committee as from 1 April 2021; I wish them all the luck and energy needed to successfully steer the ASCG's work over the coming years.

I would like to now say a few words about the ASCG's technical work over the past year. Various regulators (IASB, ESMA), auditors and other organisations (e.g. Accountancy Europe, IDW) developed and published guidance on the impact of the coronavirus pandemic on accounting and reporting in 2020. The relevant aspects – such as economic risks to business activities, the existence and structure of government support programmes as well as other measures and their consequences – are complex. As a national standard-setter, we asked ourselves whether we, like other players, should publish a corresponding pronouncement on accounting in times of crisis. We perceived above all the conflict of objectives between providing quick assistance and the consultation process, which is very important for us. Ultimately, we decided to make editorial amendments to our existing Implementation Guide 3 (IFRS) *Selected IFRS Accounting Issues with a Particular Relevance to Macroeconomic and Entity-specific Crisis Situations* and to make it available free of charge on our website with the kind permission of Schäffer-Poeschel-Verlag. This Implementation Guidance is intended to draw the attention of preparers to certain issues in the German legal context and to assist them in dealing with crisis situations from an accounting perspective. With regard to our

German GAAP activities, we reported on the adoption and publication of GAS 28 *Segment Reporting*, the successor standard to GAS 3, in May 2020. We considered it appropriate to revise the standard to bring it into closer harmony with our more recent publications. In addition, the German GAAP Technical Committee adopted German Amendment Accounting Standard No. 11 amending GAS 18 *Deferred Taxes*.

The work on GAS 17 *Reporting on the Remuneration of Members of Governing Bodies* was temporarily suspended due to the mandate to complete the CSR study and will recommence in the new year.

During the past year, the IFRS Technical Committee also discussed various draft standards issued by the IASB, the EU endorsement process and a number of proactive projects on IFRSs developed by EFRAG. In March 2020, the IASB published and opened for comment a discussion paper on business combinations, which addresses goodwill and impairment, among other matters. A further major IASB project addressed general presentation and disclosure requirements, particularly with regard to the reorganisation and mandatory structure of the statement of profit or loss.

Among the other financial reporting issues, progress was made on several IASB projects, with drafts or final amendments to existing standards published (this concerns IAS 1 *Presentation of Financial Statements*, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, IFRS 16 *Leases*). We submitted our – in some cases very extensive – comments to all of the above consultations. For the larger-scale projects, we also held public discussions in cooperation with EFRAG and the IASB. Since it was not possible to meet in person, the outreach events were held exclusively online for the first time. This had the positive side effect of enabling us to involve significantly more participants than would have been possible at a physical event.

In addition, the work on the interpretation activities and the role of the IFRS Interpretations Committee still has significant traction. The main issues concern how rule-based financial reporting should general be structured and the extent to which the Committee's decisions are binding.

Finally, the long-awaited, comprehensive amendments to IFRS 17 *Insurance Contracts* were adopted by the IASB. Consequently, discussions at EFRAG were once again dominated by its advice in the EU endorsement process for this standard. The dominance of this issue in 2020 is attributable in particular to the fact that although EFRAG assessed IFRS 17 to meet the endorsement criteria in principle, half of the EFRAG Board's members believe that one specific requirement ('annual cohorts') falls short of the conditions for adoption. The European Commission will need to consider this mixed opinion following presentation of the final endorsement advice. I would have liked to have seen clearer (positive) overall advice from EFRAG. Without this clarity, IFRS accounting in Europe will effectively be on trial if the Commission now decides to intervene in the otherwise globally applicable framework at EU level.

The consultation phase for other IASB projects only started in 2020 and the related discussions in the IFRS Technical Committee are ongoing. These include the post-implementation review of the accounting for group structures (under IFRS 10/11/12) and a discussion paper on business combinations under common control. The IASB also postponed some projects or extended their comment periods due to the pandemic. The next agenda consultation on the IASB's future work programme was launched recently. This opportunity only arises every five years and determines the main focus of the IASB's work over the coming years. This and future IFRS issues will continue to require considerable attention and we will address and comment on them with our usual care in 2021, with the work of the technical committees complemented by public consultations and working groups. Please make the most of these opportunities to give us your feedback.

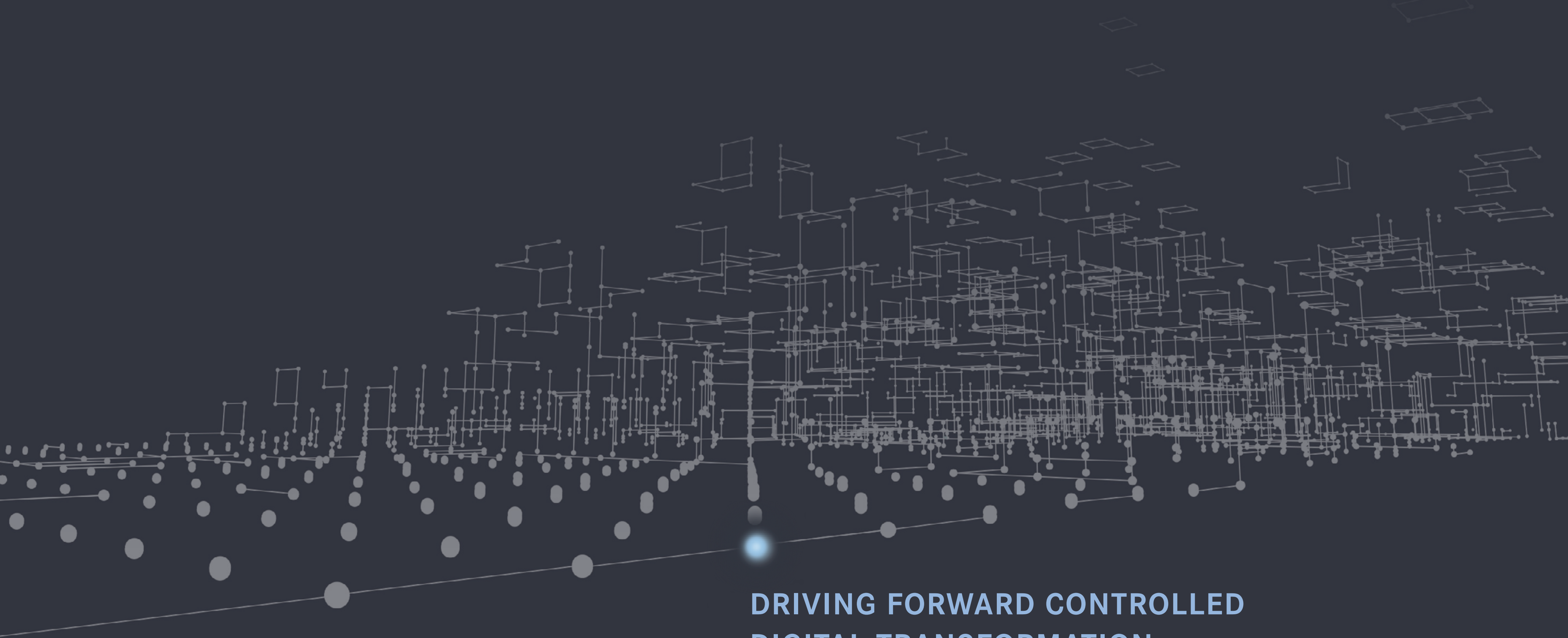
Digital transformation remains an additional topic for the ASCG. We thus closely tracked the conclusion of the national legislative process in relation to the European Single Electronic Format (ESEF), both through the work of our technical committees and by establishing an additional preparer forum on digital financial reporting, which has been very well received and had already met several times.

However, the mandate by the BMJV to conduct a study on CSR reporting by German companies was the dominating technical task of the past year. The BMJV commissioned us to undertake this study – which was the most extensive study in the ASCG's history – to provide the ministry with a well-founded examination of the quality of non-financial reporting in Germany for the years 2017 to 2019 and to make recommendations for action to serve as input for the upcoming review of the CSR Directive at European level. It is notable that, in addition to requiring the efforts of virtually all staff members, the research was carried out entirely in parallel with their regular technical and committee work – a truly great feat demonstrating the dedication of all involved, for which I am extremely grateful. On the committee side, the Joint Technical Committee participated in this work, particularly in the development of the recommendations in the second half of 2020. Since comments on several European consultations also had to be submitted or a comment letter from the Administrative Board prepared, the committee met an impressive 14 times in the past year. I am deeply grateful to all committee members for their work on this task, which they carried out alongside their everyday duties and amid the challenges wrought by the pandemic. Together, we successfully completed this demanding – and, for the ASCG, highly significant – assignment.

I would like to end on a personal note. After two terms of office and six full years at the head of the ASCG, my work for the association came to an end on 28 February 2021. It was both an honour and a pleasure to take over the reins from my predecessor Liesel Knorr and to have the opportunity to contribute to the ASCG's development. I have found my time here exceptionally rewarding and would like to thank everyone I have worked with during my tenure. I will continue to track the ASCG's fortunes from London, where I am sure there will be many opportunities to advance and expand on the existing strong relationship. I wish the new Executive Committee – Georg Lanfermann and Sven Morich – steadfastness, happiness and fulfilment in their new roles. I am sure all of our members will accord them the same invaluable support they have provided to me over the years.

Sincerely

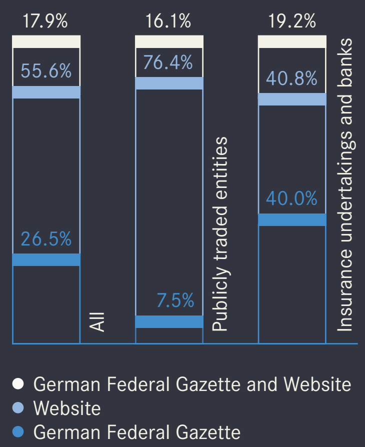
Andreas Barckow
President until 28 February 2021



DRIVING FORWARD CONTROLLED DIGITAL TRANSFORMATION

Based on statutory reporting requirements

Public accessibility of non-financial statements separately from the management report (2017-2019)



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Minimum number of pages of non-financial statements (2017-2019)

41

Average number of pages of non-financial statements (2017-2019)

225

Maximum number of pages of non-financial statements (2017-2019)

In the interest of user-friendliness, we support the planned establishment of a European single access point for company information. However, implementation of a single electronic format requires information to be highly standardised and structured. In many cases – and particularly in non-financial reporting – the information provided is not adequately standardised or appropriately structured. The digital transformation process should therefore follow a careful and considered step-by-step approach: disclosure requirements should initially be limited to the content and formats required to be reported under the current legal framework; any loss of qualitative information and unnecessary costs for users should be avoided.

I. Financial Reporting

In accordance with our Articles of Association, the ASCG's core objective is promoting the continued development of accounting and financial reporting in the general economic interest. As the national standard-setter, the ASCG is recognised by the German federal government, which supports it in its objectives and calls on it as an advisor. In addition, it is the role of the ASCG to represent the interests of German industry as a whole on the global stage, which includes representing the Federal Republic of Germany on international standard-setting bodies. We therefore actively contribute to the debate on national, European and international financial reporting issues as the voice of German industry.

Our standard-setting duties are set forth in section 342(1) nos. 1 to 4 of the HGB. In addition to providing advice in the legislative process and representing the Federal Republic of Germany on international standard-setting bodies, these duties include developing recommendations on the application of German proper accounting principles for consolidated financial reporting (German Accounting Standards – GASs), and elaborating interpretations of international financial reporting standards. As well as issuing GASs and interpretations, the technical committees may also issue other pronouncements on specific issues relating to national and international financial reporting, such as implementation guidance.

As Germany's representative on international standard-setting bodies, we work with the organisations and bodies concerned at all levels. This includes cooperating with the IASB and the IFRS Interpretations Committee, the European Commission including the ESAs, EFRAG, the national standard-setters in other countries, and other international, European and national institutions that are active in the field of international financial reporting in a broader sense.

Our two technical committees – the IFRS Technical Committee and the German GAAP Technical Committee – determine the focal points and content of our work. Their deliberations are conducted at regular, publicly accessible meetings. During these meetings, they develop and decide on our comments regarding the respective consultation and position papers issued by relevant institutions. The two committees work together as a Joint Technical Committee to decide on issues that are relevant and equally applicable to listed and unlisted entities.

In addition, the ASCG's Executive Committee and staff contribute directly to the committee work and working groups of other organisations and attend conferences. They also participate in a wide variety of national and international conferences and panel discussions. For example, the ASCG takes part in the IASB's Management Commentary Consultative Group, numerous conferences held by the Deutsches Aktieninstitut e.V. (DAI), relevant working groups of the Schmalenbach-Gesellschaft für Betriebswirtschaft e.V., and in the 'External Accounting' working group of Gesellschaft für Finanzwirtschaft in der Unternehmensführung e.V. (GEFIU e.V.).

In this section, we report on our major projects and activities in the past year in our core area – financial reporting.

STANDARD-SETTING BY THE ASCG

In the context of our standard-setting duties under section 342(1) no. 1 and no. 4 of the HGB, our German GAAP Technical Committee adopted GAS 28 Segment Reporting and GAAS 11 amending GAS 18 *Deferred Taxes*, finalising the two projects. In addition, the IFRS Technical Committee addressed and – initially only editorially – revised ASCG Implementation Guidance 3 (IFRS) *Selected IFRS Accounting Issues with a Particular Relevance to Macroeconomic and Entity-specific Crisis Situations* (IG 3). Information on these three projects can be found on the following pages.

Moreover, at its meeting on 14 February 2020, the IFRS Technical Committee decided to withdraw ASCG Interpretation 1 (IFRS) *The Current/Non-current Classification in the Statement of Financial Position under IAS 1 Presentation of Financial Statements* (last modified on 12 July 2013). This interpretation was published on 19 July 2005 as Accounting Interpretation No. 1 (AIC 1). It aimed to provide practical guidance with respect to the current/non-current classification in the statement of financial position under IFRSs and to provide entities with an illustrative statement of financial position. On the occasion of the publication of the IASB's Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* on 23 January 2020, the IFRS Technical Committee reviewed ASCG Interpretation 1 (IFRS) and determined that the original reason for developing the Interpretation no longer applies.

The effective GASs, ASCG interpretations and ASCG implementation guidance are listed on page 18.

Development of GAS 28 Segment Reporting

We completed the fundamental revision of GAS 3 *Segment Reporting* in 2020, which started in 2018, with the publication of GAS 28 Segment Reporting.

After the comment period for the exposure draft D-GAS 36 ended on 31 December 2019, the German GAAP Technical Committee analysed the comment letters received and the published articles and made largely editorial amendments to the standard. In terms of content, the amendments relate to an additional requirement on the aggregation and disclosure of 'all other segments', and the recommendation to disclose prior-period amounts.

The German GAAP Technical Committee then adopted German Accounting Standard No. 28 *Segment Reporting* (GAS 28) at its meeting on 12 May 2020. The effective date was defined as financial years beginning after 31 December 2020, with earlier application encouraged.

GAS 28 governs the segment reporting that may be used to supplement the consolidated financial statements in accordance with section 297(1) sentence 2 of the HGB. It applies to all parent entities that are required to prepare consolidated financial statements under section 290 of the HGB or section 11 of the PublG, or that do so voluntarily – and voluntarily supplement their consolidated financial statements by segment reporting. It is recommended that other entities that voluntarily prepare segment reporting in addition to their annual financial statements also observe the standard.

GAS 28 is based on the fundamental concept that segment reporting follows the management approach. GAS 28 is therefore based on the internal monitoring and control structure of the segments applied by group management. This enables groups to draw on existing internal reports of the individual entities for their segment reporting. In addition, this approach makes it possible for users of segment reporting to assess the performance of a group's principal business areas from the perspective of the group's management.

Segments are identified based on a group's operating segments defined using the management approach. They are thus first and foremost determined by the group's internal decision-making and reporting structure. If a number of operating segments share the same economic characteristics, they may be aggregated. The standard defines various threshold criteria for determining which operating segments are also reportable segments.

In contrast to the predecessor standard GAS 3, the scope of the term 'revenue' is explicitly extended: 'revenue or similar income' must now be taken into account when assessing the threshold criteria for a reportable segment. The new wording is also echoed in the amounts to be disclosed by each reportable segment. This reflects that fact that the standard is applicable to all industries. Appendix 2 of GAS 3 for credit and financial services institutions, and Appendix 3 for insurance undertakings no longer apply.

A further significant change compared with GAS 3 is that segment reporting must now also use the policies and carrying amounts used in the group's internal reporting.

The principal aim of the reporting requirements defined in GAS 28 is the presentation of information that allows users of financial statements to assess the nature and financial impact of the business activities of the group and its segments, as well as the economic environment in which the group operates.

The standard was published by the BMJV on 28 July 2020 in accordance with section 342(2) of the HGB.

Amendments to GAS 18 Deferred Taxes by GAAS 11

On March 9, 2021, we adopted GAAS 11 amending GAS 18 *Deferred Taxes* and subsequently forwarded it to the BMJV with a request for publication in accordance with section 342(2) of the HGB.

GAS 18 was developed in 2010 and had not been reviewed since then. For this reason, and in light of the application questions arising on the accounting for deferred taxes under both German and international accounting, the German GAAP Technical Committee decided in 2018, during the deliberations on its work programme, to review the requirements of GAS 18. The objective of GAAS 11 was to address application questions and eliminate uncertainties in the standard. A number of editorial amendments to the standard were also made.

The German GAAP Technical Committee systematically discussed the individual aspects governing the German GAAP accounting for deferred taxes and their interpretation in GAS 18 in order to identify issues in the standard that potentially needed to be amended or enhanced. In this process, it took into account the issues discussed in specialist literature and those directly submitted to the ASCG, as well as suggestions put forward by stakeholders.

The following material amendments were made to GAS 18:

- When the equity method is applied, section 306 sentence 3 of the HGB will be applied, with the necessary modifications, to differences in the carrying amount of goodwill or a negative consolidation difference.
- The requirements of paragraphs 40 and B3 of GAS 25 *Foreign Currency Translation in Consolidated Financial Statements* regarding deferred taxes will also be integrated into GAS 18 in order to fully address the accounting for deferred taxes in that standard. As a result, no deferred taxes will be recognised in respect of the currency translation difference recognised in equity resulting from the translation of foreign currency financial statements in accordance with section 308a of the HGB.
- When intercompany profits are eliminated, the use of tax rates that differ from the tax rate of the receiving entity will only be permitted in cases where the resulting information would better reflect the actual situation.
- Deferred tax balances at the end of the financial year and the changes in those balances over the course of the financial year will only be disclosed if deferred tax liabilities are recognised in the consolidated balance sheet, either from the application of section 274(1) sentence 1 in conjunction with section 298(1) of the HGB (surplus of deferred tax liabilities) or from the application of section 306 sentence 1 of the HGB.
- The requirements relating to quantitative disclosures regarding deferred tax assets that are not recognised, unused loss carryforwards and unused tax credits will be withdrawn.
- The requirement to prepare a reconciliation will be withdrawn.
- A number of clarifying examples will be included in the basis for conclusions.

GAAS 11 also makes a small number of editorial amendments to GAS 23 *Accounting for Subsidiaries in Consolidated Financial Statements* and GAS 26 *Associates*.

The Amendment Standard is applicable for the first time for financial years beginning after 31 December 2021. Earlier application is permitted.

ASCG Implementation Guidance 3 (IFRS)

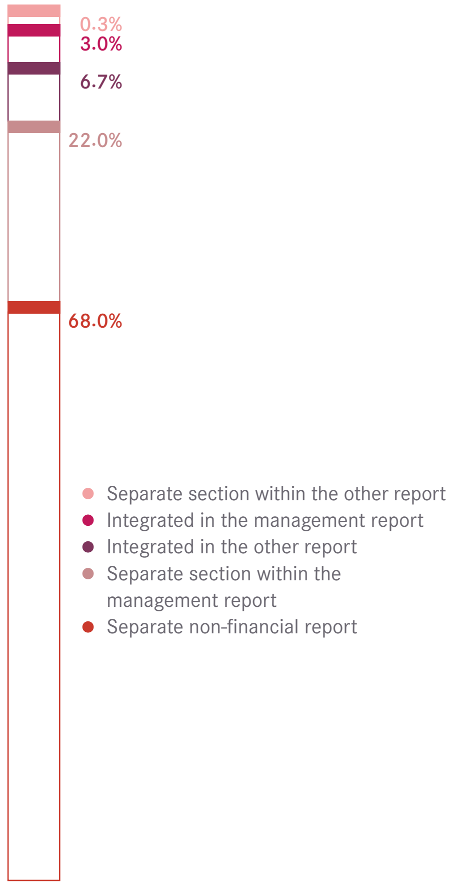
In spring 2020, amid the crisis triggered by the coronavirus pandemic, our IFRS Technical Committee met to discuss current accounting issues. Since these issues related in particular to interim financial statements, the technical committee returned to the existing ASCG Implementation Guidance 3 (IFRS) *Selected IFRS Accounting Issues with a Particular Relevance to Macroeconomic and Entity-specific Crisis Situations* (IG 3). IG 3 was developed by the former Accounting Interpretations Committee (AIC) during the financial crisis in 2009. As the successor to the AIC, the IFRS Technical Committee reviewed and made minor amendments to IG 3 in July 2013. This implementation guidance highlights certain aspects within the German legal context to preparers and provides them with assistance in accounting for crisis situations.

The IFRS Technical Committee reviewed IG 3 in May 2020 and promptly implemented editorial changes, since several issues needed to be updated and others had become obsolete due to references to IFRS requirements that no longer exist. Shortly thereafter, since most of the issues originally addressed in IG 3 and the assessments made are still valid under IFRSs, we posted the edited text to our website free of charge with the kind permission of Schäffer-Poeschel-Verlag.

In the course of the revision, the IFRS Technical Committee decided to initially make only editorial changes to IG 3 in the short term. This is because, firstly, pronouncements from other organisations already provide sufficient guidance for the current situation. Secondly, revising the content for listed entities' half-yearly reports would prove to be onerous, both for these entities and for the ASCG, due to the consultation process required.

In the medium term, however, the implementation guidance could be extensively revised and expanded. The IFRS Technical Committee recognised and continues to recognise the clear added value of comprehensive and generally applicable implementation guidance that fundamentally offers guidance in various kinds of crisis situations. Since most of the questions are not only relevant for entities reporting under IFRSs, but (may) also concern entities reporting under German GAAP, it was decided that the revision of IG 3 would be addressed by the Joint Technical Committee. However, it was not specified when the work on this would begin. Clearly, the course of the current crisis must be considered when scheduling this project – both with regard to the nature and urgency of the issues to be addressed and the realistic possibility of adequately involving stakeholders in the necessary consultation process.

What reporting formats for non-financial statements were used? (2017-2019)



75%

of non-financial statements has been published outside the management report.

EFFECTIVE GASs, ASCG INTERPRETATIONS AND ASCG IMPLEMENTATION GUIDANCE

German Accounting Standards

GAS 3	Segment Reporting*
GAS 13	Consistency Principle and Correction of Errors
GAS 16	Half-yearly Financial Reporting
GAS 17 (amended 2010)	Reporting on the Remuneration of Members of Governing Bodies
GAS 18	Deferred Taxes
GAS 19	Duty to Prepare Consolidated Financial Statements, Basis of Consolidation
GAS 20	Group Management Report
GAS 21	Cash Flow Statements
GAS 22	Group Equity
GAS 23	Accounting for Subsidiaries in Consolidated Financial Statements
GAS 24	Intangible Assets in Consolidated Financial Statements
GAS 25	Foreign Currency Translation in Consolidated Financial Statements
GAS 26	Associates
GAS 27	Proportionate Consolidation
GAS 28	Segment Reporting**

* Applicable for the last time for financial years beginning before or on 31 December 2020
** Applicable for the first time for financial years beginning after 31 December 2020

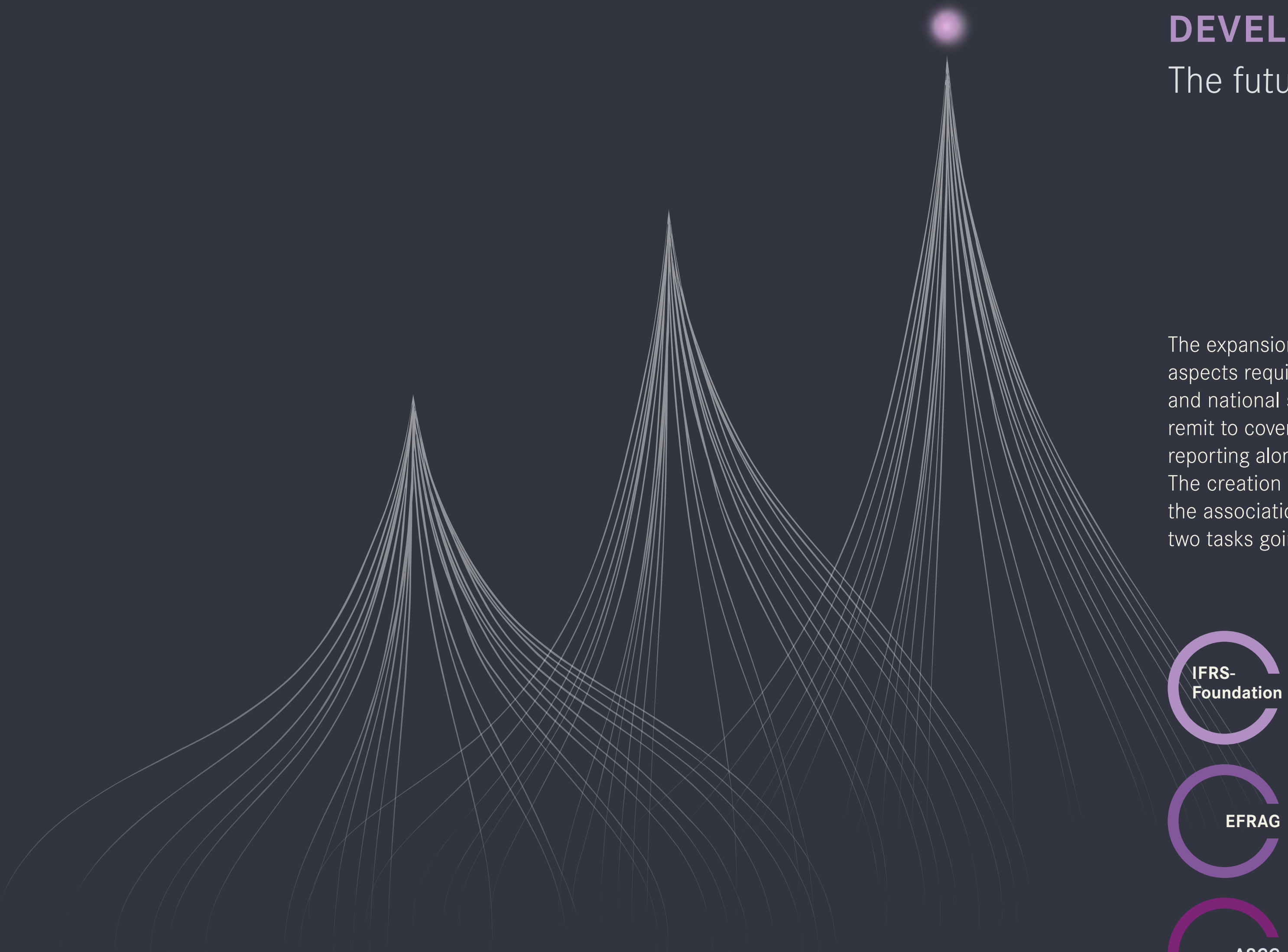
ASCG Interpretations (IFRS)

ASCG Interpretation 1 (IFRS)	The Current/Non-current Classification in the Statement of Financial Position under IAS 1 Presentation of Financial Statements***
ASCG Interpretation 2 (IFRS)	Obligation to Dispose of Electrical and Electronic Equipment
ASCG Interpretation 3 (IFRS)	Interpretation Issues relating to Puttable Financial Instruments in Accordance with IAS 32
ASCG Interpretation 4 (IFRS)	Accounting for Interest and Penalties Related to Income Taxes under IFRSs

ASCG Implementation Guidance (IFRS)

ASCG IG 1 (IFRS)	Specific Issues Relating to Accounting for Partial Retirement Arrangements in Accordance with IFRSs
ASCG IG 2 (IFRS)	Accounting for Costs of Registration in Accordance with the EU REACH Regulation
ASCG IG 3 (IFRS)	Selected IFRS Accounting Issues with a Particular Relevance to Macro-economic and Entity-specific Crisis Situations
ASCG IG 4 (IFRS)	Equity-settled Share-based Payments with Net Settlement Features: Accounting for Cash Compensation

*** withdrawn by the ASCG on 14 February 2020



DEVELOPING NEW STRATEGIES

The future focus of the standard-setters

The expansion of the scope of corporate reporting to include non-financial aspects requires the strategic realignment of the international, regional and national standard-setters. The ASCG is also working to expand its remit to cover corporate reporting as a whole, which includes sustainability reporting alongside the traditional financial reporting it currently addresses. The creation of two separate Executive Committee roles at the head of the association is the first step towards striking a balance between the two tasks going forward.

IFRS-Foundation

Establishment of a Sustainable Standards Board to operate alongside the IASB under consideration

EFRAG

European Corporate Reporting Lab @EFRAG

Project task force to carry out preparatory work for possible EU non-financial reporting standards

Board President given ad-personam mandate on potential EFRAG restructuring

ASCG

Re-establishment of a two member Executive Committee – President and Vice-President – to cover the association's extended remit with regard to financial and non-financial corporate reporting

COLLABORATION WITH EFRAG

At European level, EFRAG in particular provides an excellent platform for us to contribute to the discussion on the development of international financial accounting and reporting. Since the implementation of the Maystadt reform at the end of 2014, the ASCG has contributed to EFRAG's decisions not only at a technical level in the bodies as a member of the legal structure, but also at the level of company law as an executive body member.

The ASCG's role in its collaboration with EFRAG is to unite and represent the interests of German industry on the European stage. The ASCG is directly represented in the EFRAG Board, which is the ultimate decision-making body, and in EFRAG's Technical Expert Group (TEG) by members of its staff.

Until the end of September 2020, ASCG President Prof. Dr Andreas Barckow was the representative on the EFRAG Board, where he had held the position of Vice-President since December 2016. In advance of Prof. Dr Barckow's departure from the ASCG's Executive Committee, Executive Director Prof. Dr Sven Morich took over the position on the EFRAG Board. He was appointed by the General Assembly in October 2020 until the end of the regular term of office on 31 April 2021. Since 2013, Prof. Dr Sven Morich had been a permanent presence in the EFRAG TEG, from which he withdrew on his appointment to the EFRAG Board.

We also maintain close contact with the other two German TEG members, Jens Berger (Deloitte GmbH) and Christoph Schauerte (Vonovia SE), who were appointed to the TEG for a term of two years effective 1 January 2020. They replaced the two long-standing German representatives, Prof. Dr Günther Gebhardt and Dr Heinz Hense, who stepped down as planned on 31 December 2019. The regular briefings conducted before each TEG meeting are particularly notable in this context. The aim of these briefings is to allow the German members to exchange views on the upcoming technical discussions in advance and coordinate the representation of these views at the TEG meetings.

In addition to directly participating in the EFRAG bodies, our own committees, particularly the IFRS Technical Committee, also address the issues on the EFRAG Board and EFRAG TEG agendas on an ongoing basis. The Technical Committee draws on the expertise of our working groups (currently the 'Insurance' Working Group in particular) for this. Among other things, this work provides technical support to Executive Committee and staff members in the performance of their activities on the EFRAG bodies. Depending on the situation, the IFRS Technical Committee itself directly submits comments to EFRAG during more extensive consultations, such as broader-based draft comment letters to the IASB, endorsement advice letters to the European Commission, and proactive consultation and position papers.

In the area of financial reporting, our collaboration with EFRAG in 2020 was shaped to a large extent by our work on the endorsement of IFRS 17 *Insurance Contracts*. We provide more detailed explanations below.

Please refer to section II for information on our cooperation with EFRAG in relation to non-financial reporting.

IFRS 17 Amendments and Endorsement

IFRS 17 *Insurance Contracts* was adopted and published by the IASB in May 2017. Numerous application questions arose in the course of implementing the standard. This led the IASB to develop limited amendments to the standard, which were finalised in June 2020.

The IASB intends to use these targeted amendments to provide relief to users, without any significant loss of useful information. The main amendments are as follows:

- Scope: Changes were made for credit cards and loan agreements that contain insurance components.
- Contract acquisition costs: In future, a portion of acquisition premiums paid for insurance contracts will be allocated to expected future renewals.
- Contractual service margin (CSM) allocation for investment services: If insurance contracts include investment services in addition to insurance services, the CSM will be split between the two services under certain conditions, and thus possibly over a period longer than that of the insurance coverage.
- Reinsurance contracts: If reinsurance contracts have been entered into for onerous insurance contracts, corresponding profit amounts from the reinsurance contract must be recognised immediately in profit or loss in addition to the losses from the primary insurance contract.

- Risk mitigation: The risk mitigation exemption was extended to reinsurance contracts and derivatives.
- Interim financial statements: An option is being created as to whether assumptions made for interim periods are retained (date-to-date) or reversed (year-to-date) in subsequent reporting periods.
- Effective date: The mandatory date of first-time application was deferred by two years to 1 January 2023.
- Option to defer first-time application of IFRS 9: The option for entities to defer first-time application of IFRS 9 *Financial Instruments* and to apply it concurrently with IFRS 17 was also extended until 1 January 2023.

As expected, no changes were made with regard to the much-debated issue of annual cohorts, which are considered necessary to provide useful information about an insurance undertaking's financial performance trends.

The ASCG discussed the IASB's above proposed amendments to IFRS 17 and participated in the consultation, submitting a comment letter. Both the IFRS Technical Committee and the ASCG's 'Insurance' Working Group were involved.

The European Union's endorsement process for the standard began in May 2017. However, EFRAG suspended work on its endorsement advice when the IASB prepared the above amendments to IFRS 17. It resumed these activities at the start of 2020. EFRAG published its Draft Endorsement Advice on 30 September 2020, which was open for comments until 29 January 2021.

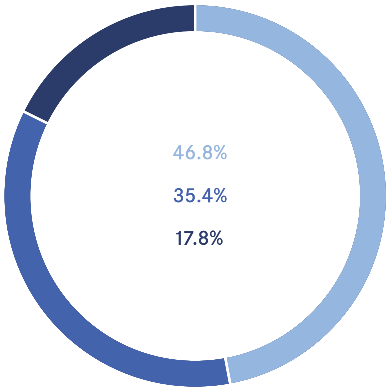
Following publication of the Draft Endorsement Advice, the IFRS Technical Committee discussed its content and conclusions. The ASCG Working Group also intensively discussed and commended the conclusions in the endorsement advice during numerous video conferences. The findings of these discussions culminated in a comment letter from the ASCG to EFRAG, comprising our answers to the questions raised by EFRAG as well as a cover letter.

We criticised EFRAG's tentative position, since it offers no conclusion as to whether IFRS 17 cannot be endorsed as a package due to the criticism of the annual cohort requirement, or whether endorsement is recommended despite this requirement. In addition, the advantages and disadvantages mentioned would need to be assessed and weighed up to arrive at an overall conclusion – something which EFRAG has not done.

The discussion surrounding the endorsement of IFRS 17 reveals a critical situation that has a significant bearing on IFRSs as a whole and therefore for entities in all sectors. Until EFRAG formulates its position, it is foreseeable that the evaluation of the arguments for and against endorsement will be shifted to the next political level.

We unreservedly support the aim of endorsing IFRS 17 as issued.

Was the understanding of materiality described? (2017-2019)



- Yes, described
- It could be derived from the specification of the framework used
- No, not described

80%

Proportion of non-financial statements with an explicit or implicit description of the understanding of materiality.

COOPERATION WITH THE IFRS FOUNDATION

As in previous years, cooperation with the IFRS Foundation committees and bodies was a mainstay of our work in 2020. The personal exchange of views and information was – as everywhere else – impacted by the coronavirus pandemic, and the IFRS Foundation switched all of its meetings to a virtual format in spring 2020. This remains the case today. Consequently, the monthly IASB meetings in January and February were the only opportunity for the regular face-to-face discussions before all of our dialogue and current work moved online.

Nonetheless, our line of communication with London remained uninterrupted. Maintaining and fostering regular contact with the IASB and its staff, including in particular German Board member Martin Edelmann and IASB Chair Hans Hoogervorst, again formed a cornerstone of our cooperation with the IFRS Foundation. As always, this regular contact allowed us to find out about and keep up to date on each other's activities, as well as current developments, trends and challenges. We also maintained a constant and in-depth dialogue with the two German members of the IFRS Interpretations Committee, Karsten Ganssauge and Dr Jens Freiberg. They were regular guests at many of our virtual technical committee meetings and enriched our deliberations with their profound knowledge and direct observations from the Interpretations Committee.

The ASCG's committee work included its cooperation in the IFRS Advisory Council, where it is represented by its President. Due to the coronavirus pandemic, again all meetings were held online. However, preceding video conferences in small groups of up to eight participants made it possible to create a working atmosphere similar to that of the breakout sessions held during in-person meetings. During these sessions, the issues to be addressed at the plenary meeting were presented, discussed and summarised for each small group. The summaries were then provided to all Council members in advance of the plenary meeting and paved the way for successful, multi-faceted video conferences involving all participants. The defining theme last year was the IFRS Foundation's possible work on the area of non-financial reporting. During the spring meeting, the Council discussed the significance of the matter in general terms. In the autumn, the meeting focused on the specific proposals put forward by the Trustees.

Our cooperation with the IFRS Foundation also took the particular (if unplanned) form of the application process for the position of IASB Chair. As a result of the interviews conducted, but especially the many meetings, calls and exchanges, since the ASCG's President was named as Hans Hoogervorst's successor, the ASCG has benefited from the detailed discussions between Andreas Barckow and various figures at the Foundation. Alongside Hans Hoogervorst and Martin Edelmann, these included the Chair of the IFRS Foundation Trustees, former EU Commissioner Erkki Liikane and Executive Director Lee White, who provided us with first-hand information on the developments related to the potential establishment of a second board dedicated to sustainability reporting. This information in turn enabled us to address our bodies and committees, as well as German stakeholders in general, in a targeted manner and stress the significance of the consultation to them.

The following pages present the major projects of the IFRS Foundation that we followed closely last year through our deliberations in the IFRS Technical Committee.

Primary Financial Statements –
General Presentation and Disclosures

The IASB published its Exposure Draft ED/2019/7 *General Presentation and Disclosures* on 17 December 2019. This is the product of the IASB project on Primary Financial Statements launched in 2014, which it prioritised in response to the demand from users of financial statements for

- improved comparability and transparency of financial statements,
- improved disaggregation of information in the primary financial statements and the notes, and
- greater transparency on management performance measures.

In response to these information requirements expressed by the users of financial statements, the IASB has proposed improvements to the structure and the content of the primary financial statements, with a focus on presentation in the statement of profit or loss.

Specifically, the Exposure Draft proposes:

- the introduction of mandatory subtotals (for example, 'Operating profit or loss before financing and income tax') and categories ('operating', 'investing' and 'financing') in the statement of profit or loss,
- requirements regarding the presentation of and disclosures on integral and non-integral associates and joint ventures,
- the introduction of additional guidance on the aggregation and disaggregation of line items,
- the introduction of criteria for determining the applicable method for presenting the statement of profit or loss (ie according to the nature of expense or function of expense method),
- the introduction of disclosures on unusual income and expenses as well as management performance measures,
- targeted improvements to the statement of cash flows to eliminate diversity in classification and presentation, particularly by removing the classification choice for interest and dividend cash flows.

We held several public outreach events on the proposals in February and September 2020. In order to obtain a broad and well-founded picture of the opinions of our constituency, we also conducted a survey (online questionnaire) on the amendments proposed in the IASB Exposure Draft.

We communicated the findings of these public events and the extensive discussions in the IFRS Technical Committee to the IASB in our comment letter of 30 September 2020. In our comment letter, we expressly supported the IASB's objective of improving the comparability of financial statements.

Notwithstanding our general support, we pointed out that some of the proposals are not articulated sufficiently clearly. In addition, the IASB's proposals do not take adequate account of what entities' current IT systems and environments can and cannot provide, which could result in a significantly different cost/benefit assessment for some of the proposals. In our comment letter, we criticised the fact that no consequential amendments to IAS 7 *Statement of Cash Flows* are proposed, although the presentation in the statement of cash flows could be aligned further with the statement of profit or loss (and, as we believe, would improve understanding).

We will closely track further IASB decisions on projects in the area of 'Better Communication in Financial Reporting' in 2021. Firstly, on 12 February 2021, the IASB issued two amendments: *Disclosure of Accounting Policies*, which amends IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2, and *Definition of Accounting Estimates*, which amends IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Secondly, the IASB published an Exposure Draft *Disclosure Initiative – Targeted Standards-level Review of Disclosures* in March 2021. As the first step in this project, the IASB has developed draft guidance for itself to use when developing and drafting disclosure requirements. The IASB tested the draft guidance by applying it to the disclosure requirements of IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*. As an outcome of this test, the Exposure Draft proposes amendments to the disclosure requirements of IAS 19 and IFRS 13.

Business Combinations – Disclosures, Goodwill and Impairment

A major focus of the IFRS Technical Committee meetings in 2020 was the IASB's discussion paper of 19 March 2020 on *Business Combinations – Disclosures, Goodwill and Impairment* (DP/2020/1). In this paper, the IASB presented the following subjects, among others, for comment:

- elimination of the mandatory annual impairment test,
- impairment testing only when there are indicators of potential goodwill impairment (indicator-only approach),
- removing the restriction on including cash flows from future restructuring and the use of post-tax cash flows and discount rates when determining value in use,
- disclosures to assess the rationale behind management's decision to make an acquisition,
- information on key performance indicators (KPIs) that can be used to assess whether the acquisition's performance meets the management's initial expectations.

In addition, the advantages and disadvantages of a return to goodwill amortisation were presented. The issues put forward for comment were based on the feedback received by the IASB during the post-implementation review of IFRS 3 *Business Combinations*.

Following numerous in-depth discussions in the IFRS Technical Committee and two virtual public events, we submitted our comment letter to the IASB on 28 December 2020.

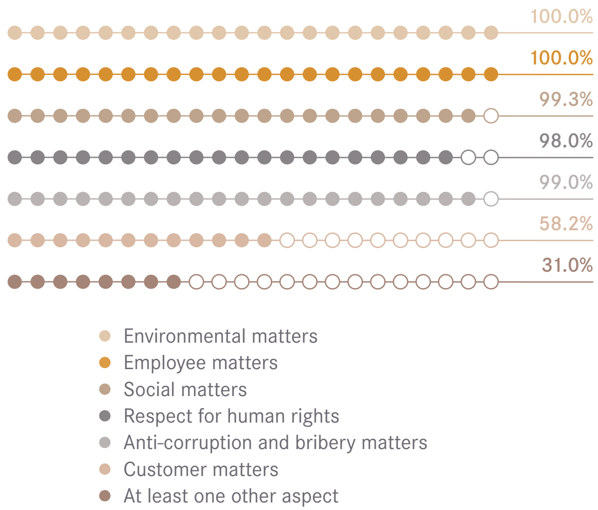
In our comment letter, we commended the IASB's efforts to improve and simplify the impairment test and provide users with more useful information about acquisitions.

With regard to the proposed disclosures, we consider that they are capable of providing more useful information to investors and, therefore, of increasing the information value of the financial statements. However, we believe that the issue of the confidentiality and sensitivity of information could be difficult to resolve, since a conflict could arise with regard to information that is of interest to the user but is classified as confidential by the entity. Therefore, we suggest developing overarching, principle-based disclosure objectives in conjunction with (limited) disclosure requirements for key information.

Our main criticism, though, relates to our observation that the initial core problem of the IASB's research project, namely ensuring a robust impairment test and timely recognition of goodwill impairment in response to the sustained "too little, too late" criticism, has barely been addressed and not been resolved.

We concede that most arguments for or against amortisation and the impairment-only approach have been known for a long time and discussed on numerous occasions. However, our assessment has changed since this model was originally introduced. We have re-evaluated the arguments already raised and observed that terminal value is the main factor when determining whether or not there is a need for an impairment, and that the current impairment model does not meet the expectations of users, regulators or other stakeholders with regard to recognising impairments on a timely basis.

What aspects were reported? (2017-2019)



Between 80 and 250 different issues were reported on the five non-financial minimum aspects required by law.

In our opinion, the impairment-only approach merely represents one possible alternative, which may be superior conceptually but leads to the recognised accounting problems in practice. We are therefore convinced that the problems could be better resolved by reintroducing a goodwill amortisation model.

IBOR Reform

The IASB published its amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and several other IFRSs on 27 August 2020, thus ending the second phase of its project on IBOR reform and its impact on financial reporting. These amendments are intended to simplify financial reporting during the IBOR reform.

As the first phase of the project, the IASB already published amendments to IFRS 9 and IAS 39 in September 2019. This led to simplifications applicable in advance of the IBOR reform and helped to ensure the continuation of hedge accounting.

The 'phase 2' amendments relate to the following aspects of IFRS 9 and IAS 39:

- Clarification that a change in how contractual cash flows are determined due to the IBOR reform can constitute a modification, even in the absence of an amendment to the contractual terms;
- A practical expedient to apply paragraph B5.4.5 of IFRS 9 to account for changes in present value due to the transition to alternative benchmark rates;
- Continuation of hedge accounting following transition to alternative benchmark rates, since a change in the benchmark rate only requires a limited amendment to the documented hedging relationship and therefore does not require its termination;
- No changes regarding derecognition, determination of the business model, the SPPI (solely payments of principal and interest) test and recognising expected credit losses, since the provisions of IFRS 9 are sufficiently clear in this respect.

The adopted amendments also include narrow-scope amendments to IFRS 16 *Leases* and IFRS 4 *Insurance Contracts* and additional disclosure requirements under IFRS 7 *Financial Instruments: Disclosures*. The IASB has said that the IBOR reform may also affect the provisions of IFRS 13 *Fair Value Measurement*, IFRS 17 *Insurance Contracts* or discounting regulations in other standards. However, amendments to these standards are not considered necessary.

These latest amendments are applicable for financial years beginning on or after 1 January 2021.

As with the proposals put forward in phase 1, our IFRS Technical Committee also addressed the exposure draft for phase 2. The IFRS Technical Committee agreed in full with the IASB's intentions and the specific proposals and expressed this in a comment letter.

We were pleased that the subsequent endorsement process was immediately initiated by EFRAG and promptly moved forward by its final, positive recommendation in mid-September. Endorsement was finalised with publication of the corresponding amending regulation on 13 January 2021.

The benchmark rate reform itself – the last step of the final transition to interest rates that comply with the new EU Benchmarks Regulation (2018) – should be completed by the end of 2021.

STRIVING FOR CONNECTIVITY

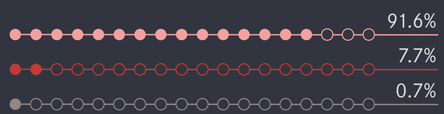
Bridging the gap between financial and non-financial reporting

Rather than standing in isolation, financial and non-financial issues should rest on a shared conceptual foundation. Alongside sustainability expertise, the development of non-financial reporting also requires expert input from the financial reporting field. Steps to ensure greater convergence between the future international non-financial reporting framework and IFRSs should therefore be accelerated. The ideal solution would be a global framework for integrated financial and non-financial reporting that, in the same way as the IFRSs, would be endorsed at European level and mandatory for listed companies in EU Member States.

8.4%

Companies that refered to amounts presented in the annual or consolidated financial statements

References to amounts presented in the annual or consolidated financial statements (2017-2019)



- No references
- References with additional explanations
- References without additional explanations

Interpretations and Maintenance

The interpretation and maintenance activities of the IFRS Interpretations Committee involve discussing and responding to submissions regarding the application of and uncertainties about IFRSs. The work on such questions and issues either results in agenda decisions, which are issued by the IFRS Interpretations Committee, or in subsequent standard-setting activities, which then lead to a (narrow-scope) amendment to the standard or an interpretation. In addition, the IASB itself raises and discusses issues for which it emerges that an amendment or clarification of the standard is required. A new feature since mid-2020 is that all agenda decisions of the IFRS Interpretations Committee must be subsequently approved by the IASB. This requirement was enshrined in an amendment to the Due Process Handbook of the IFRS Foundation (the revised handbook was published in August 2020).

As in every year, we tracked these activities closely in 2020. Specifically, we addressed all the discussions at all meetings of the IFRS Interpretations Committee, assessed the findings and commented on them in most of the cases.

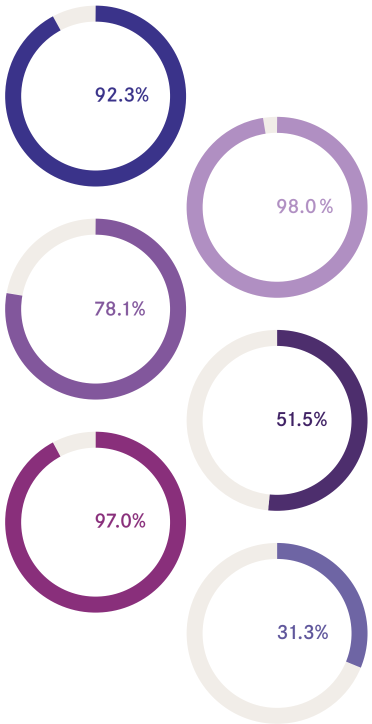
It is particularly noteworthy that the IFRS Interpretations Committee reached several agenda decisions on IFRS 16 *Leases* in 2020. This is unsurprising, since application of IFRS 16 has only been mandatory since 2019 and frequent application issues are understandable and expected in this initial phase. In the course of the discussing these issues, the IFRS Interpretations Committee decided that narrow-scope amendments were necessary in two areas. One amendment relates to specific lease modifications in connection with the coronavirus pandemic ('COVID-19-related rent concessions') and was therefore developed extremely quickly and already finalised by the IASB in June 2020. A further amendment concerns the requirements on the measurement of lease liabilities resulting from sale-and-leaseback transactions; this has been available in draft form since November 2020 and is currently still in progress.

The IFRS Interpretations Committee also issued agenda decisions on a range of different matters and standards – this was also the case in previous years. In 2020, two questions on accounting for income taxes (ie the application of IAS 12 *Income Taxes*) were addressed. In addition, three questions on the application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies* were discussed and answered with regard to currency translation when a foreign business operation is located in a hyperinflationary currency area. The IFRS Interpretations Committee also dealt with two issues regarding the application of IAS 28 *Intangible Assets* and/or IFRS 15 *Revenue from Contracts with Customers*: First, the recognition of training costs was the subject of discussion and, second, the issue of whether football (soccer) player transfers should be accounted for under IAS 38 or IFRS 15 was clarified. Lastly, the most recent decision of the IFRS Interpretations Committee in 2020, which addressed accounting for reverse factoring arrangements as the most common form of supply chain finance, should be noted.

We would again like to mention this year that the IFRS Interpretation Committee's agenda decisions should be regularly tracked and reviewed by reporting entities to determine whether their own financial reporting corresponds with the Committee's view. If this is not the case, entities should ascertain whether their differing approach is justified or should be modified. The IFRS Interpretation Committee's agenda decisions represent new information within the meaning of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which could lead to a change in accounting policy, but which does not constitute an error.

With regard to the application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in the event of foreign exchange restrictions, which has long been the subject of discussion, the IASB and the IFRS Interpretations Committee had already decided in 2019 to develop an amendment to IAS 21. In the meantime, the Exposure Draft amending IAS 21 has been published.

Lastly, in the context of standard maintenance, we would like to report that several narrow-scope standard amendments were finalised and published by the IASB in 2020. Specifically, these were: narrow-scope amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture* (via the Annual Improvements to IFRS Standards 2018-2020 Cycle), amendments to IFRS 3 *Business Combinations* regarding references to the IFRS Conceptual Framework, amendments to IAS 16 *Property, Plant and Equipment* on the recognition of proceeds before intended use, to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in connection with contract costs, and amendments to IAS 1 *Presentation of Financial Statements* regarding the classification of liabilities as current or non-current. Finally, further clarifications on IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 in relation to the IBOR reform were finalised ('phase 2', these clarifications are relevant on transition to alternative benchmark rates, see page 25 of this report for further details). Overall, the IASB thus completed a long list of sometimes long-awaited amendments and visibly reduced its work programme. This is particularly noteworthy, since the IASB was also working under the constraints of the pandemic last year. But it is also important because the IASB agenda consultation 2021 will certainly add new and possibly more significant matters to the work programme.



On which aspects was at least one concept reported? (2017-2019)

- Environmental matters
- Employee matters
- Social matters
- Respect for human rights
- Anti-corruption and bribery matters
- Other aspects

COLLABORATION WITH OTHER STANDARD-SETTERS

World Standard Setters Conference

The World Standard Setters (WSS) Conference is the largest meeting of national standard-setters and regional organisations tasked with accounting-related issues. At this annual event, which is attended by participants from all over the world, the ASCG was again represented by its President and the Executive Director in 2020. The WSS Conference is organised by the IFRS Foundation, which also sets the agenda for the event. For many standard-setters (particularly those from emerging economies), this is the only event that offers the opportunity to personally exchange views with a large number of equivalent organisations.

The WSS Conference primarily serves the IASB as a platform for informing standard-setters about developments over the past year, current issues and the next steps. Feedback on project progress and application and implementation issues is also actively gathered. For us, it is a good opportunity to exchange ideas with a large number of standard-setting partners and maintain our relationships with them.

The issues addressed at this year's virtual conference included the impact of the COVID-19 pandemic on IFRS financial reporting. IASB members, regulatory authorities, auditors and national standard-setters discussed the unique challenges of the application of IFRSs in 2020. A further panel discussion was held on the IASB's 'Better Communication in Financial Reporting' initiative, which covers the revision of the content of the primary financial statements, disclosure requirements, and potential management commentary requirements. Other topics addressed at the conference included IASB projects on consolidated financial reporting (business combinations – disclosures, goodwill and impairment, common control transactions, and disclosure of interests in other entities) and the consistent application of IFRSs (agenda decisions and amendments to IFRS standards). In addition, the IASB project on rate-regulated activities and electronic financial reporting (IFRS Taxonomy and its interaction with standard-setting) was discussed, among other matters.

International Forum of Accounting Standard Setters

The International Forum of Accounting Standard Setters (IFASS) is an informal global network of national standard-setters and other organisations that have a close involvement in financial reporting issues. The Forum meets twice per year and, unlike the WSS Conference, is organised on the initiative of the national standard-setters. The aim of IFASS is to promote cooperation between the standard-setters. IFASS is currently chaired by Yasunobu Kawanishi, Vice Chair of the Accounting Standards Board of Japan (ASBJ). These meetings provide a key platform for discussing issues shared with other standard-setters, exchanging experiences, and finding partners for joint projects.

Due to the pandemic, the IFASS meeting scheduled for April 2020 in Washington was cancelled.

However, the autumn meeting was held as a virtual event immediately following the WSS Conference and addressed a wide range of financial reporting issues. The ASCG also contributed on one issue, presenting a paper on intangible assets together with four other standard-setters. Considerations regarding the development of the related recognition and measurement requirements, which will be able to be used by the IASB in any subsequent research projects on this subject, were the main focus. Alongside the presentation of specific areas of financial reporting by standard-setters from different jurisdictions, other matters included an EFRAG discussion paper on accounting for cryptocurrencies, as well as the current activities of the International Public Sector Accounting Standards Board (IPSASB). Furthermore, IASB Exposure Draft ED/2019/7 *General Presentation and Disclosures* proposing improvements to how information is communicated in the financial statements was discussed in depth.

Other platforms

In addition to the above meetings on a global level, we also regularly raise current topics and viewpoints in various rounds of discussions held with other standard-setters. These include the Consultative Forum of Standard Setters (CFSS), at which the positions to be put forward by EFRAG at the Accounting Standards Advisory Forum (ASAF) are prepared and agreed. We also maintain regular direct contact with selected standard-setters with whom we are able to address and explore confidential matters in private meetings. The main focus of these half-yearly multilateral meetings is on international accounting issues in which we have a common interest. In 2020, for example, we jointly prepared the working paper on intangible assets and presented it together at the IFASS. We also used this platform to discuss the upcoming consultations on the future of corporate reporting and the development of IFRS Foundation and EFRAG structures in the context of standard-setting relating to non-financial reporting.

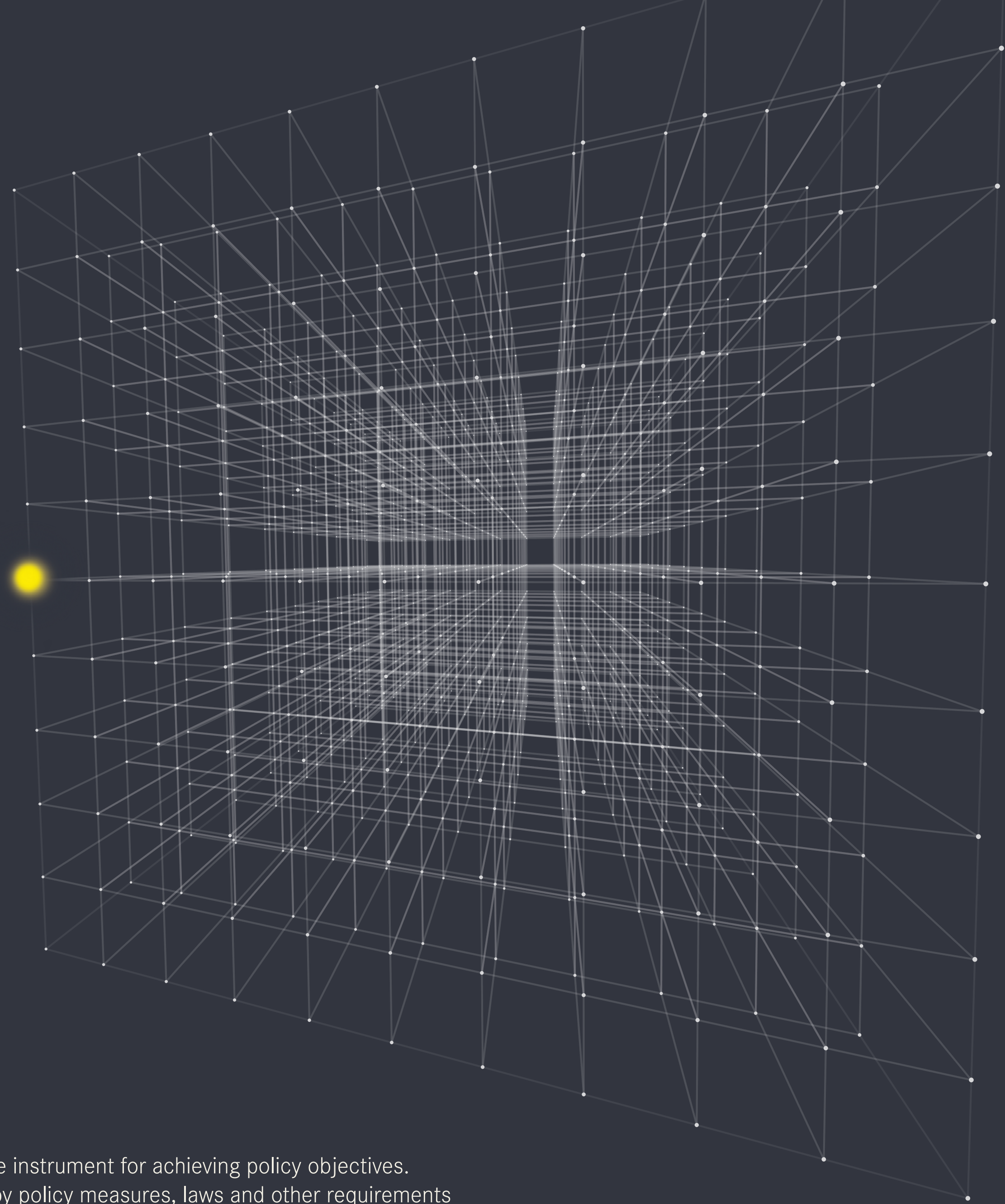
COMMENT LETTERS AND OTHER PRONOUNCEMENTS

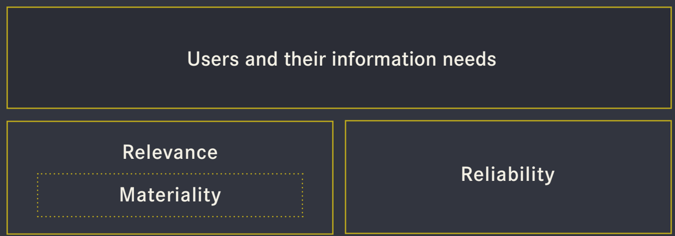
We issued the following comment letters and pronouncements in the field of financial reporting last year. The complete texts of these documents are available on our website at www.drsc.de/en.

Issue Date	Subject
I. Comment Letters to EFRAG	
06/05/2020	DCL on IASB's ED/2020/2 Covid-19-Related Rent Concessions (Proposed amendments to IFRS 16)
22/05/2020	DCL on IASB's ED/2020/3 Classification of Liabilities as Current or Non-current (Deferral of Effective Date)
30/09/2020	DCL on IASB's ED/2019/7 General Presentation and Disclosures
II. Comment Letters to the IASB	
06/05/2020	ED/2020/2 Covid-19-Related Rent Concessions (Proposed amendments to IFRS 16)
22/05/2020	ED/2020/3 Classification of Liabilities as Current or Non-current (Deferral of Effective Date)
25/05/2020	ED/2020/1 Interest-Rate Benchmark Reform – Phase 2 (Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
30/09/2020	ED/2019/7 General Presentation and Disclosures
28/12/2020	DP/2020/1 Business Combinations (Disclosures, Goodwill and Impairment)
III. Comment Letters to the IFRS Interpretations Committee	
14/01/2020	IFRS Interpretations Committee's tentative agenda decisions in its November 2019 meeting
08/04/2020	IFRS Interpretations Committee's tentative agenda decisions in its March 2020 meeting
28/09/2020	IFRS Interpretations Committee's tentative agenda decisions in its June 2020 meeting
06/11/2020	IFRS Interpretations Committee's tentative agenda decisions in its September 2020 meeting

KEEPING OBJECTIVES IN MIND

Focus on users’ information needs





Assessment of the quality of information in standard-setting

Corporate reporting, be it financial or non-financial, is not a suitable instrument for achieving policy objectives. The framework in which all actors operate is primarily determined by policy measures, laws and other requirements relating to the conduct of those actors. Corporate reporting provides information on the activities performed within this framework and their internal and external impacts, therefore fulfilling an information and accountability role. Transformative pathways to implementing sustainability targets should mainly be geared towards the real economy. In contrast, direct measures – such as by means of carbon pricing – should be the primary means of influencing the conduct of economic actors for policy reasons.

II. Non-Financial Reporting

Since the ASCG was founded, our work has primarily focused on traditional financial reporting. The social environment has changed in recent years and corporate reporting requirements have grown significantly. Due to the rising influence of environmental, social and governance (ESG) issues and, especially, climate change, non-financial reporting requirements are increasing. Political initiatives – from the Paris climate goals to the EU Action Plan on Sustainable Finance and the European Green Deal – are dramatically upping the pressure on entities to act sustainably and report on their actions accordingly. The extension of reporting to include ESG data and information is therefore a cornerstone of the development of corporate reporting.

Although the ASCG's work in 2020 again largely related to traditional financial reporting issues, non-financial reporting and sustainability reporting are increasingly the focus of our attention. As Germany's standard-setter, we believe it is our responsibility to help actively shape social change and the resulting political initiatives in respect of their impact on corporate reporting. Our obligation to act in the public interest and our objective to take on board the views of German stakeholders, which we then pool and contribute to national and international consultations, remains crucial.

The following activities at national, European and international level in the past year are particularly noteworthy:

- **At national level**
  - commissioning of the ASCG by the German Federal Ministry of Justice and Consumer Protection (BMJV) to comprehensively examine non-financial reporting by German entities,
  - the work of the German federal government's Sustainable Finance Committee and our dialogue with it regarding the enhancement of non-financial reporting requirements.
- **At European level**
  - the European Commission's consultation on a renewed sustainable finance strategy, which addresses the availability of ESG information and therefore also corporate reporting,
  - the revision of the CSR Directive and the related consultations,
  - the implications of the Taxonomy and Disclosure Regulations for corporate reporting, including the related delegated act published for consultation,
  - the work of the European Corporate Reporting Lab @EFRAG on EU non-financial reporting standards.
- **At international level**
  - the IFRS Foundation consultation on the establishment of a Sustainable Standards Board to operate alongside the IASB.

We report in detail on the main content and our activities in the following sections.

There were other significant developments in the course of the year. In particular, we would like to highlight the three following initiatives that aim to ensure greater standardisation of sustainability reporting:

- publication of the white paper produced by the World Economic Forum in cooperation with the 'Big Four' – Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers – on 'Measuring Stakeholder Capitalism: Toward Common Metrics and Consistent Reporting of Sustainable Value Creation',
- the joint statement of intent of the five major international standard-setters for sustainability and integrated reporting – the Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) – to work together towards more comprehensive corporate reporting,
- the announcement of the merger of the IIRC and the SASB to form a unified organisation, the Value Reporting Foundation, whose establishment should be completed by mid-2021; they have clarified their intention to continue working with the IFRS Foundation, IOSCO, EFRAG and other organisations and indicated the possibility of integrating further organisations into the Value Reporting Foundation.

We contributed through a bilateral exchange of experiences and opinions with the relevant institutions and organisations as well as through participation in the respective events.

NATIONAL ACTIVITIES

Non-financial Reporting Study commissioned by the BMJV

The ASCG's non-financial reporting activities in 2020 were shaped by a request from the German Federal Ministry of Justice and Consumer Protection (BMJV) to investigate the implementation of the requirements under the CSR Directive Implementation Act (CSR-RUG).

The BMJV's request included the following:

- Evaluating a representative sample of the non-financial information disclosed by entities subject to the reporting requirements under the CSR-RUG for financial years 2017-2019, based on a set of specific questions (horizontal study),
- Conducting stakeholder outreach regarding any required changes to the non-financial reporting requirements,
- Developing recommendations to resolve identified challenges and enhance the effectiveness of the CSR reporting requirements.

Horizontal study

We began working on the statistical component of our engagement – the horizontal study – in March 2020 and had almost completed this work by the end of the year. The prepatory tasks involved identifying the statistical population of reporting entities, structuring the BMJV's questions for the survey and setting out the questions in a standardised questionnaire. In addition, the details of the sample needed to be defined and agreed with the ASCG's Joint Technical Committee and the BMJV. We agreed on a random sample of 100 entities whose non-financial statements and reports for the years 2017 to 2019 would be analysed. The structure of this sample was based on the composition of the population, namely the industries to which the reporting entities belong – insurance undertakings, banks, publicly traded entities – and index membership in the case of listed entities. The data relating to these entities' non-financial information for the relevant reporting periods (in all possible published forms and locations) was gathered between July and October. By the end of the year, we had finished evaluating and interpreting the findings, which were then compared with the results of other studies, where possible. We determined that the findings were largely consistent with the information previously obtained. For example, with regard to reporting format: all optional location, format and publication variants were observed; and the majority of the sampled entities published their non-financial statements separately from the management report.

There was also a high degree of similarity in the content of the reports: we found information regarding the business model in virtually all of the non-financial reports and statements examined, although the scope of the information provided varied widely. In addition, we observed considerable differences in the depth of the reports. Almost all reports addressed the 'environmental matters' and 'employee matters' and contained significant information on these areas compared with other aspects. This applies in particular to the information on policies (eg targets, measures, due diligence processes), information on the outcome of these policies (eg target attainment, status of measures implemented) and the specified non-financial key performance indicators (KPIs). In contrast, the aspect 'respect for human rights' was covered in far fewer non-financial statements/reports and to a significantly lesser extent in those documents where information was provided. However, an increase in reporting depth was observed over the period under consideration.

Stakeholder outreach

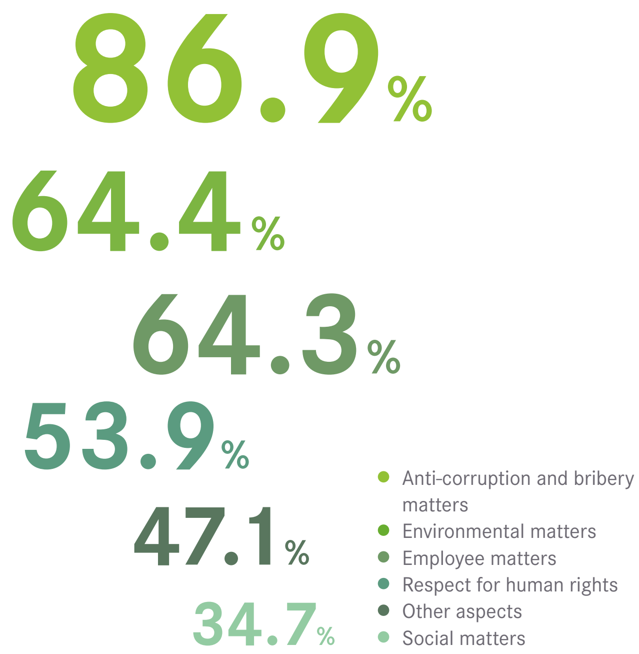
Stakeholder participation was requested by the BMJV with the aim of obtaining the opinions of various stakeholder groups on potential changes to non-financial reporting requirements. Consequently, the involvement of all relevant stakeholders – the preparers, auditors and users of non-financial information, as well as certain non-governmental organisations – was required. We held a total of four events in July and August 2020 to address and involve these stakeholders. These outreach events, each lasting several hours, were conducted in the form of webinars due to the coronavirus pandemic and the associated travel restrictions and social distancing requirements. We covered a total of five topics related to non-financial reporting:

- scope of the reporting requirements, and the
- location,
- content structure,
- standardisation and
- auditing of the reports.

The additional related topics of intangible assets, consumer issues, digital transformation and institutional structure (private standard-setters vs. public sector bodies) were discussed. All participants received a key issues paper in advance, setting out the relevant subject areas, including the current legal requirements and status of the debate, as well as the tentative ASCG position.

There was a lively and open exchange between the roughly 25 participants at each of the webinars. For example, there was initially broad-based support for the 'high impact' criterion during the discussion on which entities should be subject to non-financial reporting. According to this criterion, an entity's reporting obligation would be linked to the impact of its business activities on society, the environment and so on. At the same time, the proponents of this criterion also conceded the difficulty of implementation and its lack of objectivity. Consequently, during the webinars, the need to continue to link the reporting requirement to clearly definable and objective criteria, such as size, capital market listing, employee numbers, etc, and to modify the existing threshold criteria if the scope is to be extended, was widely expressed.

On which aspects was at least one due diligence process reported? (2017-2019)



Due diligence processes were often reported across aspects.

With regard to the structure of the substance of the requirements, the webinar participants were particularly critical of non-financial risk reporting, which many also considered to be inadequate in terms of scope and detail due to the high legal threshold ('very likely to cause serious adverse impacts' in accordance with section 289c(3) no. 3 and no. 4 of the HGB). Furthermore, the wording of the double materiality clause in the CSR Directive and the HGB was examined in the webinars and (re)wording to specify a double materiality perspective was supported. According to this, a reporting requirement would arise if the non-financial information is relevant either for the understanding of the entity's development, performance and position or for the understanding of the impact of its business activities on the reportable aspects. However, numerous participants supported maintaining the principle-based legal provisions, since these are adequately specified by GA 20 *Group Management Report*.

The webinars also confirmed that the various subjects under discussion are overwhelmingly interrelated and are therefore impossible to consider in isolation. This particularly came to light with regard to the questions regarding the required publication format and location and whether the content of the non-financial information should be audited. Many users supported the embedding of non-financial information in the management report, since this is required to be audited (although in this case a statutory audit requirement for the non-financial statement would not actually arise).

Recommended measures

We first informed the Joint Technical Committee of these and other stakeholder views expressed in the webinars in August 2020. On this basis, we developed recommendations together with the Joint Technical Committee, which were presented to the BMJV in January 2021. These include the recommendation that, in the event of the desired extension of scope, the listed entity criterion be reviewed as a priority. We further recommend clarification of the materiality clause to achieve the double materiality perspective of the EU requirements, as well as clarification of the rules regarding the reportable information (on policies, outcomes, etc) in accordance with the explanations in GAS 20 *Group Management Report*. Additional proposed measures relate to the requirements on non-financial risk reporting, the disclosure of non-financial KPIs, standardisation and auditing.

A detailed description and explanation of the recommended measures, the findings of the study and the stakeholder involvement can be found in our 144-page 'Final Report on the Horizontal Study commissioned by the Federal Ministry of Justice and Consumer Protection and on Recommendations for action regarding the NFRD Revision' (in German), which we submitted to the BMJV at the end of January 2020 and published on our website on 11 February 2021 (Executive Summary in English). The BMJV issued a press release at the same time.

Dialogue with the Sustainable Finance Committee

The Sustainable Finance Committee advises the German federal government on the development and implementation of its sustainable finance strategy. It was appointed on 6 June 2019 and published its Interim Report The Significance of Sustainable Finance to the Great Transformation, which sets out 53 potential courses of action, on 5 March 2020. The Committee considers sound data resources to be crucial to achieving the desired resilience and transformation of the financial sector. The proposed approaches therefore focus on transparency and disclosure. The final report was published at the end of February 2021.

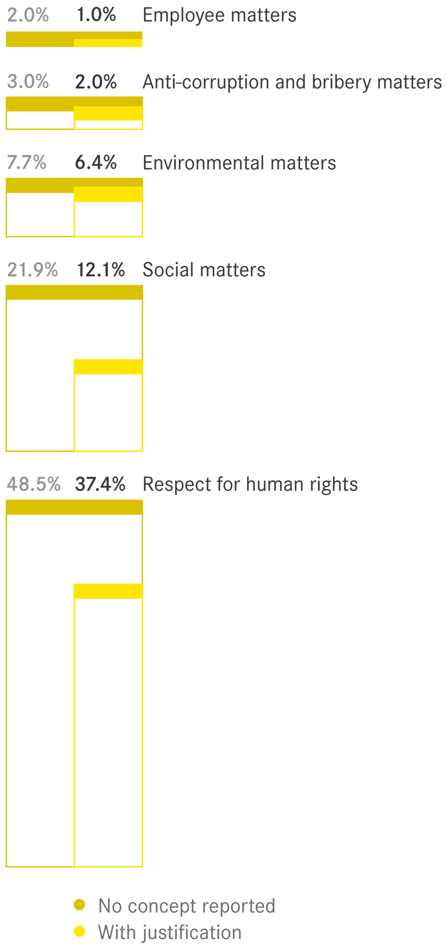
We issued a comment letter in response to the Interim Report. In our comments, we set out our core positions, which also shape the ASCG's European and international activities presented in the following sections:

- Deeper embedding of the discussion in the European and international context: Going forward, the further development of non-financial corporate reporting requirements should continue to be considered at a European level and in the context of the CSR Directive. The ASCG favours an international approach to the structuring and standardisation of non-financial corporate reporting, based on the IASB and IFRS model.
- Directly addressing the real economy: Transformative pathways to implementing sustainability targets should be primarily geared towards the real economy. Accordingly, the ASCG does not support the expansion of the established and proven understanding of the function of corporate reporting (information and accountability) to include a politically motivated steering aspect.

- Essential recourse to financial reporting expertise: Financial and non-financial issues are not unrelated; they are interconnected. Adequate account should be taken of this connectedness. It should not be misinterpreted in such a way that listed entities' established financial reporting under IFRSs is undermined by the argument for a sustainable financial strategy.
- Inclusion of statements on data quality and reliability: The report lacks a position on the auditability of non-financial information. The ASCG therefore recommended the inclusion of this central aspect of corporate reporting.

The commentary was followed by in-depth discussions with the Sustainable Finance Committee's 'Disclosure, Transparency and Impact' working group on the ASCG's recommendations, the history and structure of the European and national commercial law requirements regarding non-financial reporting, and the relevant requirements of GAS 20 *Group Management Report*.

Justification if no concept was reported (2017-2019)



EUROPEAN ACTIVITIES

European Commission Consultations

The European Green Deal is the European Commission's flagship project under President Ursula von der Leyen. The aim is for Europe to become the first climate neutral continent and to complete the structural transformation needed to make the EU's economy sustainable by 2050. The numerous initiatives and measures under the Green Deal include a Renewed Sustainable Finance Strategy and the review of the Accounting Directive with regard to the disclosure of non-financial information (CSR Directive).

Consultation on the Renewed Sustainable Finance Strategy

On 8 April 2020, the Commission published a consultation document building on its previous sustainable finance strategy. It sets out the Commission's plans for expanding on its earlier Action Plan on Financing Sustainable Growth. Among other things, the consultation document addresses and scrutinises elements of corporate reporting. The subjects raised include the development of a common, publicly accessible environmental database (or a European data space) for entities' ESG information, including the disclosures under the CSR Directive. The Commission has again asked for arguments as to why the existing financial reporting standards (particularly IFRSs) might prove to be a barrier to sustainable and long-term investments. Consequently, the focus of the sustainability debate has once again significantly shifted towards the arguments for and against IFRSs and the IAS Regulation.

For this reason, in our comment letter of 8 July 2020 we were highly critical of the rekindled debate on alleged inadequacies in IFRSs hampering sustainable investment. We pointed out to the Commission that not only its 'Fitness check on the EU framework for public reporting by companies' consultation in 2018, but also the surveys conducted by ESMA and EFRAG have already delivered clear responses to this question, which the Commission has repeatedly raised. We again stressed our view that transparency requirements, particularly regular corporate reporting, are an unsuitable means of achieving policy objectives. The framework in which all companies operate is primarily determined by policy measures, laws and other requirements relating to their conduct. In contrast, corporate reporting provides information on the activities performed within this framework and their internal and external impact.

Review of the CSR Directive

The Commission launched the review and revision of the EU non-financial reporting requirements in the Accounting Directive (CSR Directive) on 30 January 2020, with an Inception Impact Assessment. The related public consultation followed on 20 February 2020. The consultation document comprised 45 questions in eight areas: (1) quality and scope of non-financial information, (2) standardisation, (3) principle of materiality, (4) assurance, (5) digital transformation, (6) structure and location of non-financial information, (7) scope, and (8) simplification and reduction of administrative burdens for companies. We issued our comment letters on the impact assessment and the consultation on 26 February 2020 and 2 June 2020, respectively. In addition to responding to the questionnaire, we set out our main views and opinions on the development of non-financial reporting in a separate letter from the ASCG Administrative Board to the Commission. We again indicated the need for common global reporting standards and expressed our opposition to Europe acting alone. We also stressed the need for connectivity between financial and non-financial reporting and spoke in favour of an interconnected framework. We again emphatically cautioned against the softening of the IAS Regulation.

All of the comments submitted can be viewed on the Commission's website. In addition, the Commission has produced a summary report on the content of the comments received. This presents the key messages from the responses and shows, among other things, that the various stakeholder groups support the application of a common reporting standard, as well stricter audit requirements, the digital transformation of non-financial reporting, a requirement to disclose the materiality assessment process, and expansion of the scope to certain categories of companies. The Commission's proposed new non-financial reporting requirements have recently been published.

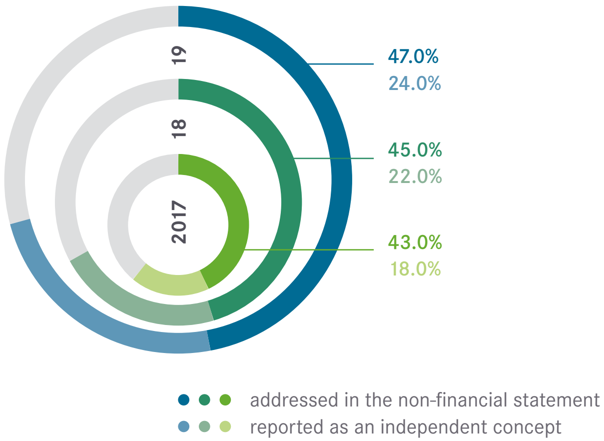
Level II Consultation on the Taxonomy and the Disclosure Regulation

In advance of the revision of the CSR Directive, the Taxonomy and Disclosure Regulations already contain new non-financial reporting obligations. The aim of the Taxonomy Regulation is to establish a common classification system for environmentally sustainable business activity. Following this regulation, specific requirements regarding the classification of a business activity as environmentally sustainable are currently being developed in the form of 'delegated acts'. Among other things, the classification criteria are relevant for compliance with future corporate reporting requirements under Article 8 of the Taxonomy Regulation. These requirements specify that entities required to report on CSR will have to disclose the share of revenue as well as the share of capital and operating expenditure (CapEx/OpEx) that is taxonomy-compliant. A related delegated act is also planned, which will explain the content and presentation of the reportable information, including methodology, in greater detail. The European Commission called on the European Supervisory Authorities (ESAs) for advice, and ESMA published its draft advice for consultation on 5 November 2020. A supplementary EIOPA consultation on Article 8 of the Regulation, relating to the specific information that insurers and reinsurers will be required to disclose in the future, opened on 30 November 2020. The Commission expects to issue the delegated act by 1 June 2021. The new reporting requirements will then apply from 1 January 2022.

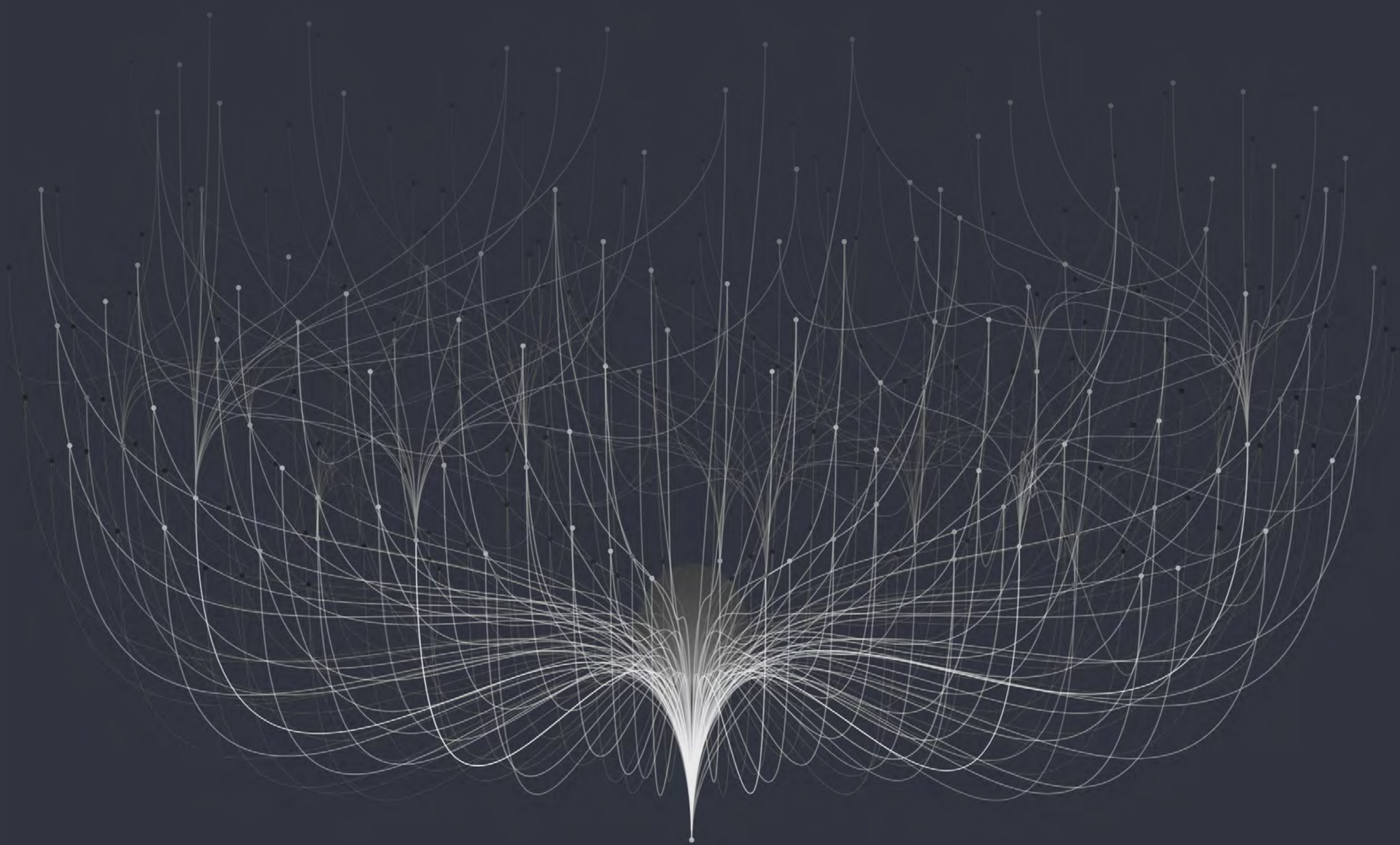
Although the scope of the Disclosure Regulation covers only financial market participants (particularly institutional investors and other financial intermediaries), it also has implications for non-financial corporate reporting. The requirement for banks, insurers, asset managers and occupational pension schemes to inform their clients and members of the sustainability impact of their investments means that the corresponding ESG information for the investments – and therefore information about the investees – must be available. This is clearly shown in the Draft Regulatory Technical Standard (RTS) on ESG disclosures published by the European Supervisory Authorities (the EBA, EIOPA and ESMA) on 23 April 2020. The RTS seeks to specify the disclosures to be made by financial market participants in the future with regard to the sustainability impact of their investments. To this end, the ESAs propose 32 non-financial key performance indicators (KPIs), which should form part of the adverse impact statement and should in most cases relate explicitly to the investments, namely the investee companies.

In our comments of 28 August 2020, we expressed our view that the non-financial KPIs proposed in the draft RTS, which are intended to provide information on sustainability impacts, are not underpinned by a conceptual framework. Firstly, we do not consider that the draft addresses the users of the information and their information needs. Secondly, the principle of materiality is negated in the proposed requirements. We were also critical of the general approach of the European Commission and the ESAs. The draft RTS results in transparency obligations for entities that do not fall directly within the scope of the Disclosure Regulation. This means that disclosure requirements for investees that were not the subject of discussions at level I are defined at level II. The content of the discussion on the future revision of the CSR Directive is thus pre-empted by the RTS. We have repeatedly raised the above-mentioned impacts of the Financial Market Regulation on corporate reporting during events and technical meetings.

Was data protection and data security reported on?



With a slight upward trend, just under half of the non-financial statements examined contain information on data protection and data security.



DEVELOPING A SINGLE LANGUAGE

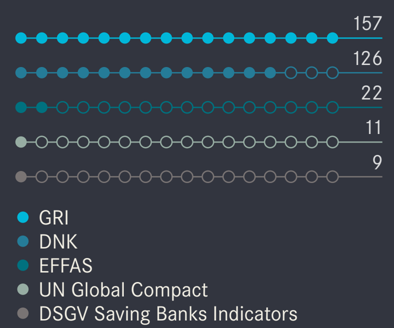
Comparability through global standardisation

72.7%

Companies that used one or more frameworks (2017-2019)

From a global perspective, there are wide discrepancies between the current standardisation frameworks for non-financial reporting. To ensure the quality and comparability of published information, there is an urgent need to develop a single global language and to consolidate the unmanageable number of standards, templates and frameworks. Across the board, the focus should be on leveraging existing expertise to the greatest extent possible.

Frequency of Top 5 Frameworks (2017-2019)



EFRAG Activities on EU Non-financial Reporting Standards

The European Corporate Reporting Lab @EFRAG (Reporting Lab) – of which our former Administrative Board member Albert Hasselmeyer is a member – was established in 2018 as part of the European Commission's action plan on financing sustainable growth. Through its activities, the Lab aims to improve non-financial corporate reporting and identify and promote best practices. The first project on the subject of 'Climate-related Reporting' was completed in February 2020. A further project on reporting of non-financial risks and opportunities and the linkage to the business model was launched in June 2020.

In light of the amendment of the non-financial reporting requirements in the EU Accounting Directive, in June 2020 the European Commission mandated EFRAG to undertake preparatory work on the standardisation of non-financial reporting in the EU. The mandate from the Commission included the development of recommendations on the scope, content, and structure of EU-specific reporting standards. To this end, the Reporting Lab set up a Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards, (PTF-NFRS). Alongside Dr Roman Sauer (Allianz SE) and Stefan Schnell (BASF SE), the ASCG is represented on the task force by two Administrative Board members. The work of the PTF-NFRS resulted in the publication of its first progress report in October 2020, as well as a joint, virtual outreach event with the ASCG, econsense and Global Compact, during which the different aspects of elaborating a potential CSR standard were discussed with some 200 German constituents. The members of a ten-strong panel, consisting of various stakeholder groups (eg Deutsches Aktieninstitut, Schmalenbach-Gesellschaft and econsense, among others) discussed the questions and comments submitted before and during the event.

In parallel with the European Commission's request to EFRAG, EFRAG Board President Jean-Paul Gauzès received an ad personam mandate from the Commission to present ideas on how EFRAG could be restructured if it were to be charged with elaborating non-financial reporting standards. He published his recommendations at the end of November and launched a consultation process, which we participated in. In the comment letter adopted by the ASCG Administrative Board, we expressed the need for the organisational structure to be enhanced. However, we were critical of full duplication. Firstly, in our view the urgently required linkage between the financial and non-financial reporting elements would not be strengthened if, in future, there were two boards with decision-making powers. Secondly, consideration should be given to the personnel and financial resources required.

We believe that more extensive stakeholder involvement is required to legitimise the work in the non-financial pillar than is the case for the financial pillar. However, this should not be used as a means of undermining EFRAG's structure and the powers of its committees and governing bodies. The involvement of stakeholders should therefore be assured primarily through consultations and advisory committees.

Ultimately, the ASCG Administrative Board stressed the importance of close alignment with global developments: there is no need to re-invent the wheel. Instead, the non-financial pillar should be linked to international products and processes. Duplicating the requirements would help no-one and at the same time lead to additional costs.

There will be several developments in this area in 2021. We will closely track and critically examine the Commission's draft revised Accounting Directive, as well as the fundamental and content-related decisions on the subject of EU standard-setting.

INTERNATIONAL ACTIVITIES

IFRS Foundation Consultation on Sustainability Reporting

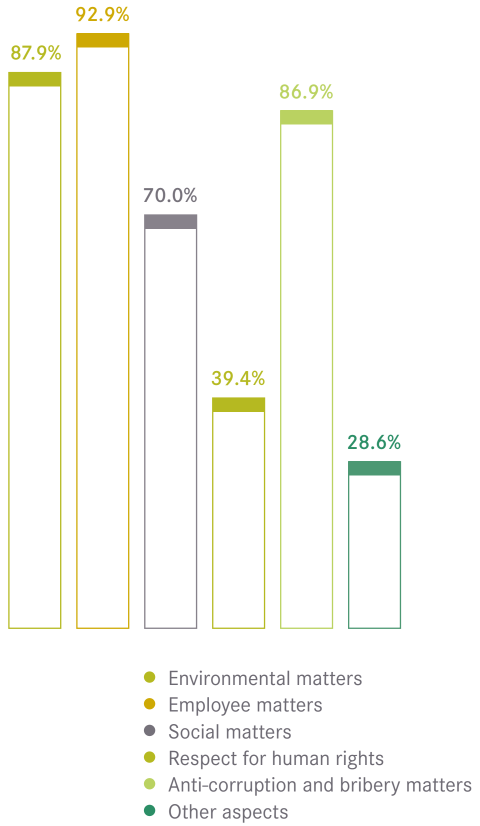
In light of the rapidly growing significance of sustainability reporting, the IFRS Foundation has now proactively contributed to the discussion on the standardisation of the content of non-financial reporting. On 30 September 2020, the Trustees published a consultation paper, in which they propose the establishment of a Sustainable Standards Board to operate alongside the IASB. Capital market participants, public bodies and multinational organisations have repeatedly called on the IFRS Foundation to become involved in this area. The purpose of the consultation is to determine whether there is broad-based support for the IFRS Foundation to take an active role.

The number of standardisation approaches in the area of non-financial reporting is too large to be able to provide users with comparable information for their respective decision-making processes. The IFRS Foundation's proposals therefore represent a valuable step towards the urgently needed consolidation of existing frameworks. It also offers jurisdictions such as the European Union the opportunity to build on a uniform international foundation, which it can supplement as it deems necessary.

We therefore support the active involvement of the IFRS Foundation in shaping non-financial reporting. Thanks to its globally recognised financial reporting standards, which are developed by an independent board, the IFRS Foundation already has proven standard-setting expertise. In the comment letter adopted by the ASCG Administrative Board on 29 December 2020, we welcome this move by the Trustees as the right step at the right time, since there appears to be an urgent need for consolidation of the unmanageable number of standards, forms and frameworks. However, we believe that a certain degree of pragmatism is required in the development phase. For example, it seems unrealistic to establish and resource a second specialist board with the same governance structures as the IASB in a short space of time. Specifically, the ASCG Administrative Board proposes the establishment of a council or committee as an interim step. Within this framework, the significant organisations in the sustainability reporting field can advise on the harmonisation of their standards. At a later date, this body can be converted into the proposed board, as was the case with the IASC's development into the IASB at the turn of the millennium.

In addition, the new body should produce a work programme, setting out the standard-setting objectives and how they are to be achieved. We consider this to be important in ensuring that constituents have clarity regarding what the deliverables are, the development milestones and the timeline over which they are to be reached. The focus should be on leveraging existing expertise to the greatest extent possible to achieve the desired consolidation – there is no need to re-invent the wheel.

On which aspects were results reported for at least one concept? (2017-2019)



Where concepts were reported, most non-financial reports also presented results.

COMMENT LETTERS AND OTHER PRONOUNCEMENTS

We issued the following comment letters and pronouncements in the field of non-financial reporting last year. The complete texts of these documents are available on our website at www.drsc.de/en.

Issue Date	Subject
I. Comment Letters to national Organisations	
30/04/2020	Sustainable Finance Committee of the German Federal Government: Zwischenbericht des Sustainable Finance-Beirats Die Bedeutung einer nachhaltigen Finanzwirtschaft für die große Transformation (Sustainable Finance Committee's Interim Report The Significance of Sustainable Finance to the Great Transformation)
II. Comment Letters to European Organisations	
26/02/2020	European Commission: Inception Impact Assessment on the Initiative ´Non-financial reporting by large companies (updated rules)´
02/04/2020	Accountancy Europe: Cogito paper: Interconnected Standard Setting for Corporate Reporting
02/06/2020	European Commission: Consultation Document on the Update of the Guidelines on Non-financial Reporting (Letter from the ASCG Administrative Board)
02/06/2020	European Commission: Consultation Document on the Update of the Guidelines on Non-financial Reporting (Questionnaire)
28/08/2020	European Supervisory Authorities (ESAs): Response form for the Joint Consultation Paper concerning ESG disclosures
III. Comment Letters to international Organisations	
29/12/2020	IFRS Foundation: Consultation Paper on Sustainability Reporting

III. Spotlight on Members

This section addresses the activities we performed exclusively for our members in 2020: the regular conference calls with Chief Accounting Officers (CAO Calls) and our preparer forums.

With regard to this type of cooperation, it is important to us that communication is multidirectional. We provide our members with information on issues relating to financial reporting. In return, we ask our members to actively express their views and give feedback on selected matters. Last but not least, we provide our members with an opportunity to discuss their experiences and questions with each other.

PREPARER FORUMS

The ASCG has been holding issue-specific discussion forums exclusively for our member companies and associations since 2015. The primary purpose of these preparer forums is to serve as a platform for both preparers and auditors to share experiences and ask questions about the implementation of new standards in Germany. Our aim is to add additional value for our members who fund and support our association. Although the focus is on preparers, all members of the ASCG are invited to attend and get involved.

The preparer forum for ESEF-based Electronic Financial Reporting, which was newly established in 2019, has also proved very popular. We held several of these forums in 2020 and report on the background and content of the discussions in further detail below. They provided our members with insights into current developments and served as a platform to discuss implementation questions. Due to the coronavirus-related restrictions, all preparer forums were conducted as telephone and video conferences.

We would like to thank our member companies and associations for their active participation and are already looking forward to our preparer forums in 2021.

Preparer Forum for ESEF-based Electronic Financial Reporting

Background, European legal framework of ESEF and its legislative implementation in Germany

With effect from 1 January 2020, all listed companies in the EU are required to prepare their annual financial reports in the European Single Electronic Format (ESEF) in accordance with Article 4(7) of the Transparency Directive (2004/109/EC), as amended by the Transparency Directive Amending Directive (2013/50/EC). The purpose of this requirement is to simplify (electronic) access to annual financial reports as a whole, as well as to enhance the analysis and comparability of the included consolidated financial statements by structuring them around a specified taxonomy.

Regulatory technical standards defining this electronic reporting format are provided in the Delegated Regulations (EU) 2019/815, (EU) 2019/2100 and (EU) 2020/1989 (ESEF Regulation). The ESEF is periodically updated to reflect the issuance of new or amendment of existing IFRS, changes to the XBRL specification, or other technical developments.

Numerous critical decisions regarding ESEF-based electronic financial reporting were made in 2020, both at EU level and by the German legislators. The following milestones are of particular note:

Firstly, in January 2020, the German federal government published the draft of an act to implement the amendments in Article 4(7) of the Transparency Directive (ESEF government draft), which included some significant changes compared with the earlier ministerial draft published in September 2019.

In June 2020, the German Parliament (Bundestag) approved the Act transposing the Transparency Directive Amending Directive with a view to a uniform electronic format for annual financial reports (ESEF Act). Following approval by the German Federal Council (Bundesrat) in July 2020, it was published in the Federal Gazette and entered into force on 19 August 2020.

The content of the Act primarily relates to the following amendments and additions to German commercial law for publicly traded companies:

- Publication of annual and consolidated financial statements, and management and group management reports in accordance with section 328 of the HGB prepared in the format specified by the ESEF Regulation, including tagging of the IFRS consolidated financial statements based on the ESEF taxonomy,
- Submission of the above-mentioned documents prepared in the electronic reporting format to the auditor,
- Audit of the submitted electronic reporting format by the auditor, including a separate audit opinion in the auditor's report, and
- Clarification that the electronic reporting format is also subject to the enforcement procedures under section 342b of the HGB.

In addition, the annual and consolidated financial statements, management and group management reports of the companies concerned must be complemented by written statements of compliance by the legal representatives (that the information presented gives a true and fair view). These statements are also required to be published in ESEF. The new format requirements apply for the first time to annual and consolidated financial statements, management and group management reports prepared for the financial year beginning after 31 December 2019.

In November 2020, the ESEF Regulation was amended by Delegated Regulation (EU) 2020/1989, which was issued by the European Commission and published in the Official Journal of the European Union on 18 December 2020. This update relates to the revision of the IFRS taxonomy, which was carried out by the IFRS Foundation in 2020. The Taxonomy Update 2020 applies for financial years beginning on or after 1 January 2021; earlier application is permitted for financial years beginning on or after 1 January 2020. The associated ESEF Taxonomy Files 2020 were also published by ESMA in December 2020.

Considering that the preparation of annual financial reports using the ESEF format will require additional personnel and financial resources, particularly in the first year, and the constraints on issuers' resources due to the coronavirus pandemic, it was decided at EU level to allow Member States to postpone application of the ESEF by one year (Member State option). The legislative transposition of that Member State option has in the meantime been completed through an amendment to the Transparency Directive (Regulation (EU) 2021/337, published in the Official Journal on 26 February 2021). To exercise that option, a Member State must notify the European Commission of its intention to allow such a postponement by 19 March 2021. At present, there are no indications that the Federal Republic of Germany will make use of this option offered to Member States.

We closely tracked and kept our members continuously informed of all of the above developments. Accordingly, in response to events we held a total of three preparer forums on ESEF-based electronic financial reporting in the course of the year. These gave our members an opportunity to inform themselves about the current status of ESEF implementation and discuss implementation and application questions with each other.

Second ASCG Preparer Forum for ESEF-based Electronic Financial Reporting

The second ASCG preparer forum for ESEF-based Electronic Financial Reporting was held on 18 March 2020 and saw more than 70 company representatives, auditors and associations come together to exchange their views and experiences. The discussions focused on members' assessment of the ESEF government draft. The issues discussed by participants included:

- Legislative implementation of the ESEF in Germany – government draft and way forward,
- Report from the iXBRL working group of XBRL Deutschland e.V.,
- ESEF technology and implementation.

The forum again clearly showed that the introduction of the ESEF reporting format represents a professional and technical challenge for the companies concerned and that interactions with the financial calendar could have a major impact if timing is disrupted.

Third ASCG Preparer Forum for ESEF-based Electronic Financial Reporting

The third preparer forum was held on 5 October 2020. This meeting was motivated by the adoption of the ESEF Act. Consequently, the main focus of the discussion was on the content of the legislative implementation of the ESEF. In addition, the participants obtained information about the content of a draft auditing standard published for comment by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany – IDW) in October 2020 (IDW EPS 410). This standard addresses the audit of the electronic copies of financial statements and management reports prepared for publication in the ESEF format. Some 60 participants discussed the following agenda items:

- Legislative implementation of the ESEF in Germany – overview and current developments,
- Implications for the statutory audit: an initial assessment,
- ESEF technology and implementation.

During the discussions, participants exchanged views on analysts' expectations and the anticipated impact of the ESEF reporting format on companies' capital market communications.

Fourth ASCG Preparer Forum for ESEF-based Electronic Financial Reporting

The fourth preparer forum for ESEF-based Electronic Financial Reporting was held on 7 December 2020 and had more than 70 participants. The discussion focused on specific questions and potential solutions in relation to the tagging of certain financial information in consolidated financial statements prepared under IFRSs. The issues discussed by participants included:

- Legislative implementation of the ESEF in Germany – current developments,
- Selected questions on mapping and anchoring,
- ESEF standards for filing with the German OAM.

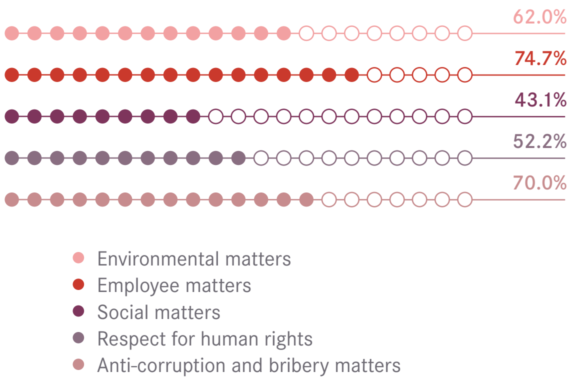
Moreover, this preparer forum was attended by representatives from the German OAM (Bundesanzeiger), who presented the technical requirements and processes for filing ESEF-based statements and were available to answer questions regarding submission to the Federal Gazette.

Outlook

Meetings of the preparer forum for ESEF-based Electronic Financial Reporting are also planned for 2021. Further meetings of the forum were already held in the first quarter of 2021. During these meetings, participants discussed the challenges posed by ESEF implementation in the current reporting season and exchanged their experiences so far in an open Q&A session.

One issue that still appears to be particularly relevant is that the European Commission interprets the ESEF not only as the reporting format, but also as the preparation format for elements of the annual financial report. This gives rise to a range of challenges in comparing implementation of the ESEF in the different Member States, which varies widely, for example in relation to company law and the subject matter of the statutory audit of financial statements. We will continue to track these activities closely.

For which aspects were non-financial risks reported? (2017-2019)



The focus of reporting was predominantly on risks arising from business activities and on the management of risks.

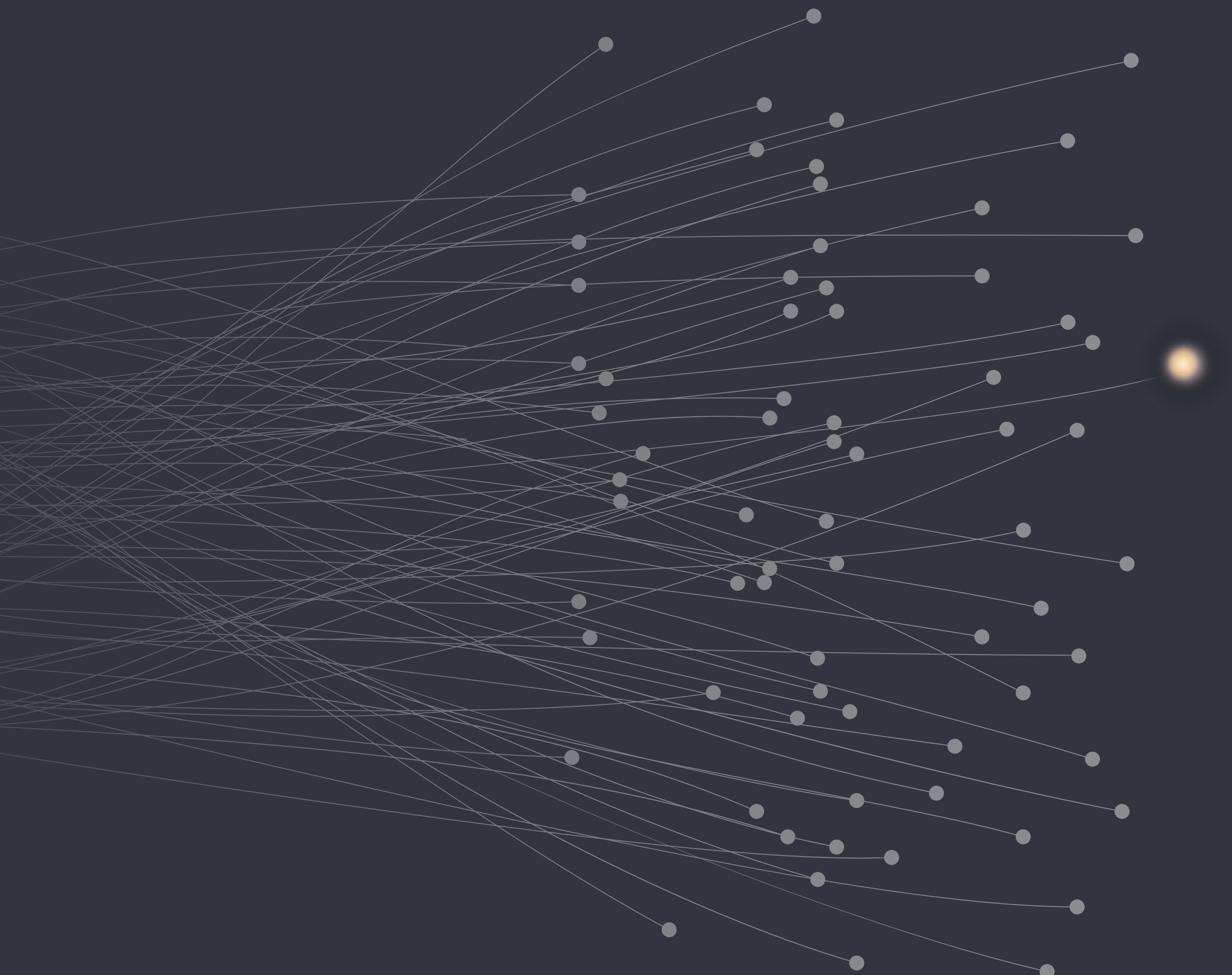
CAO CALLS

We also maintain a direct dialogue with our members by exchanging views with the Chief Accounting Officers (CAOs) of ASCG members that are listed companies. Given the diverse range of issues, discussions with these members take a special form: three to four times per year we hold conference calls (CAO Calls) to address carefully selected current themes.

Focal points in the past year included the EU's European Single Electronic Format (ESEF) initiative for annual financial reports and all of the developments related to non-financial reporting. We also presented and discussed our own standard-setting activities and the multiple EFRAG consultations. Lastly, we provided our regular overview of the relatively small-scale, but numerous standard-setting activities of the IASB.

The ASCG holds these conference calls in order to inform the companies in a condensed form primarily about issues that are current and require immediate action. Despite – or maybe because of – the flood of information from different directions, the intention is for these calls to provide a focused overview of the accounting and reporting issues currently under discussion that are relevant to listed companies as a target group. At the same time, the ASCG asks the companies to provide specific feedback on selected topics or questions. The feedback not only benefits the ASCG, but is also exchanged directly by the participants.

Participation by these companies has grown continuously. The regular and high level of attendance confirms the unquestionable popularity of this 'institution' and the great success of the conference call format. We would like to expressly thank all involved for their interest and urge them to keep on providing us with feedback and opinions – for everyone's benefit.



Publicity traded entities Banks Insurance undertakings > 500 employees	Large undertakings

Current scope of the CSR Directive
(around 500 companies in Germany)

DEFINING AREAS FOR ACTION

For a carefully considered European regulatory regime

Banks Insurance undertakings > 500 employees	Large undertakings

ASCG recommendation in the event of a desired extension of the scope of the CSR Directive (around 8,000 companies in Germany)

We are strongly opposed to Europe acting alone to standardise non-financial reporting, which would make no sense from a macroeconomic perspective. The benefit of a unilateral European solution is questionable and the risk of entities based in Europe suffering competitive disadvantages too high. Any potential transparency obligations should be carefully considered with regard to their suitability for corporate reporting. Rather than developing the reporting standards themselves, the European regulatory approach should focus on defining the scope of the standards and ensuring the quality of entities' non-financial reporting.

IV. Financial Information

FINANCING

The ASCG funds its activities entirely from its membership fees and from royalties, publications and other income. The ASCG may only use income generated by its activities for the purposes Stipulated in its Articles of Association. In this respect, generating a profit is not the primary objective of the Association. Rather, it acts in a non-profit capacity and fulfils its objectives as a professional association for its members. Although it acts in the general economic interest, the ASCG does not receive any public funding for exercising its functions.

In accordance with Article 5 of the Articles of Association, the level of annual membership fees is determined by the General Assembly. The annual membership fees stipulated in the current schedule of fees dated 2 July 2015 are as follows:

Annual Membership Fees	EUR
Companies (depending on whether and how listed)	10 000 – 50 000
Audit firms (depending on total audit revenue)	10 000 – 50 000
Associations	ab 20 000
Natural persons	1 000

ANNUAL FINANCIAL STATEMENTS

Balance Sheet as at 31 December 2020

ASSETS (EUR thou.)	**31/12/2020**	**31/12/2019**
A. Fixed Assets		
I. Intangible Assets	8	27
II. Tangible Fixed Assets	18	21
	26	48
B. Current Assets		
I. Receivables and Other Assets	78	2
II. Cash, Bank Balances and Cheques	2 105	2 090
	2 183	2 092
C. Prepaid Expenses	2	5
Total Assets	**2 211**	**2 145**

EQUITY AND LIABILITIES (EUR thou.)	**31/12/2020**	**31/12/2019**
A. Equity		
I. Retained Profits Brought Forward	1 930	1 842
II. Net Income for the Financial Year	12	89
	1 942	1 931
B. Provisions		
Other Provisions	227	168
	227	168
C. Liabilities		
I. Trade Payables	2	10
II. Other Liabilities	40	36
	42	46
Total Equity and Liabilities	**2 211**	**2 145**

ANNUAL FINANCIAL STATEMENTS

Income Statement for the Year Ended 31 December 2020

(EUR thou.)	2020	2019
1. Membership Fees	2 204	2 232
2. Other Income	130	87
3. Personnel Expenses	- 1 483	- 1 331
4. Depreciation and Amortisation Expenses	- 30	- 29
5. Other Expenses	- 459	- 520
6. Contributions to EFRAG	- 350	- 350
7. Collected Contributions to the IFRS Foundation	671	782
8. Transferred Contributions to the IFRS Foundation	- 671	- 782
Net Income for the Financial Year	**12**	**89**

INDEPENDENT AUDITOR'S REPORT

To the Accounting Standards Committee of Germany, Berlin:

Opinion

We have audited the annual financial statements of the Accounting Standards Committee of Germany – comprising the balance sheet as of 31 December 2020 and the income statement for the financial year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to all merchants.

Pursuant to section 322(3) sentence 1 of the *Handelsgesetzbuch* (HGB – German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for Opinion

We conducted our audit of the annual financial statements in accordance with section 317 of the HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements' section of our auditor's report. We are independent of the Association in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Responsibilities of Management for the Annual Financial Statements

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to all merchants. In addition, management is responsible for such internal control as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Association's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters relating to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict with this.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems for the Association.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to be able to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 5 February 2021

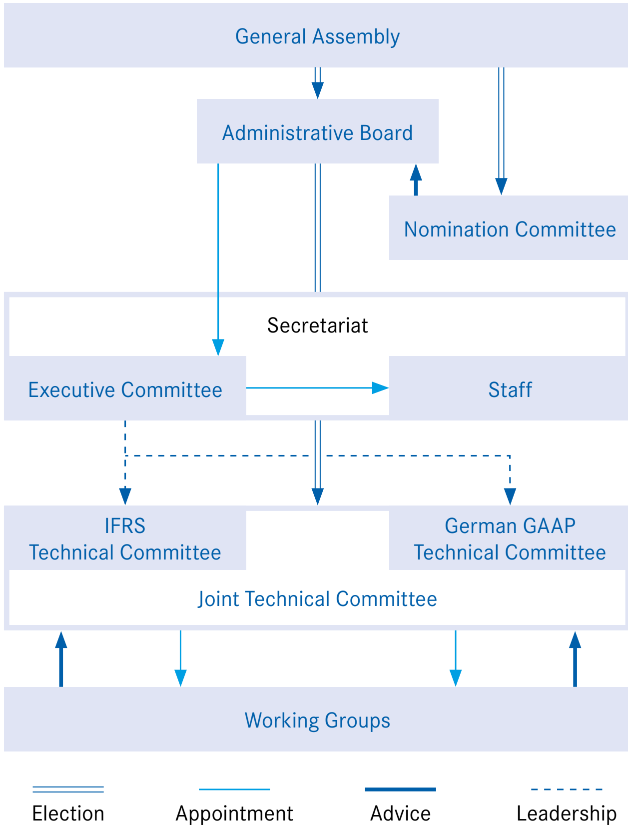
FGS Revisions- und Treuhandgesellschaft mbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Hoppen
Wirtschaftsprüfer (German public auditor)

Jachtner
Wirtschaftsprüfer (German public auditor)

V. Governing Bodies and Standing Committees

In accordance with the current Articles of Association dated 2 July 2018, the ASCG has the following governing bodies and standing committees that control and shape the work of the Association.



GENERAL ASSEMBLY

The General Assembly meets annually. Among other things, it elects, dismisses and approves the actions of the members of the Administrative Board and the Nomination Committee. It is also responsible for determining the amount of the annual fee, the business plan, adopting the annual financial statements and amending the Articles of Association.

As the membership structure is designed to represent the different interests of the parties involved in accounting and financial reporting in the general economic interest, each member is allocated to one of the following segments:

- publicly traded industrial entities and associations (segment 'A')
- non-publicly traded industrial entities and associations (segment 'B')
- banks and associations (segment 'C')
- insurance undertakings and associations (segment 'D')
- the accounting and auditing profession and associations (segment 'E').

ASCG Members

Companies and Associations

Aareal Bank AG
adidas AG *(since 12 January 2021)*
Allianz SE
Altana AG
AMANA treuhand WP- und StBG mbH
BASF SE
Bayer AG
BMW - Bayerische Motoren Werke AG
BDO AG
Bertelsmann SE & Co. KGaA *(until 31 December 2020)*
Bundesverband der Deutschen Industrie e.V. (BDI)
Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR)
Bundesverband Deutscher Banken e.V.
Bundesverband Öffentlicher Banken Deutschlands, VÖB, e.V.
Commerzbank AG
Continental AG
Covestro AG
Daimler AG
DB Privat- und Firmenkundenbank AG *(until 31 December 2020)*
Deloitte GmbH
Deutsche Bahn AG
Deutsche Bank AG
Deutsche Lufthansa AG *(until 31 December 2020)*
Deutsche Post AG
Deutsche Telekom AG
Deutscher Sparkassen- und Giroverband e.V.
DGRV - Deutscher Genossenschafts- und Raiffeisenverband e.V.
Dr. August Oetker KG
Drägerwerk AG & Co. KGaA
E.ON SE
Ebner Stolz GmbH & Co. KG
EnBW Energie Baden-Württemberg AG
Ernst & Young GmbH
Evonik Industries AG
FAS AG *(since 1 February 2021)*
Firesys GmbH *(since 1 April 2020)*
Franz Haniel & Cie. GmbH *(until 31 December 2020)*
Fresenius Medical Care AG & Co. KGaA
Fresenius SE & Co. KGaA
Freudenberg & Co. KG
Generali Deutschland AG
Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV)
Henkel AG & Co. KGaA
Hornbach Holding AG & Co. KGaA
Infineon Technologies AG
Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)
K+S AG
Klöckner & Co SE
KPMG AG
LANXESS AG
Linde AG *(until 31 December 2020)*
MAN SE
Mazars GmbH & Co. KG
Merck KGaA
Metro AG
MTU Aero Engines AG
Münchener Rückversicherungs-Gesellschaft AG
Nordex SE
OSRAM Licht AG
Otto GmbH & Co. KG
PKF Deutschland GmbH
PricewaterhouseCoopers GmbH
ProSiebenSat.1 Media SE
Robert Bosch GmbH
Rödl & Partner GmbH
RWE AG
SAP SE
Schwarz Dienstleistung KG
Siemens AG
Südzucker AG
Talanx AG
thyssenkrupp AG
Vereinigung zur Mitwirkung an der Entwicklung des Bilanzrechts für Familiengesellschaften e.V. (VMEBF)
Volkswagen AG
Vonovia SE
Warth & Klein Grant Thornton AG
Wirtschaftsprüferkammer Körperschaft des öffentlichen Rechts
ZF Friedrichshafen AG

Individuals

Prof. Dr Edgar Löw
Hans-Christoph Seewald *(until 31 December 2020)*

ADMINISTRATIVE BOARD

The Administrative Board has 20 members who are elected by the General Assembly for a three-year term of office. The Administrative Board defines the principles and guidelines for the work of the association, and in particular of the technical committees and the Executive Committee, taking the general economic interest into account. It elects the members of the technical committees and appoints, advises and supervises the Executive Committee. The term of office of the current members of the Administrative Board expires on 13 July 2023.

Chair

Prof. Dr Ralf P. Thomas *(until 13 July 2020)*
Member of the Executive Board, Siemens AG

Dr Nicolas Peter *(since 14 July 2020)*
Member of the Executive Board,
BMW - Bayerische Motoren Werke AG

Deputy Chair

Prof. Dr Dieter Truxius
Managing Partner, ACCOBIS GmbH & Co. KG

Treasurer

Prof. Dr Norbert Winkeljohann (WP, StB) *(until 31 July 2020)*
Private Practice

Christian Sailer (WP) *(since 14 July 2020)*
Member of the Executive Board, KPMG AG

Members

Prof. Dr Stefan Asenkerschbaumer *(bis 13. Juli 2020)*
Member of the Executive Board, Robert Bosch GmbH

Georg Baur *(since 14 July 2020)*
Member of the Executive Board, Bundesverband Öffentlicher Banken Deutschlands e.V.

Klaus Eckmann (WP, StB)
Member of the Executive Board, BDO AG

Dr Bernhard Günther *(until 13 July 2020)*
Member of the Executive Board, innogy SE

Paul Hagen *(until 13 July 2020)*
Member of the Supervisory Board, HSBC Trinkaus & Burkhardt AG

Albert Hasselmeyer *(until 13 July 2020)*
Private Practice

Marc Oliver Heß *(since 14 July 2020)*
Member of the Executive Board, Aareal Bank AG

Gerhard P. Hofmann *(since 14 July 2020)*
Member of the Executive Board, BVR Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V.

Dr Christoph Hütten *(until 13 July 2020)*
Chief Accounting Officer, SAP SE

Carsten Knobel *(until 13 July 2020)*
Member of the Executive Board, Henkel AG & Co. KGaA

Robert Köthner
Vice President, Chief Accounting Officer, Daimler AG

Simone Menne *(until 13 July 2020)*
Private Practice

Prof. Dr Klaus-Peter Naumann (WP, StB)
Spokesman of the Executive Board, Institute of Public Auditors in Germany

Dr Christian Ossig *(until 13 July 2020)*
Member of the Executive Board, Association of German Banks

Dr Eckhard Ott (RA, WP, StB)
Chief Executive Officer, German Cooperative and Raiffeisen Confederation (DGRV)

Andreas Roeper
Vice President Corporate Controlling, Uniper SE

Dr Roman Sauer
Head of Group Accounting & Reporting, Allianz SE

Dr Karl-Peter Schackmann-Fallis *(until 13 July 2020)*
Executive Member of the Board,
German Savings Banks Association

Dr Jochen Schmitz *(since 14 July 2020)*
Chief Financial Officer, Siemens Healthineers AG

Dr Sven Schneider *(since 14 July 2020)*
Member of the Executive Board, Infineon Technologies AG

Stefan Schnell *(since 14 July 2020)*
Senior Vice President, BASF SE

Dr Christopher Sessar *(since 14 July 2020)*
Senior Vice President, SAP SE

Marco Swoboda *(since 14 July 2020)*
Member of the Executive Board, Henkel AG & Co. KGaA

Götz Treber
Head of Financial Regulation, Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV)

Dr Jürgen Wagner *(since 14 July 2020)*
Head of Accounting, Reporting and Controlling, Siemens AG

Ute Wolf
Member of the Executive Board, Evonik Industries AG

NOMINATION COMMITTEE

The Nomination Committee comprises seven members who are elected by the General Assembly for a three-year term of office. The Nomination Committee submits proposals to the Administrative Board for the election of the members of the Executive Committee and the technical committees. The term of office of the current members of the Nomination Committee expires on 13 July 2023.

Chair

Dr Thomas Wittig
Head of BMW Group Financial Services,
BMW - Bayerische Motoren Werke AG

Deputy Chair

Peter Krieg *(until 13 July 2020)*
Private Practice

Rolf Friedhofen (WP, StB)
Private Practice

Members

Santokh Advani *(since 14 July 2020)*
Head of Tax Accounting, Marquard & Bahls AG

Prof. Dr Hans-Joachim Böcking
Chair of Business Administration, Auditing and Corporate Governance, Goethe University Frankfurt a. M.

Prof. Dr Bernhard Pellens
Chair of International Accounting, Ruhr University Bochum

Dr Wolfgang Russ (WP, StB) *(until 13 July 2020)*
Partner, Ebner Stolz Mönning Bachem GmbH & Co. KG

Hans-Jürgen Säglitz
Head of Accounting Department, German Insurance Association GDV

Gerhard Ziegler (WP, StB) *(since 14 July 2020)*
President, Wirtschaftsprüferkammer
Chamber of Public Accountants

EXECUTIVE COMMITTEE

The Executive Committee comprises the President. The Administrative Board may also appoint a Vice-President. The members of the Executive Committee are elected by the Administrative Board for three years at the proposal of the Nomination Committee. They may be re-elected. The Executive Committee manages the business of the association, represents the association and the technical committees and their work externally, and is the legal representative of the association in accordance with section 26 of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code).

At the proposal of the Executive Committee, the Administrative Board may also appoint an Executive Director, who is a special representative in accordance with section 30 of the BGB. An Executive Director shall be appointed if the Executive Committee consists only of the President.

President

Prof. Dr Andreas Barckow
(until 28 February 2021)

Georg Lanfermann (WP, StB)
(since 1 March 2021,
term expires 29 February 2024)

Executive Director / Vice-President

Prof. Dr Sven Morich (WP, StB)
(Executive Director until 31 March 2021,
Vice-President since 1 April 2021,
term expires 31 March 2024)

TECHNICAL COMMITTEES

The ASCG's technical work is handled mainly by the technical committees – the IFRS Technical Committee, the German GAAP Technical Committee and the Joint Technical Committee. The members of the technical committees are elected by the Administrative Board for a three- to five-year term of office at the proposal of the Nomination Committee. They conduct their unpaid activities independently in line with the principles and guidelines laid down by the Administrative Board.

The IFRS Technical Committee and the German GAAP Technical Committee are each composed of seven members with particular specialist expertise and experience in the field of accounting and financial reporting. The Joint Technical Committee consists of the members of both technical committees. In exceptional cases, and taking into account the responsibilities of each technical committee, it is responsible for corporate reporting issues that apply equally to and are relevant for both publicly traded and non-publicly traded companies.

IFRS Technical Committee

Jens Berger
Category: Auditor
Head of the IFRS Centre of Excellence, Deloitte GmbH
(term expires 30 November 2024)

Dr Marco Ebel
Category: Prepare
Head Accounting & Controlling Policies, Siemens AG
(since 15 July 2020, term expires 30 November 2025)

Prof. Dr Corinna Ewelt-Knauer
Category: Academic
Chair of Financial Accounting, Justus-Liebig University of Gießen
(since 1 December 2020, term expires 30 November 2025)

Prof. Dr Sven Hayn (WP, CPA)
Category: Auditor
Assurance Partner, Ernst & Young GmbH
(term expires 30 November 2023)

Prof. Dr Hans-Jürgen Kirsch
Category: Academic
Institute of Accounting and Auditing, University of Münster
(until 30 November 2020)

Andreas Thiele
Category: Preparer
Head of Accounting Policy Department, Allianz SE
(term expires 30 November 2022)

Dr Jörg Wallbaum
Category: Preparer
Chief Accounting Officer, Uniper SE
(until 30 June 2020)

Dr Christoph Weber
Category: Preparer
Head of Group Accounting Policies, Helaba Landesbank Hessen-Thüringen
(term expires 30 November 2021)

Dr Stefan Wich
Category: Preparer
Head of Group Accounting Standards, Merck KGaA
(term expires 30 November 2021)

German GAAP Technical Committee

Dr Stephan Brandt
Category: Preparer
Head of Finance and Controlling,
Investitionsbank Berlin
(term expires 30 November 2021)

Prof. Dr Bernd Grottel (WP, StB)
Category: Auditor
Member of the Executive Board, KPMG AG
(term expires 30 November 2021)

Cedric von Osterroht (StB)
Category: Preparer
Head of Accounting Division,
EDEKA Minden-Hannover Zentralverwaltungs-gesellschaft mbH
(term expires 30 November 2023)

Prof. Dr Brigitte Eierle
Category: Academic
Chair of International Accounting and Auditing,
Otto-Friedrich-University Bamberg
(term expires 30 November 2024)

Dr Bernd Keller (WP, StB)
Category: Auditor
Partner, Rödl & Partner GmbH
(until 30 November 2020)

Birgit Weisschuh (WP, CPA)
Category: Auditor
Ebner Stolz GmbH & Co. KG
(since 1 December 2020,
term expires 30 November 2025)

Prof. Dr Christian Fink
Category: Academic
Chair of Accounting and Controlling,
RheinMain University of Applied Sciences
(term expires 30 November 2021)

Claudia Nikolic (StB)
Category: Preparer
Authorised Signatory, Group Accounting,
Bayerische Beamten Lebensversicherung a. G.
(term expires 30 November 2023)

STAFF

The ASCG's staff are highly qualified specialists with backgrounds in industry, research and teaching. They provide technical support to both the IFRS Technical Committee and the German GAAP Technical Committee, and to the German members of international bodies.

Technical Directors

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WORKING GROUPS

For major projects, the technical committees establish working groups to provide technical support, consisting primarily of preparers, auditors and academics. The working groups in the past year are shown below.

Financial Instruments

Prof. Dr Martin Glaum (Chair)	WHU – Otto Beisheim School of Management Vallendar
Dr Alexander Bantz	BASF SE
Mario Bremenkamp	Covestro Deutschland AG
Lothar Demant	Evonik Industries AG
Peter Flick	PricewaterhouseCoopers GmbH
Mattis Hagemann	KfW Bankengruppe
Dr Patrick Kehm	Commerzbank AG
Andreas Klaus	Deutsche Bank AG
Katrin Krüger	RWE AG
Alexander Thyroff	R+V Lebensversicherung AG
Dr Christoph Weber *(IFRS Technical Committee Liaison Member)*	Landesbank Hessen-Thüringen
Dr Jan-Velten Große	ASCG

Consolidation

Prof. Dr Bernd Stibi (Chair)	Institute of Public Auditors in Germany (IDW)
Michael Deubert	PricewaterhouseCoopers GmbH
Dr Christian Gaber	IKB Deutsche Industriebank AG
Henrik Müller	ALDI Einkauf GmbH & Co. oHG
Prof. Dr Thomas Senger	Warth & Klein Grant Thornton AG
Dr Ahmad Sultana	Ernst & Young GmbH
Peter Zimniok	ASCG

Group Management Report

Prof. Dr Peter Kajüter (Vorsitzender)	University of Münster
Martin Bolten	NRW.BANK
Antje Böttcher	Versicherungskammer Bayern
Werner Ellmauer	BMW AG
Dr Volker Kaminski	Herrenknecht AG
Nicole Richter	Ernst & Young GmbH
Kerstin Schlesiger	Bayer AG
Prof. Dr Christian Fink *(betreuendes Mitglied des HGB-FA)*	RheinMain University of Applied Sciences
Dr Thomas Schmotz	ASCG

Remuneration of Members of Governing Bodies

Prof. Dr Nils Crasselt (Vorsitzender)	University of Wuppertal
Dr Stefan Bischof	Ernst & Young GmbH
Martin Bolten	NRW.BANK
Rainer Gebele	KPMG AG
Marc Muntermann	Siemens AG
PD Dr Moritz Pöschke	University of Freiburg
Dirk Rimmelspacher	PricewaterhouseCoopers GmbH
Regine Siepmann *(seit Januar 2020)*	hkp Deutschland GmbH
Dr Thomas Schmotz	ASCG

Pensions

Dr Friedemann Lucius (Chair)	HEUBECK AG
Dr Alexander Büchel	Genossenschaftsverband Bayern e.V.
Larsen Dietz	Bayer AG
Dr Peter Feige	PricewaterhouseCoopers GmbH
Dr André Geilenkothen	Aon Hewitt GmbH
Thomas Hagemann	Mercer Deutschland GmbH
Alexandra Speigel	Daimler AG
Harald Stuhlmann	Continental Automotive GmbH
Dr Knut Tonne	KPMG AG
Kristina Schwedler	ASCG

Rate-regulated Activities

Markus Lotz (Chair)	50Hertz Transmission GmbH
Olaf Boelsems	Ernst & Young GmbH
Christiane Heveling	DB Mobility Logistics AG
Dr Britta Leippe	RWE AG
Gerd Lützeler	Private Practice
Sonja Michalski	Deutsche Telekom AG
Ralph Welter	PricewaterhouseCoopers GmbH
Prof. Dr Henning Zülch	HHL Leipzig Graduate School of Management
Olga Bultmann	ASCG

Insurance

Dr Roman Sauer (Chair)	Allianz SE
Ingo Bauer	R+V Versicherung AG
Olaf Brock	Hannover Rück SE
Dr Roland Feldhoff	Generali Deutschland AG
Adrian Geisel *(since February 2020)*	Deloitte GmbH
Dr Adam Gieralka *(since January 2021)*	Gesamtverband der Deutschen Versicherungs-wirtschaft e.V. (GDV)
Dr Markus Horstkötter	Ernst & Young GmbH
Matthias Kling *(since October 2020)*	Wüstenrot & Württembergische AG
Dr Joachim Kölschbach	KPMG AG
Florian Möller *(since August 2020)*	PricewaterhouseCoopers GmbH
Alexandra Postert *(since January 2020)*	AXA Konzern AG
Werner Rockel	Münchener Rückversicherungs-Gesellschaft AG
Matthias Schell *(until October 2020)*	Wüstenrot & Württembergische AG
Julia Unkel *(until August 2020)*	PricewaterhouseCoopers GmbH
Thomas Volkmer	BDO AG
Prof. Dr Fred Wagner	University of Leipzig
Matthias Zeitler *(until January 2020)*	Deloitte GmbH
Dr Carsten Zielke	Zielke Research Consult GmbH
Andreas Thiele *(IFRS Technical Committee Liaison Member)*	Allianz SE
Dr Jan-Velten Große	ASCG

ABBREVIATIONS

AG	Aktiengesellschaft (German stock corporation)
AIC	Accounting Interpretations Committee
ASAF	Accounting Standards Advisory Forum
ASCG	Accounting Standards Committee of Germany
BGB	Bürgerliches Gesetzbuch (German Civil Code)
BMJV	Bundesministerium der Justiz und für Verbraucherschutz (Federal Ministry of Justice and Consumer Protection)
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DCL	Draft comment letter
D-GAS	Draft German Accounting Standard
DNK	Deutscher Nachhaltigkeitskodex (German Sustainability Code)
DP	Discussion Paper
Dr	Doctor
DSGV	Deutscher Sparkassen- und Giroverband (German Savings Banks Association)
EBA	European Banking Authority
ED	Exposure Draft
EFFAS	European Federation of Financial Analysts Societies
EFRAG	European Financial Reporting Advisory Group
EIOPA	European Insurance and Occupational Pensions Authority
ESAs	European Supervisory Authorities
ESEF	European Single Electronic Format
ESG	Environment, Social and Corporate Governance
ESMA	European Securities and Markets Authority
EU	European Union
e.V.	Eingetragener Verein (German registered association)
GAAP	Generally Accepted Accounting Principles
GAAS(s)	German Amendment Accounting Standard(s)
GAS(s)	German Accounting Standard(s)
GmbH	Gesellschaft mit beschränkter Haftung (German limited liability company)
GRI	Global Reporting Initiative
HGB	Handelsgesetzbuch (German Commercial Code)
IAS(s)	International Accounting Standard(s)
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany)
IBOR	Interbank Offered Rates
IFASS	International Forum of Accounting Standard Setters
IFRS(s)	International Financial Reporting Standard(s)
IG	Implementation Guidance
IOSCO	International Organization of Securities Commissions
KG	Kommanditgesellschaft (German limited partnership)
KGaA	Kommanditgesellschaft auf Aktien (German partnership limited by shares)
OAM	Officially Appointed Mechanism
Prof.	Professor
PublG	Publizitätsgesetz (German Disclosure Act)
SE	Societas Europaea (European company)
StB	Steuerberater (Tax adviser)
TEG	Technical Experts Group
WP	Wirtschaftsprüfer (German public auditor)
WSS	World Standard Setters
XBRL	eXtensible Business Reporting Language

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