



DISCUSSING IN PERSON, IN PUBLIC.
CONSOLIDATING CHANGE.

Annual Report 2022
Accounting Standards
Committee of Germany





DISCUSSING IN PERSON, IN PUBLIC. CONSOLIDATING CHANGE.

After several years of limited personal interaction, it was particularly important for the ASCG last year to again step up its collaborative dialogue with the broader public, above all with new content, and not only digitally, but also now in person. Following the structural reform in 2021 and the associated expansion of the ASCG's remit, the number of stakeholders has also grown. This has greatly increased both our public presence and the need for discussion.

In the spirit of these developments, the ASCG employed a variety of communication channels in 2022 in order to gather as many views and experiences as possible and to allow them to flow into the standardisation process. This is because only collaborative discussions ultimately produce an outcome that provides all stakeholders with a broader view of the topic: progress in corporate reporting.

The ASCG as a platform for exchange – we have taken this motif as the basis for developing the design and content of our annual report. We are referring to both time-tested and new formats and events. The interview with Sustainability Reporting Technical Committee member Prof. Dr Kerstin Lopatta and ASCG President Georg Lanfermann about the ASCG's activities relating to EFRAG's work on the first set of draft standards provides a vibrant introduction to the topic. The ASCG cannot perform its functions without the active involvement of its stakeholders. We would therefore like to express our gratitude for the commitment of all those who contribute to comment letters and attend conferences, preparer forums and public discussions, or who participate actively in the governance bodies, technical committees and working groups. The ASCG will continue to concentrate on this exchange of views in the future. We are looking forward to lively debates with you!

CONTENT

Interview	04	I. Financial Reporting	16	V. Financial Information	66
Forewords	07	Standard-setting and other projects of the ASCG	16	Financing	66
Chairman of the Administrative Board	07	Effective GASs, ASCG Interpretations and ASCG Implementation Guidance	20	Annual Financial Statements	67
Executive Committee Executive Committee	10	Collaboration with EFRAG	23	Independent Auditor's Report	69
		Cooperation with the IFRS Foundation	26	VI. Governing Bodies and Standing Committees	71
		Collaboration with other Standard-setters	35	General Assembly	71
		Comment Letters and other Pronouncements	37	Administrative Board	73
		II. Sustainability Reporting	39	Nomination Committee	74
		Cooperation with National Institutions	40	Executive Committee	75
		Cooperation with European Institutions	42	Technical Committees	75
		Cooperation with International Institutions	50	Staff	79
		Comment Letters and other Pronouncements	53	Working Groups	80
		III. Overarching Corporate Reporting Issues	55	Abbreviations	83
		Cooperation with European and National Institutions	55	Contact Information	84
		Comment Letters and other Pronouncements	58	Liability/Copyright	84
		IV. Spotlight on Members	60		
		Preparer Forums	60		
		CAO Calls	64		

DISCUSSING IN PERSON, IN PUBLIC. CONSOLIDATING CHANGE.

Collaborative, focused
and practicable.

INTERVIEW WITH SUSTAINABILITY REPORTING TECHNICAL COMMITTEE MEMBER
PROF. DR KERSTIN LOPATTA AND ASCG PRESIDENT GEORG LANFERMANN



PROF. DR KERSTIN LOPATTA

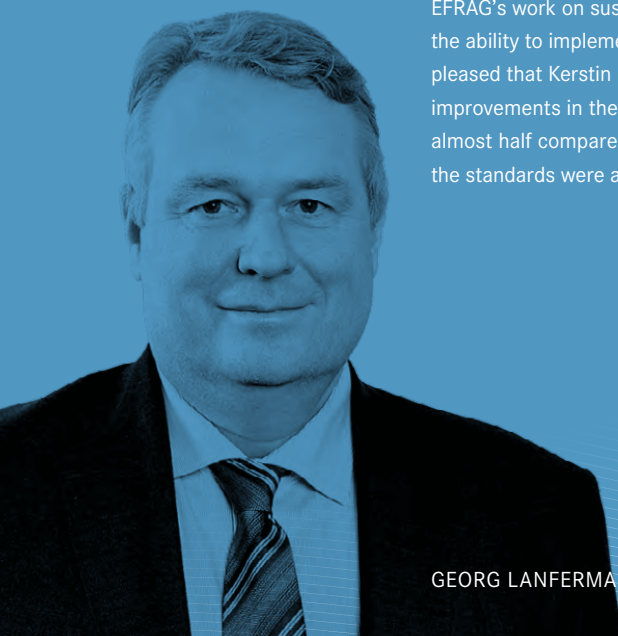
PROF. LOPATTA, YOU WERE ACTING CHAIR OF THE EFRAG SR BOARD FROM JUNE TO NOVEMBER 2022. IN THIS ROLE, YOU WERE INSTRUMENTAL IN SHAPING THE WORK ON THE FIRST SET OF THE DRAFT ESRS. WHAT WERE THE MAIN ASPECTS OF YOUR WORK?

►► KERSTIN LOPATTA: The consultation on the Draft ESRS published in spring 2022 revealed that the reporting requirements proposed in these drafts were too extensive. In addition, the European Commission asked me to make cuts. As well as the cuts, the main changes were a shift away from rebuttable presumption and towards materiality analysis, alignment with the TCFD structure and coordination with the ISSB and the European Commission. Those were the main priorities of my work.

HOW WOULD YOU DESCRIBE YOUR INTERACTION WITH THE ISSB? WHAT WERE THE PARTICULAR CHALLENGES IN LIGHT OF THE PARALLEL SCOPE OF THE WORK?

►► KERSTIN LOPATTA: My contact with the ISSB was largely at a personal level with ISSB Deputy Chair Sue Lloyd and Chair Emmanuel Faber, and was always very goal-driven and hence very rewarding. The interaction involved harmonisation between IFRS S1 and ESRS 1 and ESRS 2, and between IFRS S2 and ESRS E1. The challenge lay in the different timetables and deadlines. The harmonisation work has not yet been completed, and we are still working on individual questions of detail. This dialogue would probably not have been necessary to such a degree if the scheduling and deadlines of the two standard-setters had been coordinated from the outset.





GEORG LANFERMANN

MR LANFERMANN, YOU WERE VERY CLOSELY INVOLVED IN THE WORK ON THE FIRST SET OF THE DRAFT ESRS NOT ONLY AS PRESIDENT OF THE ASCG, BUT ALSO AS A MEMBER OF EFRAG'S ADMINISTRATIVE BOARD. IN WHICH AREAS HAS THE ASCG BEEN INVOLVED IN EFRAG'S COMMITTEE WORK?

► ► GEORG LANFERMANN: As a major national standard-setter, the ASCG is one of the main pillars of EFRAG. The ASCG's Administrative Board had already taken a decision at the end of 2021 on the ASCG's involvement in the EFRAG structure, which has been expanded to include sustainability reporting. Since then, we have been fully committed to supporting EFRAG's work, both financially and through active engagement in all of EFRAG's decision-making bodies. We are represented in the technical expert group and on the board of both pillars – financial and sustainability reporting. I am very grateful that Kerstin Lopatta, as a member of our Sustainability Reporting Technical Committee, has taken on the daunting task of representing us on the EFRAG SR Board. It was particularly encouraging to see her being appointed as Acting Chair on the basis of her profile and expertise. The Administrative Board, on which I represent the ASCG as Vice-President, also has to make important fundamental decisions in connection with EFRAG's new structure with the aim of embedding the whole issue of sustainability reporting in EFRAG's organisation; this ranges from the strategy for the organisation as a whole, through funding, down to human resources.

WHAT ISSUES DID THE ASCG SPECIFICALLY FOCUS ON DURING THE DEVELOPMENT OF THE FIRST SET OF THE DRAFT ESRS, AND WHAT WERE YOUR KEY ACHIEVEMENTS?

► ► GEORG LANFERMANN: We made clear at a very early stage that we see certain priorities in EFRAG's work on sustainability reporting standards, including international consistency as well as the ability to implement the reporting requirements in practice. In this respect, we are particularly pleased that Kerstin Lopatta, in her role as Acting Chair of the EFRAG SR Board, achieved significant improvements in these important points. Specifically, the reporting requirements were cut by almost half compared with the exposure drafts, a practicable materiality concept was introduced, the standards were aligned with the TCFD structure and, finally, we initiated dialogue with the ISSB.

PROF. LOPATTA, YOUR WORK AS ACTING CHAIR OF THE EFRAG SR BOARD MUST HAVE BEEN QUITE AN EXPERIENCE. ARE THERE ANY PARTICULAR LESSONS LEARNED FOR THE WORK AHEAD – INCLUDING IN YOUR CURRENT ROLE AS DEPUTY CHAIR OF THE SR BOARD?

► ► KERSTIN LOPATTA: I learned how important it is to be part of a group of like-minded people so that you can sometimes discuss certain topics behind the scenes and also get honest feedback. The other insight – which I already know from academia – was that you can only successfully finish such a huge task when you are part of a team. And that is exactly what we managed to do. By that I mean both the ASCG team and my SR Board team. I met with a very open reception in both teams for any discussion I wanted to have, which was very helpful for me.

MR LANFERMANN, THE ASCG ORGANISED TWO MAJOR OUTREACH EVENTS LAST YEAR: ON 10 JUNE TOGETHER WITH EFRAG AT THE ESMT IN BERLIN; AND ON 21 JUNE WITH THE ISSB AT THE GOETHE UNIVERSITY FRANKFURT. ARE THERE TWO HEARTS BEATING IN THE ASCG'S CHEST?

► ► GEORG LANFERMANN: Figuratively speaking, I would say that the ASCG here has different ventricles beating in a single heart. As I already mentioned, we attach particular importance to the international consistency of the requirements. The simultaneous pace of developments at the international and European levels poses a particular challenge. It was important to discover in this respect what the mood in the German community was like in both fields. The response we received justifies our efforts: we were joined by around 250 people in person, as well as many online listeners who followed the discussions.



PROF. LOPATTA, IN ADDITION TO YOUR COMMITTEE WORK AT EFRAG, YOU ARE A MEMBER OF THE SUSTAINABILITY REPORTING TECHNICAL COMMITTEE AND CHAIR THE ASCG 'CLIMATE REPORTING' WORKING GROUP. WHAT IS YOUR MOTIVATION FOR THIS EXCEPTIONAL COMMITMENT? HOW DO YOU MANAGE THIS ALONGSIDE YOUR WORK AS A PROFESSOR AT THE UNIVERSITY OF HAMBURG?

► ► KERSTIN LOPATTA: My research work involves working empirically with large amounts of data and exploring the issues that are now being implemented in standard-setting. In terms of my research topics, societal transformation is always very important to me. That is why I see this commitment as an opportunity to initiate concrete changes in the standard-setting process, where you naturally have a very different lever than in academia. As a scientist, I am intrinsically motivated to a very high degree to pursue such practical issues. And how do I manage to do this on top of my full-time job? Long story short: I am working hard towards a 26-hour day and am on the verge of a breakthrough. On the plus side, my topics at the university and at the standard-setters are tightly intertwined.

MR LANFERMANN, WHAT ARE THE ASCG'S PRIORITIES CONCERNING THE FURTHER DEVELOPMENT OF THE ESRS, AND WHAT IS THE ASCG DOING WHEN IT COMES TO THE SECTOR-SPECIFIC ESRS?

► ► GEORG LANFERMANN: I would like to start by again emphasising the issue of interoperability, which is where Kerstin Lopatta, in her pivotal role at the EFRAG SR Board, remains directly involved in the European Commission's discussions with the ISSB. Furthermore, we are trying to drive forward the convergence of reporting requirements at a specialised technical level. It is important for the European Commission, together with the ISSB, to make an announcement in the summer about the interactions between the two reporting frameworks, which is something that will tangibly help German reporting practitioners with implementation. Some positive results have been achieved in this area in recent weeks, and we are upbeat about that. Regarding the sector-specific ESRS, we are expecting EFRAG to develop a set of reporting requirements that actually strikes a chord with the industries concerned. To support EFRAG in this process, we are currently proactively gathering industry expertise from the German business community with the aim of subsequently contributing this knowledge to EFRAG's discussions and transferring it to standard-setting.

PROF. LOPATTA, AS DEPUTY CHAIR OF THE EFRAG SR BOARD, YOU HAVE CURRENTLY ALSO TAKEN ON THE ROLE AS AN OBSERVER FOR EFRAG IN THE NEWLY CONSTITUTED PLATFORM ON SUSTAINABLE FINANCE. THIS ADVISES THE EUROPEAN COMMISSION ON THE DESIGN OF THE EU TAXONOMY, SOMETHING THAT MANY COMPANIES HAVE DIFFICULTIES WITH. WHAT ARE YOUR EXPECTATIONS IN ASSUMING THIS NEW TASK?

► ► KERSTIN LOPATTA: I learned from the work on the first set of the draft standards that the various European initiatives are very much interconnected, and that these therefore have to be taken into account in the standard-setting process. My expectation is that I can contribute experience in building a practicable connection and implementing different initiatives through my observer role in the platform.

MR LANFERMANN, THE ASCG IS RELYING ON COOPERATION WITH THE GERMAN COUNCIL FOR SUSTAINABLE DEVELOPMENT FOR ITS WORK ON THE ESRS FOR SMEs. WHAT IS YOUR MOTIVATION FOR THIS COOPERATION?

► ► GEORG LANFERMANN: The way the reporting requirements for SMEs are structured is currently viewed as being tremendously important, both by practitioners and in the political arena. In our talks with the German Council for Sustainable Development, among other things we have assessed the indirect effects of regulation on SMEs, specifically via the supply chain or via the sustainable finance requirements. The aim of the cooperative project as part of the joint pilot group, which is being led by Prof. Alexander Bassen, is to clarify what reporting requirements SMEs will be confronted with in the future and what benefits SMEs can gain from following clearly worded minimum requirements. In the process, we must also examine carefully whether the reporting requirements applicable to SMEs are affordable. We will make the results we gain from the project with the German Council for Sustainable Development available to all relevant organisations, including EFRAG, the European Commission and the Sustainable Finance Advisory Council, so that they can be incorporated into the standard-setting process at an early stage.

HOW WOULD YOU SUMMARISE WHAT'S GOING TO HAPPEN NEXT IN THE STANDARD-SETTING PROCESS?

► ► KERSTIN LOPATTA: One match is over, but the next one is about to start – and it's just the same in standard-setting. I believe that regulating sustainability reporting is important and I'm looking forward to continuing working in this area.

► ► GEORG LANFERMANN: What is important is that we shouldn't lose sight of the practicability of reporting requirements. That is the only way we can avoid frustration among the companies concerned through excessive requirements and, at the same time, ensure that urgently needed corporate sustainability information is made available.

PROF. LOPATTA, MR LANFERMANN, MANY THANKS FOR THIS INTERESTING AND CANDID CONVERSATION.

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //

Ladies and gentlemen, dear ASCG members,

We can look back on a very dynamic, successful 2022 for the ASCG. It was marked by a number of landmark decisions in the field of financial and sustainability reporting, such as the finalisation of the Corporate Sustainability Reporting Directive (CSRD). Their implications will keep us busy for many years to come. The strong relevance of these issues is also reflected in the steady growth of the ASCG's membership. The ASCG is playing an increasingly prominent role in standard-setting in Europe and internationally. We are contributing politically and technically to the core political and regulatory debates at the European and international level, and are doing so with great energy – in both financial and sustainability reporting. Our technical and structural reorientation is producing results. We would therefore like to express our sincere thanks for the comprehensive and unwavering commitment of all those involved, and in particular the ASCG staff, without which we would not have been able to close last year so successfully.

Following the political agreement between the European Council and the European Parliament on the CSRD in June 2022, and its entry into force on 5 January this year, another milestone has been reached in the future legal framework for sustainability reporting in the EU. The new Directive still has to be transposed into German law by mid-2024. This means that the groundwork has now been laid for the first-ever introduction of mandatory European sustainability reporting standards. In Germany alone, around 15,000 companies will in future have to disclose their own sustainability performance on the basis of standardised requirements.

The European Financial Reporting Advisory Group (EFRAG) is playing a pivotal role in the development of the European reporting standards as an advisory body to the European Commission. In 2022, the agreed two-pillar architecture was implemented and the newly established bodies at EFRAG were constituted. As the largest national standard-setter in the EU, the ASCG is represented in all of EFRAG's technical bodies. Joining EFRAG's sustainability pillar involves a significant additional financial commitment for the ASCG. This is why the General Assembly resolved in July 2022 to levy a contribution for a three-year period. This will allow us to present the German perspective constructively and emphatically at all levels and at a very early stage in the development process.

EFRAG had proposed its first exposure drafts for cross-sectoral reporting standards on behalf of the European Commission in April 2022. The ASCG participated in the subsequent public consultation with a submission and the discussion of key critical issues. Our calls for a reduction in complexity, simplification of the phasing in of the ESRS and a high level of interoperability with internationally accepted minimum standards (global baseline), among other things, found their way into the revised exposure drafts. The ASCG had already criticised the short comment period and the scope and level of detail of the exposure drafts in a letter to EFRAG and the European Commission in mid-May 2022, and put forward constructive proposals for a modified consultation process.

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //



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

EFRAG published the final recommendations for twelve cross-sectoral sustainability reporting standards on 23 November and submitted them to the European Commission for the preparation of the corresponding legislation. At the end of 2022, EFRAG also started work on the sector-specific standards and the standards for publicly traded small and medium-sized enterprises.

In this context, the ASCG entered into a cooperation agreement with the German Council for Sustainable Development (RNE) in September. This is aimed at supporting companies in Germany when they implement the new legal requirements for sustainability reporting. The joint pilot group, led by RNE member Prof. Alexander Bassen, started working in November and, as a first step, will examine critical success factors for the forthcoming European reporting requirements for sustainability reporting by small and medium-sized enterprises.

We will continue to accompany the process of developing European reporting standards very closely, and will vigorously contribute the views and perspectives of German stakeholders.

The International Sustainability Standards Board (ISSB) has driven forward its work on global sustainability reporting standards at the international level. At the end of March 2022, the Board published the first two exposure drafts IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures for consultation. In its comment letter at the end of July, the ASCG reaffirmed its support for high-quality, internationally consistent global sustainability reporting standards. We noted that it is crucial for these standards

to be aligned with national and regional statutory requirements, such as the future ESRS. The objective should be to achieve the greatest possible interoperability between international and European standards so as to minimise the reporting effort facing German companies and to avoid costly duplication of reporting. With the completion of the discussions on IFRS S1 and S2 in mid-February 2023 and the initiation of the further steps required for the adoption of S1 and S2, such as documenting the amendments and additions made and the formal voting process on the revised text versions, we have now reached further milestones on the path towards publication of the final standards in June 2023. IFRS S1 and S2 are expected to be applied for the first time for periods beginning on or after 1 January 2024.

After more than a year with the new structures and the technical realignment, we can state clearly that the changes we implemented have been a total success and have made the ASCG even more influential. The newly established technical committees on sustainability reporting and financial reporting enable us to respond swiftly, efficiently and professionally to the latest developments and issues in both areas of corporate reporting. They enable the ASCG to effectively represent German general economic and social interests not only in financial reporting, but also in sustainability reporting, and to make constructive proposals and recommendations in the processes at the German, European and international levels.

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //

The ASCG's membership recorded a very positive development last year. We were able to welcome a total of eight new members to the association: I would like to welcome as new members Stakeholder Reporting GmbH (since 12 January 2022), Siemens Healthineers AG (since 1 February 2022), K+S AG (since 1 April 2022), Schaeffler AG (since 1 May 2022), Daimler Truck AG (since 1 May 2022), Bundesdruckerei GmbH (since 1 August 2022) and Bertelsmann SE & Co. KGaA (since 1 December 2022). Dr. August Oetker KG was the only member to leave the ASCG. In addition to one personal member, this means that the ASCG has now grown to 84 companies and associations. We wish to continue this positive trend in 2023.

Following the many structural and personnel changes in the previous year, 2022 was a year of stabilisation with regard to the ASCG's governing bodies and committees. Gerald Hofmann stepped down from the Administrative Board at the General Assembly at the beginning of July 2022. We would like to express our sincere thanks for the work he did over the years. We are delighted to welcome Daniel Quinten as his successor. In the Financial Reporting Technical Committee, Andreas Thiele was reappointed as representative of the Preparer category for another five years. There were no changes in the Sustainability Reporting Technical Committee in 2022. A heartfelt thank you to all members of the Technical Committees for their high level of commitment and technical input.

I would like to round off by thanking the President, the Vice-President and all members of the ASCG's staff very much on behalf of my colleagues on the Administrative Board for their extremely professional, unreserved and dedicated cooperation. The ASCG's Administrative Board and staff will continue to act on your behalf and address the emerging challenges in the economic and political environment. Please continue supporting the ASCG! You help make the ASCG's voice be heard even louder. I look forward to continuing to work together with you.

Sincerely

Nicolas Peter

Chairman of the Administrative Board

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //

Dear ASCG members and corporate reporting stakeholders,

2022 was another year dominated by a high level of activity in the wide field of corporate reporting. Substantial progress was made at both European and international level, in particular in the area of standard-setting for sustainability reporting. For the ASCG this involved a tremendous effort for its technical committees, and in particular a heavy workload for its staff. We would like to thank them all for their commitment!

The opportunity to meet again in person was enjoyable – and long awaited. After two years of almost exclusively virtual meetings, the ASCG took the opportunity to revive in-person meetings and strengthen social bonds. We achieved this most impressively in the summer of 2022 with well-attended outreach events in Berlin and Frankfurt am Main focusing on the new sustainability reporting standards. Our technical committees are now also meeting in-person again on a quarterly basis with an attractive social program. However, we do want to continue to make active use of digital opportunities, as proven formats for engaging with our members and the broader reporting community have emerged in this area as well. In this respect, we are also highlighting the theme of the ASCG as a social exchange platform in the visual design of this annual report.

ASCG as a beacon for the continued integrated development of corporate reporting

The 2021 mission statement already marked a profound shift in the way the ASCG sees itself and called for the equal treatment of financial and sustainability reporting issues at the ASCG. In the summer of 2022, the Joint Technical Committee of the ASCG publicly argued in the course of the legislative negotiations on the Corporate Sustainability Reporting Directive (CSRD) that fully integrated corporate reporting should be possible at a conceptual level within the framework of future CSRD reporting. Unfortunately, the outcome of the legislative process could have been clearer; however, the ASCG still believes that users of corporate reporting should be offered the option of consistent communication of the entity's position without unnecessary redundancies. For the ASCG, overarching considerations with regard to the cross-cutting issues between financial and sustainability reporting are therefore not just empty words. The structural approach adopted in the ASCG's governance also remains unique in the international environment, with the Joint Technical Committee constituting a formally established discussion platform for such issues. For these discussions, we intentionally use the quarterly in-person meetings in Berlin, which enable more in-depth deliberations of such topics.

Additionally, the integrated approach is also evident in the way we established working groups at the ASCG in the recent past in order to support both worlds directly. This was already the case at the end of 2021 for the topics of intangible assets and climate

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //



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

reporting. The topics also range from deferred taxes to tax transparency in the new 'Taxes' Working Group. We can already reap the rewards of this approach when we are discussing emerging megatopics, in particular the connectivity of financial and sustainability reporting, from a German perspective.

A strong position for German representatives at EFRAG

At the beginning of 2022, the ASCG, which is one of the major national standard-setters in the EU, was involved in the fundamental reorganisation of the structure of EFRAG. We have already succeeded in securing seats for ASCG members in all EFRAG bodies. ASCG representatives also have leadership functions, such as the ASCG President, who exercises the role of Vice-President of the EFRAG Administrative Board which, as the statutory representative, prepares EFRAG's overall strategy and appointments to the technical bodies. Looking at EFRAG bodies overall, we are pleased to report that we were able to achieve the maximum number of German representatives possible under the EFRAG by-laws almost across the board.

One particular highlight was the appointment of the ASCG's representative on the EFRAG Sustainability Reporting Board, Prof. Dr Kerstin Lopatta of the University of Hamburg, as Acting Chair during the consultation phase on the first set of the draft ESRS and its finalisation being handing it over to the European Commission. Significant improvements to the first set of draft ESRS

were achieved under her leadership. This included halving the reporting requirements of the first set and overhauling the concept for determining the materiality of information, with greater emphasis now being placed on entity-specific determination. Following her time as Acting Chair, Prof. Dr Lopatta remains on the SRB as its Vice-Chair, with particular responsibility for EFRAG's relations with the ISSB and the EU Platform on Sustainable Finance. A separate interview with Prof. Dr Lopatta in this annual report is dedicated to her outstanding work.

On the financial side of EFRAG, in addition to the number of German members on the Financial Reporting Board already pushing the limits of what is possible, the appointment of Berlin-based Wolf Klinz as the new Chairman of the Financial Reporting Board deserves mention. This was then rounded off by the appointment of Jens Berger as Acting Chair of the Financial Reporting Technical Expert Group (FR TEG). Jens Berger, formerly Vice-Chair, will take over the role until a new TEG Chair is appointed in the course of 2023. As a member of the Financial Reporting Board, the ASCG Vice-President can thus count on a good understanding of German concerns in EFRAG's bodies dealing with financial reporting.

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //

Effective design of financial reporting by the ASCG

2022 was the first year following the merger of our relevant committee work in the new Financial Reporting Technical Committee. The resulting enlargement to eleven members has proven to add significant value.

In addition to the continued development of German Accounting Standards, including in the areas of group management reports and cash flow statements, and ongoing involvement with the draft amendments to existing IFRSs, we consistently maintained a close eye on the impact of economic and regulatory developments on financial accounting and reporting at German entities. One outcome of the activities was an amendment to the German Energy Industry Act in connection with the accounting of transmission system operators under German GAAP. In the international context, too, we continue to be strongly involved in the IASB's rate-regulated activities project with the support of the working group we established for this purpose. Many of our concerns have been reflected there during the redeliberations.

With the triad of post-implementation reviews of IFRS 9 Financial Instruments now underway, we are witnessing and expecting important discussions on the accounting for ESG loans, equity instruments and the impairment rules for financial instruments. The reintroduction of goodwill amortisation was rejected by both FASB and the IASB in 2022. Since then, our attention has turned to the proposals on the no less important diverse disclosure requirements. Finally, we are continuing to closely follow the IFRS developments around the new requirements governing primary



▲ EFRAG-ASCG Outreach Event “ESRS – Sustainability Reporting Standards in Europe”, 10 June 2022, ESMT Berlin

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //



▲ ISSB-ASCG Outreach Event “Global Baseline of Sustainability Disclosures”, 21 June 2022, Goethe University Frankfurt

financial statements. In this context, the ASCG held very successful public events in October and November 2022 with the participation of the IASB and its Chair.

In addition, we have intensified our ongoing interaction with the work of the IFRS Interpretations Committee. This is reflected not only in our increased feedback on outreach requests and agenda decisions, but also in the close involvement of the German members of the IFRS Interpretations Committee in our own Technical Committee.

As well as the exposure draft of an IFRS for Subsidiaries without Public Accountability already presented in the previous year, the next review of the IFRS for SMEs began in 2022. In the course of our consultations, there were increasing indications of the need for a more detailed assessment of the application of the relevant IFRSs specified there. Taken as a whole, this prompted us to launch an evaluation of the application of IFRSs in Germany, the results of which we will report in the course of 2023.

The appointment of the ASCG to the IFRS Foundation’s Accounting Standards Advisory Forum (ASAF) for the 2022 to 2024 cycle represented particular acknowledgement of our work in the field of international financial reporting. The ASCG will be represented there by its Vice-President. This gives us direct influence on the IASB’s current standard-setting activities.

ESRS and ISSB standards on the path towards interoperability

The ASCG had closely followed the development of the twelve draft European Sustainability Reporting Standards (ESRS) as well as the ISSB’s corresponding drafts on S1 and S2 from the outset and commented extensively during the consultation phase ending in summer 2022. The early publication of the proposed comments on the ESRS exposure drafts in particular provided the German stakeholder community with useful guidance for its own comments. The high proportion of German comments in the complex EFRAG consultation illustrates the key role Germany played in the revision of the ESRS exposure drafts.

It was precisely the need for interaction between the two reporting frameworks that was a particular focus of the comments and interventions by the ASCG representatives in the discussions at EFRAG and with the ISSB. The interest in the ASCG’s two major outreach events in June 2022 in particular underlines the interest of German reporting entities in this interaction. Both the event with EFRAG and other partners at ESMT Berlin and with the ISSB and Deutsche Börse at the Goethe University Frankfurt am Main were evidence of the lively interest in these new reporting frameworks. Approximately 250 participants attended each of the in-person events, with online participation significantly exceeding the number of in-person attendees. To further reinforce cooperation with the ISSB, the ASCG entered into a cooperation agreement with the Goethe University at the beginning of 2023 in order to address specific projects for strengthening internationally consistent

Forewords //

- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //
- VI. Governing Bodies and Standing Committees //

standard-setting and, at the same time, to establish a stronger institutional framework with ties to the Frankfurt location.

Dialogue with the ASCG – practical issues are important to us

Preparer forums on issues such as ESEF, the EU taxonomy and the future implementation of the first set of ESRS are important topics in our dialogue with our members, which we continued in 2022 and intend to strengthen further in 2023. It already became clear in the autumn of 2022 that, when it comes to EFRAG activities, the ASCG must now start preparing for the next set of standards (the second set of ESRS) so that it can provide significant practical input on an eye-to-eye level in the dynamic environment of Brussels standard-setting in 2023. For this purpose, we already started establishing discussion groups with industry experts with practical corporate experience in four sectors currently under discussion (Mining/Oil & Gas/Agriculture/Road Transport) in 2022.

Practical aspects are also the focus of our joint pilot group with the German Council for Sustainable Development on SME reporting. This was based on a cooperation agreement we entered into in 2022, in which specifically the issue of SME reporting will increasingly play a role because of the indirect impact of information requests in connection with supply chains, as well as, for example, information requests from banks in the context of extending business loans. The first conclusions of the discussions of the pilot group led by Prof. Dr Alexander Bassen were already communicated at the end of 2022 to EFRAG, which will be working on SME standards in 2023. They are also being fed into the work of the German federal government's Sustainable Finance Advisory Council, to which the ASCG is an official observer.

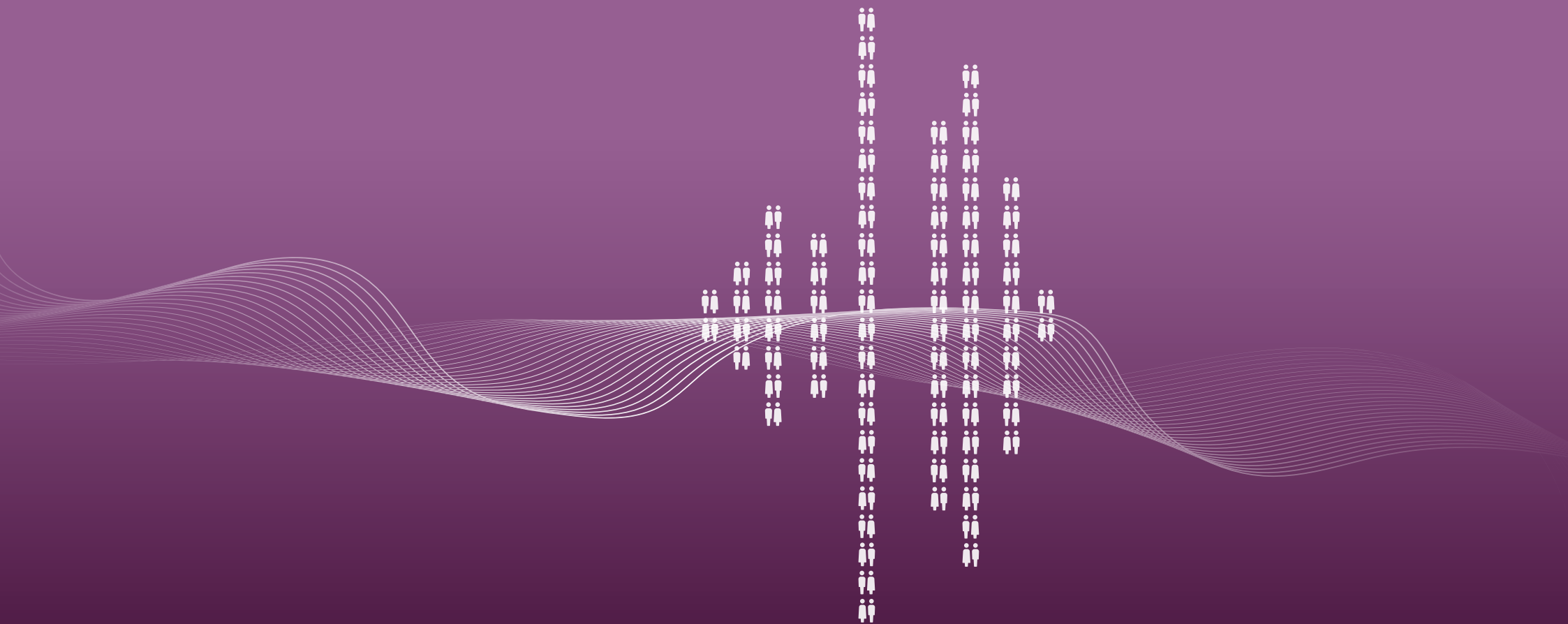
However, other new issues also emerged on the horizon at the end of 2022. There are specific challenges relating to the minimum taxation rules in international group structures with revenue of more than EUR 750 million under the OECD's Pillar Two model rules. Questions arise for the ASCG as a result of the implementation of minimum taxation when it comes to the accounting of large companies whose consolidated accounting – whether IFRSs or German GAAP – is also connected at the level of individual companies. The high practical relevance has prompted the ASCG to establish a new 'Taxes' Working Group in order to take a deep dive into the complex interaction of financial accounting and reporting with the minimum taxation rules, and to provide guidance to preparers.

There will therefore continue to be a wealth of issues of practical relevance in 2023. Your own commitment to the German standard-setter is well worth it and – if you are not already a member – perhaps it is a good time to join us!

Sincerely,

Georg Lanfermann
President

Sven Morich
Vice-President



EXPERTISE AND TECHNICAL KNOWLEDGE: OUR TECHNICAL COMMITTEES HELP SHAPE AND ENHANCE CORPORATE REPORTING

The new technical committees – the Financial Reporting and Sustainability Reporting Technical Committees – started working at the end of 2021 with the goal of pooling the interests of German stakeholders and feeding Germany's opinion into the standard-setting process in the field of corporate reporting.

Despite the large volume of documents and the ambitious deadlines for commenting, last year's consultations were successfully accomplished thanks to tremendous dedication, discipline and agility.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

I. Financial Reporting

In accordance with our [Articles of Association](#), one of our core objectives is promoting the continued development of accounting and financial reporting. As the national standard-setter, the ASCG is recognised by the German federal government and represents the interests of German industry as a whole on the global stage. This includes representing the Federal Republic of Germany on international standard-setting bodies.

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, the European Supervisory Authorities, EFRAG, the national standard-setters in other countries, and other international, European and national institutions that are active in the field of corporate reporting.

The focal points of our financial reporting work are determined by our Financial Reporting Technical Committee.

Overarching issues with equal relevance for financial and sustainability reporting are decided on by our Joint Technical Committee, which is composed of the Financial Reporting Technical Committee and the Sustainability Reporting Technical Committee.

In addition, the ASCG's Executive Committee and staff contribute directly to the committee work and working groups of other organisations. They also participate in a wide variety of national and international conferences and panel discussions, as well as publishing specialist papers and articles.

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

STANDARD-SETTING AND OTHER PROJECTS OF THE ASCG

In the context of our standard-setting duties under section 342(1) no. 1 and no. 4 of the HGB, our Financial Reporting Technical Committee adopted GAAS 28, concluding the project to amend GAS 20 *Group Management Report* to reflect the changes to the consolidated corporate governance statement under the *Gesetz zur Ergänzung und Änderung der Regelungen für die gleichberechtigte Teilhabe von Frauen an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (FüPoG II – Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector). Furthermore, the Financial Reporting Technical Committee published D-GAAS 13, which proposes further amendments to GAS 20 *Group Management Report* and amendments to GAS 21 *Cash Flow*

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Statements, for consultation. Further information can be found on the following pages.

In the following, we also report on two projects within the scope of our further statutory duty under section 342(1) no. 2 of the HGB to advise the Federal Ministry of Justice and Consumer Protection (BMJV): the new translation of the German language version of the IAS Adopting Regulation and an evaluation of the application of IFRSs in Germany.

Lastly, we would like to mention our work in relation to the imminent implementation of the OECD Pillar Two model rules on a minimum tax rate. At the end of 2022, this issue gathered momentum at both international and European level. On 22 December 2022, [Directive \(EU\) 2022/2523](#) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union was published in the Official Journal of the European Union. The EU Member States must transpose the Directive by 31 December 2023. It is effective for financial years beginning after 31 December 2023. The IASB issued an [Exposure Draft](#) on amendments to IAS 12 reflecting the Pillar Two model rules on minimum taxation.

In light of this, at the end of 2022, the Joint Technical Committee decided to establish an ASCG 'Tax' Working Group. This working group will address both questions regarding the implementation of the OECD Pillar Two model rules and issues relating to the impact of the new requirements on financial reporting. The members of this working group were appointed ([see page 82](#)); the working group met for the first time on 9 February 2023.



▲ Martin Bolten



▲ Andreas Thiele



▲ The Joint Technical Committee meeting in session

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //



▲▲ Carsten Ganssaue,
Member of the IFRS Interpretations Committee
▲ Prof. Dr. Sven Morich

The OECD Pillar Two model rules and Directive (EU) 2022/2523 directly impact accounting for deferred taxes in accordance with IFRSs and German GAAP. Consequently, in addition to discussing the IASB Exposure Draft, the working group and our Financial Reporting Technical Committee will also examine the extent to which the German GAAP framework and GAS 18 Deferred Taxes also require amendment.

D-GAAS 13 – Proposed amendments to GAS 20 and GAS 21

On 6 January 2022, we published D-GAAS 13 on amendments to GAS 20 *Group Management Report* and GAS 21 *Cash Flow Statements* for consultation, with a comment period until 28 April 2023.

The aim of D-GAAS 13 is to formally align the scope of the sector-specific appendices of GAS 20 and GAS 21 with the legal situation, address user questions on GAS 21 and eliminate uncertainties in that standard. A number of editorial amendments to these two standards are also being proposed.

Specifically, the following amendments to GAS 20 and GAS 21 are being proposed:

Amendments to GAS 21 Cash Flow Statements

The proposed amendments were prompted by user questions received by the ASCG's staff regarding the presentation of proceeds from received income-related and/or operating grants and subsidies in the cash flow statement under GAS 21. The Financial Reporting Technical Committee discussed the related issues at its fifth

meeting in April 2022 and resolved to include a project to revise GAS 21 in its work programme. In addition to the presentation of cash flows from grants and subsidies received (or paid), the project also addressed user questions about cash pooling, particularly with regard to the inclusion of cash pool liabilities in cash and cash equivalents in accordance with GAS 21.

D-GAAS 13 now proposes the inclusion of requirements covering the following areas in GAS 21:

- a) Presentation of proceeds (or payments) from grants and subsidies received (or paid) in the cash flow statement of the recipient (or the provider),
- b) Inclusion of cash pool receivables (or cash pool liabilities) in cash funds in accordance with GAS 21, including the related issue of the presentation of cash flows from the change in cash pool receivables (or cash pool liabilities), and
- c) Presentation of cash flows related to changes in the basis of consolidation with regard to cash funds acquired (or sold).

re. a) Presentation of grants and subsidies in the cash flow statement

■ D-GAAS 13 proposes new requirements regarding the presentation of grants and subsidies in accordance with the general rules on the allocation of cash flows to activities. Up to now, GAS 21(49) has stipulated that proceeds from received grants/subsidies must always be classified as cash flows from financing activities. In contrast, D-GAAS 13 suggests the following requirements for the presentation of cash flows from grants received in the recipient's cash flow statement:

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

- Proceeds from grants received that are unconditionally repayable should be classified as cash flows from financing activities.
- Proceeds from government investment grants received should be classified as cash flows from investing activities.
- Proceeds from government grants related to income and expenses received should be classified as cash flows from operating activities.
- Proceeds from private grants received that are provided in return for consideration should be classified as cash flows from operating activities.
- Proceeds from grants received from shareholders in their capacity as shareholders should be classified as cash flows from financing activities.

In addition, D-GAAS 13 also proposes new requirements for the presentation of cash flows from grants paid in the provider's cash flow statement:

- If an entity pays a grant to a third party, the cash payment should be classified as cash flows from operating activities, provided that the grant is paid in return for consideration.
- If an entity acquires economic ownership of a fixed asset through an grant paid, the cash payment should be classified as cash flows from investing activities.
- Cash payments from the payment of an unconditionally repayable grant to a third party should also be classified as cash flows from investing activities.

re. b) Cash pooling

With regard to cash pooling, D-GAAS 13 proposes that cash flow receivables should in principle not be included in cash funds in accordance with GAS 21. Cash pool receivables should only be included in cash funds in accordance with GAS 21 if they can be converted into cash at any time and are only subject to minor risks of fluctuations in value.

If cash pool receivables (or cash pool liabilities) are not included in cash funds in accordance with GAS 21, cash changes in cash pool receivables (or cash pool liabilities) should be presented in cash flows from financing activities in accordance with D-GAAS 13.

re. c) Cash flows related to changes in the basis of consolidation

With regard to the presentation of cash flows related to changes in the basis of consolidation, D-GAAS 13 proposes that these cash flows – which should be presented in cash flows from investing activities – are to be determined as the net amount of the purchase price (or sale price) paid (or received) less the cash funds acquired (or sold). A related requirement was previously explicitly stipulated in GAS 2; however, this requirement was removed during the development of GAS 21. The amendment proposed in D-GAAS 13 therefore provides clarification.

Amendment of the sector-specific appendices to GAS 20 and GAS 21

Furthermore, the Financial Reporting Technical Committee determined that investment firms, payment institutions and electronic money institutions are not covered by the detailed sector-specific requirements for risk reporting (GAS 20, Appendix 1) and cash flow statements (GAS 21), although they are explicitly mentioned in section 340 of the HGB. Pension funds likewise do not fall within the scope of Appendix 2 of GAS 20 or Appendix 3 of GAS 21. These two appendices relate exclusively to insurance undertakings, although section 341 of the HGB also subjects pension funds to sector-specific reporting requirements alongside insurance undertakings.

The 'Financial Instruments' and 'Pensions' Working Groups were involved in evaluating the need to amend the sector-specific appendices. The draft amendment proposes expanding the scope of the sector-specific appendices to GAS 20 and GAS 21 to include investment firms, payment institutions and electronic money institutions, as well as pension funds.

Publication of the final GAAS 13 is scheduled for June 2023.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

EFFECTIVE GASs, ASCG INTERPRETATIONS AND ASCG IMPLEMENTATION GUIDANCE

German Accounting Standards

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

ASCG Interpretations (IFRS)

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 Macroeconomic and Entity-specific Crisis Situations
ASCG IG 4 (IFRS)	Equity-settled Share-based Payments with Net Settlement Features: Accounting for Cash Compensation



**PUBLIC INFORMATION EVENTS:
UP-TO-DATE, TRANSPARENT,
EFFICIENT**

ASCG public information events are organised on a project-specific basis and are available to all stakeholders free of charge. Their purpose is to provide information on the current status of the project in question and to discuss tentative positions of the standard-setters involved.

In the public information session on the IASB's Primary Financial Statements project, participants were informed about the IASB's tentative decisions since evaluating the feedback on its Exposure Draft ED/2019/7.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Repeal and replacement of the German translation of the IAS Adoption Regulation

The original Commission Regulation (EC) No. 1126/2008 of 3 November 2008 on the adoption of IFRSs (IAS Adoption Regulation) has been changed more than 70 times through successive amendments and endorsements. The Publications Office of the European Union has therefore published a consolidated version of this Regulation at regular intervals. However, this consolidated version is not legally binding. Furthermore, by its own admission, the Commission has received a considerable number of requests for corrections to its own EU language versions of the IAS Adoption Regulation over the years.

To eliminate all of the translation issues in a single step and simplify application, the European Commission proposed the repeal and replacement of the existing IAS Adoption Regulation. A new Regulation is to be adopted in 2023 that will bring together all of the amendments since 2008 in a single, legally binding legislative act. The recast Regulation will be published in the Official Journal in all EU languages.

In summer 2022, the European Commission issued a draft revised version of consolidated Regulation (EC) No 1126/2008 and asked the members of the European Commission's Accounting Regulatory Committee (ARC) to review the respective translations.

As part of the endorsement process, the ASCG is regularly involved in reviewing the EU's German translation of IFRSs. The BMJ has asked us to cooperate on the new German version of the Regulation. In parallel with this, the BMJ conducted a consultation to

hear the views of associations. We reviewed and commented on the extensive texts on the basis of the English-language draft of the consolidated appendix to the recast Regulation. This process lasted until autumn 2022 and covered all amendments to the IAS Adoption Regulation adopted at EU level up to 1 January 2022, including the editorial corrections approved by the IASB (but not yet adopted at EU level). We submitted our feedback on the German translation of the consolidated new version, which included notes on the commentary of the European Commission's translation service as well as various further comments, to the BMJ in mid-October.

Evaluation of the application of IFRSs in Germany

Since 2005 and 2007, respectively, implementing the provisions of [Regulation \(EC\) No 1606/2002](#), IFRSs have been the mandatory consolidated financial reporting standards for publicly traded companies in Germany (section 315e(1) and (2) of the HGB). In addition, all other German parent entities may voluntarily elect to prepare their consolidated financial statements in accordance with IFRSs with exempting effect (section 315e(3) of the HGB). Furthermore, all publicly traded companies have the option of preparing additional separate IFRS financial statements for the purposes of publication within the meaning of section 325(2a) of the HGB.

Although we do at times also address the related requirements as a standard-setter through interpretations and application guidance, alongside regularly submitting comments on the IASB's



▲▲ Cedric von Osterroht
▲ Georg Lanfermann

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

standard-setting initiatives, the ASCG has not yet conducted a systematic review of the nature and extent of voluntary IFRS application in Germany.

There have recently been an increasing number of issues and occasions where information of this sort would have been very useful. This is particularly true in relation to IASB Exposure Draft [ED/2021/7 Subsidiaries without Public Accountability: Disclosures](#), the scope and associated objective of which have been and still are the subject of criticism from the ASCG and many other stakeholders during the consultation.

Another current example is the OECD's base erosion and profit shifting (BEPS) initiative. Pillar 2 concerns the introduction of a global minimum tax. The starting point for determining the minimum tax is the country-specific income of group entities, which is generally determined according to the accounting standards applicable to the consolidated financial statements as the first step.

In light of this, an evaluation of the current application of IFRSs in Germany by the ASCG represents a valuable and meaningful contribution. The aim of the study is to objectively record the perspectives of various stakeholders. In addition to the reasons for applying the standards and the associated challenges from the preparers' standpoint, the perspective of users and the conceptual interactions with the varied functions of financial reporting will be taken into account. As well as examining the current situation, based on the law as it stands, any (optional) application of IFRSs to the preparation of annual financial statements (based on future legislation) should also be addressed by the ASCG without prejudice.

In the past year, our Technical Committees and the Administrative Board discussed and established the approach and key elements of our evaluation of the application of IFRSs in Germany. The study will be a focal point of our activities in 2023. A two-stage process has been agreed for how we will proceed:

- As the first step, specific stakeholder groups will take part by means of structured interviews. This aims to obtain a better understanding of the starting point, motivation and needs of the participants (phase 1).
- Following this – and based on the information obtained in phase 1 – a decision will be taken as to the extent to which a general consultation with all stakeholder groups should be conducted in the form of a publicly accessible online questionnaire.

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 corporate 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 committees as a member of the legal structure, but also at the level of company law as a governing 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. Within EFRAG's financial reporting pillar, the ASCG is represented on the Financial Reporting Board (EFRAG FR Board), which is the ultimate decision-making body, by its Vice-President Prof. Dr Sven Morich; the current term of office of Prof. Dr Morich ends on 30 April 2024. ASCG Project manager Dr Ilka Canitz was appointed as country liaison member to the Financial Reporting Technical Experts Group (FR TEG) in July 2021. In October 2022, she was re-appointed for a further two-year term beginning 1 December 2022. In this role, which is reserved for the major standard-setters from Germany, France and Italy, we represent Germany's perspective in the general economic interest of German constituents.

We also maintain a close contact with the other German EFRAG FR TEG members, Jens Berger (Deloitte GmbH, also a member of the ASCG Financial Reporting Technical Committee) and Christoph Schauerte (Vonovia SE), who have both been members since the start of 2020. The regular briefings conducted before each TEG meeting are particularly notable in this context. The aim of

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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 December 2021, both members were re-appointed for further two-year terms beginning 1 April 2022. On that date, Jens Berger took over as Vice-Chair of this expert body. Following the appointment of Chiara Del Prete as EFRAG SR TEG Chair, Jens Berger stepped in as Acting FR TEG Chair in February 2023.

Last but not least, we maintain close contact with Wolf Klinz, who was elected as the new Chair of the EFRAG FR Board by the EFRAG General Assembly on 15 November 2022.

In addition to directly participating in the EFRAG bodies, our own committees, particularly the Financial Reporting Technical Committee, also address the issues on the EFRAG FR Board and EFRAG FR TEG agendas on an ongoing basis. The Technical Committee draws on the expertise of our working groups (in 2022, the 'Intangible Assets' Working Group in particular) for this. Among other things, this work provides technical support to staff members in the performance of their activities on the EFRAG bodies. Depending on the situation, the 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.

Furthermore, we regularly comment on EFRAG's Draft Endorsement Advice to the European Commission regarding the adoption/non-adoption of the respective IFRS requirement into European law. In 2022, four IFRS amendments were endorsed (amendments to IFRS 17 *Insurance Contracts*, IAS 12 *Income Taxes*, IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*). In each case, EFRAG had developed and issued endorsement advice recommending full endorsement.

In the area of financial reporting, our collaboration with EFRAG in 2022 was shaped above all by our work on the standard-setting activities of the IASB. We also commented on the EFRAG Discussion Paper 'Better information on intangibles – which is the best way to go?'. We provide more detailed explanations in the following.

Please refer to section III for information on our cooperation with EFRAG in relation to sustainability reporting and EFRAG's structural reform, which is now complete.

EFRAG consultations on accounting for intangibles and variable consideration

EFRAG regularly undertakes research projects. EFRAG uses these projects to address issues that are likely to be of significance in the future, although they are not currently the subject of the international standard-setter's own work. There were two such projects with relevance for the public in 2022.

Firstly, EFRAG conducted a consultation on accounting for intangible assets. This had already begun in August 2021 with the publication of the corresponding [Discussion Paper \(DP\)](#), which was open for comment until the end of June 2022. In EFRAG's view, internally generated intangibles are not adequately reflected in companies' financial statements. Discrepancies between the accounting for acquired and internally generated intangibles have prompted discussion about current accounting practice. In the DP, EFRAG presented three different approaches to improving information on intangibles together with the related advantages and disadvantages. The DP focuses on information provided in financial statements. However, the scope of 'intangibles' is broader than the existing definition of intangible assets in financial reporting and also covers intangible components of possible economic benefits that are not controlled by an entity.

We addressed the content of the DP in the ASCG Technical Committees and held a [public discussion](#) to help form our opinion. Since the future reporting on intangibles will represent a key

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //



▲▲ Tanja Castor
▲ Dr Christian Eichholz, BMJ

area with regard to the link between financial and sustainability reporting, we brought together an integrated ASCG Working Group which we used to discuss this subject. Lastly, the ASCG developed a [comment letter](#) that we submitted to EFRAG in June 2022. In our letter, we pointed out the need for a coherent, consistent and integrated approach to reporting on intangibles, and emphasised the extreme importance of a link with sustainability reporting.

Secondly, EFRAG launched a consultation on accounting for variable consideration in September 2022; a corresponding [Discussion Paper](#) was also published on this issue. The consultation runs until the end of May 2023. This DP addresses accounting for variable consideration from a purchaser's perspective. Specifically, alternative approaches to two issues are under discussion: (1) when to recognise a liability for variable consideration, (2) whether/when subsequent changes in the estimate of variable consideration should be reflected in the cost of the acquired asset. EFRAG believes that the accounting for variable consideration poses existing and – relating to future transactions – potentially increasing challenges. EFRAG therefore considers that the IASB may have to launch a corresponding project in the near future and views its (preliminary) work in this area as useful.

We are also looking at this issue at the ASCG. However, it should be acknowledged that – as the result of its latest agenda consultation – the IASB itself declined to add this matter to its work program due to a lack of urgency, so this issue is not relevant to standard setting for the time being.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

COOPERATION WITH THE IFRS FOUNDATION

Cooperation with the IFRS Foundation committees and bodies was one of the mainstays of our work in the past year. It was very welcome to be able to meet in person once again and exchange ideas face to face.

This regular contact with the IASB and its staff allowed us to find out about and keep up-to-date on each other's activities, as well as current developments, trends and challenges. The exchanges with IASB Chair Prof. Dr Andreas Barckow, the former President of the ASCG, represent a special aspect of our cooperation with the IFRS Foundation. Thanks to this personal relationship, the ASCG Executive Committee has close contact with the IASB and various figures at the Foundation.

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 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 membership of IFRS Advisory Council, where it is represented by its President, Georg Lanfermann. In spring 2022, the ASCG left the Advisory Council as part of the regular rotation of members and handed the baton to our Italian partners.

The Trustees of the IFRS Foundation announced the ASCG's appointment to the Accounting Standards Advisory Forum (ASAF) – the IASB's technical advisory body – on 15 February 2022. We are pleased to again participate in the ASAF and proactively feed the experience of German preparers directly into the IFRS development process. We report later on our participation in the ASAF in detail.

In the following pages, we report on our main activities last year in connection with the IASB and IFRS Interpretations Committee projects.

Participation in the ASAF

In 2022, after a break of almost four years, the ASCG once again became a member of the IASB's Accounting Standards Advisory Forum (ASAF), where it can contribute the practical experiences of its German constituency to the IFRS development process.

The ASAF was established as the IASB's technical advisory committee with the aim of institutionalising and pooling cooperation with national and regional standard-setters, so as to obtain the broadest possible range of feedback on key technical application issues. The ASAF is composed of twelve national and regional standard-setters in the field of financial reporting (including at least three members each from Europe, Asia and the Americas, and one from Africa), each represented by designated individuals. The ASCG is represented in the ASAF by its Vice-President Prof. Dr Sven Morich.

The ASAF usually meets in London four times a year. These publicly held meetings are chaired by the IASB Chair Prof. Dr Andreas Barckow or the IASB Deputy Chair, and are also attended by IASB staff.

At the meetings, which are held over one or two days, the ASAF discusses specific issues related to the IASB's work plan, as well as other matters that have major implications for the IASB's work.

The ASAF meetings also give participants the opportunity to propose topics for discussion. For example, at the ASAF meeting in December 2022, EFRAG presented its [Discussion Paper](#) on Accounting for Variable Consideration, which was published in September 2022, for discussion. At the suggestion of the ASCG, the ASAF also addressed the impact of the OECD BEPS Pillar 2 and the IASB Exposure Draft [ED/2023/1 International Tax Reform – Pillar Two Model Rules](#) at an additional meeting in February 2023. To prepare for the deliberations in the ASAF in 2022, we discussed the topics and issues with our Financial Reporting Technical Committee in advance of each of the ASAF meetings.

The opportunity to contribute via the ASAF took on a special form for us in 2022 in the context of the IASB's work on its *Primary Financial Statements* project. On the recommendation of the ASAF, the IASB held targeted outreach events in close cooperation with ASAF members between September and December 2022 to gather feedback on selected tentative decisions reached by the IASB in the course of revising its proposals. We participated in these IASB outreach initiatives and held several events together with IASB Chair Prof. Dr Andreas Barckow and IASB staff members.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

For us, the ASAF is therefore an important platform for entering into a multilateral exchange of views not only with the IASB, but also with the other national and regional standard-setting organisations.

IASB completes agenda consultation and agrees 2022 – 2026 work plan

On 30 March 2021, the IASB launched its 2021 agenda consultation and published a [request for information](#). The deadline for comments was 27 September 2021. The objective was to gather feedback from the public to help determine the 2022–2026 work plan. In accordance with the requirements of the IFRS Foundation, this consultation was preceded by a survey of the other IFRS Foundation bodies (IFRS Advisory Council, ASAF, IFRS Interpretations Committee and others). This preliminary survey makes it possible to preselect issues, regarding which (more) targeted opinions can then be gathered.

The request for information presented three topics for consultation:

- the strategic direction and balance of the IASB's activities;
- the criteria for assessing which financial reporting issues should have priority (and could therefore be added to the IASB's work plan);
- specific financial reporting issues that should be given (higher) priority and included in the IASB's work plan.

The ASCG participated in the consultation and submitted its [comment letter](#) on the proposals already in September 2021. In addition to the work of the IFRS Technical Committee, we also conducted an [online survey](#) to gather the views of German constituents.

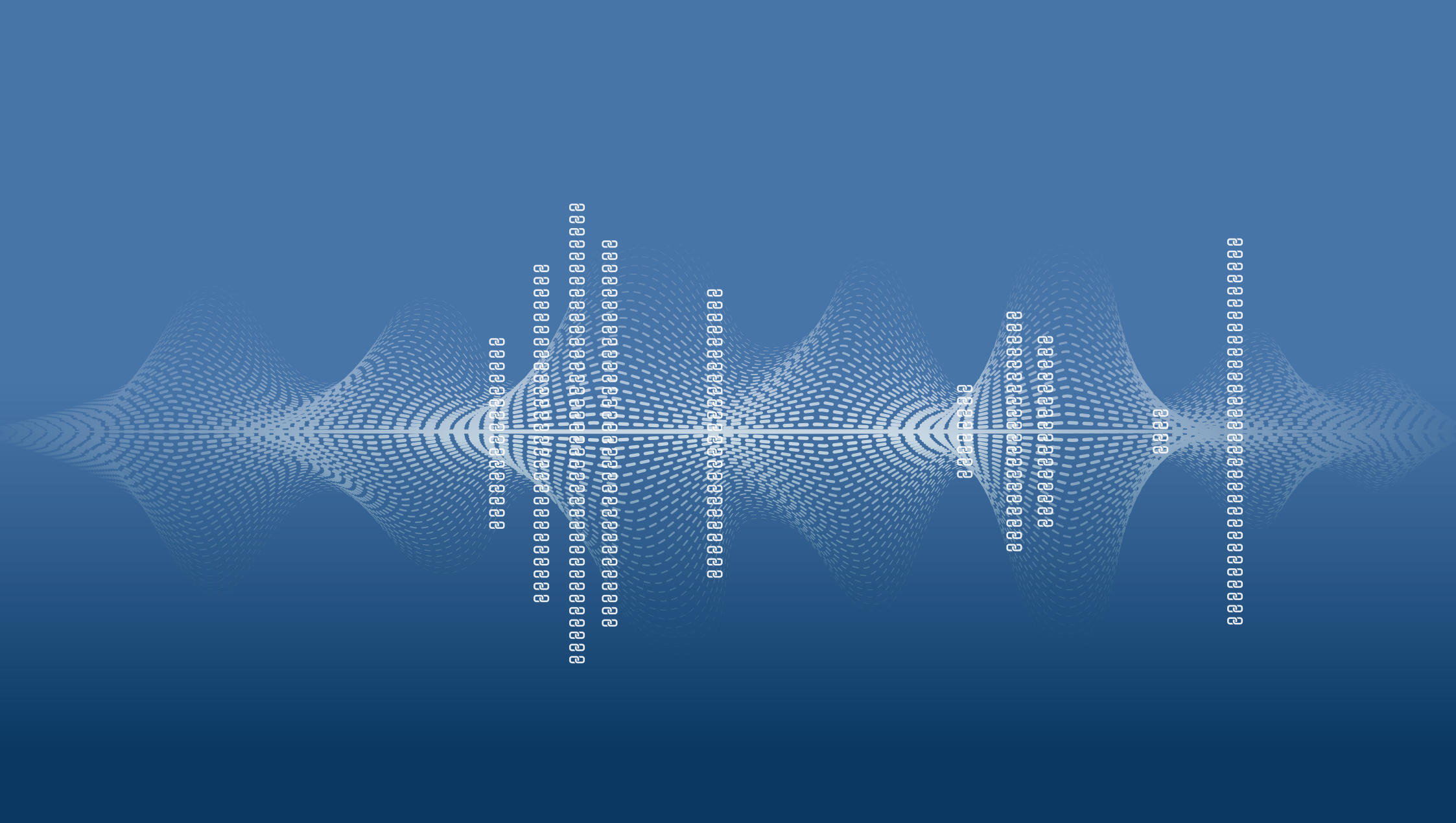
The IASB evaluated and discussed the feedback in the first half of 2022. On this basis, the IASB reached three decisions:

1. The strategic direction and six main activities should remain largely the same (in particular, no new activities are to be added). However, there should be some minor changes: the level of focus on new/amended IFRSs should be slightly decreased, while the focus on digital financial reporting and the understandability of IFRSs should be slightly increased.
2. The seven previous criteria for selecting projects and assessing priority should remain unchanged.
3. All projects in the current work plan should be retained. In view of this, there is very little capacity for new projects. The IASB therefore decided to include only the following few projects to its project pipeline for 2022 – 2026:

- *Climate-related Risks (in the Financial Statements)* (maintenance project);
- *Intangible Assets* (research project);
- *Statement of Cash Flows* (research project).

Two topics were also added to a reserve list: *Operating Segments* and *Pollutant Pricing Mechanisms*.

The IASB published these decisions in the form of a summary Feedback Statement in July 2022. This marked the formal conclusion of the agenda consultation. The work plan for the next five years has now been finalised.



**ASCG COOPERATION AGREEMENT WITH
THE GERMAN COUNCIL FOR SUSTAIN-
ABLE DEVELOPMENT (RNE): WORKING
TOGETHER TO STRENGTHEN SUSTAINA-
BILITY REPORTING IN GERMANY**

The joint DRSC/RNE “SME Sustainability Reporting” pilot group started its work. It is analysing the information requirements for SMEs so as to define conditions for sustainability reporting that is at the same time both practicable and ambitious.

The first product is the key issues paper, which puts forward proposals for a proportionate and practicable standard, and further guidance regarding sustainability reporting by SMEs.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Primary Financial Statements – General Presentation and Disclosures

For more than two years, the IASB has been discussing and revising the proposals it presented in its Exposure Draft [ED/2019/7 General Presentation and Disclosures](#) published in December 2019.

Exposure Draft [ED/2019/7](#) proposed the following, in particular:

- the improvement of the structure and comparability of the statement of profit or loss by introducing mandatory subtotals (for example, ‘profit or loss before financing and income tax’) and the categories (‘operating’, ‘investing’ and ‘financing’).
- the introduction of additional guidance on the aggregation and disaggregation of line items,
- additional disclosure of an analysis of operating expenses by nature if an entity prepares its statement of profit or loss using the function of expense method,
- disclosures on unusual income and expenses as well as entity-specific management performance measures, and
- standardisation of certain line items in the statement of cash flows, particularly by removing some presentation choices in IAS 7.

The IASB has since significantly amended parts of these proposals and its deliberations on the revision of the proposals continue. It does not expect to conclude the project before 2024.

On the recommendation of the ASAF, the IASB held a number of targeted outreach events between September and December 2022 to gather feedback – particularly from preparers – on whether the IASB’s tentative decisions work as intended and achieve the desired balance between costs and benefits. These outreach events focused on the IASB’s tentative decisions on the following topics:

- subtotals in the statement of profit or loss (particularly the revised definition of the ‘financing’ category),
- disclosures on management performance measures,
- additional disclosures on operating expenses by their nature, and
- disclosures on unusual income and expenses.

As a member of the ASAF, the ASCG participated in the IASB’s outreach activities and held several outreach events in October and November 2022. On 28 October 2022, we ran a public information event, where we presented the current project status and the significant tentative decisions reached by the IASB. In addition, together with the IASB Chair, IASB staff and EFRAG representatives, we held a roundtable discussion, during which the above-mentioned tentative IASB decisions were a particular focus.

We communicated the findings of these events and the extensive discussions in the Financial Reporting Technical Committee to the IASB in a [comment letter](#) dated 10 January 2023. In our letter, we expressed our continued support for the IASB’s *Primary Financial Statements* project and its objective to increase comparability between entities and over time as regards reporting performance. However, notwithstanding our general support, our

outreach activities showed that a number of the IASB’s tentative decisions include new proposals, some of which are still the subject of significant debate. The consequences of some of those decisions have not fully been settled with stakeholders.

In light of this, in our comment letter we recommend that the IASB consider a further consultation on certain issues after it has concluded its deliberations (Re-exposure Draft). In our comment letter, we highlight the following issues which require further deliberation by the IASB and, potentially, further public consultation:

- the proposed disclosures of depreciation, amortisation and employee benefits included in each line item in the statement of profit or loss prepared using the function of expense method,
- the level at which ‘main business activities’ are assessed – especially for conglomerates,
- the proposed presentation of income and expenses from associates and joint ventures (accounted for using the equity method), particularly by insurance entities,
- management performance measures – the proposed disclosures of income tax effects and the effects on non-controlling interests, and
- the interaction of the proposed new subtotals in the statement of profit or loss, as well the proposed disclosures of management performance measures, with segment reporting under IFRS 8.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

The IASB is expected to reach landmark decisions in this project in 2023, which we will actively track. In the first and second quarters of 2023, in particular, the ASAF plans to hold further discussions on the IASB's *Primary Financial Statements* project. In addition, we intend to monitor and closely track the further work of the IASB, especially with regard to the critical issues mentioned above.

Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 *Non-current Liabilities with Covenants* on 31 October 2022, concluding its project to revise the requirements on the classification of liabilities as current or non-current.

The published amendments to IAS 1 relate to the classification of liabilities (as current or non-current) that are subject to specified credit conditions (covenants). The amendments clarify that only covenants that an entity is required to comply with on or before the reporting date should affect the classification of a liability as current or non-current.

Furthermore, the amendments introduce additional disclosure requirements for non-current liabilities with covenants. These disclosures are intended to enable investors to assess the risk that a liability classified as non-current could become repayable within 12 months, and include the following information:

- the carrying amount of the liability,
- information about the covenants (such as their nature and the date when the entity is required to comply with them), and
- facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants.

Subject to their endorsement, the amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2024. Early application is permitted.

The newly issued amendments to IAS 1 supplement the amendments to IAS 1 on the classification of liabilities as current or non-current published by the IASB in January 2020 (the '2020 amendments').

At the request of several stakeholders, the IFRS Interpretations Committee issued a tentative agenda decision on the 2020 amendments, which showed how an entity should apply the 2020 amendments to particular fact patterns. The feedback on this tentative agenda decision provided new information that the IASB had not considered when developing the 2020 amendments. In response to this new information, the IASB published Exposure Draft [ED/2021/9](#), amending IAS 1 with regard to the classification of liabilities (as current or non-current) and the related disclosure requirements.

Our Financial Reporting Technical Committee addressed Exposure Draft [ED/2021/9](#) in detail and submitted a [comment letter](#) to the IASB on 21 March 2022.

In the letter, we supported the proposed amendments on the classification of liabilities with covenants. We also agreed in principle with the proposal that additional disclosures in the notes

are useful for informing users of financial statements about the risk that a liability classified as non-current may become repayable within 12 months after the reporting date. However, as it is likely that most of an entity's liabilities are subject to compliance with covenants, we recommended that the IASB limit the scope of the disclosures to situations in which there is a substantial risk that the entity cannot comply with the conditions. We did not agree with the IASB's proposal to require entities to separately present non-current liabilities with covenants in their statement of financial position, since it is likely that almost all of an entity's non-current liabilities would be presented within that proposed new line item.

IFRS for SMEs

On 8 September 2022, the IASB issued Exposure Draft [IASB ED/2022/1](#) on the amendment of the IFRS for Small and Medium-sized Entities (IFRS for SMEs), with a comment period ending on 7 March 2023.

The IFRS for SMEs was last comprehensively revised in 2015. The proposals in the IASB's Exposure Draft aim to take into account new and amended IFRSs that have entered into force since this last revision. At the same time, the revision process should also ensure that the IFRS for SMEs is still tailored to the specific needs of SMEs.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //



▲▲ Andreas Bödecker
▲ Dr Marco Ebel



▲ Prof. Dr. Brigitte Eierle

This project does not have direct consequences for accounting by German entities, since there is no requirement for entities under German law to prepare financial statements in accordance with the IFRS for SMEs. However, it is possible that the annual financial statements of foreign subsidiaries of German groups in jurisdictions that apply the IFRS for SMEs will be affected. Furthermore, the disclosure requirements of the IFRS for SMEs form the basis for the IASB's recently published draft of a new IFRS with reduced requirements for subsidiaries without public accountability.

Our Financial Reporting Technical Committee discussed the proposed amendments to the IFRS for SMEs. Due to the currently limited applicability of the IFRS for SMEs from a German perspective, the Financial Reporting Technical Committee decided not to comment on the content of the draft in detail. Instead, we focused our work in this area on the interactions with other IASB standard-setting activities, particularly with regard to [ED/2021/7 Subsidiaries Without Public Accountability: Disclosures](#). The ASCG's comment letter will therefore primarily focus on the proposed scope of the IFRS for SMEs.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Subsidiaries without Public Accountability: Disclosures

We also continued to actively track the IASB's work in relation to its comprehensive disclosure initiative project. As a subproject, the IASB published Exposure Draft [IASB ED/2021/7 Subsidiaries without Public Accountability: Disclosures](#) for comment in July 2021. In this Exposure Draft, the IASB proposed that entities without public accountability (primarily entities that are not publicly traded and do not act in a trustee capacity) should be permitted to apply IFRSs with a reduced set of disclosure requirements for their separate financial statements (or subgroup financial statements), provided that they are included in the parent entity's financial statements prepared in accordance with IFRSs.

We participated in the IASB's ongoing deliberations on this project, particularly – after first exploring the issues in the Financial Reporting Technical Committee – through our membership of different bodies. Most recently, we discussed the situations in which the proposed (optional) relief in ED/2021/7 would be applicable and issues that could affect implementation in individual jurisdictions, at the ASAF meeting in July 2022. With regard to German subsidiaries, the applicability of the draft standard will be determined by whether it is endorsed and by the implementation of the Member State options under the IAS Adoption Regulation into national law.

IASB Post-implementation Reviews

IFRS interpretation and maintenance activities include the systematic review of new standards after they have been applied for a number of years. These 'post-implementation reviews' (PIRs) are conducted to assess the impact of a new standard and to determine whether a standard can be applied as intended or the extent to which application difficulties, uncertainties or even inconsistent application arise.

In general, each PIR begins with an initial outreach and research phase. This is followed by a second phase, during which a public consultation is conducted in the form of a request for information (RfI). The IASB aims to use the responses to the RfI to determine whether further steps are required in terms of standardisation or standard maintenance measures.

Work was conducted on four PIRs in 2022.

The first of these is the Post-implementation Review of IFRS 9 Financial Instruments. This review is being carried out in several parts, with the two phases described above conducted for each of the parts. The first part of the PIR of IFRS 9 covers the subsection 'Classification and Measurement'. The first phase (outreach and research) was already launched in 2021. The second phase – the public consultation – began in autumn 2021 with publication of the [RfI](#) and initially ran until the end of January 2022. The IASB then analysed the feedback in detail up until the end of 2022, gaining extensive insights and resolving on important follow-up measures. These are:

- (1) a standardisation project to improve IFRS 9 in relation to three aspects – clarification of the application of the cash flow criterion to financial instruments with ESG-linked features, clarification of the application of contractually-linked instruments, and additional disclosures for equity instruments in the fair value measurement category (OCI) – and
- (2) a pipeline research project on two further specific issues – namely the requirements for modifications and amortised cost measurement, including application of the effective interest method.

We participated in this PIR and discussed the explanations in the consultation document and provided our response in a [comment letter](#). In our comment letter, we identified the application of the IFRS 9 requirements, particularly with regard to financial instruments with ESG features, as difficult and commented accordingly. Essentially, we recommend that certain requirements – particularly regarding the assessment of the solely payments of principal and interest (SPPI) criterion – be reviewed and revised. Merely interpreting the existing (unchanged) provisions would not eliminate the application difficulties.

The IASB recently began the second part of the PIR of IFRS 9. This second part covers the requirements relating to impairment. The first phase was launched in autumn 2022 and – as is routine – initially involved the IFRS Foundation bodies, for example the ASAF and the IFRS Interpretations Committee. The first task was and still is reviewing and gathering specific issues and questions, which will then be more closely examined and published for consultation during the second phase.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

After first exploring the issues in the Financial Reporting Technical Committee, we have already expressed our initial opinions through our representation on the relevant bodies and, in some cases, highlighted uncertainties already raised on earlier occasions regarding the requirements on impairment and their distinction from other requirements. As soon as phase two of the consultation begins, we will address and examine the questions posed in detail, as usual. Where possible, we will involve German preparers in this process.

It should be noted that the third part of the PIR will cover the requirements on hedge accounting. However, based on current information, the third part of the review will not begin before the end of 2023.

The second notable PIR related to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* and was concluded with the publication of the IASB's [Feedback Statement](#) in June 2022. In its statement, the IASB concludes that IFRS 10, IFRS 11 and IFRS 12 are generally working as intended and that the application of these standards has not led to any unexpected costs in practice. Ultimately, the IASB decided that none of the matters identified as requiring clarification by stakeholders in the PIR were of high enough priority to be included in the IASB's work plan or the research pipeline.

We tracked the IASB's deliberations in the course of this PIR and submitted a further [comment letter](#) to the IASB on publication of the Feedback Statement. In our letter, we agreed with the IASB's conclusion that the requirements of IFRS 10, IFRS 11 and IFRS 12 are generally working as intended. However, we pointed out that for some cross-cutting issues (such as the accounting for transactions that involve 'corporate wrappers') the IFRSs still lack guidance, even though some of these issues have been discussed in depth by the IASB in the past.

The third of these PIRs is the Review of IFRS 15 *Revenue from Contracts with Customers*. This review also began in autumn 2022, with the launch of phase one and the consultation with the IFRS Foundation bodies. Although not yet complete, this initial examination of experiences as well as any uncertainties or application difficulties is now at an advanced stage. The second phase – the public consultation – is therefore expected to begin shortly.

From our own discussions and what our stakeholders have reported, we have the impression that the experience of applying IFRS 15 has so far been largely positive. We have not yet been made aware of any major difficulties with the requirements of IFRS 15. This bodes well for the upcoming consultation and indicates that the review of IFRS 15 is unlikely to lead to extensive additional work and a further round of amendments to the standard.

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.

As in every year, we tracked these activities closely in 2022. 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.

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 2022, several standards again came into sharper focus. Most of the issues related to IFRS 16 *Leases*, IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*, and IFRS 17 *Insurance Contracts*.

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 IFRS Interpretation Committee's view. If this is not the case, entities should ascertain whether their differing approach is justified or should

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

be modified. The 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 justify any errors.

In the context of standard maintenance, we would like to report that a few narrow-scope standard amendments were finalised and published by the IASB in 2022. Firstly, amendments to IAS 1 *Presentation of Financial Statements* were adopted; these relate to the classification of liabilities with covenants. These amendments to IAS 1 arose in the wake of an earlier amendment to IAS 1 in 2020, which proved to be insufficiently clear. Secondly, an amendment to IFRS 16 was adopted; this concerns lease liabilities resulting from sale-and-leaseback contracts and clarifies and expands on the corresponding requirements.

The IASB is also currently working on two older amendment projects, which still need to be finalised. These projects concern the clarification of IAS 7 *Statement of Cash Flows* with regard to supply chain finance and the enhancement of IAS 21 *The Effects of Changes in Foreign Exchange Rates* with regard to foreign exchange restrictions. However, the work on the project on a pilot approach to disclosure requirements in IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*, for example, was completed. Although the IASB will continue to develop (internal) guidance for the future development of disclosure requirements, the revision of the specific disclosure requirements in IFRS 13 and IAS 19 will not be pursued.

In addition, as a result of the IASB's 2021 agenda consultation and further to two agenda decisions, new projects for narrow-scope amendments to IFRSs were adopted. For example, several amendments and enhancements to IFRS 9 are to be developed with regard to the application of the cash flow criterion to certain financial instruments with ESG-linked features (among others), the timing of the derecognition of cash received via electronic transfer, and additional disclosures for equity instruments in the fair value measurement category (OCI). Furthermore, additional climate-related risk disclosures are to be newly developed and explicitly stipulated.

As in the past, we will monitor and closely track these current developments both in our technical committees and with the involvement of the broader public.

Lastly, we would like to mention a further current project that the IASB added to the agenda at the end of 2022 and is addressing with high priority. This was prompted by the imminent implementation of the OECD's Pillar Two model rules for domestic implementation of a global minimum tax (please also refer to our explanations on [page 17](#)). In this context, the IASB proposed amendments to IAS 12 in its Exposure Draft [IASB/ED/2023/1 International Tax Reform – Pillar Two Model Rules](#) of 9 January 2023. The proposed amendments aim to provide temporary relief from the accounting for deferred taxes arising from the implementation of the Pillar Two model rules. This represents the IASB's response to stakeholders' concerns around the potential impact of these requirements on deferred tax accounting.

The proposals in the Exposure Draft would introduce:

- a temporary exception to the accounting for deferred taxes related to income taxes under the OECD's Pillar Two rules and a disclosure that this exception has been applied, and
- targeted disclosure requirements for the entities concerned.

The IASB intends to announce the final amendments to IAS 12 in the second quarter of 2023. We will address the IASB's proposed amendments, as well as the further implications of the OECD's Pillar Two model rules, in both the newly established 'Tax' Working Group and in the Financial Reporting Technical Committee.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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 Executive Committee in 2022. The WSS Conference is organised by the IFRS Foundation, which also sets the agenda for the event.

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.

Alongside the presentation of the current status and progress made on the IASB and ISSB work programmes, the conference in September 2022 – which was again able to be held in person in London – addressed the IASB consultation on the IFRS for SMEs (including the reasons for and the scope of the consultation), the primary financial statements project, and the feedback on the proposed IFRSs on sustainability-related disclosures, among other topics. In addition, breakout sessions were held on various technical matters (including on the post-implementation review of IFRS 9 –



▲▲ Dr Lothar Rieth
▲ Dr Stefan Wich

▲▲ Birgit Weisschuh
▲ Dr Werner Rockel

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Classification and Measurement and goodwill impairment) and there was ample opportunity to exchange views on organisational issues (translations, adoption, copyrights, IFRS publications, regional groups).

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. In the past year, IFASS was chaired by Yasunobu Kawanishi, Vice Chair of the Accounting Standards Board of Japan (ASBJ). In 2023, he was succeeded by Chiara Del Prete, EFRAG SR TEG Chairwoman. These IFASS meetings provide a key platform for discussing issues shared with other standard-setters, exchanging experiences, and finding partners for joint projects.

At the first meeting of 2022, which was held virtually in March, various current IASB projects were discussed, including Non-current Liabilities with Covenants, Disclosure Initiative – Targeted Standards-level Review of Disclosures, Supplier Finance Arrangements, and the second comprehensive review of the IFRS for SMEs. A further technical focus of several plenary and breakout sessions was the post-implementation review of IFRS 9 – Classification and Measurement. In addition, a variety of sustainability reporting issues were addressed in detail. Alongside presentations on diverse sustainability-related initiatives, participants had the opportunity to voice their questions, observations and comments and to discuss them with each other.

At the hybrid event – held in person in London and virtually – in September 2022, a wide range of current financial reporting matters (including an overview of research on the subsequent measurement of goodwill, a number of issues related to financial instruments and the post-implementation review of IFRS 15) were presented by the IASB, EFRAG and standard-setters from different jurisdictions. A panel discussion on the key developments and implications in relation to digital assets was held. This time, the IFRS for SMEs and jurisdictional perspectives on sustainability reporting (climate-related risk) were the focus of several sessions. Lastly, breakout sessions were held on potential ways to improve cash flow reporting. These were led by ASCG Vice President Prof. Dr Sven Morich, among others.

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 multilateral meetings, which are held several times per year, is on international accounting issues in which we have a common interest. In 2022, for example, we discussed in detail the current consultations on the future of corporate reporting and the development of the IFRS Foundation, EFRAG and national standard-setters' structures and their current standard-setting activities with regard to sustainability reporting. Proactive future research projects in the field of financial reporting, including on the impact of blockchain technology and interconnectivity, were a further focal point.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

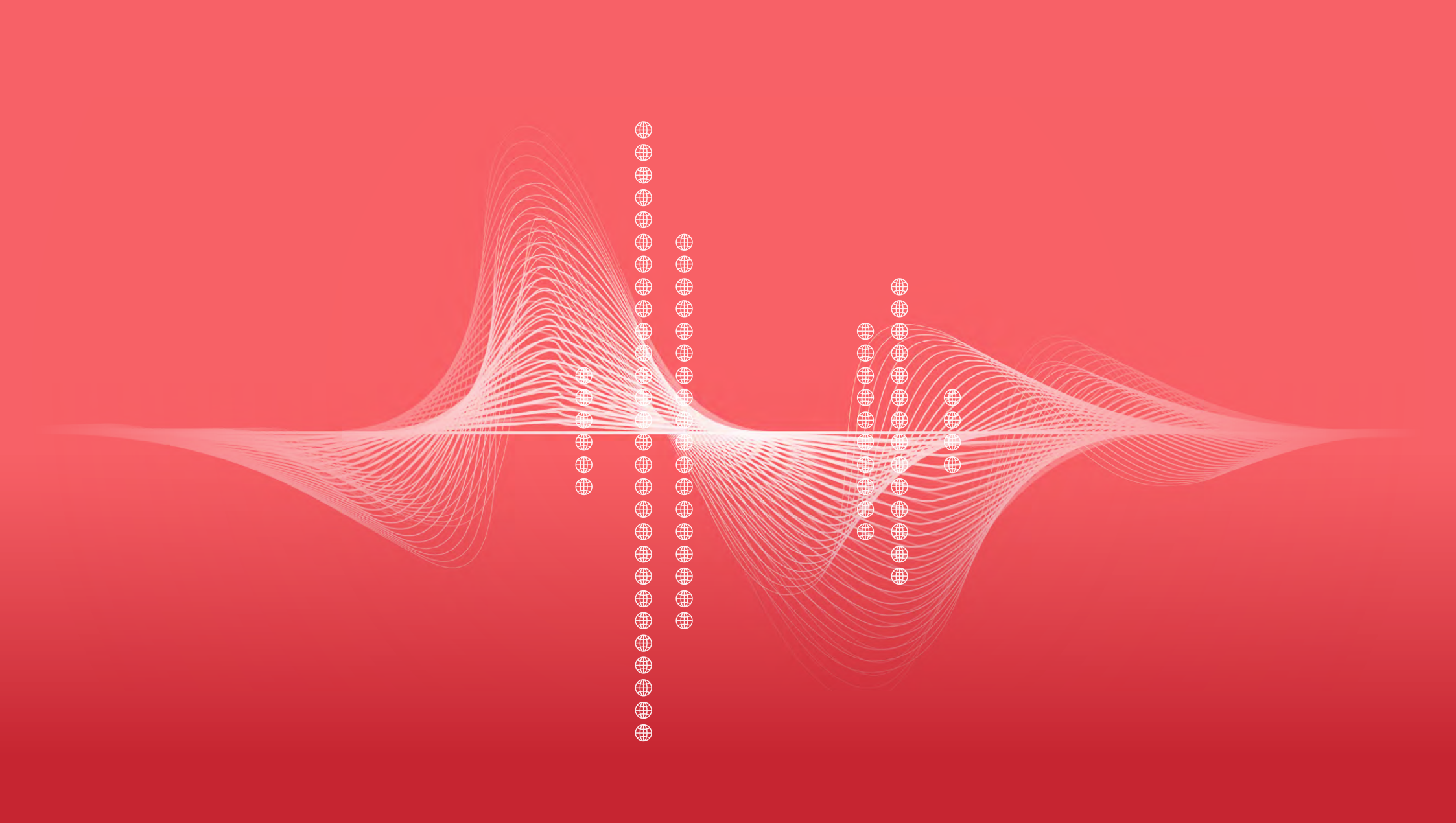
V. Financial Information //

VI. Governing Bodies and Standing Committees //

COMMENT LETTERS AND OTHER PRONOUNCEMENTS

2022, we issued the following comment letters and pronouncements in the field of financial reporting last year. The complete texts of the documents mentioned below are available on our [website](#).

Issue Date	Subject
I. Comment Letters to EFRAG	
31/01/2022	Draft Comment Letter on IASB ED/2021/7 Subsidiaries without Public Accountability: Disclosures
17/05/2022	Draft Comment Letter on the IFRS Interpretations Committee's Tentative Agenda Decisions in the final phase of implementing IFRS 17 Insurance Contracts
30/06/2022	EFRAG DP Better Information on Intangibles – Which is the best way to go?
II. Comment Letters to the IASB	
12/01/2022	IASB ED/2021/3 Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed Amendments to IFRS 13 and IAS 19)
28/01/2022	IASB RfI – Post-implementation Review IFRS 9 – Classification and Measurement
31/01/2022	IASB ED/2021/7 Subsidiaries without Public Accountability: Disclosures
21/03/2022	IASB ED/2021/10 Supplier Finance Arrangements (Proposed Amendments to IAS 7 and IFRS 7)
21/03/2022	IASB ED/2021/9 Non-current Liabilities with Covenants (Proposed Amendments to IAS 1)
26/08/2022	IASB Project Report and Feedback Statement concluding its Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12
III. Comment Letters to the IFRS Interpretations Committee	
12/04/2022	IFRS Interpretations Committee's tentative agenda decisions in its February 2022 meeting
17/05/2022	IFRS Interpretations Committee's tentative agenda decisions in its March 2022 meeting
15/07/2022	IFRS Interpretations Committee's tentative agenda decisions in its June 2022 meeting



**CONTRIBUTING GERMAN
POSITIONS AT AN EARLY STAGE:
THROUGH PROACTIVE
COMMITTEE WORK**

The ASCG works together with the corresponding organisations and bodies at all levels to strengthen German interests and positions in the European and international arenas.

The ASCG is represented in the most important international organisations in the field of corporate reporting, including the IFRS Advisory Council, ASAF and all decision-making bodies at EFRAG.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

II. Sustainability Reporting

To reflect the new significance of standard-setting in the field of sustainability reporting, the ASCG implemented a structural reform in 2021 and adopted a new [mission statement](#) that gives equal weight to sustainability and financial reporting.

As indicated in the mission statement, the ASCG supports the development of internationally consistent reporting standards. This applies to the ASCG's involvement in EFRAG's European standard-setting activities. As a member of EFRAG, the ASCG will continue to call for the systematic consideration of the 'global baseline'. Equally, the ASCG is committed to supporting the internationally focused standard-setting projects of the ISSB with regard to their application in Germany. We actively contribute to the development of reporting standards, whether in the form of our representation on EFRAG bodies (for example, the SR Board and SR TEG), by supporting the German members of various international bodies and working groups, by commenting on draft standards, or through cooperation projects to develop such drafts. Prof. Dr Kerstin Lopatta, a member of the Sustainability Reporting Technical Committee, was the acting Chair of the EFRAG SR Board until November 2022 and is now its Vice-Chair (she gives an insight into her work in this role over the past year in an interview on [pages 4 to 6](#) of this report). We are represented on the EFRAG SR TEG by the ASCG's Technical Director, Dr Thomas Schmotz. We also maintain close contact with the other German representatives on the EFRAG and ISSB bodies and working groups.

We use our close ties with all of the relevant organisations to ensure we remain a critical voice for German stakeholders in the development of 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 European and international consultations on sustainability reporting – and to discuss financial and non-financial reporting in a more integrated way, remain crucial.

We are also actively involved in the discussions on the legislative basis for sustainability reporting and support the Federal Ministry of Justice in accordance with the contract formally acknowledging the ASCG's role under section 342 of the HGB.

The Sustainability Reporting Technical Committee is responsible for issues and questions relating to sustainability reporting.

The past year saw major changes in international and European standard-setting in the area of sustainability reporting – both organisationally and with regard to technical content. In the following sections, we report in detail on these changes, which were a major feature of our work in the past year.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

COOPERATION WITH NATIONAL INSTITUTIONS

Cooperation between the ASCG and the German Council for Sustainable Development

The CSRD represents a turning point in sustainability reporting. For the first time, small and medium-sized entities (SMEs) are also required to report on sustainability aspects. According to the CSRD, this expressly applies only to listed SMEs. However, such reporting requirements also indirectly impact SMEs that are not publicly traded, since they are included in the value chains of reporting entities, or they are required to provide such sustainability disclosures by banks and insurance undertakings for regulatory reasons.

Against this backdrop, we entered into a [cooperation](#) agreement with the German Council for Sustainable Development (Rat für Nachhaltige Entwicklung, RNE) to support entities in Germany when they implement the new legal requirements and, beyond that, to proactively discuss the sustainability reporting requirements applicable to SMEs.

In October 2022, the 'SME Sustainability Reporting' [pilot group](#) that we launched with the RNE began its work under the leadership of Prof. Dr Alexander Bassen of the University of Hamburg. The pilot group is composed of experienced representatives of SMEs and various stakeholder groups with an interest in sustainability reporting for SMEs. Carsten Beisheim, Prof. Dr Christian Fink and Noura Rhemouga, all members of the Sustainability Reporting Technical Committee, are also members of this group.

On 21 December 2021, the pilot group presented a [key elements paper](#) on future sustainability reporting by SMEs, which was submitted to EFRAG and the European Commission. This paper puts forward proposals for a proportionate and practicable standard, and further guidance regarding sustainability reporting by SMEs. In particular, the paper calls for minimum reporting requirements that are significantly less complex than the requirements applicable to large entities, are well-defined and standardised, and which SMEs can flexibly supplement with additional sustainability information. To determine the minimum reporting requirements, EFRAG should focus on the needs of SMEs and the information demands of its stakeholders. These include requirements resulting from inclusion in value chains or requirements that are applicable when accessing financing from financial institutions that require the relevant information to comply with regulatory requirements, such as the Sustainable Finance Disclosure Regulation.

EFRAG is also currently working on a European sustainability reporting standard for listed SMEs (LSMEs) as well as voluntary standards for other SMEs (voluntary standard for SMEs, VSME). These are currently being discussed by the EFRAG SR Board and EFRAG SR TEG as part of the second set of Draft ESRS and are expected to be exposed for comment in spring 2023 (we report on the ESRS in more detail on [pages 44 to 49](#)).

Cooperation between the ASCG and XBRL Germany

In November 2022, XBRL Germany and the ASCG decided to establish a joint 'Digital Sustainability Reporting' Working Group. This group bundles the two associations' expertise in the field of sustainability reporting and the XBRL standards.

The objective of the working group is to monitor and evaluate digital sustainability reporting initiatives, particularly the ongoing legislative and standard-setting projects. To achieve this, the working group aims to:

- discuss and constructively support current activities and work results, such as the development of an XBRL taxonomy for EFRAG's ESRS Exposure Drafts,
- test the implementation of such an XBRL taxonomy in practice,
- proactively gather digitalisation options and alternatives (inline XBRL reports and taxonomies) and verify the quality of the taxonomy design patterns using examples,
- consider the impact of the digitalisation of sustainability reporting on entities that are not required to report (e.g. entities in the supply chain) as well as any interactions with local digitalisation efforts, and
- establish a basis for technical comments.

Alongside representatives of XBRL Germany and the ASCG, the working group's members include representatives of reporting entities, auditors, software providers and users of digital sustainability reports. Around 20 ASCG member companies are represented in the working group.

The working group held its inaugural meeting on 10 January 2023.

Forewords //

I. Financial Reporting //

[II. Sustainability Reporting //](#)

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

The German federal government's Sustainable Finance Advisory Committee

The ASCG was appointed as a permanent observer to the German federal government's Sustainable Finance Advisory Committee in the 20th legislative term. The Committee supports the federal government in the implementation and further development of its Sustainable Finance Strategy on a national, European and international level.

In the previous legislative term, the ASCG already promoted the work of the Committee in the form of comment letters, technical support and contributions to discussions, especially in relation to its expertise in the field of sustainability reporting. In the current legislative term, the ASCG is involved as an observer in the 'Reporting, Measurement and Auditing' and 'National and International Framework – Politics and Economy' working groups. An overview of the Sustainable Finance Advisory Committee's organisational structure and all of its working groups can be found [here](#).

One of the strengths of the Sustainable Finance Advisory Committee, which [is composed](#) of 34 members and 19 observers, is its wide-ranging perspectives and expertise. The Committee's inaugural meeting was held on 10 June 2022 at the Federal Ministry of Finance in Berlin. The first product of the Sustainable Finance Advisory Committee's work is an [open letter on sustainability reporting](#), in which the Committee stresses the importance of comprehensive sustainability reporting, as well as an [open letter on the](#)

[ESG scale](#) with initial implementation proposals regarding the review of the Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation).

The Sustainable Finance Advisory Committee will develop further recommendations and support the federal government on a variety of current topics and regulatory initiatives.

ASCG/Deloitte webcast series

In cooperation with Deloitte, the ASCG organised a webcast series entitled "Sustainable value creation". This series provided an insight into the challenges and opportunities presented by the fast-paced developments in the field of sustainability across the entire value chain.

In light of the ever-expanding significance of sustainability issues, the webcast series was not only aimed at companies already committed to sustainability and required to report on ESG matters, but to all companies regardless of their size or their listing on capital markets. Over the space of an hour and a half per session, we shared our expertise on regulating sustainability reporting with numerous participants. Company representatives gave an insight into current practice and Deloitte employees shared their market experience from the perspective of an audit firm. The sessions were moderated by Deloitte's Sebastian Dingel and ASCG President Georg Lanfermann.

The series of five webcasts covered the themes of (1) Strategy, (2) Procurement, (3) Employees, (4) Production and (5) Reporting & Refinancing.

Further information on the webcast series and recordings of the events can be found on the [Deloitte-Website](#).

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

COOPERATION WITH EUROPEAN INSTITUTIONS

Corporate Sustainability Reporting Directive

Shortly before the end of the year, on 16 December 2022, [Directive \(EU\) 2022/2464](#) amending the Accounting Directive and other European legislation with regard to corporate sustainability reporting (also known as the Corporate Sustainability Reporting Directive, CSRD) was published in the Official Journal of the European Union and thus entered into force on 5 January 2023. After the European Commission published and consulted on its [proposal for a Directive](#) in 2021, the discussion among the policymakers in Brussels was dominated by the parliamentary deliberations of the committees (primarily the Legal Affairs Committee) and in plenary sittings as well as by the tripartite discussions (trilogues). The plenary sitting of the European Parliament approved the text negotiated in the trilogues on 10 November 2022; adoption by the Council of Ministers followed on 28 November.

The scope and effective date of the new sustainability reporting requirements were a major feature of the political discussions. Unlike the Commission proposal, the amended Accounting Directive now provides for a staggered effective date, the first phase of which applies to entities and groups currently covered by the EU Non-financial Reporting Directive (NFRD) ([Directive 2014/95/EU](#)). This means that large public-interest entities with more than 500 employees and public-interest entities that are parent companies of large groups with more than 500 employees

will be subject to the reporting requirements for the first time starting from financial year 2024. Following this, the obligation will apply

- to all other large public-interest entities and all large corporations or parent companies of large groups starting from financial year 2025,
- to all listed small and medium-sized entities starting from financial year 2026 (with an option to opt-out until financial year 2028)
- to non-EU companies with EU branches or EU subsidiaries starting from financial year 2028.

The new sustainability reporting requirements are much more nuanced than the NFRD and cover corporate targets, concepts and measures of the company related to sustainability aspects, including corresponding due diligence processes, the material impacts, risks and opportunities in connection with sustainability aspects, as well as the role of management and the involvement of relevant stakeholders. Companies must also observe the European Sustainability Reporting Standards developed by EFRAG and made mandatory by the European Commission by means of delegated regulations (see our explanations on [page 44 ff](#)).

The ASCG also closely tracked the development of the CSRD in the past year. In a [letter](#) submitted at the end of March, the ASCG called on the European Commission and EFRAG to provide for an explicit option allowing entities to prepare integrated reports to present sustainability information when finalising the Directive and developing the European Sustainability Reporting Standards. We also increasingly played the role of a multiplier in 2022, with ASCG President Georg Lanfermann and various staff

members giving presentations on sustainability reporting at numerous public events, for example. Furthermore, immediately following political agreement in the trilogue (June 2022), the ASCG published a [Briefing Paper](#) summarising the key content of the CSRD.

EFRAG restructuring

At the end of January 2022, the EFRAG General Assembly adopted and thus formally put into effect a new organisational and governance structure for EFRAG. These changes were prompted by both the CSRD and the new Accounting Directive, which mandate EFRAG to provide technical advice in the development of European Sustainability Reporting Standards (ESRS).

In the new structure, the established financial reporting pillar of EFRAG's activities is mirrored for the newly added activities related to sustainability reporting. Two technical bodies were established for this purpose: the Sustainability Reporting Technical Expert Group (SR TEG) and the Sustainability Reporting Board (SR Board). To give adequate consideration to the broader stakeholder groups for sustainability reporting, EFRAG's membership was expanded to include in particular civil society organisations, including WWF and Finance Watch.

The Administrative Board was established as a new administrative body to represent EFRAG (an association under Belgian law). This body is responsible for the organisation, administration, finance and due process for EFRAG's technical work, with support from committees in some cases. In addition, the Administrative

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Board is also responsible for formal cooperation agreements with international standard-setting initiatives. Unlike the Technical Expert Groups and the Financial Reporting and Sustainability Reporting Boards, the Administrative Board is not involved in technical activities or positions.

As a key member of EFRAG, the ASCG is also represented on all EFRAG bodies: ASCG President Georg Lanfermann has been appointed Vice-President of the Administrative Board. Until November 2022, Prof. Dr Kerstin Lopatta, a member of the ASCG's Sustainability Reporting Technical Committee, was acting Chair of the SR Board. She therefore made a major contribution to the revision of the April 2022 ERS Exposure Drafts (see interview on [page 4 to 6](#)). On appointment of Patrick de Cambourg as Chair of the SR Board, Prof. Dr Kerstin Lopatta was named Vice-Chair. In the SR TEG, the ASCG is represented by Dr Thomas Schmotz. Furthermore, we are in close exchange with other German representatives in the SR TEG.

EFRAG established additional working groups in the course of developing sector-specific ERS. The ASCG played a crucial role in coordinating the appointment of German members to these groups (for further details, see [pages 48 to 49](#)).



▲ Dr Julia Menacher, Member of EFRAG SR TEG



▲▲ Dr Klaus Hufschlag, Member of EFRAG SR TEG
▲ Carsten Beisheim

Forewords //

I. Financial Reporting //

[II. Sustainability Reporting //](#)

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

European Sustainability Reporting Standards

The Accounting Directive, as amended by the CSRD, requires certain EU and non-EU entities to apply the European Sustainability Reporting Standards (ESRS). These standards – whose content is developed by EFRAG – are issued by the European Commission as a delegated act. EFRAG handed over the first set of Draft ESRS to the European Commission on 22 November 2022. In advance of this, the draft standards were the subject of an extensive public consultation, which ran from late April to early August 2022. Since the recruitment process for EFRAG’s new organisational and governance structure was not completed until May 2022, the draft standards were not developed by the SR Board and/or the SR TEG, but by the EFRAG Project Task Force on European Sustainability Reporting Standards (EFRAG PTF-ESRS). It had received the relevant mandate to do so from the European Commission in May 2021.

Structure of the first set of Draft ESRS

The first set of draft standards handed over to the European Commission comprises two cross-cutting standards and ten topical standards. The consultation launched in April 2022 covered 13 draft standards, but several of the initially planned requirements on the subject of governance, risk management and internal control were deleted due to subsequent amendments to the text of the CSRD, and other requirements within the ESRS were restructured, so the number of governance standards was reduced from two to one. The first set of draft standards is now structured as shown above.

First set of Draft ESRS		
Cross-cutting standards		
ESRS 1: General requirements		ESRS 2: General disclosures
Topical standards		
Environment	Social	Governance
ESRS E1: Climate change ESRS E2: Pollution ESRS E3: Water and marine resources ESRS E4: Biodiversity and ecosystems ESRS E5: Resource use and circular economy	ESRS S1: Own workforce ESRS S2: Workers in the value chain ESRS S3: Affected communities ESRS S4: Consumers and end-users	ESRS G1: Business conduct

Cross-cutting standards

The ESRS include two cross-cutting standards, ESRS 1 *General requirements* and ESRS 2 *General disclosures*. ESRS 1 sets out the general requirements for preparing sustainability reports. The important principle of double materiality is therefore also anchored in this standard. According to this principle, entities should report on sustainability topics where their activities either have a material impact on people and the environment (impact materiality) or a material financial impact (financial materiality). Further detailed guidance regarding this principle is provided by the requirement that certain information must be presented, regardless of the outcome of a materiality assessment. This includes all of the dis-

closure requirements set forth in ESRS 2 and information required in accordance with the Sustainable Finance Disclosure Regulation (SFDR), and listed in Appendix C to ESRS 2. Furthermore, all information under ESRS E1 *Climate change* and, for entities with more than 250 employees, selected requirements of ESRS S1 *Own workforce* (S1-1 to S1-9), must be disclosed, regardless of the outcome of a materiality assessment. Contrary to the proposals made in April 2022, however, listing all immaterial topics and providing reasons for their immateriality is no longer required. This has improved both the acceptance of the ESRS as well as the readability of sustainability reports.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

A further important principle provided for in ESRS 1 is the extension of corporate reporting to an entity's value chain. Accordingly, sustainability reporting must also include the impacts due to upstream or downstream (with a direct or indirect relationship to the company) business activities. During the development of the ESRS, it was specified that not all entities in the value chain necessarily have to be taken into account. Instead, material value chain information should be identified and the entities to be included should be assessed using a risk-based approach.

ESRS 1 also specifies that sustainability-related information should be presented in a dedicated section of the (group) management report. However, to take account of the fact that such information may also be the subject of corporate reporting elsewhere, incorporation by reference is permitted. References may therefore be made to specific other, clearly identifiable elements of corporate reporting, provided that these are published at the same time as the sustainability report, are subject to at least the same level of assurance and meet the same requirements regarding the digitalisation of information. Consequently, references are permitted not only to other sections of the (group) management report, but also to the (consolidated) annual financial statements, the corporate governance report (if separately prepared), or the remuneration report. To a certain extent, this also satisfies calls for integrated sustainability reporting. The ASCG also supported this wish during the development of the ESRS.

The cross-cutting standard ESRS 2 has a special significance, since – as already explained – the disclosure requirements it defines must be met regardless of the outcome of an entity-specific materiality analysis. These requirements include, for example, information on an entity's governance, such as the structure, composition, and roles and responsibilities of its management and supervisory bodies. This aims to provide an understanding of how, when and by whom sustainability-related matters are discussed and decided on at the highest level of the entity. Disclosures about the entity's strategy are also required. These disclosures include information about how an entity takes into account the interests and views of stakeholders, as well as a general overview of the business model and market position. All entities must also describe their process for assessing the materiality of sustainability-related matters. The disclosure requirements regarding the policies, actions and resources or specific indicators and objectives, for example, are to be considered in connection with the topical disclosure requirements, where applicable. Because of this structure, the cross-cutting ESRS 1 and 2 standards establish a framework for corporate sustainability reporting. At the same time, they create a connection with the specific requirements set out in the topical standards.

Topical standards on the 'Environment' aspect

ESRS E1 *Climate change* addresses the topics of climate change adaptation, climate change mitigation and energy. The CSRD already contains specific provisions covering part of the reporting requirements. For example, entities must provide information on how their business models and strategies align with the targets of the

Paris Agreement and the European Climate Law (climate neutrality by 2050 in the EU). This comprises reporting on the corresponding investment and financing plans, the main decarbonisation levers (e.g. selection of low-emission suppliers) and on emission volumes that have been fixed by means of earlier decisions (locked-in emissions). The key metrics include greenhouse gas emissions across all three scopes, energy consumption and intensity indicators.

ESRS 2 *Pollution* addresses reporting requirements on policies, actions, targets and metrics relating to the pollution of air, water and soil, the impact on living organisms and food, as well as substances of concern and of very high concern. The metrics to be disclosed include information on harmful emissions and substances of concern, for example sulphur dioxides, nitrogen oxides, nitrates and pesticides.

ESRS E3 *Water and marine resources* covers the topic of water abstraction and consumption. Specifically, companies should report on their policies, actions, targets and so on for water consumption, water discharge into water bodies and seas, as well as for conserving habitats and preserving marine resources. Among other things, this comprises disclosures on the management of water use in general and regarding any commitments to reduce water consumption in areas at water risk. It must also be disclosed if sites in such areas are not covered by a policy.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //



▲▲ Gero Bothe
▲ Noura Rhemouga

ESRS E4 *Biodiversity and ecosystems* addresses an entity's influence on biodiversity loss (including the sub-topics of land-use change, invasive species and pollution, among others), the impact drivers on the status of species (including the sub-topic of the risk of global species extinction) as well as the entity's interaction with ecosystem services. For example, entities should report on how they align with the concept of preserving planetary boundaries or intend to do so in future, and what specific actions they have taken in this regard.

ESRS E5 *Resource use and circular economy* focuses on resource inflows, use and outflows in relation to an entity's products and services as well as on the subject of waste in general. Among other things, entities should provide information on the contribution they make to reducing the use of natural, non-renewable resources, to regenerating renewable resources and the regeneration of ecosystems. This also covers metrics on the entity's resource use, amount of waste and products intentionally designed to contribute to circular economy.

Topical standards on the 'Social' aspect

The standards on the 'Social' aspect focus on employee-related matters (ESRS S1 *Own workforce* and ESRS S2 *Workers in the value chain*), matters related to affected communities (ESRS S3 *Affected communities*) and consumer-related matters (ESRS S4 *Consumers and end-users*).

The standards concerning employee-related matters provide for various disclosures on the topics of working conditions, equality, and child and forced labour. The most extensive standard

with a total of 19 reporting requirements, ESRS S1 also requires the disclosure of performance metrics, for example regarding the structure of the entity's own workforce and non-employee workers, collective bargaining coverage, diversity, fair remuneration, health and safety at work (for example, the number of work-related accidents), human rights violations, and so on. The content of ESRS S2 focuses on the provision of information on the inclusion of value chain workers in developing an entity's strategy and business model, including the processes and actions implemented with regard to social risks.

ESRS S3 addresses the impact on the economic, social and cultural rights (e.g. adequate food) of affected communities, as well as their social and political rights (e.g. freedom of expression). Specific reference is made to the rights of indigenous communities.

ESRS S4 covers reporting requirements on information-related impacts for consumers and end-users, on the personal safety of consumers and on access to products and services. The disclosures under ESRS 4 include a description of the consumer groups who are dependent on accurate and accessible product-related information.

Topical standards on the 'Governance' aspect

Governance-related information is defined as a minimum disclosure requirement under ESRS 2 (see above). Following the corresponding amendment to the CSRD during the development of the ESRS, this information now concerns only sustainability-related aspects of governance. A more extensive overview of an entity's governance structures – beyond the sphere of sustainability – is therefore



**INFORMATIVE AND TO
THE POINT:
ASCG BRIEFING PAPERS**

The ASCG publishes briefing papers on selected corporate reporting topics with the aim of providing German stakeholders with a concise overview of current developments.

We published briefing papers on the following topics:
ESRS, CSRD, ESAP, public Country-by-Country Reporting.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

no longer provided for in the ESRS. In addition to the requirements of ESRS 2 (GOV1-GOV5), ESRS G1 *Business Conduct* provides for disclosures on business practices. These address, for example, corporate governance requirements on preventing and detecting corruption and bribery, disclosures of political influence and lobbying, and payment practices, particularly with regard to small and medium-sized suppliers

ASCG activities during the consultation

The development of the ESRS was already a major feature of our work even before EFRAG launched the consultation in April 2022. In the first few months of the year, the EFRAG-PTF ESRS published working papers for all of the standards as preliminary drafts, which we reviewed.

In connection with this, the Sustainability Reporting Technical Committee provided its initial reaction to the PTF-ESRS's working papers in a [letter](#) to EFRAG in February 2022. The letter pointed out the need for the ESRS to align with the global baseline developed by the ISSB. The Technical Committee considered the draft requirements to be too extensive and complex. It recommended adopting a principle-based approach rather than a rule-based approach and considering the need for a closer connection between sustainability and financial reporting.

In a [letter](#) submitted at the end of March 2022, the ASCG called on the European Commission and EFRAG to provide for an explicit option for entities to integrate sustainability reporting. We were guided by the goals of the Green Deal, which aim to make it possible to evaluate an entity's business activities with regard

to sustainability, among other things. To achieve this, it is expected that sustainability information should also be presented in the context of financial reporting. Furthermore, it was noted that the integrated reporting approach is increasingly used in practice, particularly to reflect the interactions between sustainability aspects and business activities.

At the end of April 2022, EFRAG launched the consultation on the draft ESRS, publishing a total of 13 exposure drafts. Due to the broad scope of the exposure drafts and the consultation questionnaire, the ASCG's staff and members of the Sustainability Reporting Technical Committee worked together to review the drafts and prepare the deliberations, with the aim of developing a comment letter on the ESRS. Further support was provided by the 'Climate Reporting' Working Group, chaired by Prof. Dr Kerstin Lopatta.

Together with EFRAG representatives from the SR Board, SR TEG and PTF-ESRS, we held a full-day hybrid [public event](#). In cooperation with ESMT Berlin, the Center for Financial Reporting and Auditing (CFRA), the Deutsches Aktieninstitut, econsense, the GDV, the IDW, German Council for Sustainable Development and the WWF, we held an outreach event entitled 'ESRS – Sustainability Reporting Standards in Europe' in the historic ESMT buildings in Berlin. We exchanged views on the Draft ESRS with stakeholders and representatives from affected organisations (including companies, trade unions and civil society) during presentations, panel discussions and breakout sessions. A total of 500 participants joined the event, with the 80 who attended in person using the opportunity to discuss the issues face-to-face. This was one of the first events

we were able to hold in person after many months of pandemic-related restrictions.

Based on the Technical Committee's initial deliberations, we issued [proposals](#) for ensuring the success of EFRAG's consultation process on the ESRS, coinciding with the start of the consultation process. The ASCG was critical of the large number of exposure drafts and the extent of the consultation questionnaire, coupled with a consultation period of just 100 days. Our letter also contained proposals for a modified consultation process, adopting a staggered approach and giving greater consideration to the ISSB's global baseline.

Our [comments on the Exposure Drafts](#) of 8 August 2022 included an extensive revision of the very detailed online survey. In addition, our cover letter listed our main points of criticism. Among other things, in order to reduce complexity, we called on EFRAG to reconsider the rebuttal presumption, according to which all reporting requirements would initially be considered material and the omission of immaterial information would require justification. To make the standards more manageable, we recommended the removal of requirements that are more relevant to specific sectors and which should therefore not be covered in cross-sectoral standards. Our comments also addressed the important matter of consistency with internationally recognised minimum standards for sustainability reporting in the IFRS Sustainability Disclosure Standards. To enhance applicability, we suggested that EFRAG clarify central conceptual principles (e.g. financial materiality in the context of double materiality, specification of reporting entity and reporting boundaries). We also recommended a staggered effective date.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

In early December 2022, the BMJ launched a consultation to hear the view of associations on the ESRS. On 9 January 2023, ASCG President Georg Lanfermann addressed the remaining significant discussion points in relation to the Draft ESRS in a [letter to the Federal Ministry of Justice](#). In particular, this letter set out specific areas of improvement. The content of the ASCG's letter was based on the discussions of the Sustainability Reporting Technical Committee and the experiences of ASCG members, which were surveyed by ASCG staff.

Furthermore, on 31 January 2023, we made a direct submission to the European Commission on the first set of Draft ESRS.

Outlook

The development of sustainability reporting will continue to be shaped by European regulatory requirements in the coming years. As the next step, EFRAG will launch the first batch of sector-specific Draft ESRS. The work on these standards began in 2022 and the ASCG submitted its [recommendations to EFRAG on the development of sector-specific standards](#) in December.

Alongside the sector-specific standardisation of sustainability reporting by European entities, the CSRD provides for the development of less rigorous reporting standards for SMEs. EFRAG's work in this area has also already begun and will be continued as

a high priority in 2023. We will continue to closely track this work and participate in the anticipated consultations. In the past year, we established a pilot group with the German Council for Sustainable Development (RNE). This pilot group prepared a [key elements paper](#) on future sustainability reporting by SMEs in December 2022, which was submitted to EFRAG (see our detailed report on [page 40](#)). In January 2023, EFRAG invited Carsten Beisheim – a member of our Sustainability Reporting Technical Committee and the pilot group set up by the ASCG and the RNE – to participate in the development of European sustainability standards for SMEs.

Proposal for a Directive expanding due diligence requirements in value chains

In February 2022, the European Commission published a [proposal for a Directive](#) expanding due diligence requirements in value chains (proposed Corporate Sustainability Due Diligence Directive, CSDDD). The European Council published its [position](#) on the proposed CSDDD in December 2022.

Entities that report under the [CSRD](#) should not be subject to any separate reporting requirements under the CSDDD. Entities that do not report in accordance with the CSRD should report on due diligence in their supply chains on their corporate websites. The European Commission is to be given powers to adopt delegated acts on reporting on corporate websites.

The ASCG will continue to closely track the trilogue negotiations on the proposed CSDDD, particularly with regard to reporting and the impact on other requirements, such as the German Supply Chain Due Diligence Act, the CSRD and the application of the minimum safeguards under the [Taxonomy Regulation](#), and we will contribute our technical views as needed.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

COOPERATION WITH INTERNATIONAL INSTITUTIONS

Restructuring of the IFRS Foundation

“From Glasgow to Sharm El-Sheikh” – A little more than a year after its creation was announced at COP26 in Glasgow on 3 November 2021, the ISSB reported on the progress it has already made and provided information about its further (planned) activities. Recruitment of the ISSB’s 14 board members was completed on 31 August 2022.

In addition, as a counterpart to the Accounting Standards Advisory Forum (ASAF), the Sustainability Standards Advisory Forum (SSAF) was established. This body’s 13-strong membership, which is drawn from different jurisdictions and regions across the globe, will provide technical advice to the ISSB.

A further new advisory body, the Integrated Reporting and Connectivity Council (IRCC), will support the work of the ISSB and the IASB and provide guidance to the IFRS Foundation with regard to the establishment of integrated reporting. Additional special advisers were also appointed.

To implement its global baseline, the ISSB announced the following next steps at COP27 in Sharm El-Sheikh:

- Partnership Framework for capacity building: The [framework](#) is designed to support preparers, investors and other capital market participants in the application of the IFRS Sustainability Disclosure Standards and already has more than 20 partner organisations.

- International cooperation with jurisdictions: Explicit mention is given to the cooperation with the European Commission and EFRAG, which aims at agreeing a framework for maximising interoperability of their standards and aligning on key climate disclosures as soon as possible. It is also pointed out that the ISSB engages with jurisdictions globally and regularly consults with IOSCO in preparation for potential IOSCO endorsement of its standards.

- Continued alignment with key initiatives: The aim is to further reduce market fragmentation and inconsistencies. The Carbon Disclosure Project (CDP) announcement that IFRS S2 is to be integrated into its global environmental disclosure platform represents an important step. With 18,700 user organisations, representing half of global market capitalisation, this integration will pave the way for rapid introduction of IFRS S2. Furthermore, the ISSB is aiming for this to act as an enabler of the Climate Data Steering Committee’s work to launch a Net Zero Public Utility (a central storage system for easy data access).

A further milestone in the introduction of the IFRS Sustainability Disclosure Standards was reached with the Financial Reporting Council of Nigeria’s announcement that it will adopt these standards as soon as they are issued in 2023. Africa’s largest economy is therefore leading by example in the implementation of the IFRS Sustainability Disclosure Standards.

Talks regarding the global adoption of the ISSB standards were held with additional stakeholder groups. Among other things, the ISSB held a [roundtable](#) with jurisdictions representing the Global South on 9 December 2022.

At COP15 (7 – 19 December 2022 in Montreal, Canada), the ISSB presented key outcomes of its redeliberations on its first two draft standards (see following section for further information). It [announced](#) the development of a series of [guidance and reliefs](#) relating to the disclosure of Scope 3 greenhouse gas emissions. The ISSB also reported on [its progress](#) in other topic areas, particularly its work on natural ecosystems and just transition.

Strongly supported by the ASCG, the ISSB’s Frankfurt office was established as the office of its Chair, Emmanuel Faber. We reported in detail on the application process and the ASCG’s role on page 52 of our [2021 Annual Report](#). In addition to the ISSB headquarters in Frankfurt, further regional centres are being established in North-America and Asia-Pacific. The centre in Montreal coordinates the ISSB’s activities on the American continents. On 29 December 2022, the Trustees of the IFRS Foundation signed a [Memorandum of Understanding](#) (MoU) with the Ministry of Finance of China to establish an office in Beijing. This is scheduled to open in mid-2023.

The ASCG acts as a collection point for financial contributions to the ISSB from the private sector, in particular from German listed companies (for further details, see pages 16 – 18 of the [2021 Annual Report](#)).

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

First drafts of international sustainability disclosure standards

On 31 March 2022, in the context of its work towards the development of a global baseline for sustainability reporting, the International Sustainability Standards Board (ISSB) [published two Exposure Drafts and additional documents](#). A 120-day consultation period began on publication of the drafts and ended on 29 July 2022.

Exposure Draft [ED/2022/S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) sets out general sustainability-related disclosure requirements. [ED/2022/S2 Climate-related Disclosures](#) specifies climate-related disclosure requirements. The proposals are based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and also include the sector-specific disclosure requirements developed by the Sustainability Accounting Standards Board (SASB).

The basis for the two Exposure Drafts are the prototypes prepared by the Technical Readiness Working Group (TRWG), which were published by the IFRS Foundation in November 2021 during the COP26 World Climate Summit. The [prototypes](#) have since been further elaborated. The current proposals were adopted by the ISSB without further deliberation of the content. The IFRS Foundation's Due Process Oversight Committee gave ISSB Chair Emmanuel Faber and Sue Lloyd the approval required for this step.

We addressed the Exposure Drafts in detail and discussed the content in the Sustainability Reporting Technical Committee as



▲ Nicolette Behncke

▲▲ Prof. Dr Christian Fink
▲ Dr Michael Seifert

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

well as with numerous stakeholders. The ASCG's 'Climate Reporting' Working Group provided technical support in the deliberations on ED/2022/S2. We supported broad public engagement with the Exposure Drafts among the German community by preparing a [German language version](#) of the snapshot of the two drafts. We also held an outreach event with the ISSB, in cooperation with the Goethe University Frankfurt and Deutsche Börse Group, on 21 June 2022. Emmanuel Faber gave the keynote speech and discussed the challenges and trends in sustainability reporting, as well as the ISSB's role in the future development of sustainability reporting, in the subsequent panel discussion. A second round of discussions offered an opportunity to talk about the content of the ISSB Exposure Drafts with ISSB staff.

Further to these events, we submitted our [comment letters](#) on ED/2022/S1 and ED/2022/S2 to the ISSB on 29 July 2022. The ISSB received a total of more than [1,300 comment letters](#).

In our comment letters we confirmed our support for global sustainability reporting standards. We pointed out the challenge of connecting international standards to national and regional legal requirements, such as the future European Sustainability Reporting Standards (ESRS). We also called for constructive cooperation between the institutions involved.

We supported the orientation towards the structure and content of the recommendations of the TCFD in ED/2022/S2. However, we identified a need for clarification with regard to basic definitions (such as the term 'sustainability') and the inclusion of further application guidance (for example, with regard to the materiality assessment for identifying reportable sustainability aspects). In addition to reporting on sustainability-related risks and opportunities, we suggested that greater emphasis should be given to the role of impacts. We also expressed our support of the proposals for integrated financial and sustainability reporting put forward in the Exposure Drafts and encouraged close cooperation between the ISSB and IASB. We identified the consistency of the Exposure Drafts with the requirements in the IFRS Practice Statement *Management Commentary* as an essential issue. In principle, we also welcomed

the introduction of sector-specific standards. However, we were critical of the ISSB's approach with regard to the adoption of the standards developed by the SASB, as the compatibility of rule-based and principle-based reporting requirements is unclear.

The ISSB discussed the comment letters received in the course of its redeliberations between July 2022 and February 2023. The final standard is scheduled for publication in June 2023.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

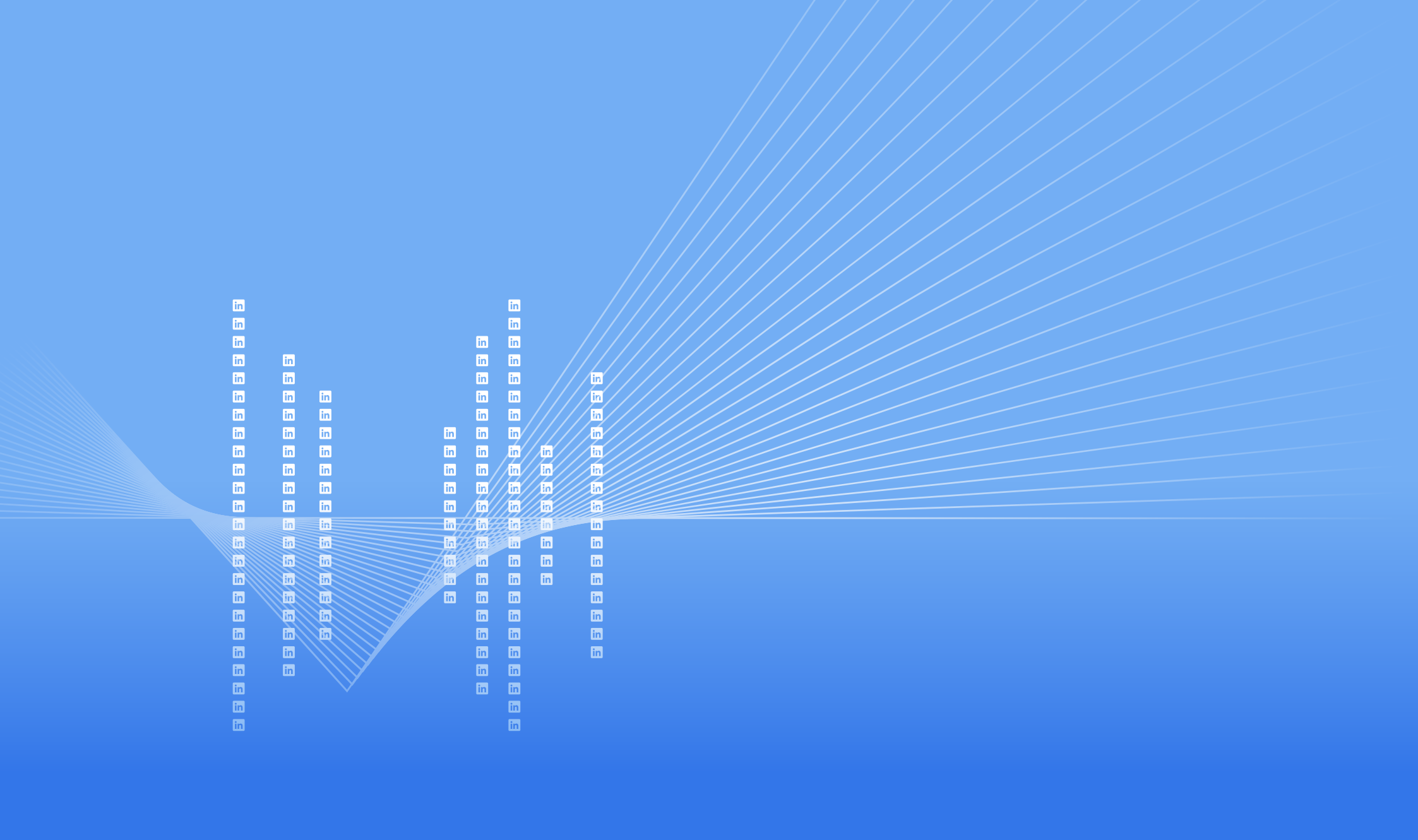
V. Financial Information //

VI. Governing Bodies and Standing Committees //

COMMENT LETTERS AND OTHER PRONOUNCEMENTS

2022, we issued the following comment letters and pronouncements in the field of sustainability reporting last year. The complete texts of the documents mentioned below are available on our [website](#).

Issue Date	Subject
I. Comment Letters and other pronouncements to European organisations	
29/03/2021	European Commission and EFRAG: Towards better Sustainability Reporting – Call for an Integrated Reporting Option
10/05/2021	European Commission and EFRAG: Getting it right! Proposals for ensuring the success of EFRAG's consultation process on European Sustainability Reporting Standards (ESRS)
08/08/2022	EFRAG: Draft European Sustainability Reporting Standards (ESRS)
19/12/2022	EFRAG: DRSC recommendations on the development of sector-specific standards
21/12/2022	EFRAG (Copy to European Commission, DG FISMA, BMJ): Key elements for a sustainability reporting standard for SMEs (from ASCG and RNE)
II. Comment Letters and other pronouncements to international organisations	
18/05/2022	SEC: The Enhancement and Standardization of Climate-Related Disclosures for Investors
29/07/2022	ISSB: ISSB ED/2022/S1 General Requirements for Disclosure of Sustainability-related Financial Information
29/07/2022	ISSB: ISSB ED/2022/S2 Climate-related Disclosures
III. Briefing Papers	
03/05/2022	European Sustainability Reporting Standards (ESRS) – Consultation Drafts (in German only)
04/07/2022	Corporate Sustainability Reporting Directive (CSRD) (in German only)
24/11/2022	European Sustainability Reporting Standards (ESRS) (in German only)



**REACHING A BROADER PUBLIC:
WITH A STRONG ONLINE
PRESENCE**

Supplementing its established website, the ASCG is continuously expanding its presence on LinkedIn to reach a broader public.

We have seen a steady increase in interest on LinkedIn: the number of subscribers doubled within twelve months.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

III. Overarching corporate reporting issues

There are several overarching corporate reporting issues that are of equal relevance to both financial and sustainability reporting.

The Joint Technical Committee – which is composed of the Financial Reporting Technical Committee and the Sustainability Reporting Technical Committee – is responsible for addressing such issues. In this section, we report on two of these overarching issues and our activities in this context.

COOPERATION WITH EUROPEAN AND NATIONAL INSTITUTIONS

Proposal to establish a European Single Access Point for company and product data

Led by its Financial Reporting Technical Committee, the ASCG worked intensively in 2022 on the [legislative proposal](#) to establish a European Single Access Point (ESAP) for company and product data, which was published by the European Commission on 25 November 2021.

This access point, which is to be established at the European Securities and Markets Authority (ESMA), is a flagship initiative of the EU Capital Markets Union Action Plan published in September 2020. The proposed legislation includes a draft Regulation establishing the ESAP, as well as a draft Omnibus Regulation and a draft Omnibus Directive amending a large number of other pieces of legislation that set out the information to be reported.

These include the Accounting Directive, the Transparency Directive and the Shareholder Rights Directive.

The ASCG published a [briefing paper](#) on this subject in January 2022. This paper provides a brief overview of the structure of the proposed legislation, which concerns some 167,000 preparers and reporting entities across the EU as well as more than 200 existing reporting requirements in 37 pieces of EU legislation.

The establishment of the ESAP will be carried out in phases. Under the European Commission's legislative proposal, the ESAP is to be implemented by ESMA by 31 December 2024 and will progressively provide access to all company, product and other information that must be disclosed by companies in accordance with EU financial market regulations.

It should also be possible to make information available on a voluntary basis. This should enable unlisted companies, including small- and medium-sized entities, to enhance their visibility and improve their access to finance.

The European Commission launched a consultation in parallel with the publication of the proposed legislation. As part of this, the ASCG submitted its [comment letter](#) on the proposed ESAP legislation to the European Commission in March 2022.

In our letter, we expressed our view that the legislative initiative is important. We also welcomed the fundamental objective of the legislative proposal. However, the specific design of the downstream implementing measures will be decisive for the achievement of this objective and the associated costs for companies, and it is not yet possible to adequately assess these measures. Additionally, we welcomed the fact that the proposal does not create

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

new reporting requirements in terms of content, but merely establishes new notification requirements/channels and follows a 'file only once' principle.

We assessed the timetable outlined by the European Commission for the establishment of the ESAP by 31 December 2024, the scope of the information to be made available in the ESAP and its intended functionalities as being very ambitious. In our view, therefore, the information required by market participants to comply with their own reporting requirements (such as information under the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation and the CSRD) should be made available in the ESAP as a first step.

In addition, we suggested taking into account the experience and knowledge gained from the introduction of ESEF-based electronic financial reporting with regard to the ESAP. We also recommended the establishment of a forum for discussing implementation and application issues following implementation of the ESAP. Additionally, we suggested establishing a binding process for resolving technical and functional application issues.

In our comments, we also addressed the interactions between the legislative proposal and the CSRD proposals. The legislative proposal on ESAP proposes only amending the provisions on publication contained in the Accounting Directive. However, we noted that the establishment of the ESEF as the format for preparing (consolidated) financial statements and (group) management

reports in the draft CSRD would lead to the same technical questions as arose regarding the electronic preparation of (consolidated) financial statements, which were discussed in Germany during the introduction of the ESEF (for example, with regard to the information rights of shareholders and auditing of the electronic format).

On 16 March 2022, the ASCG also held an online panel discussion on the proposed ESAP legislation. This event had around 120 participants, representing preparers, auditors, users, SMEs and associations.

During the event, a representative of the European Commission's Directorate General FISMA first presented an overview of the content of the legislative proposal. In the subsequent panel discussion, the panellists spoke about the proposal from different perspectives. Among other matters, the panel discussed the objective of the legislative proposal, the assignment of responsibilities: EU vs. Member States, critical success factors for achieving the objectives of ESAP and opportunities in the area of sustainability reporting.

Through the varied perspectives presented, the participants gained in-depth insights into selected aspects of the legislative proposal. In addition, the event offered participants the opportunity to exchange views on the ESAP in an open Q&A session.

Later in the year, on 29 June 2022, the European Council established its [position](#) on the ESAP proposal. This position marks a significant step in the political negotiations from which the fundamental direction with regard to several core points of the legislative proposal is already emerging. The Council agreed that the competent national authorities, as collection bodies, should collate the information to be made available on the ESAP platform. In this context, the Council's position provides for maximum flexibility for EU Member States to organise the collection of data by collection bodies and efficiently transmit the data to the ESAP. The legislative proposal does not introduce any additional data reporting requirements for companies, since the ESAP platform will already contain established categories of data and publicly accessible information.

In its position, the Council also set out a change to the planned timeline for the phased introduction of the ESAP platform. Accordingly, significant parts of the platform will now only become operational from 2026 and not from 2024, as originally planned. The platform is scheduled to be completed by 2030. This should ensure that ESMA and the Member States have sufficient time to implement the technical aspects of the project and prepare for the transmission of data to the ESAP.

The ASCG will continue to actively track the developments surrounding the ESAP and maintain a dialogue with the stakeholders concerned, including through our ESEF Preparer Forum (see [pages 60 to 63](#) of this report).

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Disclosure of income tax information by certain entities and branches

In April 2016, the European Commission published a [proposal](#) for an EU Directive for public country-by-country reporting of income tax information. Although this proposal appears at first glance to concern tax disclosures, the European Commission added the new reporting requirements to [Directive 2013/34/EU](#) (Accounting Directive). The objective of the new requirements in the Accounting Directive is to promote the tax compliance of multinational companies (including those based outside of the EU, where applicable) through enhanced transparency and public scrutiny of their income taxes. In parallel with the developments at the OECD, this is designed to improve public confidence in national tax systems. Some five years following publication of the proposal, the [Directive \(EU\) 2021/2101](#) was published in the Official Journal of the EU in December 2021. EU Member States have until June 2023 to implement the new requirements in national law.

On 30 September 2022, the Federal Ministry of Justice (BMJ) issued a [ministerial draft](#) transposing Directive (EU) 2021/2101 into German law. In October 2022, the ASCG published a [briefing paper](#) on the ministerial draft and issued a [comment letter](#), which generally welcomed the content of the ministerial draft. However, our comment letter identified the following issues:

- The calculation of the average number of employees (proposed section 342h(3) no. 1 of the draft HGB amendment) should be examined, as it goes beyond the requirement under EU law, according to which only the “the number of employees on a full-time equivalent basis” is required to be disclosed (point c) of Article 48c(2) of the Accounting Directive).
- Entities are required to disclose the income taxes still payable for the relevant financial year, whereby the current tax expense does not include deferred taxes (subparagraph 3 of Article 48c(2) of the Accounting Directive). The ministerial draft refers only to deferred tax expense (section 342h(3) no. 4 of the draft HGB amendment) and not to deferred tax income. We therefore recommended the corresponding amendment of the requirement.
- Entities are required to disclose the income taxes still payable for the relevant financial year, whereby the current tax expense does not include provisions for uncertain tax liabilities (subparagraph 3 of Article 48c(2) of the Accounting Directive). However, the ministerial draft does not address such provisions (section 342h(3) no. 4 of the draft HGB amendment), which should be rectified.
- Information that does not relate to EU member states or to tax jurisdictions listed in Annex I or II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes should be presented on an aggregated basis (subparagraph 3 of Article 48c(5) of the Accounting Directive). However, the third sentence of recital 16 of Directive (EU)

2021/2101 also provides for the presentation of more detailed information. Even without an explicit provision, entities can in principle include voluntary disclosures in their income tax reports that go beyond the scope of the legally required information. Nevertheless, on the basis of this recital, we recommended the inclusion of an explicit provision in the HGB (section 342i(1) sentence 2 of the draft HGB amendment) or a reference in the explanatory memorandum.

In December 2022, the BMJ published a [government draft](#), which in particular included our proposals outlined above.

The ASCG will continue to track the implementation of Directive (EU) 2021/2101, particularly with regard to the anticipated European Commission implementing acts on digital reporting (Article 48c(4) of the Accounting Directive).

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

[III. Overarching Corporate Reporting Issues](#) //

IV. Spotlight on Members //

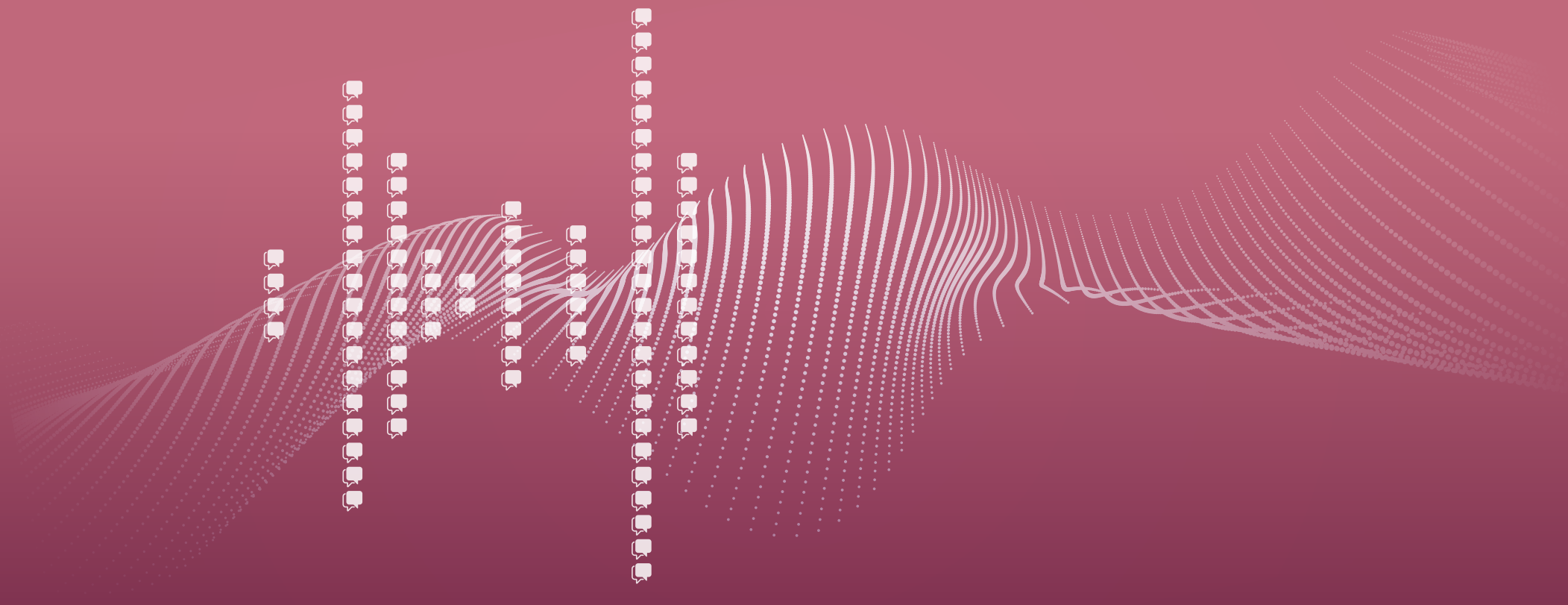
V. Financial Information //

VI. Governing Bodies and Standing Committees //

COMMENT LETTERS AND OTHER PRONOUNCEMENTS

2022, we issued the following comment letters and pronouncements in the field of sustainability reporting last year. The complete texts of the documents mentioned below are available on our [website](#).

Issue Date	Subject
I. Comment Letters to national organisations	
31/10/2022	BMJ: Draft Act on the Implementation of Directive (EU) 2021/2101 as regards Disclosure of Income Tax Information by Certain Undertakings and Branches (in German only)
II. Comment Letters to European organisations	
24/03/2022	European Commission: Legislative proposal on a European Single Access Point (ESAP)
III. Briefing Papers	
19/01/2022	European Single Access Point (ESAP) – Digitisation and centralisation of access to European business data (in German only)
10/10/2022	Ministerial Draft for public Country-by-Country Reporting (in German only)



**ENCOURAGING THE EXCHANGE
OF VIEWS AMONG MEMBERS:
THE ASCG PREPARER FORUMS**

In the established ASCG preparer forums, the member companies discuss the most important application issues and exchange experiences to elaborate potential solutions that will work in practice.

We organised five meetings of the ESEF Reporting Preparer Forum and four meetings of the EU Taxonomy Preparer Forum, with more than 100 attendees in some cases.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

[IV. Spotlight on Members //](#)

V. Financial Information //

VI. Governing Bodies and Standing Committees //

IV. Spotlight on Members

This section addresses the activities we performed exclusively for our members in 2022: 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 corporate reporting. In return, we ask our members to actively express their views and give feedback on selected matters. Last but not least, we provide them with an opportunity to discuss their experiences and questions with each other.

PREPARER FORUMS

We establish preparer forums on a range of corporate reporting matters, which serve as a platform for participants, who are ASCG members, to exchange views. Our aim is to add additional value for our members who fund and support our association. They give participants an insight into current developments and enable them to discuss implementation questions. Although the focus is on preparers, all members of the ASCG are invited to attend and get involved.

In addition to the Preparer Forum for ESEF-based Electronic Financial Reporting, which we held five times in 2022, the Preparer Forum on the Environmental Taxonomy met three times in the past year. Both forums proved very popular. We report on the content of the two forums on the following pages.

We would like to thank our member companies and associations for their active participation and are already looking forward to our preparer forums on these and other topics in 2023.

Preparer Forum for ESEF-based Electronic Financial Reporting

Background to the ESEF

Since 1 January 2020, all listed entities 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 [EU Directive 2013/50/EU](#) (Transparency Directive Amending Directive). 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.

The applicable single electronic reporting format is defined by Delegated Regulation (EU) 2019/815 (ESEF Regulation). Under Article 3 of the ESEF Regulation, annual financial reports are required to be prepared in Extensible Hypertext Markup Language (XHTML) format. The included IFRS consolidated financial statements are marked up by embedding Inline XBRL (iXBRL) tags as specified in the Annex to the ESEF Regulation. The Regulation also provides an (extensible) core taxonomy for this purpose.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

The ESEF Regulation is periodically updated to take account of amendments to IFRSs, changes to the XBRL specification, or other technical developments. The core taxonomy was recently updated by the [fifth version of European Commission Delegated Regulation EU 2022/2553](#) of 21 September 2022.

Tagging of notes disclosures for the first time for financial year 2022

To give issuers sufficient time to adapt to the use of iXBRL technology, only the primary financial statements (the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity) and certain basic information were required to be marked-up in financial years 2020 and 2021.

The mandatory marking-up of notes to financial statements applies for the first time for financial years beginning on or after 1 January 2022. Unlike the detailed tagging of the primary financial statements, block tagging applies to the notes of financial statements, meaning that whole sections of the notes disclosures are each marked up using single taxonomy elements. Annex II of the ESEF Regulation currently lists around 250 mandatory elements that are to be used for marking-up.

Preparer Forum meetings in 2022

The Preparer Forum held a total of five meetings in 2022. The main focus of the meetings was implementation of the requirements for marking-up notes disclosures.

To give the affected entities concerned a platform to discuss implementation issues in preparation for the upcoming marking-up of notes disclosures, we held two preparer forums on ESEF-based electronic financial reporting in May and June 2022. During these forums, participants discussed technical and process-related aspects of the ESEF implementation, such as:

- submission to the Federal Gazette – experience in the 2021 reporting season
- experience with software solutions (ESEF tools)
- application issues and challenges related to the marking-up of notes disclosures.

These discussions made it clear that even block tagging of the notes poses a number of challenges and uncertainties. The reason for this is that the ESEF Regulation only provides generic requirements on marking up notes disclosures and, in practice, no uniform understanding of certain application and implementation issues has yet crystallised. For example, the hierarchy of the mandatory taxonomy elements is still unclear. In addition, no detailed description of some taxonomy elements is provided (taxonomy elements labelled as “common practice” were mentioned, in particular), so it remains unclear which notes disclosures should be marked up with these taxonomy elements.

Detailed guidance on the requirements of the ESEF Regulation was provided in August 2022 in the form of ESMA's annual update to the [ESEF Reporting Manual](#), in which ESMA provided guidance on the marking-up of notes disclosures for the first time. The IDW provided further key guidance in its Q&A on block tagging

IFRS notes disclosures under the ESEF Regulation, which was published in November 2022.

We closely followed these developments in the Preparer Forum, which held three further meetings in the period from October to December 2022. These meetings served as a platform for discussing application and implementation issues related to marking-up of notes disclosures. The discussions at these meetings centred on the following topics:

- the presentation and discussion of selected guidelines from ESMA's ESEF Reporting Manual.
- from detailed tagging to block tagging – categorisation of narrative tagging with current examples and discussion topics, and
- the IDW Q&A: block tagging IFRS notes disclosures under the ESEF Regulation.

We were again pleased to welcome excellent speakers at the Preparer Forum meetings. For example, at the May 2022 meeting, representatives from the Federal Gazette reported on their experiences with the submission of ESEF-based statements in the 2021 reporting season. In addition, a representative of XBRL Deutschland e.V. was a guest at the meeting in November 2022 and spoke about current topics of discussion from a technical perspective. At the meeting in December 2022, members of the IDW's 'ESEF' working group presented the key elements of the IDW's Q&A document to the preparer forum and discussed the content with the participants.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

[IV. Spotlight on Members //](#)

V. Financial Information //

VI. Governing Bodies and Standing Committees //



▲ Prof. Dr Kerstin Lopatta

▲▲ Jens Berger
▲ Prof. Dr Corinna Ewelt-Knauer

The enthusiastic participation in the Preparer Forum meetings demonstrates that there is sustained, broad-based demand for a platform to discuss issues and exchange ideas. For example, there is still uncertainty around whether defined structural information (particularly in relation to tables) must be included when marking up notes disclosures. Such structural information makes the information in tables effectively machine-readable. However, in practice it has emerged that, at present, some software solutions cannot readily add this structural information to XHTML documents created from PDF documents.

From a process-related perspective, it is still apparent that the introduction of the ESEF has made the preparation of financial statements more arduous for the entities concerned. There are still process-related challenges with regard to the fact that it is practically impossible to make further changes to the ESEF file shortly before the date of the audit opinion, since even minor amendments generate a new checksum, and would require the ESEF file to be re-audited by the auditor.

[Outlook](#)

Meetings of the Preparer Forum for ESEF-based Electronic Financial Reporting are also planned for 2023. A further forum was already held in January 2023, during which participants discussed the application issues encountered in the current reporting season and exchanged their experiences to date in an open question-and-answer session.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

We will also actively follow the ongoing development of the ESEF reporting requirements. In particular, it is expected that ESMA will draw on the experience gained from the first season of block tagging of notes disclosures and update its guidance in the ESEF Reporting Manual in 2023.

In addition, we will track further developments in relation to ESEF-based electronic financial reporting in the Preparer Forum. In this context, the upcoming national implementation of the CSRD ([Directive \(EU\) 2022/2464](#)) is particularly notable. Under this Directive, starting step-by-step from financial year 2024, the management reports and group management reports of large (limited liability) entities are required to be prepared using the ESEF and certain sustainability information (located in the management report) marked up using a taxonomy.

Since the CSRD again specifies that management reports and group management reports should be prepared in ESEF, the same technical questions (including preparation versus publication format) arise as discussed in relation to the introduction of the ESEF for the annual financial reports of listed entities. Furthermore, it is likely that the entities concerned will have only a very short transition period to implement the reporting standards and the related taxonomy-based tagging. It is therefore likely that the implementation of electronic sustainability reporting will involve similarly complex challenges to the introduction of the ESEF.

Preparer Forum on the EU Taxonomy Regulation

The EU Taxonomy Regulation ([Regulation \(EU\) 2020/852](#)) and the related Delegated Regulations are at the heart of the EU's initiatives on the transition towards a green economy. The Taxonomy Regulation has introduced a classification system for environmentally sustainable economic activities using science-based technical screening criteria (the Taxonomy). In addition, both financial market participants – especially banks and insurers – and non-financial entities are subject to additional reporting requirements. Non-financial entities are required to report their Taxonomy KPIs for the first time in 2023 for the 2022 financial year. In 2022, economic activities related to nuclear energy and energy generation from fossil gas were added to the Taxonomy ([Delegated Regulation \(EU\) 2022/1214](#)). Technical screening criteria for the environmental objectives of the Taxonomy that are not climate-related are expected to be issued in 2023.

The European Commission has driven forward the enhancement of sustainability reporting through the CSRD (see [page 42](#) of this report), which will in future require around 15,000 German companies to report Taxonomy information.

We held three meetings of the Preparer Forum on the EU Taxonomy Regulation with our member companies. The aim of this Preparer Forum is to discuss application issues and experiences from the application and implementation of the Taxonomy Regulation at German companies. The key application issues are gathered together, worked through with regard to possible solutions, summa-

risied following a consistent structure (issue raised, alternative solutions, preliminary approach) and updated on a continuous basis.

On 23 March 2022, the ASCG held the ninth Preparer Forum, which had more than 80 participants. Two ASCG member companies from different industries presented their experiences of the application and implementation of the Taxonomy Regulation in the first reporting season. PricewaterhouseCoopers GmbH then presented a [study](#) on the status of the implementation at companies. Among other issues, the participants discussed the classification of economic activities in the classification system of Delegated Regulation (EU) 2021/2139.

More than 90 participants came together at the tenth meeting of the Preparer Forum on 3 May 2022. Among other issues, the classification of economic activities in the classification system of [Delegated Regulation \(EU\) 2021/2139](#) and the timing of its application in the light of new Delegated Regulations and the finalisation of the CSRD were discussed.

The eleventh Preparer Forum, with more than 80 participants, was held on 29 June 2022. Among other things, the participants discussed the approach to the 'do-no-significant-harm' criteria and detailed issues in relation to the templates set out in [Delegated Regulation \(EU\) 2021/2178](#). In addition, interactions between Taxonomy reporting and the future European Sustainability Reporting Standards applicable under the CSRD were addressed. The event was rounded off by a presentation on the findings of a study on the first reporting season.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

The ASCG was [appointed](#) as a permanent observer to the German federal government's Sustainable Finance Advisory Committee in June 2022. In this role, the ASCG is able to also feed its experiences with the Taxonomy into the work of the Committee (we report in further detail on [page 41](#)).

The Taxonomy Regulation was also a major theme of a large number of presentations by ASCG staff. These included many presentations at the Academy of Labour, Potsdam University and the Banking Academy, as well as the [webcast series](#) run in cooperation with Deloitte on 'Sustainable value creation'.

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 all standard-setting activities in relation to the IFRS Financial Reporting Standards as well as the extensive developments in the field of sustainability reporting – particularly the drafts issued by the ISSB and the ESRS Exposure Drafts. We also presented and, in some cases, discussed other regulatory matters and their practical implementation (for example, the ESEF, ESAP and the EU Taxonomies).

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.



GREATER COMMUNICATION FOR GREATER PERFORMANCE: OUR OUTREACH EVENTS

To accompany the major projects and initiatives, the ASCG organises outreach events together with the relevant project owners – EFRAG or the IFRS Foundation – in order to give German stakeholders the opportunity for focused, first-hand information and to facilitate an exchange of views.

We held two high-profile outreach events: with EFRAG on the Draft ESRS and with the ISSB on the proposals for International Sustainability Standards.

- Forewords //
- I. Financial Reporting //
- II. Sustainability Reporting //
- III. Overarching Corporate Reporting Issues //
- IV. Spotlight on Members //
- V. Financial Information //**
- VI. Governing Bodies and Standing Committees //

V. 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	from 20 000
Natural persons	1 000

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

[V. Financial Information //](#)

VI. Governing Bodies and Standing Committees //

ANNUAL FINANCIAL STATEMENTS**Balance Sheet as at 31 December 2022**

ASSETS (EUR thou.)	31/12/2022	31/12/2021
A. Fixed Assets		
I. Tangible Fixed Assets	10	14
	10	14
B. Current Assets		
I. Receivables and Other Assets	39	26
II. Cash, Bank Balances and Cheques	2 665	2 266
	2 704	2 292
C. Prepaid Expenses	2	2
Total Assets	2 716	2 308

EQUITY AND LIABILITIES (EUR thou.)	31/12/2022	31/12/2021
A. Equity		
I. Retained Profits Brought Forward	2 009	1 942
II. Net Income for the Financial Year	297	67
	2 306	2 009
B. Provisions		
Other Provisions	304	220
C. Liabilities		
I. Trade Payables	4	1
II. Other Liabilities	42	78
	46	79
C. Deferred Income	60	0
Total Equity and Liabilities	2 716	2 308

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

[V. Financial Information //](#)

VI. Governing Bodies and Standing Committees //

ANNUAL FINANCIAL STATEMENTS**Income Statement for the Year Ended 31 December 2022**

(EUR thou.)	2022	2021
1. Membership Fees	2 368	2 237
2. Collected Contributions to EFRAG	536	0
3. Other Income	54	96
4. Personnel Expenses	- 1 674	- 1 548
5. Depreciation and Amortisation Expenses	- 5	- 17
6. Other Expenses	- 458	- 351
7. Contributions to EFRAG	- 525	- 350
8. Collected Contributions to IASB	617	720
9. Transferred Contributions to IASB	- 617	- 720
10. Collected Contributions to ISSB	1 156	0
11. Transferred Contributions to ISSB	- 1 155	0
12. Net Income for the Financial Year	297	67

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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 2022 and the income statement for the financial year from 1 January to 31 December 2022.

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 proper accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement due to fraud

(i.e. fraudulent financial reporting and misappropriation of assets) 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 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.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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 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 a material misstatement 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, 28 March 2023

FGS Revisions- und Treuhandgesellschaft mbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Hoppen

Wirtschaftsprüfer (German public auditor)

Jachtner

Wirtschaftsprüfer (German public auditor)

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

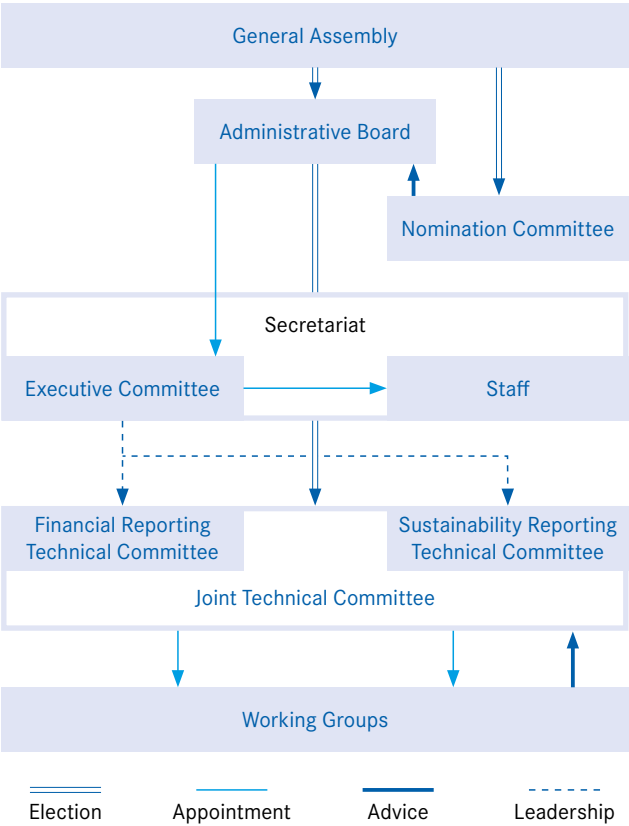
IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

VI. Governing Bodies and Standing Committees

In accordance with the current Articles of Association dated 1 July 2022, 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').

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

ASCG Members**Companies and Associations**

Aareal Bank AG
 adidas AG
 Allianz SE
 Altana AG
 AMANA treuhand WP- und StBG mbH
 BASF SE
 Bayer AG
 BDO AG
 Bertelsmann SE & Co. KGaA (*since 1 December 2022*)
 Bilfinger SE
 BMW – Bayerische Motoren Werke AG
 Bundesdruckerei GmbH (*since 1 August 2022*)
 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.
 BWI-Bau GmbH
 Commerzbank AG
 Continental AG
 Covestro AG
 Daimler Truck AG (*since 1 May 2022*)
 Deloitte GmbH
 Deutsche Bahn AG
 Deutsche Bank AG
 Deutsche Post AG
 Deutsche Telekom AG
 Deutscher Sparkassen- und Giroverband e.V.

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.
 Dr August Oetker KG (*until 31 December 2022*)
 Drägerwerk AG & Co. KGaA
 DVS Technology AG
 E.ON SE
 Ebner Stolz GmbH & Co. KG
 EnBW Energie Baden-Württemberg AG
 Ernst & Young GmbH
 Evonik Industries AG
 FAS AG
 Firesys GmbH
 Fresenius Medical Care AG & Co. KGaA
 Fresenius SE & Co. KGaA
 Freudenberg & Co. KG
 GEA GROUP AG
 Generali Deutschland AG
 Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV)
 Grant Thornton AG
 Henkel AG & Co. KGaA
 Hornbach Holding AG & Co. KGaA
 Infineon Technologies AG
 Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)
 K+S AG (*rejoined 1 April 2022*)
 Klöckner & Co SE
 KPMG AG
 LANXESS AG
 Mazars GmbH & Co. KG
 Mercedes-Benz Group AG
 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
 Schaeffler AG (*since 1 May 2022*)
 Schwarz Dienstleistung KG
 Siemens AG
 Siemens Energy AG
 Siemens Healthineers AG (*since 1 February 2022*)
 Stakeholder Reporting GmbH (*since 12 January 2022*)
 Südzucker AG
 Talanx AG
 thyssenkrupp AG
 Traton SE
 TÜV SÜD AG
 Vereinigung zur Mitwirkung an der Entwicklung des Bilanzrechts für Familiengesellschaften e.V. (VMEBF)
 Volkswagen AG
 Vonovia SE
 Wirtschaftsprüferkammer Körperschaft des öffentlichen Rechts
 ZF Friedrichshafen AG

Individual: Prof. Dr Edgar Löw, Kriftel/Ts

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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

Dr Nicolas Peter

Member of the Executive Board, Bayerische Motoren Werke AG

Deputy Chair

Prof. Dr Dieter Truxius

Managing Partner, ACCOBIS GmbH & Co. KG

Treasurer

Christian Sailer (WP)

Member of the Executive Board, KPMG AG

Members

Georg Baur

Member of the Executive Board, Bundesverband Öffentlicher Banken Deutschlands e.V.

Klaus Eckmann (WP, StB)

Member of the Executive Board, BDO AG

Marc Oliver Heß

Chief Financial Officer, Aareal Bank AG

Gerhard P. Hofmann (until 30 June 2022)

Member of the Executive Board, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR)

Robert Köthner

Vice President, Chief Accounting Officer,
Mercedes-Benz Group AG

Prof. Dr Klaus-Peter Naumann (WP, StB)

Spokesman of the Executive Board, Institute of Public Auditors in Germany

Dr Eckhard Ott (RA, WP, StB)

Chief Executive Officer, German Cooperative and Raiffeisen Confederation (DGRV)

Daniel Quitten (since 1 July 2022)

Member of the Executive Board, BVR Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V.

Andreas Roeper

Vice President Corporate Controlling, Uniper SE

Dr Roman Sauer

Head of Group Accounting & Reporting, Allianz SE

Dr Jochen Schmitz

Chief Financial Officer, Siemens Healthineers AG

Dr Sven Schneider

Member of the Executive Board, Infineon Technologies AG

Stefan Schnell

Senior Vice President, BASF SE

Dr Christopher Sessar

Senior Vice President, SAP SE

Marco Swoboda

Member of the Executive Board, Henkel AG & Co. KGaA

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

Götz Treber

Head of Financial Regulation, German Insurance Association GDV

Dr Jürgen Wagner

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

Deputy Chair

Rolf Friedhofen (WP, StB)

Private Practice

Members

Santokh Advani

Head of Tax Accounting, Marquard & Bahls AG

Prof. Dr Alexander Bassen

Member of the University Advisory Council, University Hamburg

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

Hans-Jürgen Säglitz

Gerhard Ziegler (WP, StB)

President, German Chamber of Public Accountants

Yvonne Zwick

Chairwoman, B.A.U.M. e.V.

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

EXECUTIVE COMMITTEE

The Executive Committee comprises the President and 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).

President



Georg Lanfermann (WP, StB)
(term expires 29 February 2024)

Vice-President



Prof. Dr. Sven Morich (WP, StB)
(term expires 31 March 2024)

TECHNICAL COMMITTEES

The technical work of the ASCG is carried out in the Financial Reporting Technical Committee, Sustainability Reporting Technical Committee and the Joint Technical Committee.

The Financial Reporting Technical Committee and Sustainability Reporting Technical Committees each consist of eleven members who have expertise and experience in the field of financial reporting. The Joint Technical Committee consists of the members of both Technical Committees.

The Financial Reporting Technical Committee is specifically responsible for

- developing and issuing German Accounting Standards within the meaning of section 342 of the HGB in the field of financial reporting,
- developing and issuing interpretations of the international accounting standards within the meaning of section 315e (1) of the HGB,
- elaborating comment letters on exposure drafts issued by the IASB and other bodies of the IFRS Foundation,
- cooperating with, and developing responses to consultation documents issued by, the EFRAG, the European financial regulators and supervisors, and the European Commission in the field of financial reporting,

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

- providing advice on planned legislation and on the implementation of European directives, and
- comment letters on European directives.

The Sustainability Reporting Technical Committee is specifically responsible for

- developing and issuing German Accounting Standards within the meaning of section 342 of the HGB in the field of sustainability reporting,
- elaborating comment letters on exposure drafts issued by the international standard-setting bodies in the field of sustainability reporting,
- cooperating with, and developing responses to consultation documents issued by, the EFRAG, the European financial regulators and supervisors, and the European Commission in the field of sustainability reporting,
- providing advice on planned legislation and on the implementation of European directives, and
- comment letters on European directives.

The new technical committees began their work on December 1, 2021.

Financial Reporting Technical Committee



Chair

Prof. Dr Sven Morich (WP, StB)
Vice-President of the ASCG



Gero Bothe

Category: Preparer
Head of Financial Reporting,
Deutsche Pfandbriefbank AG
(term expires 30 November 2026)

Members



Jens Berger

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



Dr Marco Ebel

Category: Preparer
Head Accounting & Controlling Policies,
Siemens AG
(term expires 30 November 2024)



Andreas Bödecker

Category: Preparer
Head of National Office,
PricewaterhouseCoopers GmbH
(term expires 30 November 2026)



Prof. Dr Brigitte Eierle

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

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

**Prof. Dr. Corinna Ewelt-Knauer**

Category: Academic
Chair of Financial Accounting,
Justus-Liebig University of Gießen
(term expires 30 November 2025)

**Dr. Michael Seifert**

Category: Preparer
Head of Corporate Accounting,
BayWa AG
(term expires 30 November 2025)

**Andreas Thiele**

Category: Preparer
Head of Accounting Policy Department,
Allianz SE
(term expires 30 November 2027)

**Cedric von Osterroht** (StB)

Category: Preparer
Head of Accounting Division,
EDEKA Minden-Hannover
Zentralverwaltungsgesellschaft mbH
(term expires 30 November 2023)

**Birgit Weisschuh** (WP, CPA)

Category: Auditor
Ebner Stolz GmbH & Co. KG
(term expires 30 November 2025)

**Dr. Stefan Wich**

Category: Preparer
Head of Group Accounting Standards,
Merck KGaA
(term expires 30 November 2026)

Sustainability Reporting Technical Committee

**Chair**

Georg Lanfermann (WP, StB)
President of the ASCG

Members

**Nicolette Behncke** (WP)

Category: Auditor
Head of Sustainability Reporting,
PricewaterhouseCoopers GmbH
(term expires 30 November 2024)

**Carsten Beisheim**

Category: Preparer
Lawyer, GvW Graf von Westphalen
Rechtsanwälte Steuerbarater Partnerschaft mbB
(term expires 30 November 2024)

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

**Martin Bolten**

Category: Preparer
 Head of Financial Control/Financial Reporting,
 NRW.BANK
(term expires 30 November 2025)

**Dr Oliver Emons**

Category: Preparer
 Head of Economics Unit,
 Hans Böckler Foundation
(term expires 30 November 2026)

**Noura Rhemouga**

Category: Preparer
 Head of Sustainability,
 Hochwald Foods GmbH
(term expires 30 November 2024)

**Dr Robin Braun**

Category: Preparer
(term expires 30 November 2024)

**Prof. Dr Christian Fink**

Category: Academic
 Chair of Accounting and Controlling,
 RheinMain University of Applied Sciences

**Dr Lothar Rieth**

Category: Preparer
 Head of Sustainability, EnBW Energie
 Baden-Württemberg AG
(term expires 30 November 2025)

**Tanja Castor**

Category: Preparer
 Head of Sustainability Reporting,
 BASF SE
(term expires 30 November 2026)

**Prof. Dr Kerstin Lopatta**

Category: Academic
 Financial Accounting, Auditing and
 Sustainability, Universität Hamburg
(term expires 30 November 2026)

**Dr Werner Rockel**

Category: Preparer
 Head of Accounting Policy, Münchener
 Rückversicherungs-Gesellschaft AG
(term expires 30 November 2025)

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

STAFF

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

Technical Directors



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Dr Jan-Velten Große
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Dr Thomas Schmotz
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schmotz@drsc.de

Research Director



Kristina Schwedler
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Administration/Support

Cornelia Bahrmann
+ 49 (30) 20 6412-12
bahrmann@drsc.de

Project Assistants



Erika Bognár *(since 15 January 2023)*
+ 49 (30) 20 6412-0
bognar@drsc.de



Marco Liepe
+ 49 (30) 20 6412-18
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Project Managers



Olga Bultmann
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Dr Ilka Canitz
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Peter Zimniok
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Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

WORKING GROUPS

For major projects, the technical committees establish working groups to provide technical support, consisting primarily of preparers, auditors and academics. The following working groups currently exist:

Financial Instruments

Dr Christoph Weber (Chair)	Landesbank Hessen-Thüringen Girozentrale, Main Tower
Dr Alexander Bantz	BASF SE
Mario Bremenkamp	Covestro Deutschland AG
Lothar Demant	Evonik Industries AG
Peter Flick (WP, StB)	PricewaterhouseCoopers GmbH
Markus Grieb	Talanx AG
Mattis Hagemann	KfW Bankengruppe
Dr Patrick Kehm	Commerzbank AG
Dr Sebastian Riemenschneider	RWE AG
Alexander Thyroff	R+V Lebensversicherung AG
Dr Wolfgang Weber	Deutsche Bank AG
Jens Berger (Committee Liaison Member of the Financial Reporting Technical Committee)	Deloitte GmbH
Gero Bothe (Committee Liaison Member of the Financial Reporting Technical Committee)	Deutsche Pfandbriefbank AG
Andreas Thiele (Committee Liaison Member of the Financial Reporting Technical Committee)	Allianz SE
Dr Jan-Velten Große	ASCG

Intangibles Assets

Christoph Schwager (Chair)	Christoph Schwager GmbH
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Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

ABBREVIATIONS

AG	Aktiengesellschaft (German stock corporation)
ASAF	Accounting Standards Advisory Forum
ASCG	Accounting Standards Committee of Germany
BGB	Bürgerliches Gesetzbuch (German Civil Code)
BMJ	Bundesministerium der Justiz (Federal Ministry of Justice)
CAO	Chief Accounting Officers
CPA	Certified Public Accountant
CSRD	Corporate Sustainability Reporting Directive
D-GAAS	Draft German Amendment Accounting Standard
DP	Discussion Paper
ED	Exposure Draft
EFRAG	European Financial Reporting Advisory Group
EC	European Community
ESAP	European Single Access Point
ESEF	European Single Electronic Format
ESG	Environment, Social, Governance
ESMA	European Securities and Markets Authority
ESMT	European School of Management and Technology
ESRS	European Sustainability Reporting Standard(s)
e.V.	Eingetragener Verein (German registered association)
FASB	Financial Accounting Standards Board
FR	Financial Reporting
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)
HGB	Handelsgesetzbuch (German Commercial Code)
IAS(s)	International Accounting Standard(s)

IASB	International Accounting Standards Board
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany)
IFASS	International Forum of Accounting Standard Setters
IFRS(s)	International Financial Reporting Standard(s)
IG	Implementation Guidance
ISSB	International Sustainability Standards Board
KG	Kommanditgesellschaft (German limited partnership)
KGaA	Kommanditgesellschaft auf Aktien (German partnership limited by shares)
LLC	Limited Liability Company
NFRD	Non-financial Reporting Directive
OECD	Organisation for Economic Co-operation and Development
PIR	Post-implementation Review
PTF	Project Task Force
PublG	Publizitätsgesetz (German Disclosure Act)
RfI	Request for Information
RNE	Rat für Nachhaltige Entwicklung (German Council for Sustainable Development)
SE	Societas Europaea (European company)
SMEs	Small and medium-sized enterprises
SR	Sustainability Reporting
StB	Steuerberater (Tax adviser)
TCFD	Task Force on Climate Related Financial Disclosures
TEG	Technical Experts Group
WP	Wirtschaftsprüfer (German public auditor)
WSS	World Standard Setters
XBRL	eXtensible Business Reporting Language
XHTML	Extensible Hypertext Markup Language

Forewords //

I. Financial Reporting //

II. Sustainability Reporting //

III. Overarching Corporate Reporting Issues //

IV. Spotlight on Members //

V. Financial Information //

VI. Governing Bodies and Standing Committees //

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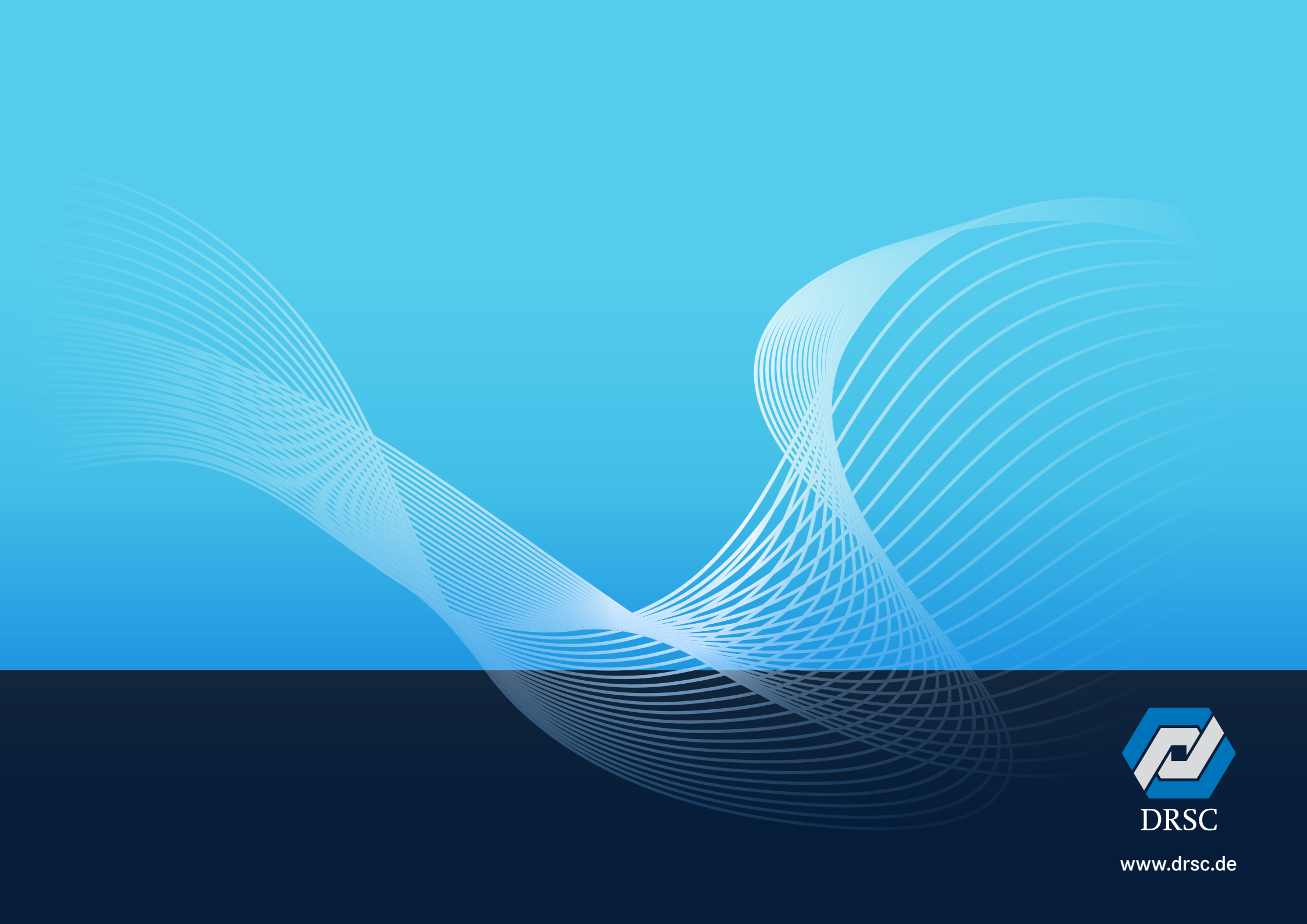
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