



# EFRAG UPDATE

June 2021

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held and decisions taken during that month.

## Coronavirus – Update on EFRAG’s meetings and events

EFRAG will continue to monitor the impact of COVID-19 pandemic on its activities recognising the circumstances and priorities of our stakeholders and adapt its activities accordingly:

- All EFRAG public meetings of the EFRAG Board, EFRAG TEG and EFRAG CFSS are turned into webcast meetings until further notice. Due to the particular circumstances, the meetings have been shortened and the frequency has been increased. Digital access to these public meetings is provided as usual;
- All EFRAG public events and outreaches take place into electronic format (see below) until further notice;
- EFRAG has adjusted the timelines of several of its projects taking into account the priorities of its stakeholders during the pandemic and is flexible in obtaining input through outreaches, field tests and other means, recognising the availability and individual circumstances of the stakeholders concerned. Input of stakeholders is an essential part of EFRAG’s due process as public interest organisation.

EFRAG staff is still mainly working from home but is gradually coming back to the office and is contactable by email, Teams or phone.

The EFRAG offices are open for visitors.

You can find contact details [here](#).

## PUBLICATIONS

### Draft Comment Letters

On 3 June 2021, EFRAG published its Draft Comment Letter on the IASB’s Exposure Draft *ED/2021/4 Lack of Exchangeability (Proposed Amendments to IAS 21)* and seeks constituents’ views on the proposals. EFRAG generally supports the proposals, however, suggests some improvements to the application guidance. Comments are requested **by 26 August 2021**.

For more details, please see the [EFRAG website](#).



### **EFRAG's response to the IASB's Request for Information on *Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12***

On 2 June 2021, EFRAG submitted its response to the IASB's Request for Information on *Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities*.

For more details, please see the [EFRAG website](#).

### **EFRAG Secretariat Briefing: *Regulatory Assets and Regulatory Liabilities***

On 2 June 2021, EFRAG Secretariat issued a Briefing to stimulate debate on the outcome of the proposed requirements on scope included in the IASB's Exposure Draft *Regulatory Assets and Regulatory Liabilities*. The views expressed in this Briefing are tentative and reflect the EFRAG Secretariat's understanding of how the proposals on scope of the exposure draft might be applied.

For more details, please see the [EFRAG website](#).

### **EFRAG 2020 Annual Review**

On 3 June 2020, EFRAG published its 2020 Annual Review. Despite 2020 having been a challenging year, EFRAG raised to the challenge and succeeded in delivering on its mission: serving the European public interest in the field of corporate reporting. In 2020 EFRAG enhanced its involvement in the sustainability reporting domain.

For more details, please see the [EFRAG website](#).

### **EFRAG Survey relating to the IASB's future agenda and EFRAG's Proactive Research Agenda**

EFRAG encourages constituents to participate in a survey about the IASB's Third Agenda Consultation and EFRAG's Proactive Research Agenda. Responses are requested **by 17 September 2021**.

For more details, please see the [EFRAG website](#).

### **Effects Analysis: EFRAG seeks participation of users and preparers of financial statements of rate-regulated entities**

EFRAG is inviting users and preparers of the financial statements of rate-regulated entities to participate in an effects analysis of the proposed requirements in the IASB Exposure Draft *Regulatory Assets and Regulatory Liabilities* published in January 2021. Users and preparers are asked to complete an [online survey for users](#) or [online survey for preparers](#) **by 30 July 2021**.

### **Extended deadline for field test *New disclosure approach for IAS 19 and IFRS 13***

EFRAG, in close coordination with the IASB, is conducting field-testing of the IASB's proposals included in the Exposure Draft *ED/2021/3 Disclosure Requirements in IFRS Standards—A Pilot Approach* issued in March 2021. The purpose of the field testing is to identify potential implementation and application concerns of the proposed disclosures in IFRS 13 *Fair Value*



*Measurement* and IAS 19 *Employee Benefits*, to determine whether there is a need for additional guidance, and to estimate the effort and cost required to implement and apply the proposals.

Interested corporates, banks or insurers can register to partake in the field test by emailing [disclosureinitiative-pilot@efrag.org](mailto:disclosureinitiative-pilot@efrag.org) by **20 July 2021**.

For more details, please see the [EFRAG website](#).

## WEBINARS AND ON-LINE OUTREACHES

### June events

#### **OIC IASB EFRAG outreach event on BCUCC on 14 June 2021**

On Monday 14 June, EFRAG participated a [joint outreach event](#) held by the Italian Standard Setter (OIC) in cooperation with the IASB to provide insights on the IASB's Discussion Paper *Business Combinations under Common Control*. The event was held in Italian, the IASB and EFRAG's presentations will be delivered in English.

For more details, please see the [EFRAG website](#).

#### **EFRAG IASB Joint Webinar: *Targeted disclosure: how would it work in practice? Blueprint for future IFRS disclosures* on 30 June 2021**

EFRAG together with the IASB, held a [joint outreach event](#) on Wednesday 30 June 2021, to consider European stakeholders' views on the IASB ED *Disclosure Requirements in IFRS Standards—A Pilot Approach*. The programme of the event is available [here](#).

For more details, please see the [EFRAG website](#).

### Upcoming events

#### **SAVE THE DATE: Joint EFRAG EFFAS ABAF BVFA IASB invitation-only webinar *Improving reporting for rate-regulated entities - User perspective* - 12 July 2021 - 15:00 to 17:00 (CET)**

Do you analyse or invest in rate-regulated entities and rely on financial statements information? Are you interested in joining [an invitation-only webinar](#) on Tuesday 12 July 2021 for a users-oriented discussion on IASB's proposals for improved and more consistent reporting by rate-regulated entities? [Express your interest](#).

For more details, please see the [EFRAG website](#).



**PROGRAMME: EFRAG webinar: *Accounting for Crypto-assets (liabilities)* - 6 July 2021 – 15:00 to 17:00 (CET)**

On 6 July 2021, from 15:00 to 17:00 (CET) EFRAG will hold an outreach event related to the EFRAG Discussion Paper on *Accounting for Crypto-assets (liabilities)*.

A panel of speakers will discuss the practical application issues in current reporting and the options for addressing IFRS related requirements for crypto-assets (liabilities) proposed in the EFRAG Discussion Paper. Panellists will also share their views on crypto-related market developments and the possible implications for accounting requirements. The programme of the event is available [here](#).

Register now for the [webinar](#) and participate in the debate.

For more details, please see the [EFRAG website](#).

**PROGRAMME: *Business Combinations Under Common Control: Perspectives from Portugal* - 8 July 2021 (9:30 to 12:00 WET - 10:30 to 13:00 CET)**

Stakeholders can now read the [programme](#) of the joint outreach event '*Business Combinations Under Common Control: Perspectives from Portugal*' which will be held by EFRAG, with the Comissão de Normalização Contabilística (CNC-Portugal), the Ordem dos Revisores Oficiais de Contas (OROC) and the IASB on Thursday 8 July 2021.

Register now for the [webinar](#) and participate in the debate.

For more details, please see the [EFRAG website](#).

**PROGRAMME: EAA EFRAG ICAS Joint Webinar *The price of time: discounting in financial reporting* – 9 July 2021 - 13:00 to 15:30 (CET)**

Three academic studies on discounting will be presented followed by a panel discussion on the various aspects of discounting. Stakeholders can now read the detailed [programme](#) for the EAA EFRAG ICAS joint webinar on 9 July 2021: *The price of time: discounting in financial reporting*. You can register [here](#).

For more details, please see the [EFRAG website](#).



## OPEN CONSULTATIONS

Title and description	Closing date
EFRAG Draft Comment Letter on the IASB Discussion Paper <i>DP/2020/2 Business Combinations under Common Control</i>	30 July 2021
EFRAG Survey for Preparers on the IASB Exposure Draft <i>ED/2021/1 Regulatory Assets and Regulatory Liabilities</i>	30 July 2021
EFRAG Survey for Users on the IASB Exposure Draft <i>ED/2021/1 Regulatory Assets and Regulatory Liabilities</i>	30 July 2021
EFRAG Discussion Paper <i>Accounting for Crypto-Assets (Liabilities) - Holder and Issuer Perspective</i>	31 July 2021
EFRAG survey on <i>Accounting for Crypto-Assets (Liabilities)</i>	31 July 2021
EFRAG Draft Comment Letter on the IASB Exposure Draft <i>ED/2021/1 Regulatory Assets and Regulatory Liabilities</i>	31 July 2021
EFRAG Draft Comment Letter on the IASB Exposure Draft <i>ED/2021/4 Lack of Exchangeability (proposed amendments to IAS 21)</i>	26 August 2021
EFRAG Public Consultation Paper <i>Due Process Procedures for EU Sustainability Reporting Standard-setting</i>	15 September 2021
EFRAG joint consultation on the IASB's future agenda and on EFRAG's Proactive Research Agenda	17 September 2021
EFRAG Survey relating to the IASB's future agenda and EFRAG's Proactive Research Agenda	17 September 2021
EFRAG Draft Comment Letter and invitation to participate in field-test on <i>ED/2021/3 Disclosure Requirements in IFRS Standards—A Pilot Approach</i>	15 October 2021

For more information, please see [EFRAG's consultations page](#).



## EFRAG BOARD

### Webcast meeting

The EFRAG Board held a webcast meeting on [9 June 2021](#) and discussed the following topics:

#### **IASB Research Project *Dynamic Risk Management***

The EFRAG Secretariat presented to the EFRAG Board the feedback from the outreaches conducted by the IASB staff and the EFRAG Secretariat on the core model. EFRAG will continue to monitor the IASB project.

#### **IASB Research Project *Post-implementation Review of IFRS 9 - Classification and Measurement***

EFRAG Board agreed on the process to be put in place for the PIR of IFRS 9. The EFRAG response to the RFI should provide EFRAG's view of the technical merit of the issues. EFRAG Board agreed that the assessment has to be limited to the list of the key issues. The technical assessment should be focused on providing indications as to whether standard setting is considered necessary to solve the issue, without providing indications of the possible standard-setting solution.

#### **Update of work plan and any other matters**

The EFRAG Board approved the technical work plan as presented.

#### **Next meeting**

The EFRAG Board will hold a next webcast meeting on [7 July 2021](#).

### EFRAG Board June 2021 written procedures

The EFRAG Board approved the following document, using written procedures in June:

- EFRAG's draft comment letter on the IASB's Exposure Draft *ED/2021/4 Lack of Exchangeability*.

### EFRAG Board expected July 2021 written procedures

The EFRAG Board is expected to approve the following documents using written procedures in July:

- EFRAG's Endorsement Advice on *Definition of Accounting Estimates (Amendments to IAS 8)*; and
- EFRAG's Endorsement Advice on *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*.



## EFRAG TECHNICAL EXPERT GROUP (TEG)

### Webcast meeting

EFRAG TEG held a webcast meeting on [17 June 2021](#) and discussed the following topics:

#### **IASB Publication *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)***

EFRAG TEG agreed to recommend the draft endorsement advice for approval to the EFRAG Board subject to minor drafting improvements discussed during the meeting.

#### **IASB Publication *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)***

EFRAG TEG was informed about the IASB proposed next steps with regards to the *Classification of Debt with Covenants as Current or Non-current* project. The IASB tentative decisions will be taken in its June 2021 meeting.

No decisions were taken at the meeting.

#### **IASB Research Project *Post-implementation Review of IFRS 9 - Classification and Measurement***

EFRAG TEG discussed and agreed the list of issues EFRAG is to develop views upon when responding to the request for information ('RFI') on IFRS 9 *Financial Instruments*. EFRAG TEG agreed this list should include those issues for which a standard setting is required.

No decisions were taken at the meeting.

#### **EFRAG Research Project *Better Information on Intangibles***

EFRAG TEG provided comments to the draft discussion paper *Better Information on Intangibles – Which is the best way to go?* and agreed to recommend the issuance of the discussion paper to the EFRAG Board. Accordingly, the EFRAG Board will consider the discussion paper at its July 2021 meeting.

### **Next meeting**

EFRAG TEG will hold a next webcast meeting on [14-15 July 2021](#).

### EFRAG TEG June 2021 written procedures

EFRAG TEG approved the following documents using written procedures in June:

- EFRAG's Endorsement Advice on *Definition of Accounting Estimates (Amendments to IAS 8)*; and
- EFRAG's Endorsement Advice on *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*.





## EFRAG CFSS AND EFRAG TEG

### Webcast meeting

EFRAG TEG and EFRAG Consultative Forum of Standard Setters (EFRAG CFSS) held a webcast meeting on [16 June 2021](#) and discussed the following topics:

#### **IASB Project *Business Combinations Under Common Control***

EFRAG CFSS and EFRAG TEG provided their views on some of the proposals included in the IASB's Discussion Paper *DP/2020/2 Business Combinations under Common Control* and also on EFRAG's tentative views expressed in its draft comment letter on these proposals.

#### **IASB Project *Disclosure Initiative—Targeted Standards-level Review of Disclosures***

EFRAG CFSS and EFRAG TEG received an update on the field-testing and outreach activities conducted by EFRAG and discussed how they could collaborate with EFRAG in these activities.

Members generally considered the field-testing of the IASB's proposals as essential and supported EFRAG's suggestion, in its draft comment letter, to extend the IASB consultation period to allow sufficient time for proper field-testing and outreach activities with a broad range of stakeholders.

#### **IASB Project *Lack of Exchangeability***

EFRAG CFSS and EFRAG TEG members received an update on the IASB's project *Lack of Exchangeability* and discussed EFRAG's draft comment letter.

#### **IASB Project *Goodwill and Impairment***

EFRAG CFSS and EFRAG TEG provided their views on whether they thought there were key pieces of feedback or considerations the IASB should take into account during its redeliberation on the project that have not been identified by the IASB. EFRAG CFSS and EFRAG TEG also provided views on how convergence with US GAAP should be considered.

#### **IASB Project *Rate-regulated Activities***

EFREAG CFSS and EFRAG TEG members provided their views on the main proposals of the IASB Exposure Draft *Regulatory Assets and Regulatory Liabilities* published in January 2021. The proposals discussed included scope, total allowed compensation, measurement and interaction with other IFRS Standards. The feedback obtained would serve as contribution to the ASAF discussion on the topic as well as input towards further development of EFRAG's views on these main proposals.

#### **Third IASB Agenda Consultation and EFRAG's Research Agenda Consultation**

EFRAG CFSS and EFRAG TEG provided their views on the questions included in the IASB's *Third Agenda Consultation* request for information. Members discussed the overall balance of the IASB's main activities, the criteria for assessing the priority of financial reporting projects and the financial reporting projects that could be added to the IASB's work plan. Members were encouraged to reply to EFRAG's joint consultation document either by providing a comment letter or by replying to the survey recently launched by EFRAG.





## Sustainability Reporting

EFRAG CFSS and EFRAG TEG members received a presentation by the EC of the EC Proposal for a Corporate Sustainability Reporting Directive (CSRD).

## Next meeting

EFRAG CFSS-TEG will hold a next webcast meeting on [15 September 2021](#).



# EUROPEAN LAB AND SUSTAINABILITY REPORTING

## Development of EU sustainability reporting standards

- Following the invitation from Commissioner McGuinness in a [letter dated 12 May 2021](#), EFRAG started in project mode the interim technical work to develop draft sustainability reporting standards (EFRAG's Technical Advice) with the PTF-NFRS continuing under the name Project Task Force on European sustainability reporting standards (PTF-ESRS). The kick-off of this new phase took place on 9 June 2021. This takes place in parallel with the legislative process for the CSRD proposal with a handover to EFRAG's new sustainability reporting pillar envisaged to be in place by Q1 2022.

EFRAG is seeking [additional experienced resources](#) to support the work of the PTF-ESRS, either in the form of [in-kind contributions](#) or [compensated positions](#) for a period of 9 to 12 months. The objective is to complement the experienced staff already made available by several entities and organisations for this process through contributions in-kind.

Commissioner McGuinness also invited EFRAG to move ahead on the governance reform as quickly as possible while respecting all legal requirements, based on the recommendations in the ad personam report of Jean-Paul Gauzès, which she fully supported, including extending the EFRAG membership.

## EFRAG public consultation: Due Process Procedures on EU Sustainability Reporting Standard-Setting

The proposal for a CSRD requires that EFRAG's Technical Advice is prepared with 'proper due process, public oversight and transparency, and with the expertise of relevant stakeholders, and it is accompanied by cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability matters', contributing to the delegated acts through which the ESRS will be adopted in the EU. On 16 June 2021 EFRAG launched a



public consultation on the [EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting](#).

Comments are welcome **by 15 September 2021**. For more details, please see the [EFRAG website](#).

### **Reporting of non-financial risks and opportunities and linkage to the business model**

In June 2021, following the completion of the fieldwork and outreach to stakeholders through a private and public webinar in May, the draft of the PTF-RNFRO report was further progressed and will be presented to the European Lab Steering Group on 1 July 2021.

### **Other involvement in sustainability reporting – Platform on Sustainable Finance (PSF)**

In June 2021, EFRAG attended the ninth plenary meeting of the PSF in which updates were provided by the Chair and the European Commission and progress reports were presented by each of the subgroups rapporteurs. Members also discussed working arrangement within the Platform.

EFRAG also attended several meetings of the subgroup on Data and Usability (SG5) which included educational sessions and discussions on the Data workstream (key challenges and potential solutions), the Grandfathering proposals in the context of the EU Taxonomy; the task commitments for SG5 over the coming months.

Finally, EFRAG also participated in bi-weekly webcast meetings of the ‘Accounting’ work stream of SG5.

### **Next steps**

A meeting of the European Lab Steering Group is scheduled on 1 July 2021.

Plenary meetings of the PTF-ESRS are scheduled for 5 and 19 July 2021.