

This paper provides the technical advice from EFRAG TEG to the EFRAG Board, following EFRAG TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG Board are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

IASB Third Agenda Consultation and EFRAG's Proactive Agenda Consultation Cover Note

Objective

- 1 The objective of this session is to approve a consultation document combining:
 - (a) EFRAG's draft comment letter ('DCL') in response to the IASB's Request for Information on its Third Agenda Consultation (the RFI).
 - (b) EFRAG's request for input for its proactive research agenda.

Background

- 2 The IASB is required to undertake a public consultation on its work plan every five years. The [RFI](#) was published on 30 March 2021 and covers the IASB's activities over the period 2022-2026.
- 3 The primary objective of the IASB agenda consultation is to seek public comments on:
 - (a) the strategic direction and balance of the IASB's activities;
 - (b) the criteria for assessing the priority of financial reporting issues that may be added to the IASB's work plan; and
 - (c) priority projects i.e., financial reporting issues that should be given priority in the IASB's work plan.
- 4 EFRAG is combining its consultation on its tentative response to the IASB's RFI with its own proactive agenda consultation to foster synergies and alleviate the burden for respondents.
- 5 At its 22 April meeting, EFRAG TEG agreed to recommend, for the consideration of the EFRAG Board, a consultation document which combines:
 - (a) EFRAG's draft comment letter in response to the IASB's RFI (Part A); and
 - (b) EFRAG's request for input for its own proactive agenda consultation process (Part B).
- 6 Both the IASB and EFRAG are consulting on their future agendas based on their current roles and scope of activities in financial reporting and assuming current level of resources will remain substantially unchanged over the considered period. The consultations do not anticipate on future possible roles of the respective organisations in sustainability reporting.
- 7 In the Part A of the draft consultation document, EFRAG has assessed the following:
 - (a) the overall balance of the main activities of the IASB is appropriate and should not be substantially modified over the 2022-2026 period;

- (b) in selecting projects for the IASB's agenda, precedence should be always given to the four 'official' criteria as defined in the Due Process Handbook. EFRAG is concerned that the three additional criteria considered by the IASB have not been submitted to a proper due process; and
 - (c) EFRAG has identified a tentative list of 14 projects; of which six are assessed to have the highest priority for the IASB's Agenda. Details are provided in the DCL.
- 8 In the Part B of the consultation document, EFRAG emphasises that its decision on which proactive projects to initiate should be based on European constituents' views of the various projects considered for the IASB's agenda consultation and on other projects, identified by EFRAG, that are important to European constituents and for which European input is particularly important. EFRAG could choose for its own proactive work those projects that will not be selected for inclusion on the IASB's workplan. Therefore, EFRAG would focus on projects that would influence the IASB's work post 2026.

Questions for the EFRAG Board

Agenda Paper 07-02 Part A - EFRAG's draft response to the IASB's Agenda Consultation - pages 3 to 22

- 9 Does the EFRAG Board have comments on the drafting of appendix 1 of the draft comment letter?
- 10 Does the EFRAG Board have comments on the drafting of the cover letter of the draft comment letter?
- 11 Does the EFRAG Board approve the draft comment letter to the IASB?

Agenda Paper 07-02 Part B - EFRAG's request for input on its proactive consultation- pages 23 and 24

- 12 Does EFRAG Board have comments on the drafting relating to EFRAG's request for input on its proactive consultation?

Overall decision

- 13 Does the EFRAG Board approve the drafted joint consultation document for publication ((subject to the agreed changes at the meeting)?

Agenda Papers

- 14 In addition to this cover note, agenda paper 07-02 – *Joint Consultation Document on IASB's Third Agenda Consultation and EFRAG's Proactive Agenda – EFRAG Board – 21-05-05* has been provided for the session.