



EFRAG UPDATE

MAY 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 mainly working from home and is contactable by email, Teams or phone.

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

PUBLICATIONS

Feedback Statement

On 12 May 2021, EFRAG published a feedback statement summarising the main comments received on its draft comment letter to the IASB Exposure Draft *ED/2020/4 Lease Liability in a Sale and Leaseback* and explaining how they were considered by EFRAG during its technical discussions.

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

EFRAG’s draft comment letter and invitation to participate in field-test on *ED/2021/3 Disclosure Requirements in IFRS Standards—A Pilot Approach*

On 11 May 2021, EFRAG published its draft comment letter on the Exposure Draft *ED/2021/3 Disclosure Requirements in IFRS Standards—A Pilot Approach (Proposed amendments to IFRS 13 and IAS 19)* and seeks constituents' views on the proposals. EFRAG, in close



coordination with EFRAG Member Organisations, other European National Standard Setters and the IASB is searching for preparers to conduct field-testing of the IASB's proposals and invites preparers to participate in the field-tests.

Comments on the draft comment letter are requested by **15 October 2021**.

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

EFRAG's joint consultation on the IASB's future agenda and on EFRAG's proactive research agenda

On 20 May 2021, EFRAG issued a [joint consultation document](#) seeking input on its draft comment letter in response to the IASB's request for information on its agenda consultation and EFRAG's own proactive research agenda.

By combining the two consultations, EFRAG expects that the priorities identified by European constituents will also inform the selection of EFRAG's own proactive research projects to be undertaken from 2022 onwards; in particular if projects considered to be high priorities are not selected by the IASB for its 2022-2026 work plan.

Stakeholders can provide inputs about project priorities by way of an online survey which will be launched soon.

Comments are requested no later than **17 September 2021**.

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

WEBINARS AND ON-LINE OUTREACHES

EFRAG symposium on Intangibles and value creation at the EAA congress

On 28 May 2021, EFRAG conducted a symposium at the EAA congress where it discussed intangibles both from a financial reporting as well as a sustainability reporting perspective.

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

Summary Report of Explanatory Webinar relating to the *Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12*

On 12 May 2021, EFRAG issued the summary report of the Explanatory Webinar on the IASB's Request for Information on the *Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12*, held on 1 March 2021.

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

Save the Date – ASCG outreach event on BCUCC with joint participation of EFRAG and the IASB

EFRAG will participate in a web-based outreach event organised by the German Standard Setter (ASCG) on the IASB's Discussion Paper *Business Combinations under Common Control*. The event will take place on **7 June 2021** and is jointly held with the IASB and EFRAG.

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



Save the Date - *The price of time: webinar on discounting in financial reporting*

On 9 July 2021, the EAA, EFRAG and ICAS will host a webinar on discounting in financial reporting.

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

Save the Date - *Business Combinations Under Common Control: Perspectives from Portugal*

EFRAG, with the Comissão de Normalização Contabilística (CNC-Portugal), the Ordem dos Revisores Oficiais de Contas (OROC) and the IFRS Foundation invites you to a joint outreach event on Thursday **8 July 2021** to consider the Portuguese and European Stakeholders' views on the IASB's Discussion Paper *Business Combinations Under Common Control*.

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

EFRAG podcast on field testing of the IASB ED *Disclosure Requirements*

EFRAG, in close coordination with the IASB, will conduct 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 understand how the new proposals would impact the existing practices, 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 efforts and costs required to implement and apply the proposals. Interested corporates, banks or insurers can register their interest to partake in the field test by emailing disclosureinitiative-pilot@efrag.org.

EFRAG also released a podcast on the topic of the field test run by EFRAG in cooperation with the IASB which is available [here](#).

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

CHANGES IN A COMPOSITION OF EFRAG WORKING GROUPS

EFRAG announces the new composition of its Financial Instruments Working Group and two replacements in its Insurance Accounting Working Group

EFRAG TEG approved the new composition of the EFRAG Financial Instruments Working Group (FIWG). EFRAG FIWG welcomes David Bisnath, Bonafacio Di Francesantonio, Edgar Loew, Holger Meurer, Roberto Spiller, Martin Svitek and Anna Vidal as new members and Gerhard Margetich as new observer. EFRAG also welcomes two replacements in the EFRAG Insurance Accounting Working Group: Davide Ferretti and Andrea Thiele.

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



OPEN CONSULTATIONS

Title and description	Closing date
EFRAG Draft Endorsement Advice on Definition of Accounting Estimates (Amendments to IAS 8)	7 June 2021
EFRAG Draft Endorsement Advice on <i>Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	7 June 2021
EFRAG Draft Comment Letter on the IASB Discussion Paper DP/2020/2 <i>Business Combinations under Common Control</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 ED/2021/1 <i>Regulatory Assets and Regulatory Liabilities</i>	31 July 2021
EFRAG's joint consultation on the IASB's future agenda and on EFRAG's proactive research agenda	17 September 2021
EFRAG's Draft Comment Letter and invitation to participate in field-test on ED/2021/3 <i>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 [5 May 2021](#) and discussed the following topics:



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

The EFRAG Board discussed and approved the draft comment letter recommended by EFRAG TEG, subject to drafting changes agreed during the meeting.

IASB Third Agenda Consultation and EFRAG's Research Agenda Consultation

The EFRAG Board discussed and approved the draft comment letter recommended by EFRAG TEG, subject to drafting changes agreed during the meeting. In particular, EFRAG Board approved a joint consultation document seeking input on its draft comment letter in response to the IASB's request for information (RFI) on its agenda consultation and EFRAG's own proactive research agenda.

Update of workplan 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 [9 June 2021](#).

May 2021 written procedures

The EFRAG Board has not approved any documents using written procedures in May.

Expected June 2021 written procedures

The EFRAG Board is expected to approve 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 TECHNICAL EXPERT GROUP (TEG)

Webcast meeting

EFRAG TEG held a webcast meeting on [19-20 May 2021](#) and discussed the following topics:

IASB Project *Disclosure Initiative - Subsidiaries that are SMEs*

EFRAG TEG members continued to discuss the IASB's tentative decisions on the IASB's project *Disclosure Initiative — Subsidiaries that are SMEs*, including tentative decisions on topics omitted from the *IFRS for SMEs* Standard, topics which relate to specialised activities, goodwill impairment and transition provisions.

In general, EFRAG TEG members welcomed the IASB's tentative decisions, however they considered that entities that are in the scope of the project could provide more detailed and relevant information about goodwill impairments without necessarily increasing the costs for preparers. EFRAG TEG members also considered that specialised activities such as insurance activities should be carefully assessed from a European perspective during the consultation period.



No decisions were taken at the meeting.

IASB Project *Lack of Exchangeability (Amendments to IAS 21)*

EFRAG TEG discussed EFRAG's draft comment letter on the IASB's Exposure Draft *ED/2021/4 Lack of Exchangeability*. The members provided drafting comments and agreed to recommend the draft comment letter for approval to the EFRAG Board.

IASB Project *Rate-regulated Activities*

EFRAG TEG considered EFRAG Secretariat Briefing *Regulatory Assets and Regulatory Liabilities*. The Briefing assesses the impact of the proposed requirements on scope included in the IASB's ED *Regulatory Assets and Regulatory Liabilities* when applied to different arrangements and the likely effects on financial reporting.

EFRAG TEG suggested a few changes to the Briefing in order to clarify the purpose of the document and improve its usefulness during outreach on the topic.

No decisions were taken at the meeting.

IASB Research Project *Dynamic Risk Management*

EFRAG together with the IASB conducted several interviews with banks on the viability and operability of the model. EFRAG TEG members discussed the feedback of those interviews. EFRAG TEG members also received an educational session on the core model requirements of *Dynamic Risk Management* and banks' risk management practices.

No decisions were taken at the meeting.

IASB Research Project *Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12*

EFRAG TEG members discussed an overview of issues reported by constituents on the Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12, prepared by the EFRAG Secretariat. EFRAG TEG members agreed to share the list of issues with the IASB subject to amendments and drafting improvements suggested during the meeting.

EFRAG Research Project *Accounting for Crypto-Assets (Liabilities)*

EFRAG TEG members received an update on the activities and high-level interim findings of the ongoing outreach on the Discussion Paper *Accounting for Crypto-Assets (Liabilities)*. A detailed feedback statement will be prepared in H2 2021 after the close of the consultation on 31 July 2021.

No decisions were taken at the meeting.

Update about IFRS IC's discussions

EFRAG TEG members received an informational session on the current activities of the IFRS IC with regard to the topics that are still open at present. The EFRAG Secretariat will continue to follow the discussions at the IFRS IC and to keep the EFRAG TEG updated.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will hold a next webcast meeting [16-17 June 2021](#).



EUROPEAN REPORTING LAB

Development of EU sustainability reporting standards

A plenary meeting of the PTF-NFRS took place on 4 May 2021. Members were informed by the European Commission on their adopted Corporate Sustainability Reporting Directive (CSRD) proposal, and on possible next steps for EFRAG in its context.

Confirming her statement at the *High-level conference on a proposal for a Corporate Sustainability Reporting Directive – the way forward* of 6 May 2021, Commissioner McGuinness invited EFRAG, in a [letter dated 12 May 2021](#), to launch as soon as possible the necessary technical work to develop draft sustainability reporting standards building on the recommendations in the PTF-NFRS report and on the PTF-NFRS expertise, experience, and leadership. The Commissioner also asked EFRAG to move ahead with governance reforms as quickly as possible while respecting all legal requirements, based on the recommendations contained in the report of Jean-Paul Gauzès on his ad personam mandate.

This work is to be undertaken in parallel to the negotiations of the proposed CSRD. The interim working methods should foreshadow the EFRAG governance reforms and processes to ensure transparency and due process. They should be undertaken in a pragmatic spirit aiming for an appropriate handover to the EFRAG revised governance structure when it is in place. EFRAG is asked to submit a first set of draft standards by 15 June 2022.

A meeting of the EFRAG Member Organisations took place on 20 May 2021, where the reports issued by EFRAG on the EU sustainability reporting standard-setting mandates, the European Commission's proposal for a CSRD, and the proposed way forward for EFRAG were presented.

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

On 17 May, the PTF-RNFRO held a plenary meeting to provide an update of the timelines and progress made by the report drafting team. The PTF-RNFRO hosted two outreach events - a private online meeting with a selection of stakeholders on 21 May 2021, and a [public webinar on 25 May 2021](#) with 600+ registrants. The outreach events were to obtain stakeholder feedback on the key findings and a selection of illustrative examples that are to be included in the final report. The sessions were focused on findings across three thematic areas: business model reporting; sustainability-related risks and opportunities; and the use of technology in reporting. The completed draft of the report is expected in the summer.

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

In May 2021, EFRAG attended the eighth plenary meeting of the PSF in which updates were provided by the Chair and Commission and progress reports presented by each of the subgroups rapporteurs.

EFRAG also attended:

- A breakout meeting of the subgroup on Data and Usability (SG5) discussing the proposed response to the EU consultation on the Delegated Act on Article 8; and
- A joint session of SG5 and the subgroup on Social Taxonomy (SG4) discussing convergence of minimum safeguards and do no significant harm criteria, reporting on social and environmental alignment and the effects of the EU Regulation on CSRD and SFDR.

Finally, EFRAG also participated in various meetings of the 'Accounting' work stream of SG5.

Next steps

A meeting of the European Lab Steering Group is scheduled for the end of June 2021.