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## Third IASB Agenda Consultation and EFRAG Proactive Research Agenda Cover Note

### Objective

- 1 The objective of this session is to provide EFRAG FR Board with an update on the IASB's decisions following its Third Agenda Consultation Request for Information (RFI) and to seek the EFRAG FR Board's approval of the recommendations made by EFRAG TEG for new projects to be added to EFRAG's 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 IASB sought feedback on the overall balance of its main activities, and the criteria and priority of financial reporting issues that could be added to the IASB's work plan.
- 4 EFRAG combined 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 On 20 May 2021, the [joint consultation document](#) was published for comments. The comment deadline was 17 September 2021. In addition, a survey was released on 4<sup>th</sup> June 2021 allowing constituents to submit their comments either by comment letter or electronically via the survey.
- 6 On 9 September 2021, a joint webinar was organised by EFRAG, IASB, EFFAS, Business Europe and Accountancy Europe. A summary of the main messages received during this webinar was included in the [comment letter analysis](#) presented at the 28 September 2021 EFRAG FR TEG meeting.
- 7 On 11 October 2021, EFRAG published its [comment letter](#) on the IASB's Third Agenda Consultation Request for Information. EFRAG had received 16 comment letters and seven responses to the survey, five full responses and two partial responses.
- 8 On 19 May 2022, EFRAG FR TEG held a session to recommend to the EFRAG FR Board new projects to be added to the EFRAG's proactive research agenda.

### EFRAG's comment letter

- 9 EFRAG considered that the overall balance of the activities of the IASB was generally appropriate and should not be substantially modified over the 2022-2026 period. However, EFRAG suggested putting more effort on the maintenance and

- improvement of the existing standards, including their understandability, compared to what was proposed in the RFI.
- 10 EFRAG further suggested that the IASB should identify a separate area of its activity to address the connectivity between financial reporting and sustainability reporting and increases the resources devoted to digital reporting.
  - 11 EFRAG considered that the seven criteria suggested in the RFI were useful.
  - 12 EFRAG identified the following high priority projects, ranked according to their priority:
    - (a) Intangibles;
    - (b) Sustainability in financial reporting, starting from climate (including connectivity and pollutant pricing mechanisms); and
    - (c) Crypto assets-liabilities.
  - 13 In addition, EFRAG was of the view that the treatment under IFRS 9 of financial instruments with ESG features was an urgent and prevalent issue and requested the IASB to address this in the short term. Other high priority projects were:
    - (a) Discontinued operations and disposal groups;
    - (b) Statement of cash flows and related matters; and
    - (c) Variable and contingent consideration.

#### **Key messages on IASB decisions after its Third Agenda Consultation**

- 14 The IASB discussed the comments received in response to its RFI at its [December 2021](#), [February 2022](#), [March 2022](#), and [April 2022](#) meetings. They made the following decisions:
  - (a) Leave its current level of focus on its main activities largely unchanged except for a slight decrease in focus on new Accounting Standards and major amendments and a slight increase in focus on digital financial reporting and understandability and accessibility of Accounting Standards;
  - (b) Leave the list of criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan as proposed in the RFI;
  - (c) Not to reprioritise projects on its current work plan, but to continue working on those projects;
  - (d) Add the project on climate-related risks to its work plan on maintenance and consistent application;
  - (e) Add to the research pipeline projects on intangible assets and the statement of cash flows and related matters; and
  - (f) Create a reserve list of projects that could be added to the work plan only if additional capacity becomes available and include on that list projects on operating segments and pollutant-pricing mechanisms.

#### **Key messages on the recommendations of new projects for the EFRAG proactive research agenda**

- 15 The EFRAG Secretariat assesses in agenda paper 06-02 the merits of those projects identified as either of highest or high priority for European Stakeholders in the EFRAG agenda consultation.
- 16 EFRAG FR TEG also recommends adding a project on connectivity between financial and sustainability reporting and a project on the statement of cash flows reporting to the EFRAG's research workplan.

- 17 In addition, EFRAG FR TEG recommends that the projects on operating segments and pollutant pricing mechanisms be added to the EFRAG's reserve list of projects. One of these two reserve list projects will be undertaken provided that it is likely that EFRAG's research will inform the future IASB's activity and after some exploratory work to further define the research problem.

**Agenda Papers**

- 18 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 06-02 – Recommendations of new projects for the EFRAG proactive research agenda.