

Joint EFRAG OIC Stakeholder conference

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Rome, Italy

Welcome speech

Jean-Paul Gauzès, EFRAG Board President

Introduction

Good afternoon ladies and gentlemen. I am very pleased to welcome you all to our first joint stakeholder conference in the beautiful city of Rome. It is a pleasure to be in Rome and my wife and I had the possibility to discover Rome during the weekend. I want in particular to thank OIC and notably Angelo Casò and Paolo Gnes for taking the initiative of bringing the EFRAG Board to Rome and organising this meeting with Italian stakeholders.

[Buongiorno signori e signore. Vi do il benvenuto nella bella città di Roma per questa conferenza. Sono felice di essere qui e di poter visitare Roma in questo weekend. Molte grazie all'OIC e in particolare a Angelo Casò e Paolo Gnes per aver invitato il Board dell'EFRAG a Roma e organizzato questo incontro]

Obtaining input from stakeholders is an essential part of EFRAG's due process in developing European positions. Today's conference is an important opportunity for the EFRAG Board to meet and engage with Italian stakeholders. We count on an active contribution and exchange of views with all of you present. Most of the EFRAG Board members are present today, in the panels and in the audience. This should give ample opportunity to meet and to discuss today's topics.

OIC and thus Italy is closely involved in EFRAG. OIC, as one of the four main standard setters, is a member organisation of EFRAG since the Maystadt reform; Angelo Casò is a member of the EFRAG Board; Tommaso Fabi and Ambrogio Virgilio are EFRAG TEG members and Ambrogio chairs the EFRAG Insurance Accounting Working Group. Also in our various Working Groups and Advisory

Panels Italy is well represented. Furthermore OIC has seconded a staff member to EFRAG. So it goes without saying that Italy and notably OIC is an important partner for EFRAG.

EFRAG

I am sure that you already are familiar with EFRAG, but let me recall that EFRAG's mission is to serve the European public interest by developing and promoting European views in the field of financial reporting. EFRAG works to ensure that the European views are properly considered in the IASB standard-setting process and in related international debates.

EFRAG has three streams of activities: firstly, our research work in which we provide thought leadership designed to encourage international debate, influence the IASB's agenda and contribute to the IASB's projects from a European perspective. Secondly, EFRAG provides the European views in the IASB's standard-setting process, starting from the early stages of development through to the post-implementation review. The objective is to ensure that the resulting standards are fit for Europe.

Then, when the IASB has issued the final standard, EFRAG's third activity is to advise the European Commission on whether this meets the criteria for endorsement for use in Europe. This includes whether endorsement would be conducive to the European public good.

EFRAG's legitimacy is built on transparency, governance, due process - including field tests, impact analyses and outreach events - public accountability and thought leadership. As said engaging with all of you as stakeholders of EFRAG is an important part of our due process.

Impact analysis

Today, it is a great pleasure for me to welcome Françoise Flores here as an IASB member after she has been involved for 12 years in EFRAG, of which the last six were as EFRAG Chairman, EFRAG TEG Chairman and CEO. After Françoise Flores has given her keynote speech on the future focus of financial reporting and has given us insights into the IASB's future work, we are addressing two important themes.

Impact analysis is the topic of the first roundtable.

There is increasing attention being paid to the wider impacts of financial reporting, including on economic behaviour. There have been calls to deepen and strengthen the assessment of these impacts as part of evidence based standard-setting. The IASB published its first effect analysis on a major standard with IFRS 16 *Leases* and has recently published an effects analysis on IFRS 17 *Insurance Contracts*.

Historically, EFRAG's main focus was on assessing the cost/benefit balance of new Standards, in addition to assessing the technical endorsement criteria in the IAS Regulation. In doing so, EFRAG relied mostly on public consultations and surveys. Since the Maystadt reform, EFRAG also assesses the European public good in developing its endorsement advice. Impact analysis is an important element of the European public good assessment.

The European public good is a wide and undefined concept, with its meaning depending on each particular standard. The European Commission issued a non-paper in 2016 that provided broad guidelines and indicated the elements that have to be taken into account as including:

- not endangering financial stability;
- not hindering European economic development;
- impact on competitiveness of European entities; and
- adding value for Europe by delivering improved financial reporting.

The European Commission specifies in its request for endorsement advice any other factors that should be considered in the European public good assessment. Such other factors could include implications for long-term investing; implications for SMEs and possible changes in stakeholder behaviour and their impact.

The European public good assessment therefore requires EFRAG's analyses to move beyond technical. This is a challenging task, especially because the impact analysis must be conducted before a Standard is implemented. In other words, we have to make predictions. These and other challenges we are facing in impact analysis will be discussed in the roundtable facilitated by Angelo.

Better Communication through Reporting

Tomorrow the EFRAG Board has on its agenda the finalisation of the EFRAG Comment Letter on the IASB Discussion Paper Principles of Disclosure. Today's discussion in the second roundtable is therefore still timely. I invite you to contribute to the debate so that our Board members can hear the Italian views directly in addition to the views provided by the OIC.

The Disclosure Initiative is part of the IASB's work on Better Communication in Financial Reporting. The Discussion Paper suggests principles governing what, how and where information should be disclosed in the financial statements to improve the information provided to users of financial statements and to communicate better with them.

Better communication goes beyond the boundaries of financial statements into the world of corporate reporting. Various organisations have taken initiatives on corporate reporting showing that financial reporting can and should not be seen in isolation.

There are various other elements and issues that may come up in the discussions and about which we have learnt in the outreaches and the comment letters we received. Just to mention a few: Digital reporting opens new opportunities for communication for the presentation of data. How and to what extent should electronic reporting be considered in setting the various disclosure principles? Is prudential reporting impacting financial reporting? We may ask ourselves whether these implications are sufficiently considered in the standard setting process.

I am looking forward to hearing your views in the roundtable discussion that will be chaired by Andreas Barckow. Andreas is the Chairman of the German Standard Setter and Vice-President of the EFRAG Board.

I am now inviting Françoise Flores, IASB member to give her key note address.

Thank you for your attention and I wish you all a good and fruitful conference.