



EFRAG UPDATE

NOVEMBER 2020

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 still 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 until further notice have been turned into electronic format (see below) or postponed;
- 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

Draft Endorsement Advice

On 6 November 2020, EFRAG issued a draft endorsement advice letter and separate invitation to comment relating to the endorsement for use in the EU of *Classification of Liabilities as Current or Non-current and Deferral of Effective Date (Amendments to IAS 1)*. Comments are requested by 7 December 2020.

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

Final Comment Letter

General Presentation and Disclosures

On 2 November 2020, EFRAG published its final comment letter in response to the IASB’s Exposure Draft 2019/7 *General Presentation and Disclosures* which welcomes the IASB’s efforts to improve how information is communicated in the financial statements. In the letter, which benefits from the results of the extensive consultation and outreach conducted with



European stakeholders, EFRAG suggests that the IASB further considers a number of its proposals, particularly from a cost and benefit perspective.

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

Feedback Statements

Interest Rate Benchmark Reform – Phase 2

After having issued its final endorsement advice on 26 October EFRAG has finalised the steps in its due process and, on 17 November 2020, published its feedback statement on the draft comment letter to the IASB's ED/2020/1 *Interest Rate Benchmark Reform – Phase 2: Proposed Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*.

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

General Presentation and Disclosures

On 30 November 2020, EFRAG published its feedback statement that summarises the main comments received by EFRAG on its draft comment letter to the IASB ED/2019/7 *General Presentation and Disclosures* and explained how those comments were considered by EFRAG during its technical discussions leading to the publication of EFRAG's final comment letter.

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

Reminder: ***Business Combinations - Disclosures, Goodwill and Impairment - Please provide input by 30 November 2020***

EFRAG asks constituents to provide their views on the EFRAG draft comment letter in response to the IASB's Discussion Paper DP/2020/1 *Business Combinations – Disclosures, Goodwill and Impairment* by **30 November 2020**.

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

WEBINARS AND ON-LINE OUTREACHES

ASCG EFRAG IASB joint online outreach event on *Business Combinations – Disclosures, Goodwill and Impairment* – 2 and 20 November 2020

On 2 and 20 November 2020, the Accounting Standards Committee of Germany (ASCG) and EFRAG held two online events with stakeholders on the proposals made by the IASB in its Discussion Paper *Business Combinations – Disclosures, Goodwill and Impairment*.

For more details, please see the EFRAG website: [event on 2 November 2020](#), [event on 20 November 2020](#).

Joint online outreach event: *Changes to the accounting for Business Combinations: Disclosures, Goodwill and Impairment: reflections from Norway* - 9 November 2020

On 9 November 2020 EFRAG together with Norsk RegnskapsStiftelse (Norwegian Accounting Standards Board - NASB), the Norwegian Society of Financial Analysts (NFF) and the IFRS Foundation hosted a joint outreach event on the IASB's Discussion Paper *Business*



Combinations—Disclosures, Goodwill and Impairment. The webinar's objective was to collect input from the Norwegian and European constituents on the IASB's preliminary views included in the Discussion Paper and on EFRAG's Draft Comment Letter.

The Summary Report of the event can be consulted [here](#).

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

Joint online outreach event: *Business Combinations: Disclosures, Goodwill and Impairment – What are the views of investors* - 12 November 2020

On 12 November 2020, EFRAG together with EFFAS, ABAF/BVFA and the IFRS Foundation hosted a joint outreach event to consider the views of European users on the IASB's Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. The objective was to collect input from the investors' community and observe if investors views differ from other stakeholders.

The Summary Report of the event can be consulted [here](#).

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

Joint online outreach event: *Business Combinations, Disclosures, Goodwill and Impairment: Perspectives from Portugal* - 24 November 2020

On 24 November 2020, EFRAG, together with the Comissão de Normalização Contabilística (CNC-Portugal), the Ordem dos Revisores Oficiais de Contas (OROC) and the Ordem dos Contabilistas Certificados (OCC) and the IFRS Foundation hosted a joint outreach event to consider the Portuguese and European Stakeholders' views on the IASB's Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*.

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

OIC EFRAG IASB joint online outreach event - *Business Combination: Disclosure, Goodwill and Impairment* - 25 November 2020

On 25 November 2020, the Organismo Italiano di Contabilità (OIC) and EFRAG, in cooperation with the IFRS Foundation held a joint online webinar on the IASB Discussion Paper *Business Combinations: Disclosures, Goodwill and Impairment*.

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

Summary Report on the EFRAG IASB joint webinar: *Improving information regarding business combinations and subsequent accounting for goodwill – which way to go?* - 16 October 2020

On 3 November 2020, EFRAG published a summary report of the joint online webinar on the IASB's DP: *Business Combinations – Disclosures, Goodwill and Impairment* held on 16 October 2020. European stakeholders expressed their views on the IASB proposals including the potential implementation and application concerns.

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



Summary Report – joint outreach event on *Business Combinations - Disclosures, Goodwill and Impairment* hosted by FSR, DI, the IASB and EFRAG

On 27 November 2020, EFRAG issued a summary report of the joint webinar on the IASB's DP *Business Combinations – Disclosures, Goodwill and Impairment*, held on 23 October 2020 with the FSR - Danish Auditors, DI - Confederation of Danish Industry and the IASB. Danish and European stakeholders expressed their views on the IASB proposals including the potential implementation and application concerns.

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

Rate-regulated Activities: EFRAG seeks input from preparers and users of financial statements of rate-regulated entities

EFRAG is inviting preparers of financial statements of rate-regulated entities to participate in an early-stage analysis through a survey questionnaire on likely impacts of the possible changes to IFRS requirements. Expressions of interest from preparers to participate in this outreach were requested by close of business **18 December 2020**. A questionnaire to users had been issued in late October with a deadline of **7 December 2020** for expressions of interest.

The questionnaire for preparers can be found [here](#); the questionnaire for users – [here](#).

OPEN CONSULTATIONS

Title and description	Closing date
<i>Rate-regulated Activities: EFRAG early-stage analysis - preparers</i>	18 December 2020
<i>Rate-regulated Activities: EFRAG early-stage analysis - users</i>	07 December 2020
EFRAG Draft Endorsement Advice on <i>Classification of Liabilities as Current or Non-current and Deferral of Effective Date (Amendments to IAS 1)</i>	07 December 2020
EFRAG Draft Endorsement Advice on Amendments to IFRS 17 <i>Insurance Contracts</i>	29 January 2021
EFRAG Discussion Paper <i>Accounting for Crypto-Assets (Liabilities) - Holder and Issuer Perspective</i>	31 July 2021

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



EFRAG BOARD

Next meeting

The EFRAG Board will hold a next webcast meeting on [17 December 2020](#).

November 2020 written procedures

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

- Draft Endorsement Advice on *Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendments to IAS 1)*.

Expected December 2020 written procedures

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

- Final Endorsement Advice on the IASB Publication *Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendments to IAS 1)*; and
- Draft Comment Letter on the IASB Publication *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*.

EFRAG TECHNICAL EXPERT GROUP (TEG)

Webcast meeting

EFRAG TEG held a webcast meeting on [10 November 2020](#) and discussed the following topics:

IASB Research Project *Goodwill and Impairment*

EFRAG TEG discussed the feedback received from the outreach activities relating to the IASB's discussion paper *Business Combinations: Disclosures, Goodwill and Impairment* and EFRAG's Draft Comment Letter. The members provided their views on the commercial sensitivity, level of monitoring of the acquisition, the improvements to the impairment test and reintroduction of amortisation of goodwill.

No decisions were taken at the meeting.

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

EFRAG TEG discussed the issues that should be considered while drafting a response to the forthcoming IASB Request for Information. The members also provided comments on potential outreach activities.

No decisions were taken at the meeting.



EFRAG Research Project *Better Information on Intangibles*

The EFRAG Secretariat provided an update on the project and the input received from the EFRAG Advisory Panel on Intangibles. EFRAG TEG discussed the format and content of the project deliverables by way of two separate Discussion Papers.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will hold a next webcast meeting on [3 December 2020](#).

November 2020 written procedures

EFRAG TEG approved the following document, using written procedures in November:

- Feedback Statement on EFRAG Draft Comment Letter on the IASB Exposure Draft ED/2019/7 *General Presentation and Disclosures*.



EUROPEAN REPORTING LAB

Preparatory work for the elaboration of possible EU non-financial reporting standards

The PTF-NFRS had a plenary meeting on 2 November 2020 to continue sharing the findings of its different workstreams. The Chair also presented the final draft version of the PTF-NFRS progress report for validation in plenary.

In line with the requirements of the EC mandate to EFRAG, the progress report providing a view of the PTF-NFRS organisation and activities up to 31 October 2020, and the preliminary high-level assessment points emerging from the assessment phase of the project, was submitted to the EC on 6 November 2020. This progress report was published on 13 November 2020 and can be found [here](#).

At the second plenary meeting held on 10 November 2020, one more workstream presented their assessment findings and the Chair presented a proposed approach for the next phase of the project, revolving around recommendations resulting from the PTF-NFRS assessment points.

A third plenary meeting took place on 18 November 2020 where the cycle of presentations from workstreams to present their findings was completed. At the same meeting representatives of the EC Platform on Sustainable Finance presented elements from the



Taxonomy development relevant for the purposes of developing possible EU non-financial reporting standards. In addition, ESMA representatives presented the ESMA consultation paper relating to the EC call for advice on Article 8 of the Taxonomy Regulation. The meeting concluded with a short presentation of preliminary high-level recommendations from the different workstreams, and a presentation by the Chair of the key pillars for the final report.

At the fourth plenary meeting for the month on 30 November 2020, the PTF-NFRS received a presentation from ESMA on its work for the Joint Committee draft Regulatory Technical Standards on ESG disclosures, developed by the three European Supervisory Authorities (EBA, EIOPA and ESMA) under the EU Sustainable Finance Disclosure Regulation (SFDR). This was followed by an update from one of the workstreams on their assessment results, and an update by the Chair on the next steps for Phase 2 of the project. The last part of the meeting was devoted to the presentation and discussion of recommendations from the different workstreams.

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

The PTF-RNFRO held two plenary meetings on 4 and 19 November 2020. During these meetings, the co-ordinators of the four different active workstreams provided detailed updates on the progress made so far including on the criteria for selecting good reporting practices, preliminary findings from analysing a selection of companies, and the questionnaire that will be used during an intended outreach to stakeholders. On 19 November 2020, the co-chairs also shared and sought feedback on the structure and content of a draft RNFRO report.

Other involvement in sustainability reporting

Ad personam mandate of EFRAG Board President Jean Paul Gauzès on non-financial reporting standard setting

In November 2020, EFRAG Board President Jean-Paul Gauzès considered the feedback received from the invitation to comment issued in early October 2020, to contribute the views in the form of a letter with a questionnaire to allow to develop the proposals for possible changes to the governance and funding of EFRAG.

The input received was used by Jean-Paul Gauzès in preparing a progress report with preliminary proposals which was sent to the European Commission on 6 November 2020 and published on [EFRAG website](#).

On 30 November 2020, Jean-Paul Gauzès issued a [consultation document](#) inviting all interested stakeholders to contribute input to his preliminary proposals regarding changes to the governance structure and financing of EFRAG if the latter were entrusted with the development of EU non-financial reporting standards. This second consultation focuses on obtaining additional input on a number of matters that were not, or not fully addressed in the first public consultation conducted in October 2020. Responses are requested by 6 January 2021.

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



Platform on Sustainable Finance

EFRAG was appointed as observer to the new Platform on Sustainable Finance launched by the European Commission (as per the EU Taxonomy Regulation requirement).

The Platform primarily focuses on the technical screening criteria and the EU Taxonomy Regulation and advising on further measures to improve data availability and quality. Its mandate is for two years. EFRAG contributes to Subgroup 5 Data and Usability.

In November 2020 EFRAG attended several plenary and sub-group meetings mainly dedicated to understanding the objectives for the platform and developing a work plan for the different work streams.

NEXT STEPS

The European Lab SG will hold its next meetings on 8 December 2020 and 27 January 2021.

The next plenary meetings of the PTF-RNFRO are scheduled to take place on 2 and 16 December 2020, respectively.

Next plenary meetings of the PTF-NFRS are scheduled to take place on 15 and 16 December 2020; and finally, on 12 and 26 January 2021 for the conclusion of the project.