

CDSB's response to EFRAG Survey on IASB Third Agenda Consultation and EFRAG Research Agenda

Introduction

The survey consists of two parts.

Part A: EFRAG's consultation on the IASB's Third Agenda Consultation

EFRAG is consulting on its Draft Comment letter in response to the IASB's Third Agenda Consultation.

The IASB undertakes a public consultation on its activities and its work plan every five years (agenda consultation). This is the third time the IASB consults the public via an agenda consultation to help create its five-year plan (2022-2026).

The IASB is asking for views on:

- a) the strategic direction and balance of the IASB's activities;
- b) the criteria for assessing the priority of financial reporting issues that could be added to the
- c) work plan; and
- d) new financial reporting issues that could be given priority in the IASB 's work plan.

Part B: EFRAG's consultation on its own Proactive research agenda

EFRAG is also consulting on its own Research Agenda.

Part B of this survey allows constituents to provide feedback to EFRAG on the projects that could be considered as part of EFRAG's Proactive Agenda.

Stakeholders can provide their input to EFRAG in one of two ways:

Submit a comment letter to EFRAG ([here](#)); and/or
Complete this survey.

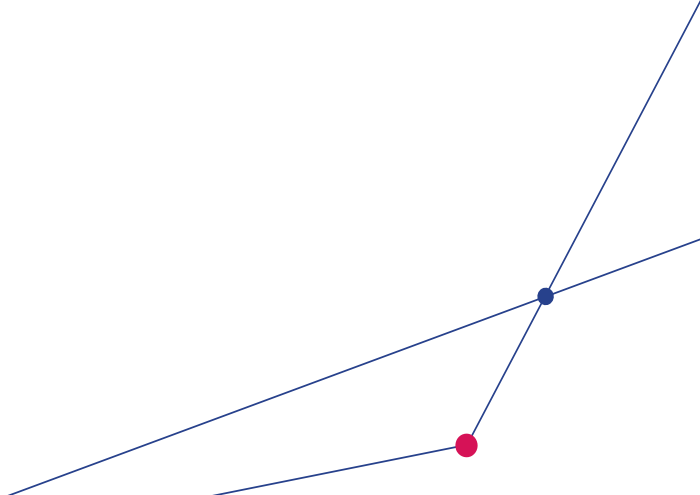
The consultation is open for comment until 17 September 2021

The completion of both parts of the survey will take approximately 15-20 minutes. It is possible to respond only to the questions that are the most relevant to you.

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Background information

First name: Axelle

Last name: Blanchard

Your organisation: CDSB

E-mail: axelle.blanchard@cdsb.net

1. Personal information *

2. Please indicate whether you want to be contacted for any follow-up questions: *

Yes, I want to be contacted

No, I do not want to be contacted

3. What is your functional role? (please select one of the following): *

Academic/Researcher

Auditor/Accounting organisation

Individual

Preparer/Preparer organisation

Professional organisation

Regulator

Standard-setter

User/User organisation

Other (please specify): **Reporting Framework Provider**

4. Please indicate the region or country in which you are based: *

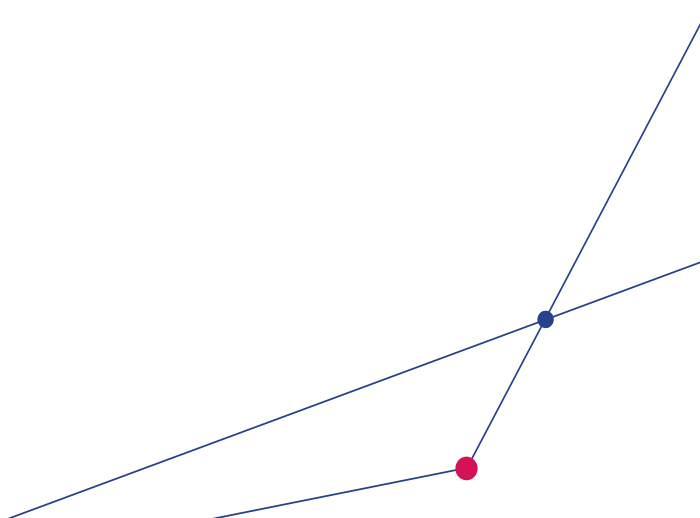
European Union (please insert the country) – **Germany**

Other (please insert the country)

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Part A – IASB’s THIRD AGENDA CONSULTATION

6. In its draft comment letter in response to the IASB’s Request for Information, EFRAG did not assign specific proportions to the IASB’s activities but expected that, after the publication of several major standards over the last period (IFRS 15 Revenue from Contracts with Customers, IFRS16 Leases and IFRS 17 Insurance Contracts) the next 5-year period would focus more on projects already active, Post-Implementation Review of large Standards and undertaking standard-setting projects when necessary. In addition, EFRAG also suggested additional financial reporting issues not yet covered by the IASB’s RFI, in particular (please click on the project for further description):

Digital reporting; and

Connecting financial and sustainability reporting (starting from climate-related financial implications).

Do you agree with the above view? Why or why not?

We welcome EFRAG’s comment to the IASB’s RFI for expanding the scope of the proposed project to cover the entire sustainability reporting matters, starting from climate-related financial implications. This would also ensure that the IASB will have the capacity to maintain alignment with the future work of the ISSB when it starts to move beyond its initial focus on climate. Given the inherent complexity in this area, we would encourage the IASB to start by identifying key areas of sustainability-related risks that are already captured within the current IFRS Standards before considering introducing a new standard or making a significant change to existing standards.

10. The table below includes the financial reporting projects that EFRAG has tentatively assigned a highest priority in its Draft Comment Letter. Please indicate whether you agree with the prioritisation and the scope of the financial reporting issues. (the links in the table below will redirect you to the paragraph in EFRAG’s DCL where the EFRAG suggested scope is described)

Please note that you will have the opportunity to indicate any other projects that you would like to add as a highest priority project in the next question (Question 11). Please be aware that EFRAG needs to limit the suggested high priority issues as the IASB has limited capacity. Therefore, please indicate which projects needs to be removed from the table below in order to add any other projects.

Connecting financial and sustainability reporting, starting from climate related financial implications

Agree with prioritisation and scope

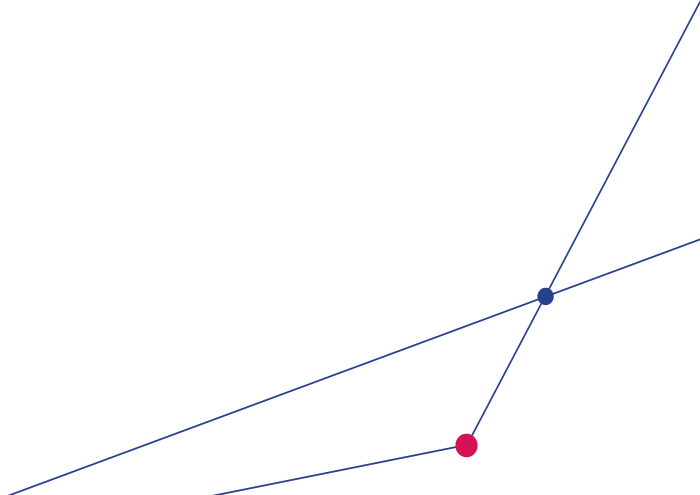
13. If you have any other comments on the IASBs activities and current work plan, please explain.

We welcome EFRAG’s leadership in calling for the IASB to consider more holistically the connectivity between financial and sustainability reporting. To this end, we believe that that a close coordination between the IASB and the future ISSB is vital. In this respect, we would encourage EFRAG to expand its comment to cover the coordination of the IASB’s and the ISSB’s future activities for promoting connectivity between the IFRS Standards and the potential Sustainability Standards.

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PART B – EFRAG’s RESEARCH AGENDA CONSULTATION

14. EFRAG initially considers that its decision on which proactive projects to initiate, should be based mainly on:

a) European constituents’ views on the importance of the various projects considered for the IASB’s agenda consultation (that is the projects listed in Part A of this survey accompanying EFRAG’s (draft) comment letter to the RFI and any additional projects suggested by constituents).

b) A short list of four projects which are considered important by European constituents and particularly suitable for an EFRAG proactive research project. While EFRAG will consider the projects that European constituents consider are most important to include on the IASB’s 2022–2026 workplan, there may be projects that are considered important, but for which an EFRAG proactive project could be considered useful before the project would be addressed by the IASB (post 2026). Also, there may be projects that are considered important to be included on the IASB’s 2022–2026 workplan which are considered less suitable for an EFRAG proactive research project, projects for which EFRAG has already done proactive work, or for which European thought leadership is considered to be less needed.

EFRAG will only be able to select a limited number (in this case less than five) of the projects that would result from (a) and (b) above. The preliminary view of EFRAG is that the list of four projects mentioned above in b) should include the projects listed alphabetically below. Please indicate whether you agree with including each of the four projects on the list of projects considered important for European constituents and particularly suitable for an EFRAG proactive research project. The suggested scope of the listed projects corresponds to the scope EFRAG suggests in relation to the IASB’s agenda consultation (the suggested scope can be seen by clicking on the name of the project which will redirect to EFRAG’s DCL where the scope is described). Note that EFRAG’s research work is complementary to the IASB’s work and EFRAG will also work as part of its commenting work on the projects that are finally selected by the IASB.

Connecting financial and sustainability reporting, starting from climate-related financial implications

Agree with including this project on the list but disagree with the suggested scope.

We agree that connecting financial and sustainability reporting is critical to ensure that sustainability information is considered on an equal footing with financial information in the assessment of the information reported by the company in both the front and the back half of its annual report.

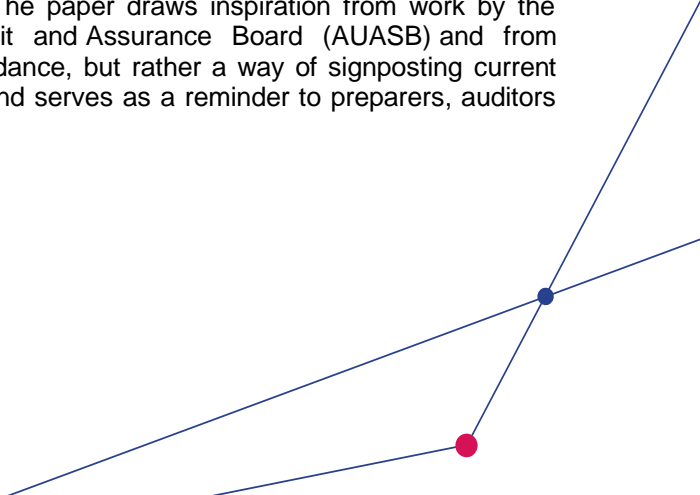
We do feel there may be a confusion between the current discussion on the development of a set of sustainability reporting standards and the one regarding the need to better connect sustainability and financial information within financial statements through the assessment of existing IFRS standards. In order to ensure robust processes and qualitative outcomes for these works, we believe tackling both issues, although related to an extent, should be done within separate initiatives and workstreams.

Aside from the current preparatory work on the establishment of an International Sustainability Standards Board, the IASB has published in 2019 a paper which clarifies how existing IFRS requirements may address material climate change risks and other emerging matters. The paper draws inspiration from work by the Australian Accounting Standards Board (AASB) and Audit and Assurance Board (AUASB) and from CDSB’s Uncharted Waters Report. The paper is not new guidance, but rather a way of signposting current requirements in order to help bridge a gap in understanding and serves as a reminder to preparers, auditors

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and investors. This was followed up with educational material published by the IFRS Foundation in November 2020, complementing the 2019 IASB paper, containing a Non exhaustive list of examples when companies may need to consider climate-related matters in their reporting (the 2020 IFRS Foundation paper).

Accordingly, CDSB has identified a need to support preparers in integrating climate-related matters into the financial statements. We have released a guidance that builds on International Accounting Standards Board's (IASB) position on how climate-related matters should be integrated into financial reporting based on current International Financial Reporting Standards (IFRS) Standards, and will be publishing further supplementary papers this year considering how preparers may consider climate-related matters in relation to additional IFRS accounting standards.

We will keep our work in this area and believe further work with EFRAG on this matter could be beneficial for preparers to ensure that financial impacts of climate change are properly reflected into the financial statements and to support preparers to put this into practice. We would be delighted to present our work and exchange further on how to move this agenda. More information can be found on the following webpage <https://www.cdsb.net/what-we-do/financial-accounting-standards>.

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