

EFRAG

International Non-Profit Association

STATUTES

Article 1: NAME

1.1. An International Association is formed under the name “Groupe consultatif sur l’information financière européenne” or in the English language “European Financial Reporting Advisory Group”, in abbreviation EFRAG.

Full or abbreviated names may be used together or separately. They must always be followed by the words “association internationale sans but lucratif” or the initials “AISBL”

1.2. The Association is governed by title III of the Belgian law of 27 June 1921, as amended by the law of 2 May 2002 and the law of 27 December 2004

Article 2: REGISTERED OFFICE

2.1 The registered office of the Association is situated 35 Square de Meeûs (5th floor), 1000 Brussels (Belgium).

2.2. It can be transferred to any other location in Belgium by a decision of the Supervisory Board.

Article 3: DURATION

The Association is formed for unlimited duration. It can be dissolved at any time, in accordance with the law and these statutes.

Article 4: OBJECTIVES

4.1. The Association has as international non-profit objective to promote the knowledge, the adoption and implementation in Europe of worldwide applicable accounting standards through scientific and pedagogical activities and, in particular:

- to provide a proactive contribution to the work of the International Accounting Standards Board;
- to help developing and coordinating expertise of all stakeholder groups in the area of financial reporting within Europe;
- to contribute to the implementation of International Financial Reporting Standards (IFRS) in Europe.

4.2. Activities that the Association intends to carry out in order to attain this objective may, among other things, be to:

- Provide its opinions in order for the European Commission to take a view on endorsement of any IFRS for application in the EU and as requested on IFRS interpretations;

- Provide reports as requested to the European Commission reflecting, particularly, European perspectives, give reasoned opinions on upcoming financial reporting issues and help identifying issues that need to be addressed by the IASB
- Provide its opinions in order for the European Commission to take a view on issues related to the development and the improvement of the standards and their effective implementation in the European area;
- Provide technical input on exposure drafts, possible consequences of proposed accounting solutions or proposed standards for companies operating in the European environment with the objective that European concerns and practice are properly taken into account. In close consultation with the European Commission, the Association will participate in the early phases of debate on all issues related to the standard setting process. In such a role, the Association will, when requested by the European Commission attend working groups of IASB, liaise with national standard setters and hold Advisory fora;
- Recommend appropriate changes to EU Directives at the request of the European Commission;
- Consult the European Commission on its work programme and inform it of its work on a regular basis;
- Support the further integration of efforts of national standard setters, businesses, the accounting profession and other stakeholders in Europe in order to make an efficient use of available know-how in the area of financial reporting within the EU;
- Undertake educational activities in order to promote the knowledge of IFRS in Europe;
- Develop other activities which it considers useful to achieving its general objectives.

Article 5: MEMBERSHIP

5.1. Definition

The Association is composed of the individuals and legal persons legally incorporated in accordance with the law in their country of origin representing at European level the private organisations interested in financial reporting.

5.2. Conditions of admission of new members

The admission of new members is decided by the General Assembly in accordance with article 7.2.2 of these statutes. It is subject to the commitment to subscribe to the objectives of the Association and to abide by the provisions of its statutes and its internal rules.

5.3. Loss of membership

5.3.1. Resignation

Each member has the right to withdraw from the Association at the end of any calendar year by giving twelve months' notice in writing to the Chairman of the Supervisory Board.

5.3.2. Exclusion

The General Assembly may decide to exclude a member which, in the sole judgment of the General Assembly, does not abide by the Statutes or for any other lawful reason, in accordance with article 5.2 the member concerned having a right to a hearing but not taking part in the vote.

Article 6: MEMBERS' OBLIGATIONS

Members shall:

- a) agree to abide by the provisions of these statutes and other internal rules approved by the Supervisory Board in accordance with Article 7.3.2.;

- b) pay such contributions as may be determined by the Supervisory Board. Overdue payments will be penalised in a manner to be decided by the Supervisory Board and included in the internal rules.

Article 7: ORGANISATION OF THE ASSOCIATION

- 7.1.** The governing bodies of the Association are:
- the General Assembly
 - the Supervisory Board
 - the Chief Executive Officer or the Executive Committee

The Association has also a Technical Expert Group the composition and competences of which are defined in Article 7.5 of these statutes.

7.2.1. General Assembly

The General Assembly consists of one representative, physical person, of each member of the Association which is up to date with its financial contributions. The number of votes allocated to each member will be related to their contribution in the base funding of the Association and are detailed in the internal rules.

7.2.2. The General Assembly (said ordinary) meets every year in the last quarter to:

- a) Receive a report of the Supervisory Board and the Chief Executive Officer or the Executive Committee on the activities and financial position of the Association; after discussion of these, the General Assembly approves or rejects the accounts as presented in accordance with article 7.3.2. g), as well as the activities covered by the accounts and summarised in the reports;
- b) Approve levels of expenditure for the next year, which shall be financed in accordance with the bases set out in the internal rules;
- c) Approve the budget for the next year;
- d) Elects the chairman and members of the Supervisory Board for a three- year term. The General Assembly can delegate the election of the chairman of the Supervisory Board to the Supervisory Board;
- e) Belong also to the exclusive competence of the General Assembly:
 - i amendments to the statutes or to the internal rules
 - ii admission to and exclusion from membership
 - iii dissolution of the Association
 - iv every other decision foreseen in these statutes or in the law

7.2.3. The representatives of members who are prevented from attending a meeting may be represented in the meeting by representative of any other member or by a member of the Supervisory Board to whom such party has given a written proxy. A member can be holder of a maximum of 3 proxies.

7.2.4. Decisions are determined by a simple majority of votes expressed by those present or represented by proxies. However, for decisions of the General Assembly, mentioned above in article 7.2.2 last paragraph under i, ii and iii, the Assembly can only take a valid decision when four fifths (4/5) of the members of the Association are present or represented in the meeting and when decision are adopted by two-thirds (2/3) of the total of votes expressed.

- 7.2.5.** The Supervisory Board determines the place, date and agenda of the meeting. The Chairman or, in his absence, the person designated by the Supervisory Board chairs the meeting. A meeting of the General Assembly needs to be called on request of one third of the members of the Association.
- 7.2.6.** A special meeting of the General Assembly may be held with at least thirty (30) days notice at a place and time to be determined by the Supervisory Board. No decision can be made unless included in the agenda sent with the convocation. The meeting can be called by postal mail, electronic mail or any other mean of (tele)communication that materialises in a written document. If all members agree to a meeting and if all are present or represented, the General Assembly will be regularly constituted without having to respect the period of notice or the sending of convocations.
- 7.2.7.** Decisions of the General Assembly are registered in the Minutes which are signed by the Chairman and the person appointed by the Assembly as a Secretary of this Assembly. The Minutes are kept at the registered office of the Association. Every member receives a copy within a period of two months after the Assembly.

7.3. *The Supervisory Board*

- 7.3.1.** The Supervisory Board is composed of at least three (3) persons appointed by decision of the General Assembly for a period of three (3) years based on a list of candidates physical persons proposed by the members of the Association.

When a member of the Supervisory Board presents his resignation the Supervisory Board may appoint a person who will be his successor till the next General Assembly.

The General Assembly appoints a Governance and Nominating Committee to make proposals on the appointment of Supervisory Board members. Working rules of the Governance and Nominating Committee are determined in the internal rules.

- 7.3.2.** The Supervisory Board has the following tasks:

- a) To appoint a chairman from amongst its members in the event the General Assembly chooses to delegate its powers in this respect [see article 7.2.2.(d)].
- b) To appoint, monitor and dismiss the Chief Executive Officer or Executive Committee;
- c) To appoint the chairman and the members, advise on the work programme and monitor the Technical Expert Group as indicated in Article 7.5. The Supervisory Board also appoints the members of the Planning and Resource Committee and the Chair of this Committee who will be a member of the Supervisory Board;
- d) To appoint independent auditors;
- e) To organise the funding of the Association;
- f) To monitor the expenditures within the limits of resources authorised by the General Assembly;
- g) To approve provisionally the annual accounts within six (6) months after the closing date and to submit these accounts for final approval to the first coming Ordinary General Assembly;
- h) To approve provisionally the budget of the next year and to present it for final approval to the next Ordinary General Assembly;
- i) To prepare the report and other decisions for the General Assembly;
- j) To approve the internal rules of the Association before submitting them to the General Assembly;

- h) To take any other decision in conformity with the Statutes and the objectives of the Association.

7.3.3. The Supervisory Board can only deliberate if half of its members are present or represented by a written proxy. Decisions are adopted on a simple majority of the votes cast by all those present or represented by proxy. However a qualified majority of two/third (2/3) would be needed on following decisions:

- a) Appointment of the members and Chairman of the Technical Expert Group;
- b) Funding

7.3.4. The Supervisory Board meets at least once a year and more often if needed. A meeting of the Supervisory Board needs to be called:

- On request of five (5) of its members;
- On request of the Chairman of the Supervisory Board or of the Chief Executive Officer.

The Chairman of the Supervisory Board calls the meetings at least one month in advance. The meeting can be called by postal mail, electronic mail or any other mean of (tele)communication that materialises in a written document.

7.3.5. The Supervisory Board is entitled to set up (sub-) Committees which do not, however, take away the ultimate responsibility of the Supervisory Board.

7.4. *The Chief Executive Officer or the Executive Committee*

7.4.1. The Supervisory Board may decide that either a Chief Executive Officer or an Executive Committee will be responsible for the management of the Association. The Chief Executive Officer or the members of the Executive Committee are appointed by the Supervisory Board for a period of two (2) years.

7.4.2. If the Supervisory Board appoints an Executive Committee, it will consist of three (3) members including the Chairman of the Technical Expert Group. The Executive Committee elects its chairman among its members. The chairman convenes the meetings. Decisions must be approved at least by two (2) members of the Executive Committee. Minutes are held of every meeting of the Executive Committee.

7.4.3. The Chief Executive Officer or the Executive Committee have the following tasks:

- a) To be responsible for the day-to-day running of the Association.
- b) To prepare the budget and the annual accounts;
- c) To decide on staff recruitment or dismissal and fix remunerations.
- d) To acquire or dispose of capital goods within the limits of the approved budget;
- e) To take any financial and administrative management decision necessary to provide adequate support to the activities of the Technical Expert Group, except those requiring a decision of the Supervisory Board or the General Assembly.

7.4.4. The administrative office operates under the direction of the Chief Executive Officer or of the Executive Committee.

7.4.5. The Chief Executive Officer or, in the absence of a CEO, members of the Executive Committee acting individually are authorised representatives of the Association vis-à-vis third parties, and represent it in law as either plaintiff or defendant.

7.5. The Technical Expert Group

7.5.1. The Supervisory Board appoints the Technical Expert Group, the Chair of this Group and if necessary a vice chair. Internal rules determine the terms of appointment and the conditions to renew an appointment.

- 7.5.2.** The role of the Technical Expert Group is to influence the development of international accounting standards (IAS or IFRS) and their application within Europe through technical analysis and wide consultation amongst national standard setters, regulators, the accounting professions, preparers and users.

It is entitled to take any technical decision necessary to achieve the objectives of the Association, in conformity with the internal rules approved by the Supervisory Board. It takes its decisions in compliance with the internal rules.

- 7.5.3.** Internal rules will define the criteria for the process of the technical assessment of international accounting standards (IAS or IFRS) and interpretations including the consultation with open and transparent procedures.

Article 8: ANNUAL FINANCIAL STATEMENTS

- 8.1.** The financial statements and the budget are prepared in conformity with the procedures fixed in the internal rules and approved by the General Assembly.
- 8.2.** The financial year corresponds to the calendar year.
- 8.3.** If an Executive Committee is appointed, the annual accounts are presented to the Executive Committee by its chairman within three months of the end of the financial year. The Executive Committee draws up the accounts and sends them to the auditors for auditing. The audited accounts are submitted to the Supervisory Board within six months of the end of the financial year. They are then distributed to the members of the Association. The General Assembly approves the annual accounts.

Article 9: ASSETS AND LIABILITIES OF THE ASSOCIATION

- 9.1.** *Members' interests in the assets of the Association*
- 9.1.1.** All interests of a member in the capital and assets of the Association come to an end immediately in the event that membership of such member ceases for any reason whatsoever, except in the event of dissolution of the Association.
- 9.1.2.** In the event of such termination of membership, neither the member concerned nor its representatives have the right to bring a claim against the Association, other members or their representatives, whether collectively or individually, on account of such assets.
- 9.2.** *Disposal of the assets of the Association in the event of dissolution*
- 9.2.1.** In the event of dissolution of the Association, neither the Association's members nor their representatives have the right to bring a claim against the Association, other members or their representatives, whether collectively or individually, on account of such assets.
- 9.2.2.** Upon dissolution of the Association, and after payment of all obligations of any kind, the capital and assets of the Association are divided amongst the members of the Association, not exceeding their last year membership dues. The balance is allocated to a body having a similar purpose or any other disinterested purpose..
- 9.2.3.** In the case of a voluntary dissolution, the Supervisory Board determines the manner of the dissolution and liquidation of the Association.
- 9.3. Liability of the members**

9.3.1. Members are not personally liable for the debts of the Association.

Article 10: AMENDMENTS TO THE STATUTES – DISSOLUTION

- 10.1.** Every resolution to amend the Statutes or its internal rules, or to dissolve the Association, must be submitted to the General Assembly by the Supervisory Board.
- 10.2.** Amendments to the Statutes can be opposed to third parties only after the publication formalities prescribed by Belgian legislation.
- 10.3.** What is not foreseen by these statutes, including legal publications in the *Moniteur belge*, will be regulated by the provisions of the Belgian law of 27 June 1921, as amended.