

WRITTEN PROCEDURE

POLICY FOR APPROVAL BY WRITTEN PROCEDURE BY THE EFRAG BOARD

WHEN IS APPROVAL BY WRITTEN PROCEDURE USED

- 1 EFRAG's Technical Work plan is updated and presented by the EFRAG Secretariat for approval at every EFRAG Board meeting. The work plan is available as part of the public papers of each EFRAG Board meeting.
- 2 The work plan classifies all current IASB projects as 'significant' and 'less significant'. When a project is classified as 'less significant', the approval from EFRAG Board will be managed based on a written procedure, i.e. the (draft) comment letter or (draft) endorsement advice is not being brought to the EFRAG Board at a public meeting, but instead EFRAG Board members are asked for approval by written procedure.
- 3 The following are considered for classifying an IASB project as 'significant' and 'less significant':
 - (a) All IASB 'standard-setting projects' are classified as 'significant';
 - (b) Normally IASB 'maintenance' projects are classified as 'less significant'. In some cases, the EFRAG Board may decide to classify an IASB 'maintenance' project as 'significant' and consider it at a physical meeting. This would usually be the case, for example, when there had been significant discussions among EFRAG TEG members or the draft comment letter or draft endorsement advice triggered substantial disagreement with one or more EFRAG Board members. EFRAG's Technical Work plan provides an explanation for IASB 'maintenance' projects that are classified as 'significant'; and
 - (c) The classification of IASB 'research' projects is performed on a case-by-case basis.
- 4 The final output of all EFRAG Research projects is discussed and approved at a physical meeting of the EFRAG Board.

PROCESS FOR APPROVAL BY WRITTEN PROCEDURE

- 5 The EFRAG Secretariat initiates the approval by written procedure by sending an e-mail to EFRAG Board members and observers with speaking rights (EFRAG Internal Rules Art 8). The e-mail should include:
 - (a) information about the votes of EFRAG TEG members;

- (b) the document supported by EFRAG TEG for approval (i.e. (draft) comment letter or (draft) endorsement advice); and
 - (c) some background information, such as the relevant IASB document and/or the request for endorsement advice by the European Commission.
- 6 The deadline for responding to the e-mail is normally four working days. The EFRAG Secretariat will send a reminder to the EFRAG Board members that have not replied 24 hours before the deadline indicated in the original e-mail.

QUORUM

- 7 In the case of a physical meeting (EFRAG Statutes, Art 7.3.5), the EFRAG Board can only deliberate if at least two third (2/3) of its members are present in person or by (tele) communication.
- 8 In the case of approval by written procedure, at least 2/3 of the EFRAG Board members must respond to e-mail of the written procedure for an approval to take place.
- 9 EFRAG Board members that do not reply by the deadline will be recorded as not participating in the process, i.e. as if they are absent from a physical meeting.

CONSENSUS

- 10 In accordance with Art 7.3.5 of the EFRAG Statutes, the EFRAG Board's decisions are made by consensus.
- 11 At a public meeting, when an EFRAG Board member disagrees with the position expressed in a document, it may be possible to reach consensus through discussion and agreement on changes to the document. However, this is not possible to achieve in a written procedure, because it would require a new round of consultation with all EFRAG Board members that have already expressed their view.
- 12 In the rare circumstances that no consensus can be reached, the following applies:

FINAL ENDORSEMENT ADVICE

- 13 Based on Art 7.3.5 b) iv of the EFRAG Statutes, formal dissenting opinions are expressed and included only at the final endorsement advice stage.
- 14 For projects planned to be considered by written procedure, EFRAG Board members need to inform of their intention to formally dissent as early as possible and require discussion on the topic at a public EFRAG Board meeting. This should normally be the case at draft endorsement advice stage, whereby the EFRAG Board member should indicate his intention and reason to dissent if the final endorsement advice were the same or similar as the draft endorsement advice. The draft endorsement advice should indicate the alternative view(s), without mentioning the name(s) of the EFRAG Board member(s) and seek the views of the constituents.
- 15 In the rare circumstances where an EFRAG Board member does not support the final endorsement advice and has not informed the EFRAG Board in advance as mentioned in paragraph 14, the member can choose to:

- (a) express disagreement via mail but accepting that EFRAG's position is based on the majority view. In that case, no formal dissenting opinion will be included in the final endorsement advice; or
- (b) immediately inform the EFRAG Board President to request that the EFRAG Board discusses the issue, either in a physical meeting or a conference call, when the reason for disagreement is such that it would, in the EFRAG Board member's view, deserve a round of plenary discussion.

OTHER DOCUMENTS

- 16 Decisions are taken by a qualified majority of two-thirds (2/3) of EFRAG Board members that respond to the written procedure in the following cases (Art 7.3.5 b) i-iii):
- (a) for draft or final comment letters to the IASB and other draft or final positions and draft or final position papers for public consultation purposes; and
 - (b) for draft endorsement advice for public consultation purposes.

TRANSPARENCY OF THE PROCESS

- 17 In cases of approval by written procedure, the final approval of EFRAG's position does not take place in the public domain.
- 18 To make the process more transparent, the following steps are implemented each time a written procedure is used:
- (a) The results of the EFRAG TEG meeting are reported in the relevant section of the EFRAG Update; and
 - (b) The EFRAG Update indicates the documents that were approved by written procedure in the period and the written procedures that are expected to take place in the next month.
- 19 In the case that substantial issues are raised by EFRAG TEG, usually the topic is discussed at an EFRAG Board physical meeting or conference call.