

EFRAG Exposure Draft: EFRAG Due Process Procedures for the EFRAG Financial Reporting Activities

Feedback to respondents – Due Process Procedures for FR

March 2026



Objective of this feedback statement

EFRAG published its Exposure Draft *EFRAG Due Process Procedures for Financial Reporting Activities* ('the ED') on 19 September 2024. This feedback statement summarises the main comments received by EFRAG on its Exposure Draft and explains how those comments were considered by EFRAG during its discussions leading to the publication of EFRAG's final *Due Process Procedures for Financial Reporting Activities* ('DPP').

Background to the ED

As a first step in the governance reform integrating the sustainability reporting pillar into the EFRAG structure, EFRAG developed its due process procedures for the sustainability reporting (SR DPP).

The EFRAG Administrative Board supported by its Due Process Committee ('DPC'), covering both financial reporting and sustainability reporting, recognised that a thorough due process is applied for financial reporting, but it is only formalised at a high level in the EFRAG Internal Rules. Accordingly, the DPC requested to also formalise the due process procedures for EFRAG's financial reporting pillar.

EFRAG's Exposure Draft

On 19 September 2024, EFRAG published an Exposure Draft ('ED') setting out the due process procedures to be followed by the EFRAG financial reporting pillar. The deadline for comments was 31 December 2024 ([website](#)). The ED and its brief presentation can be consulted here:

- [The Exposure Draft \(ED\)](#)

- [Presentation of the ED.](#)

The DPP sets out the due process steps EFRAG must follow in developing European perspectives for the IASB's standard-setting process, undertaking proactive research, and providing technical advice on the endorsement of IFRS accounting standards. It details the requirements for the due process for the preparation of the documents as laid down in the EFRAG Statutes (Article 7.3.4 (b)) and EFRAG Internal Rules (Article 17). The DPP should be read in the context of the [EFRAG Statutes](#) and the [EFRAG Internal Rules](#).

EFRAG's due process is based on interaction with and input from stakeholders. Accordingly, stakeholders' acceptance of the DPP for EFRAG's financial reporting pillar is essential. This is why the ED was developed and issued for public consultation.

Comments received from respondents

11 comment letters were received on EFRAG's consultation. The consultation provided constructive feedback from a wide range of stakeholders. The respondents represented various stakeholder groups, including individuals, preparers, professional organisations, auditors, and national standard setters from various countries.

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CL01 Olivier Christian	Individual person
CL02 BusinessEurope	Preparer organisation – EU
CL03 The Swedish Corporate Reporting Board	National Standard Setter – Sweden
CL04 Accountancy Europe	Professional Organisation –EU
CL05 OIC	National Standard Setter – Italy
CL06 FAR	Professional organisation – Sweden
CL07 ICAC	National Standard Setter – Spain
CL08 Forvis Mazars	Auditor – France
CL09 – DASB	National Standard Setter – Netherlands
CL10 –ASCG	National Standard Setter – Germany
CL11 –AFRAC	National Standard Setter – Austria

Summary of respondents' views

Respondents agreed that formalising the due process procedures is a positive step forward. It would enhance the legitimacy and effectiveness of EFRAG's activities and enhance transparency and stakeholder confidence in EFRAG's work.

Nonetheless, stakeholders referred to a number of issues and potential improvements:

- It was deemed essential to keep flexibility within the DPP to address unique circumstances.
- EFRAG's decision-making process should be closely monitored and EFRAG should commit to regularly review and update the DPP to incorporate best practices and ensure continuous improvement and independence.
- A 30-day comment period should be considered as the minimum (as in paragraph 5.7 of the ED) but it should not become the standard period, to ensure adequate participation from stakeholders. When a minimum comment period of 30 days on public consultation cannot be followed,

EFRAG should notify its stakeholders as soon as possible about the consultation timeline.

- It was proposed to align or merge the due processes for financial and sustainability reporting.
- Further clarifications were requested for certain DPP elements, including Chapter 1's objectives, the role of the EFRAG Secretariat, abstention rules, and accelerated due process details. Additional checks for inconsistencies and redundancies and consistent language throughout the document were also requested.
- Earlier availability of agenda papers for EFRAG meetings (beyond the minimum 5 days) was suggested.
- Resource constraints in the financial reporting pillar and the resulting reliance on outsourcing were highlighted as concerns. Respondents expressed concerns about the lack of resources in the financial reporting pillar and the tensions it created within EFRAG. Outsourcing of work should be a last resort alternative, in the absence of in-house knowledge or due to a lack of resources (subject to quality control of the work of service providers over the life of the project). When used, EFRAG should ensure that the selection process is transparent and implement ongoing quality control over service providers' work.
- A faster endorsement advice process was recommended.
- It was noted that some documents mentioned in paragraph 6.4 of the ED, particularly 'non-mandatory' documents, are not always discussed in the EFRAG FRB meetings. Therefore, it was suggested that paragraph 6.4 state that the EFRAG FRB should have the opportunity to express its views on non-mandatory documents before their finalisation or publication, potentially through a 'negative clearance' or other reaction.

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- Some were concerned with the excessive flexibility of paragraph 6.11 of the ED on comment letters received, which allows for late respondents to submit their letters after the EFRAG FR TEG meeting.
- The importance of EFRAG in its work considers real-life examples and systematically assesses the impact on preparers, particularly for proactive work were emphasised.
- It was suggested to supplement the DPP with a process to consider how the consultations, other than those of the IASB, will be addressed and added to EFRAG's workplan.
- Finally, stakeholders noted that in case comment letters are confidential, EFRAG should disclose the types of organisations (or individuals) that submitted them.

EFRAG's response to comments received

Considering the feedback received, EFRAG decided to:

- *Better explain how DPP adapts to context:* EFRAG decided to provide clearer guidelines and examples to illustrate how flexibility is applied in practice to a limited number of requirements to address unique circumstances. This offers stakeholders more predictability while preserving adaptability.
- *Formalise regular review and monitoring:* in addition to the reference to a Post-implementation Review after a minimum period of five years after publication, EFRAG decided to outline a framework for monitoring the decision-making process overtime, including stakeholder feedback mechanisms to ensure continuous improvement and independence.
- *Clearly state that a 30-day comment period is a minimum, not the standard:* EFRAG decided to state in paragraph 5.7 of the DPP that when EFRAG applies a comment period of less than 30 days on a consultation, it promptly informs its constituents of the anticipated publication date and the expected duration of the comment period. Also to clearly state that a 30-day comment period is a minimum, not the standard.
- *Not merge the due processes for sustainability and financial reporting activities* in recognition of their distinct roles (endorsement vs standard setting). On Financial Reporting, EFRAG's primary role is to serve as technical advisor to the European Commission regarding the endorsement of and commenting on IFRS Accounting Standards. On Sustainability Reporting, EFRAG acts as a standard-setter itself, developing the Draft European Sustainability Reporting Standards (ESRS). These different roles require different procedural approaches. In addition, EFRAG considered that there is lack of immediate urgency to consolidate the respective due process procedures. Nevertheless, the due processes procedures for both reporting streams should be aligned whenever possible.
- *Clarify the role of the EFRAG Administrative Board and the EFRAG Secretariat*, including a description of how the EFRAG Secretariat supports various EFRAG bodies, manages the consultation process, ensures documentation accuracy, and facilitates effective communication.
- *Have consistent language* throughout the document while also taking into account alignment with the SR DPP.
- *Clarify the timeframe for the availability of agenda papers:* EFRAG decided to amend the DPP to state the availability of agenda papers could go beyond the minimum of 5 working days on a best effort basis to ensure that the EFRAG FRB and EFRAG FR TEG members have sufficient time for thorough assessment.
- *Explain that EFRAG's Technical Work Plan is developed and amended taking into account available resources:* In the description of EFRAG's Technical Work Plan EFRAG decided to state that EFRAG's Technical Workplan is regularly updated to reflect changes and available resources.
- *Provide more details on EFRAG accelerated process:* EFRAG decided to specify that an accelerated comment period can be introduced when it is necessary to meet the deadlines of the IASB or to have new requirements endorsed before a specific date and clarify what happens when an accelerated comment period is introduced, including the level of involvement of the

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EFRAG Administrative Board. It was also added that EFRAG should notify its stakeholders when a consultation under an accelerated process is expected to start and the expected deadline for comments.

- *The EFRAG FRB involvement in non-mandatory documents:* EFRAG decided to clarify in paragraph 6.2 of the DPP that non-mandatory documents, although not subject to formal approval, are typically discussed, at least, with EFRAG FR TEG and when considered relevant, the EFRAG Secretariat may decide to involve EFRAG FR TEG and/or EFRAG FRB to obtain technical input.
- *Guidance for comment letters received after the deadline:* EFRAG decided to specify that if a comment letter is received after the comment letter deadline, it is addressed on a best effort basis. For example, when a comment letter is received after EFRAG FR TEG meeting, but before the EFRAG FRB meeting (paragraph 6.10 of the DPP), the EFRAG Secretariat may present it to the EFRAG FRB based on best effort basis. Comment letters received after the EFRAG FRB meeting are not considered by the EFRAG FRB.
- *Underscore the vital role of impact assessments:* EFRAG decided to emphasise its commitment to assessing the likely implementation costs and ongoing costs and benefits of the new proposed requirements from the IASB.
- *Explain how potential consultations from the bodies other than the IASB are addressed and included in EFRAG's workplan:* EFRAG decided to include a reference in the DPP to potential consultations from bodies other than the IASB, by stating in paragraph 4.2 of the DPP that EFRAG's Technical Workplan includes:
 - current projects of the IASB/IFRS Foundation;
 - EFRAG proactive research work;
 - other pronouncements the EFRAG FRB decides to comment/work on because the papers/projects are closely related to work on (a) or (b) and are within EFRAG's mandate; and
 - work EFRAG is requested by the European Commission to carry out.

- *Outsourcing Governance.* EFRAG decided to clarify in the DPP that when a specific technical task is outsourced due to lack of resources or lack of in-house technical knowledge, the work only serves to inform EFRAG, the EFRAG FRB is responsible for the result from the outsourced work and will monitor and review the work developed by the service provider. When EFRAG issues a call for tender to outsource a study to a contractor, EFRAG will use the criteria, as stated in the call for tender, when selecting the contractor.
- *Clarify the process for cases where stakeholders ask EFRAG to treat their letters as confidential (including parts of a comment letter.* EFRAG decided to clarify in paragraph 6.8 of the DPP that the EFRAG Secretariat shall make efforts to fully understand the reasons for any request for confidentiality when deciding on whether confidentiality should be granted.

EFRAG's final Due Process Procedures

The [DPP](#) were approved by the EFRAG General Assembly on 29 January 2026 and were published on 4 February 2026

Correspondence with the EFRAG Administrative Board and/or its DPC on due process matters should be addressed to the following email address: **EFRAGdueprocess@EFRAG.org**