



EFRAG BOARD

CALL FOR EFRAG BOARD CANDIDATES

4 December 2020

Dear Madam, Dear Sir,

Nominations for the EFRAG Board

Since 31 October 2014 EFRAG has been operating under a governance structure with the objective of Europe speaking with one voice. The EFRAG Board is responsible for all EFRAG positions, relying on the advice provided by the EFRAG Technical Expert Group (EFRAG TEG). All of EFRAG's draft and final due process documents are issued under the EFRAG Board's authority. The EFRAG Board has to advise whether standards are conducive to the European public good and have to ensure such public good considerations are contained in EFRAG positions throughout the standard setting process.

EFRAG Board members

The mandate of the current EFRAG Board members has been extended to 30 April 2021 so that the current EFRAG Board can finalise the endorsement advice on IFRS 17 *Insurance Contracts*. This means that the EFRAG Board rotation which takes place every three years is now due at the end of April. Several of the EFRAG Board members nominated by EFRAG Member Organisations that are European Stakeholder Organisations will have served their maximum term of six years and need thus be replaced. Other members for which the term expires are eligible for reappointment¹. The revised composition of the EFRAG Board will be effective from 1 May 2021 after appointment by the EFRAG General Assembly.

Observer seat for European organisations representing private investors ("end users")

The EFRAG Board has an observer seat with speaking rights for European organisations representing private investors ("end users") which is also up for three years rotation in a similar way as the EFRAG Board member seats with a possibility for reappointment.

¹ For EFRAG Board members appointed on nomination of National Standard Setters the EFRAG General Assembly can decide to make an exception to the maximum term of six years for those members if the EFRAG Board member is the Chair of the National Standard Setter and only as long as the EFRAG Board member is the Chair of the National Standard Setter (Art 8.4 [EFRAG Internal Rules](#))



New member organisations

Only candidates nominated for the EFRAG Board by nominating organisations that contribute to the funding of EFRAG can be appointed as an EFRAG Board member.² New organisations (European Stakeholder Organisations or National Organisations) joining EFRAG as a Member Organisation would be entitled to nominate candidate(s) for an EFRAG Board seat if they are admitted as a EFRAG Member Organisation by the EFRAG General Assembly in the second half of March.

The nomination and selection process is supported and coordinated by the [EFRAG General Assembly Nominating Committee \(EFRAG GA NC\)](#).

Call for candidates

EFRAG GA NC is launching this call for candidates for the EFRAG Board. **Candidates can only be nominated by European Stakeholder Organisations and National Standard Setters (“nominating organisations”). Individuals interested in putting forward their candidature for the EFRAG Board should therefore contact the relevant nominating organisation.**

European Stakeholder Organisations or National Standard Setters proposing candidates for seats in the EFRAG Board for that sector, do so only after consultation with the other organisations in the sector, or the other relevant National Standard Setters.

In determining the renewed composition of the EFRAG Board, a high priority will be given to achieving a broad geographical spread and a gender balance. In order to promote a broad geographical spread no more than three EFRAG Board members can come from the same country³.

Profile

EFRAG Board members should be high-level persons with strong and recognised standing, competent and qualified within their professional or business background and have the knowledge and experience to assess the overall strategic and wider economic impacts of financial reporting, in particular how financial reporting is used and how it may affect economic growth and financial stability. EFRAG Board members should be financially knowledgeable and have an excellent understanding of financial reporting. A good understanding of corporate understanding would be beneficial. They should exercise, or have exercised within the past three years, responsibilities either in the private sector or in the public sector that relate to financial or corporate reporting.

² Art 4.3 of the [EFRAG Internal Rules](#)

³ Art 4.2 of the [EFRAG Internal Rules](#)



An understanding of the European and global economic environment and an insight in oversight structures and the political processes in the EU would also be an advantage. EFRAG Board members must uphold the highest standards of integrity, objectivity and discipline and must be able to work with another in reaching consensus.

The EFRAG Board works in a collegial atmosphere. The working language is English.

Additional information

The EFRAG Board typically holds 10 one-day meetings or webcast meetings per year. In between meetings occasionally further webcast meetings dedicated to specific topics are organised.

EFRAG Board members must have sufficient time to attend and prepare for EFRAG Board meetings and participate in Committee work⁴.

Appendix 1 lists the commitments of the EFRAG Board members. The role of the EFRAG Board is described in Appendix 2 and Appendix 3 is providing an extract of the [EFRAG Internal Rules](#) on the appointment and status of EFRAG Board members.

EFRAG Board members will receive no remuneration from EFRAG for their duties and are expected to bear their own expenses including travel and hotel costs.

Nominating organisations should provide the expressions of interest for membership of the EFRAG Board at the latest by 31 January 2021 for the attention of Jean-Paul Gauzès, Chairman of the EFRAG GA Nominating Committee at nominations@efrag.org Expressions of interest should at minimum include an application letter and CV.

It would be helpful if the candidates for EFRAG Board membership could indicate in their CVs or application letters, how they meet the requested profile, as well as how familiar they are with EFRAG and European financial reporting interests and their implications for economic growth and financial stability; the candidates should also describe their experience with IFRS Standards and their current involvement on the European and international financial and corporate reporting scene.

Candidates may be requested to attend an interview with a delegation of the EFRAG GA NC as part of the selection process. These interviews will take place online in the second half of February 2021.

⁴ The EFRAG Board operates at present an Audit and Budget Committee, a Nomination Committee and a Remuneration Committee.



Further information about EFRAG can be found on the [EFRAG website](#). In particular, the EFRAG [Annual Review](#) may be of interest.

We are looking forward to receiving the candidatures from the nominating organisations.

Yours sincerely,

Jean-Paul Gauzès

Chairman of the EFRAG GA Nominating Committee



Appendix 1

Commitments of EFRAG Board members

ARTICLE 7 OF THE EFRAG INTERNAL RULES

All EFRAG Board members are required to commit themselves formally to acting in the European public interest in all matters in their EFRAG Board member role, irrespective of the fact that they represent particular private or national interests. All members are also required to formally commit to:

- a) work in the context of the European IAS Regulation and make their best endeavours to help this Regulation best serve the European public interest;
- b) serve the objective of Europe speaking with one voice in accounting to the extent feasible and of making decisions within the EFRAG Board by consensus;
- c) deliver EFRAG positions in a timely manner thereby respecting EFRAG's due process, to allow EFRAG to influence the IASB's standard setting process in the most effective and efficient way and to submit endorsement advice in a timely manner on final standards and interpretations following a request of the European Commission;
- d) provide the rationale for their positions, so that EFRAG can be fully accountable to its stakeholders and European institutions;
- e) commit to EFRAG's due process including the public consultation process with European constituents; and
- f) exercise their judgement in their own right. They should have the mandate and confidence of the organisation by which they are nominated to contribute to the discussions and to the development of consensus-based European positions from a European public interest perspective.



Appendix 2

Role of the EFRAG Board

ARTICLE 7.3.4 OF THE EFRAG STATUTES

The Board has the following responsibilities:

- a) To be responsible for all positions of the Association, after having considered the technical advice provided by the Technical Expert Group and reflecting the results of the Association's due process. The details of this task are further specified in the Internal Rules;
- b) To ensure that the Association has an open and transparent due process including a public consultation process with European constituents on draft Association's positions such as discussion papers, draft comment letters, draft consultation documents and draft endorsement advices. The details of this task are further specified in the Internal Rules;
- c) To appoint, monitor and dismiss the Chief Executive Officer;
- d) To appoint and dismiss the Chairman and the members of the Technical Expert Group as indicated in Article 7.9.1 and oversee the appointment of any working groups by the Technical Expert Group;
- e) To organise the funding of the Association and undertake a regular review of the funding arrangements;
- f) To monitor the expenditures within the limits of resources authorised by the General Assembly;
- g) To approve the remuneration policy for the Association's staff (including management) and decide on the remuneration package for the Chair of the Technical Expert Group and the Chief Executive Officer;
- h) To provisionally approve the annual accounts within four (4) months of the end of the financial year and to submit these accounts for final approval to the next meeting of the General Assembly;
- i) To provisionally approve the budget of the next year and to present it for final approval to the next General Assembly;
- j) To prepare other decisions for consideration by the General Assembly;
- k) To provisionally approve (amend) the Statutes and Internal Rules of the Association before submitting them for final approval to the General Assembly;



- l) To approve the Annual Review for publication, submitted by the Chief Executive Officer.
- m) To take any other decision in conformity with the Statutes and the objectives of the Association;
- n) To perform other functions as shall be prescribed to it by law or by the General Assembly or as and when deemed necessary.

ARTICLE 10 OF THE EFRAG INTERNAL RULES

1. As described in the EFRAG Statutes the EFRAG Board has the following responsibilities in addition to the administrative tasks specified in Article 7.3.4. c) to n) of the EFRAG Statutes:
 - a) To be responsible for all positions of EFRAG, after having considered the technical advice provided by EFRAG TEG and reflecting the results of EFRAG's due process (Article 7.3.4 a) of the EFRAG Statutes) and
 - b) To ensure that EFRAG has an open and transparent due process including a public consultation process with European constituents on draft EFRAG positions such as discussion papers, draft comment letters, draft consultation documents and draft endorsement advices (Article 7.3.4 b) of the EFRAG Statutes).
2. In order to fulfil these tasks, the EFRAG Board is more specifically responsible:
 - a) To set the strategic direction of EFRAG taking into account the priorities defined by the European Commission in respect of developments in International Financial Reporting Standards (IFRS Standards⁵);
 - b) To provide directions to and request technical advice from EFRAG TEG on issues relevant for the EFRAG Board's positions as detailed further in Article 26 including the due process; oversee the work of the EFRAG TEG, and provide guidance and feedback to the EFRAG TEG on its work;
 - c) To provide directions on the field work of EFRAG where specific consultations or investigations are deemed necessary to provide an economic assessment. In particular in the possible interactions of financial reporting standards with economic

⁵ According to the definitions in IAS 1 paragraph 7, International Financial Reporting Standards (IFRS Standards) are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise:
(a) International Financial Reporting Standards;
(b) International Accounting Standards;
(c) IFRIC Interpretations; and
(d) SIC Interpretations.



growth and financial stability, and, more generally, in the areas where the EFRAG Board requires support by the EFRAG staff;

- d) To ensure the optimal use of European resources, i.e. ensuring pooling of resources with National Standard Setters, European Stakeholder Organisations, European public institutions and other organisations with an interest in financial reporting within the responsibilities of the EFRAG Board and its delegation model.
- e) To advise the European Commission on the strategic direction in relation to financial reporting;
- f) To consider and comment upon proposed developments to European regulations, directives, guidelines and guidance as requested by the European Commission;
- g) To decide on the agenda of EFRAG's research activities, after consultation with the European Commission and after public consultation on possible projects to be included in the research agenda, when deemed necessary, so as to stimulate the accounting debate in Europe and influence the IASB; and
- h) To provide input to the IASB's agenda consultations after consultation with the European Commission and after public consultation.



Appendix 3

Appointment and Status of EFRAG Board members

ARTICLE 8 OF THE EFRAG INTERNAL RULES

1. The President of the EFRAG Board is directly nominated by the European Commission, after having heard the Council of the European Union and the European Parliament, and is appointed by the EFRAG General Assembly (Article 7.2.2 d) of the EFRAG Statutes).
2. Having considered the recommendations of the EFRAG GA NC, the EFRAG General Assembly appoints the EFRAG Board.
3. Members of the EFRAG Board are appointed by the EFRAG General Assembly for a period of three (3) years renewable for a further three-year term (Article 7.3.1 of the EFRAG Statutes). In exceptional circumstances further extensions, each for up to three (3) years can be granted.
4. For the members appointed on nomination of National Standard Setters the EFRAG General Assembly can decide to make an exception to the maximum term of six (6) years for those members if the EFRAG Board member is the Chair of the National Standard Setter and only as long as the EFRAG Board member is the Chair of the National Standard Setter.
5. Paragraph 3 notwithstanding, the EFRAG General Assembly can organise the appointment of the members of the EFRAG Board in such a way that the EFRAG General Assembly will appoint each year one-third (1/3) of the members (i.e. staggered appointments).
6. Members of the EFRAG Board may not be represented by alternates.
7. Members of the EFRAG Board may in exceptional circumstances bring advisors to the meeting that specialise in certain topics. Advisors may be accorded speaking rights by the President of the EFRAG Board by invitation at all or part of any meeting as and when appropriate.
8. The EFRAG Board shall review its own performance annually and report to the EFRAG General Assembly. The EFRAG General Assembly, supported by the EFRAG GA NC, will oversee the performance review process.
9. The EFRAG General Assembly is responsible for the compensation and travel policy for EFRAG Board members as deemed appropriate. These decisions require a qualified majority described in the EFRAG Statutes in Article 7.2.5. In the absence of any decision,



no compensation is paid, and no reimbursement of travel costs is paid. The EFRAG General Assembly approves the amount of any compensation granted to an individual EFRAG Board member. Any compensation of the President of the Board is determined in due consultation with the European Commission.

10. An EFRAG Board member who has not attended three (3) consecutively regularly convened meetings of the EFRAG Board, whatever the reason might be, is assumed to have resigned. The President of the EFRAG Board will liaise with the nominating organisation(s) for his resignation (Article 7.3.2 of the EFRAG Statutes). The nominating organisations in case of resignation of an EFRAG Board member can nominate a replacement for the remaining term that meets the individual profile and quality criteria as set out in Article 4.5 in coordination with the President of the EFRAG Board and supported by the EFRAG GA NC.
11. When an EFRAG Board member decides to resign from the EFRAG Board (Article 7.3.2 of the EFRAG Statutes) or the nominating organisation(s) decide to request his removal, the President of the EFRAG Board will liaise with the nominating organisation(s) to consider his replacement. The nominating organisation(s) can nominate a replacement for the remaining term that meets the individual profile and quality criteria as set out in Article 4.5 in coordination with the President of the EFRAG Board and supported by the EFRAG GA NC.
12. If an EFRAG Board member resigns, or the nominating organisation(s) decide to request his removal, the nominating organisation(s) of the resigning member nominates a replacement for the remaining term that meets the individual profile and quality criteria as set out in Article 4.5 in coordination with the President of the EFRAG Board and supported by the EFRAG GA NC. In the situation the nominating organisation(s) is (are) unable to nominate a candidate meeting the individual and collective criteria, the EFRAG GA NC should issue a call for candidates.