



EFRAG Internal Rules

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ARTICLE 1 - Legal basis for the Internal Rules

1. The internal rules implement the EFRAG Statutes.
2. The EFRAG General Assembly can grant an exemption from the application of the provisions in the EFRAG Internal Rules when it is deemed to be in the interest of EFRAG and the public interest. Such exemptions are considered on a case-by-case basis and may have a time limit . Proper justification needs to be provided for the exemption (Art 11.3 of the EFRAG Statutes).

SECTION 1 - CONTRIBUTIONS AND THE EFRAG GENERAL ASSEMBLY

ARTICLE 2 Contributions for EFRAG membership

1. All Member Organisations commit to make financial contributions¹ to the funding of EFRAG.
2. Member Organisations can contribute to either the Financial reporting pillar or Sustainability reporting pillar or both.

Financial reporting pillar

3. European Stakeholder Organisations are committed to contribute a standard amount of hundred and fifty thousand (150K) euro in cash per sector² with the exception of the users' sector.
4. National Organisations are committed to contribute a standard contribution in cash based on the GDP criterion:

GDP (billions)	Contribution (in K€)
over 1500	350
1000-1500:	175
500-1000:	125
350-500	100
250-350:	75
100-250:	50
50-100	25
Under 50	10

Sustainability reporting pillar

5. European Stakeholder Organisations are committed to contribute a standard amount of eighty thousand (80K) euro in cash per sector³ with the exception of the business (SMEs/SMPs) and

¹ The EC provides over half of the funding of EFRAG since 2010. The current legal basis as laid down in the financing regulation covers the period 2021 – 2027.

² Accountancy profession, banking, corporate, insurance, SME/SMP and user sectors

³ Accountancy profession, Business (general), Business (listed companies), Business (SMEs/SMPs), Asset management, Banking, Insurance and Users



users' sectors subject to the approval of the EFRAG General Assembly. The minimum amount for a Member Organisation to join is twenty thousand (20K) euro also if the standard contribution per sector has been reached.

6. National Organisations are committed to contribute a standard contribution in cash based on the GDP/size criterion:

	Countries	Contribution (in K€)
Larger Countries	France, Germany, Italy and Spain	175
Middle countries	Netherlands, Poland, Sweden and Belgium	75
Smaller countries	Austria, Ireland, Norway, Denmark, Finland, Romania, Czech Republic, Portugal, Greece and Hungary	50
Smallest countries	Slovakia, Luxembourg, Bulgaria, Croatia, Lithuania, Slovenia, Latvia, Estonia, Cyprus, Malta, Iceland, and Liechtenstein	10

7. Civil Society organisations are committed to contribute a standard amount ranging from seven and a half thousand (7.5K) euro to twenty-five thousand (25K) euro subject to the approval of the EFRAG General Assembly. Civil Society organisations can provide contributions in kind in the form of staff secondments instead of cash contributions which will be reviewed on an annual basis. The EFRAG General Assembly can, on a case-by-case basis, exempt Civil Society organisations from making cash or in-kind contributions.

General

8. For only the Financial reporting pillar, an allocation key mechanism applies whereby standard contributions determine the allocation key to be applied to the actual budget. The allocation key would be determined in such a way that there is no reduction for European Stakeholder Organisations' sectors not committed to contributing the standard contribution, for National Organisations not contributing the GDP/size criterion standard contribution or the minimum amount of fifty thousand (50K) euro. The treatment of surpluses is covered by the EFRAG Reserves Policy.
9. Contributions in kind that consist of secondment⁴ of staff or any service contract placed under the direction of EFRAG management whilst paid by the organisation are considered to be equivalent to cash contributions. However, contributions in kind as mentioned in this article would not be considered as cash for the minimum cash contribution as stipulated in Art 2.2 to 2.6.
10. The EFRAG General Assembly can grant an exemption from the standard contribution for a sector, for a National Organisation or a Civil Society Organisation for one year unless renewed.

⁴ Secondments (in kind contributions) are at present not eligible as expenses under the EC grant agreement.



ARTICLE 3 Other contributions- donations and ad hoc contributions

1. EFRAG receives donations and ad-hoc contributions. These are subject to approval by the EFRAG General Assembly based on a proposal of the EFRAG Administrative Board and should be compatible with the mission of EFRAG and not impair the independence of EFRAG or cause a conflict of interest.
2. Donations and ad-hoc contributions do not give rights other than a mention on the EFRAG website and in the EFRAG Annual Review

ARTICLE 4 Overdue payments

1. Overdue payments will be penalised in a manner to be decided by the EFRAG General Assembly, on the basis of a proposal from the EFRAG Administrative Board.
2. The EFRAG Administrative Board may ask its Audit Budget and Risks Committee to propose relevant measures in individual cases.

SECTION 2 – COOPERATION WITH ORGANISATIONS AND ENTITIES

ARTICLE 5 Associate membership and other forms of cooperation

1. EFRAG can enter into an (associate member) cooperation agreement with organisations that do not qualify for full EFRAG membership. This agreement adapted to the individual circumstances of the organisation lays down the rights and obligations (including if applicable a financial contribution). These agreements are subject to approval by the EFRAG General Assembly based on a proposal of the EFRAG Administrative Board and should be compatible with the mission of EFRAG and not impair the independence of EFRAG or cause a conflict of interest. The EFRAG Administrative Board will seek advice from the EFRAG Reporting Boards and the Chairs of the EFRAG Reporting TEGs before making a proposal to the EFRAG General Assembly.
2. Associate membership or other forms of cooperation agreements would not allow for participation in the administrative, governance and decision-making processes of EFRAG (including technical decision making).

ARTICLE 6 Friends of EFRAG

1. Individual entities and stakeholders or professional organisations and individuals can either become “Friends of EFRAG – Financial Reporting” or “Friends of EFRAG – Sustainability Reporting” provided they contribute a minimum of five thousand (5000) euro per annum to EFRAG for the category of “Friends of EFRAG” they want to adhere to.
2. “Friends of EFRAG-Financial Reporting” and “Friends of EFRAG -Sustainability Reporting” status gives the right to be mentioned on the EFRAG website and in the EFRAG Annual Review. It also grants free entry to a respective financial reporting or sustainability reporting or corporate reporting event that will be held once or twice a year.
3. Admission as “Friends of EFRAG – Financial Reporting” and “Friends of EFRAG- Sustainability Reporting” should be approved by the EFRAG General Assembly based on a proposal by the



EFRAG Administrative Board. It should be compatible with EFRAG's mission and not impair the independence of EFRAG or cause a conflict of interest.

SECTION 3- WORKING RULES OF THE EFRAG GENERAL ASSEMBLY

ARTICLE 7 -EFRAG General Assembly Discussion Forum

1. In addition to its legal tasks in accordance with the Belgian company law, the EFRAG General Assembly provides a Discussion Forum for EFRAG Member Organisations and European institutions, authorities and agencies to debate on strategy and broader orientations relevant to the environment in which EFRAG's activities take place.

ARTICLE 8- Nomination procedure for EFRAG Administrative Board members

1. The EFRAG Administrative Board shall comprise of individuals nominated by organisations in the three Chapters (i.e., European Stakeholder Organisations, National Organisations and Civil Society Organisations). Each nominated individual should have a general understanding of corporate reporting, financial statements/accounting and budgets and due process oversight.
2. In addition to the composition in three (3) Chapters, the mix of the EFRAG Administrative Board members shall reflect a diversity of geographical origin, gender and professional backgrounds. In order to achieve such a balance not more than three (3) members should come from the same country unless exceptional circumstances arise. Any appointment resulting from exceptional circumstances shall be on a temporary basis (not exceeding a period of 6 months) upon recommendation of the EFRAG General Assembly Nominating Committee. The EFRAG General Assembly Nominating Committee decides whether exceptional circumstances exist on a case by case basis.
3. Only candidates nominated for the EFRAG Administrative Board by nominating organisations that contribute to the funding of both the Financial reporting and Sustainability reporting pillars of EFRAG can be appointed as an EFRAG Administrative Board member with the exception of nominating organisations in the Civil Society Organisations Chapter. In order for a National Organisation to be entitled to nominate candidates for the EFRAG Administrative Board, the National Organisation should on a yearly basis contribute the GDP criterion/size standard contribution in accordance with Art 2.4 and 2.6. If the amount resulting from the application of Art 2.4 and 2.6 is lower than fifty thousand (50K) euro to each of the pillars, the National Organisation is not entitled to nominate a candidate to the EFRAG Administrative Board unless it increases its contribution to fifty thousand (50K) euro. In order for a sector to be entitled to nominate candidates for the EFRAG Administrative Board, the sector should on a yearly basis contribute the standard contribution in accordance with Art 2.3 and 2.6 unless the EFRAG General Assembly grants an exemption for the term of the appointment.
4. Organisations' nominating members for the EFRAG Administrative Board shall be ready to provide an alternative candidate if this is needed to meet the collective criteria.
5. The members of the EFRAG Administrative Board cannot concurrently be members of either the EFRAG Financial Reporting Board (EFRAG FRB) or EFRAG Sustainability Reporting Board (EFRAG SRB).



6. An EFRAG Member Organisation cannot be represented in the EFRAG General Assembly by an Administrative Board member. Any EFRAG Administrative Board member is allowed to attend the EFRAG General Assembly meetings as an observer without speaking rights and can only speak in the meeting on the invitation of the EFRAG Administrative Board President, who also chairs the EFRAG General Assembly.
7. EFRAG Administrative Board members should ideally meet certain high-level criteria including:
 - a) Being a high-level person with strong and recognised standing, competent and qualified within his/her professional background;
 - b) Being knowledgeable on financial matters applicable to an organisation like EFRAG and having a good understanding of corporate reporting;
 - c) Having a general understanding of the work of European and national regulatory and oversight bodies;
 - d) Having the necessary degree of integrity, objectivity and discipline;
 - e) Being capable of working with others in reaching consensus. Members must be able to put this objective above individual philosophies and interests; and
 - f) Being committed to provide the time needed.

ARTICLE 9 EFRAG General Assembly Nominating Committee (EFRAG GA NC)

1. The EFRAG General Assembly appoints a Nominating Committee (EFRAG GA NC) from amongst its members. The EFRAG GA NC consists of a minimum number of one (1) member of the following Chapters (European Stakeholder Organisations, National Organisations and Civil Society Organisations) identified in Art 5.1 of the EFRAG Statutes. The representatives of the National Organisations Chapter include at least one (1) representative from an EEA country other than France, Germany, Italy and Spain.
2. The EFRAG GA NC is chaired by the President of the EFRAG Administrative Board (who is also the Chair of the EFRAG General Assembly) in a non-voting capacity. However, when the EFRAG GA NC discusses and decides on recommendations to the EFRAG General Assembly on the reappointment or succession of the EFRAG Administrative Board President, the session is chaired by an EFRAG GA NC member and is held without the presence of the EFRAG Administrative Board President. The EFRAG Administrative Board President may be consulted on the recommendations for the appointment of his successor.
3. The European Commission participates in the EFRAG GA NC as an observer with speaking rights
4. The role of the EFRAG GA NC is to assist the EFRAG General Assembly in fulfilling its responsibility for appointing members of the EFRAG Administrative Board and to facilitate and coordinate the nomination process of the EFRAG Administrative Board. This role includes ensuring a proper professional background, geographical and gender balance, and facilitating the replacement in case of resignation of an EFRAG Administrative Board member.
5. A member of the EFRAG GA NC of the European Stakeholder Organisations or Civil Society Organisations Chapters cannot vote on the recommendation of a candidate for EFRAG Administrative Board membership from his professional background or sector if there are more candidates than EFRAG Administrative Board seats for the professional background or Chapter concerned. This would equally apply to the member of the National Organisations Chapter from an



EEA country other than France, Germany, Italy and Spain if there are more candidates from those countries than the available EFRAG Administrative Board seats.

6. The nominating organisations shall nominate candidates from their organisation taking into account the profile and criteria for EFRAG Administrative Board members. If the nominating organisations cannot reach an agreement for the seats for their Chapter, the EFRAG GA NC will recommend the most qualified candidates based on their profile and taking into account the balance in professional background, geographical and gender composition in the EFRAG Administrative Board.
7. The EFRAG GA NC makes recommendations to the EFRAG General Assembly on the process and composition of the EFRAG Administrative Board and the President and Vice-President of the EFRAG Administrative Board indicating the names of those candidates nominated and recommended for appointment, together with a summary of their CVs and the term for such appointments.
8. The EFRAG GA NC Chair convenes the meetings and prepares the agenda. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
9. Two-thirds (2/3) of the members of the EFRAG GA NC present or represented by a written proxy constitute a quorum and decisions by the EFRAG GA NC require the support of a simple majority of those present. A proxy may only be given to another EFRAG GA NC member. No member may hold more than one (1) proxy

ARTICLE 10 Commitments of EFRAG Administrative Board members

1. All EFRAG Administrative Board members are required to commit themselves formally to acting in the European public interest in all matters in fulfilling their role, irrespective of the fact that they represent particular private or national interests. All members are also required to formally commit to:
 - a) serve the objective of making decisions within the EFRAG Administrative Board by consensus;
 - b) commit to EFRAG's due process including the public consultation process with European constituents and to oversee that due process; and
 - c) exercise their judgement in their own right. They should have the mandate and confidence of the organisation by which they are nominated.

ARTICLE 11 Appointment and status of EFRAG Administrative Board members

1. The President of the EFRAG Administrative Board is appointed by the EFRAG General Assembly (Art 7.2.2 d) of the EFRAG Statutes) following a call for candidates upon the recommendation of the EFRAG GA NC and after informal consultation with the European Commission.
2. Having considered the recommendations of the EFRAG GA NC, the EFRAG General Assembly appoints the EFRAG Administrative Board members and the Vice-President of the EFRAG Administrative Board.



3. Members of the EFRAG Administrative Board are appointed by the EFRAG General Assembly for a period of two (2) years renewable for a further two-year term (Art 7.3.1 of the EFRAG Statutes).
4. For the members appointed to the EFRAG Administrative Board that have this role ex officio, the EFRAG General Assembly can decide to make an exception to the maximum term of four (4) years for those members but only as long as the EFRAG Administrative Board member has this ex officio role.
5. Members of the EFRAG Administrative Board may not be represented by alternates.
6. An EFRAG Administrative Board member who has not attended three (3) consecutive regularly convened meetings of the EFRAG Administrative Board for whatever reason is assumed to have resigned. The President of the EFRAG Administrative Board will liaise with the nominating organisation(s) on his/her resignation (Art 7.3.2 of the EFRAG Statutes). In case of resignation, the nominating organisations of an EFRAG Administrative Board member can nominate a replacement for the remaining term that meets the individual profile and quality criteria as set out in Art 8.7 in coordination with the President of the EFRAG Administrative Board and supported by the EFRAG GA NC.
7. When an EFRAG Administrative Board member decides to resign (Art 7.3.2 of the EFRAG Statutes) or when the nominating organisation(s) decide to request his or her removal, the President of the EFRAG Administrative Board will liaise with the nominating organisation(s) in the Chapter concerned to consider his or her 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 Art 8.7 in coordination with the President of the EFRAG Administrative Board and supported by the EFRAG GA NC. In case the nominating organisations in the Chapter are unable to agree on a replacement, the nominating organisations put forward candidates and the EFRAG GA NC makes the selection and recommends the replacement to the EFRAG General Assembly taking into account the individual and collective criteria.

ARTICLE 12 Composition of the EFRAG Administrative Board

1. The EFRAG Administrative Board is composed of members belonging to three Chapters (i.e., European Stakeholder Organisations, National Organisations and Civil Society Organisations), and the EFRAG Administrative Board President and is appointed by the EFRAG General Assembly.
 - EFRAG Administrative Board President
 - European Stakeholder Organisations Chapter: up to five (5) members
 - National Organisations Chapter: up to nine (9) members of which the National Organisations of France, Germany, Italy and Spain will each nominate one member (permanent reserved seats)
 - Civil Society Organisations Chapter: one (1) member

The members of the Administrative Board cannot be members of the EFRAG Reporting Boards.

2. One of the members of the EFRAG Administrative Board is appointed by the EFRAG General Assembly as Vice-President.
3. In a situation where European Stakeholder Organisations, National Organisations or Civil Society Organisations are proposing more candidates for a position in the EFRAG Administrative Board



than the number of available seats, the candidates are proposed after consultation by the related organisations with the other organisations in the Chapter.

4. The **European Commission** appoints an observer with speaking rights.
5. The Chairs of the EFRAG Reporting Boards (EFRAG FRB and EFRAG SRB) are observers on the EFRAG Administrative Board.
6. The Chairs of the EFRAG Reporting TEGs may be invited by the EFRAG Administrative Board President for agenda items where their input is relevant.
7. A member of the EFRAG Administrative Board cannot be a representative of an EFRAG Member Organisation in the General Assembly.

ARTICLE 13 Role of the EFRAG Administrative Board

1. The EFRAG Administrative Board is not involved in EFRAG's technical work.
2. As described in the EFRAG Statutes, the EFRAG Administrative Board has the following responsibilities:
 - a) To be responsible for EFRAG's organisation, administration, finance, due process and administrative and due process oversight of all EFRAG technical bodies as set out in the EFRAG Statutes.
 - 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, draft endorsement advice, technical advice to the European Commission in the form of draft EU sustainability reporting standards and related guidance. The latter two as laid down in the EFRAG Due Process Procedures for EU sustainability reporting standard setting
 - c) To assess and consider the risks to the organisation and its activities on a regular basis.
 - d) To ensure that sustainability requirements are considered and complied with by EFRAG.
 - e) To prepare the decisions of and discussions in the EFRAG General Assembly.
 - f) To approve the four-year EFRAG strategy prepared with the input of the EFRAG Reporting Boards.
3. In order to fulfil these tasks, the EFRAG Administrative Board is more specifically responsible:
 - i. To appoint, monitor and dismiss the Chief Executive Officer;
 - ii. To organise the funding of the Association and undertake a regular review of the funding arrangements;
 - iii. To monitor the expenditures within the limits of resources authorised by the General Assembly;
 - iv. To approve, supported by the Administrative Board Remuneration Committee, the remuneration policy for the Association's Secretariat (including management) and decide on the remuneration package for the Chairs of the EFRAG Reporting Boards (EFRAG FRB and



- EFRAG SRB) and of the Technical Expert Groups (EFRAG SR-TEG and EFRAG FR-TEG) and the Chief Executive Officer;
- v. To provisionally approve the annual financial statements within four (4) months of the end of the financial year and to submit these financial statements for final approval to the next meeting of the General Assembly;
 - vi. To propose to the EFRAG General Assembly the appointment of independent auditors and amount of their fees;
 - vii. To provisionally approve the budget of the next year and to present it for final approval to the next General Assembly;
 - viii. To prepare other decisions for consideration by the General Assembly;
 - ix. To provisionally approve (amendments to) the Statutes and Internal Rules of the Association before submitting them for final approval to the General Assembly;
 - x. To approve the Annual Review for publication, submitted by the Chief Executive Officer.
 - xi. To take any other decision in conformity with the Statutes and the objectives of the Association;
 - xii. To perform other functions as shall be prescribed to it by law or by the General Assembly or as and when deemed necessary;
 - xiii. To oversee the due process system used by the EFRAG Reporting Boards and EFRAG Reporting TEGs and its working groups, panels and task forces, and periodically evaluate the transparency, efficiency and effectiveness of EFRAG's due process.
 - xiv. To ensure that EFRAG maintains a proper liaison with all relevant stakeholders and the maintenance of these relationships.
 - xv. To recommend the composition of the Reporting Boards for appointment by the EFRAG General Assembly with the support of the EFRAG Administrative Board Nominating Committee.
 - xvi. To support the appointment process of the Chairs and the members of the EFRAG Reporting TEGs and oversee the appointment of any working groups by the EFRAG Reporting TEGs with the assistance of the Administrative Board Nominating Committee.
 - xvii. To appoint the Chairs of EFRAG Reporting TEGs based on recommendations of the EFRAG Administrative Board Nominating Committee.
 - xviii. To ensure that the composition of EFRAG's governance and technical bodies reflect an appropriate degree of diversity including gender and geographical diversity in particular;
 - xix. To prepare the documents and recommendations in support of the discussions and decisions of the EFRAG General Assembly on the compensation and travel policy for EFRAG Administrative, EFRAG Reporting Boards' members and EFRAG Reporting TEGs' members as deemed appropriate, supported by the EFRAG Administrative Board Remuneration Committee. These decisions require a qualified majority by the EFRAG General Assembly described in the EFRAG Statutes in Art 7.2.5.3. In the absence of any decision, no compensation or reimbursement of travel costs is paid. The EFRAG General Assembly approves the amount of any compensation granted to an individual EFRAG Administrative or Reporting Board member. Any compensation of the Chairs of the Reporting Boards is determined in due consultation with the European Commission based on recommendation of the EFRAG Administrative Board Remuneration Committee;
 - xx. To advise the EFRAG General Assembly on associate members and cooperation and other forms of agreements including financial contributions (Art 3, 5 and 6). In doing so, the EFRAG Administrative Board will seek advice on these agreements from the EFRAG Reporting Boards and from the EFRAG Reporting TEG Chairs, taking into account that this cooperation may develop over time and should be reciprocal in nature.
 - xxi. To ensure that the EFRAG Reporting Boards and EFRAG Reporting TEGs establish appropriate cooperation arrangements with global and other relevant standard-setting initiatives.



- xxii. To advise the EFRAG General Assembly on the form of cooperation and agreements with (global) corporate reporting initiatives.
- xxiii. To prepare the debate at the Discussion Forum for members on strategy and broader orientations relevant to the environment in which EFRAG's activities take place with the support of the EFRAG Reporting Board Chairs and EFRAG Reporting TEG Chairs.

ARTICLE 14 Role of the President of the EFRAG Administrative Board

1. The President of the EFRAG Administrative Board acts in cooperation with the EFRAG Administrative Board members and reports to them on the issues in his/her remit. All EFRAG Administrative Board members are accountable to the EFRAG General Assembly.
2. The President of the EFRAG Administrative Board convenes and chairs meetings of the EFRAG General Assembly and its Nominating Committee (EFRAG GA NC), the EFRAG Administrative Board, the EFRAG Administrative Board Remuneration Committee and the EFRAG Administrative Board Nominating Committee (for EFRAG Reporting Boards and EFRAG Reporting TEGs) unless he/she delegates to another EFRAG Administrative Board member.
3. The President of the EFRAG Administrative Board approves the agenda for the EFRAG Administrative Board meetings and for the EFRAG Administrative Board committees which he/she chairs. He/she receives the documents and key reports that will be discussed within the EFRAG Administrative Board and its committees which he chairs beforehand and provides his/her advice. In between EFRAG Administrative Board meetings, the President of the EFRAG Administrative Board will be consulted by the EFRAG CEO for all decisions that go beyond the day-to-day management or that have a strategic angle or an urgent character.
4. The President of the EFRAG Administrative Board ensures there is a good working relationship with the European Commission.
5. The main duty of the President of the EFRAG Administrative Board is to ensure that the EFRAG Administrative Board operates by consensus to the maximum extent feasible.
6. The President of the EFRAG Administrative Board is the public spokesman of EFRAG and is responsible for the communication on behalf of EFRAG on all matters, except for EFRAG's technical positions that are the responsibility of the EFRAG Reporting Boards. He can allow other members of the EFRAG Administrative Board to speak on behalf of EFRAG in cooperation with the Chairs of the EFRAG Reporting Boards who communicate on EFRAG's technical positions. Communication and representation tasks can also be delegated to the Chairs of the EFRAG Reporting TEGs and the EFRAG CEO at the discretion of the EFRAG Administrative Board President and the EFRAG Reporting Boards' Chairs.
7. The Vice-President of the EFRAG Administrative Board replaces the President of the EFRAG Administrative Board when the latter is absent or is not able to exercise his/her function for a certain limited period. The Vice-President only acts by the delegation of the President of the EFRAG Administrative Board.

ARTICLE 15 Convocation and agenda of EFRAG Administrative Board meetings

1. The EFRAG Administrative Board holds at least three (3) meetings every year or as required at the call of the President of the EFRAG Administrative Board in accordance with a schedule agreed a year in advance. Meetings are called by electronic mail one (1) month in advance. Meetings can



take place in the form of physical meetings, conference calls or webcast meetings. Additional meetings can be called (Art 7.3.6 of the EFRAG Statutes).

2. The draft agenda is proposed by the President of the EFRAG Administrative Board and circulated to the members with the convocation. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
3. Any member may ask the President of the EFRAG Administrative Board to add a specific item on the agenda at least two (2) weeks before the meeting. The European Commission observer may also ask the President of the EFRAG Administrative Board to add a specific item to the agenda provided that the request is made at least two (2) weeks before the meeting.
4. The EFRAG Administrative Board meetings are closed meetings. However, it will hold public sessions whenever the due process oversight is discussed. Meetings of the EFRAG Administrative Board Due Process Committee are not held in public.

ARTICLE 16 Secretariat – Record of the EFRAG Administrative Board meeting

1. Summaries of decisions of the meetings of the EFRAG Administrative Board are prepared as a formal record of the meeting. These Summaries of Decisions are circulated to the EFRAG Administrative Board members in draft form within one (1) week after the meeting. In addition, meeting notes are available which are accessible for all EFRAG Administrative Board members in the electronic support system of the meeting concerned.
2. A summary report of the due process oversight session held in public by the EFRAG Administrative Board (see Article 15.4) will be published on the EFRAG website.

ARTICLE 17 Due process

1. EFRAG conducts a transparent due process that is open to all parties. Transparency is achieved in particular by technical discussions held in public meetings, a public consultation process with European constituents, and through the publication of documents.
2. The EFRAG Administrative Board assisted by the EFRAG Administrative Board Due Process Committee is responsible for overseeing EFRAG's due process.
3. Publication means that the documents are freely available via the EFRAG website for all interested parties.
4. EFRAG publishes an Annual Review reporting on EFRAG's activities.
5. The EFRAG Reporting Boards organise the due process and may delegate the organisation of EFRAG's transparent due process including the public consultation process on both technical and other matters to the EFRAG Reporting TEGs.



Financial reporting pillar

6. The due process includes:
 - a) Publication, with an open call for comments, of draft EFRAG comment letters to the IASB, IFRS Foundation or any other bodies and draft endorsement advice letters to the European Commission and other position papers as appropriate;
 - b) Publication of due process feedback reports;
 - c) Publication of comment letters received unless confidentiality is requested; and
 - d) Providing its endorsement advice to the European Commission within the agreed timeframe following a request by the European Commission to give endorsement advice on an IFRS Standard.
7. EFRAG endeavours to publish its final endorsement advice on the day it is delivered to the European Commission.

Sustainability reporting pillar

8. The due process for the sustainability reporting pillar is laid down in the Due Process Procedures for EU Sustainability Reporting Standard Setting.

ARTICLE 18 Committees and Task Forces

1. The committees of the EFRAG Administrative Board, set up in accordance with Art 7.3.7 of the EFRAG Statutes, are the EFRAG Administrative Board Audit, Budget and Risks Committee, the EFRAG Administrative Board Remuneration Committee, the EFRAG Administrative Board Nominating Committee and the EFRAG Administrative Board Due Process Committee. A summary of their discussions is provided to the EFRAG Administrative Board at its first meeting following the relevant committee meeting.
2. The EFRAG Administrative Board may decide to delegate some of its responsibility to a committee or task force. However, it remains accountable and responsible for the operation of its committees or task forces.

ARTICLE 19 EFRAG Administrative Board Due Process Committee (DPC)

1. The EFRAG Administrative Board DPC is appointed by the EFRAG Administrative Board to assist in fulfilling its responsibility to oversee the due process. The EFRAG Administrative Board DPC consists of members of the EFRAG Administrative Board with at least one (1) representative from each of the three Chapters (the European Stakeholders Organisations Chapter, the National Organisations Chapter and Civil Society Organisations Chapter) of the EFRAG Administrative Board, as identified in Article 12, with relevant experience for the tasks of the Committee. The EFRAG Administrative Board appoints the Chair of the EFRAG Administrative DPC. The European Commission can participate in the EFRAG Administrative Board DPC as an observer with speaking rights.
2. When appropriate and relevant, the DPC invites the EFRAG Reporting Board and/or EFRAG Reporting TEG Chairs to its meetings.



3. The role of the EFRAG Administrative Board DPC is to assist the EFRAG Administrative Board in exercising oversight of the due process of the EFRAG Reporting Boards and EFRAG Reporting TEGs and its working groups, panels and task forces, and periodically evaluate the transparency, efficiency and effectiveness of EFRAG's due process. (see Article 13.3 xiii).
4. The EFRAG Administrative Board DPC shall meet when substantial issues are raised by stakeholders or at the request of any of its members or the EFRAG Administrative Board. The EFRAG Administrative Board DPC meeting shall be held at least twice a year by physical meeting, conference call or video conference webcast meetings.
5. The EFRAG Administrative Board DPC Chair convenes the meetings and prepares the agenda. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
6. Two-thirds (2/3) of the members of the EFRAG Administrative Board DPC either present or represented by a written proxy constitute a quorum and recommendations by the EFRAG Administrative Board DPC require the support of a simple majority of those present. A proxy may only be given to another EFRAG Administrative Board DPC member. No member may hold more than one (1) proxy.

ARTICLE 20 EFRAG Administrative Board Audit, Budget and Risks Committee

1. The EFRAG Administrative Board Audit, Budget and Risks Committee is appointed by the EFRAG Administrative Board to assist the EFRAG Administrative Board in fulfilling its responsibility for corporate reporting, audit (including internal control), risk management and budget matters as well as to ensure that sustainability requirements are considered and complied with by EFRAG. The EFRAG Administrative Board Audit, Budget and Risks Committee consists of members of the EFRAG Administrative Board with at least one (1) representative from the European Stakeholders Organisations Chapter and the National Organisations Chapter of the EFRAG Administrative Board, as identified in Art 12, with relevant experience for the tasks of the EFRAG Administrative Board Audit, Budget and Risks Committee. The EFRAG Administrative Board appoints the Chair of the EFRAG Administrative Board Audit, Budget and Risks Committee.
2. The EFRAG Administrative Board Audit, Budget and Risks Committee is responsible for providing advice and making recommendations to the EFRAG Administrative Board on the following matters.
 - a) Proposing to the EFRAG Administrative Board the appointment of independent auditors and amount of their fees to be proposed to the EFRAG General Assembly;
 - b) Evaluating budget proposals prepared and presented by EFRAG (e.g., the major variances and reasons for these variances). In this evaluation, the Committee consults the Chairs of the Reporting Boards and of the Reporting TEGs when appropriate and relevant;
 - c) Advising the EFRAG Administrative Board on draft budgets and monitoring the expenditures within the limits authorised by the EFRAG General Assembly in accordance with the EFRAG Statutes;
 - d) Performing a preliminary review of the annual financial statements to be approved provisionally by the EFRAG Administrative Board and making recommendations to the EFRAG Administrative Board in that respect;



- e) Discussing with the external auditor and the EFRAG CEO any changes in accounting policies and any issues arising from the audit;
 - f) Advising on the internal rules and processes of EFRAG regarding budgets, internal controls and financial statements;
 - g) Considering and proposing action to the EFRAG Administrative Board on overdue payments of members (Art 4).
 - h) Supporting the EFRAG Administrative Board in assessing and considering the risks to the organisation and its activities on a regular basis and assisting in risk management;
 - i) Supporting the EFRAG Administrative Board in ensuring that sustainability requirements are considered and complied with by EFRAG.
 - j) Monitoring the efficiency of spending.
3. The EFRAG Administrative Board Audit, Budget and Risks Committee reports to the EFRAG Administrative Board. The EFRAG Administrative Board Audit, Budget and Risks Committee Chair present a summary of the decisions and advice in a report to the EFRAG Administrative Board. Minutes of the meetings of the EFRAG Administrative Board Audit, Budget and Risks Committee are available on request to all the members of the EFRAG Administrative Board.
 4. The EFRAG Administrative Board Audit, Budget and Risks Committee shall meet at the request of any of its members or of the EFRAG Administrative Board at least twice a year (to review the financial statements and the budget respectively) through either physical or webcast meetings.
 5. The EFRAG Administrative Board Audit, Budget and Risks Committee Chair convenes the meetings and prepares the agenda. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
 6. Two-thirds (2/3) of the members of the EFRAG Administrative Board Audit, Budget and Risks Committee present or represented by a written proxy constitute a quorum and decisions by the EFRAG Administrative Board Audit, Budget and Risks Committee require the support of a simple majority of those present. A proxy may only be given to another EFRAG Administrative Board Audit, Budget and Risks Committee member. No member may hold more than one (1) proxy.

ARTICLE 21 EFRAG Administrative Board Remuneration Committee

1. The EFRAG Administrative Board Remuneration Committee is appointed by the EFRAG Administrative Board to assist the EFRAG Administrative Board in fulfilling its responsibility for remuneration matters. The EFRAG Administrative Board Remuneration Committee consists of members of the EFRAG Administrative Board with at least one (1) representative from the European Stakeholders Organisations Chapter and the National Organisations Chapter of the EFRAG Administrative Board, as identified in Article 13, with relevant experience for the tasks of the Committee. The President of the EFRAG Administrative Board chairs the Committee or delegates this task to another EFRAG Administrative Board member while remaining responsible for the neutrality of proceedings.
2. The role of the EFRAG Administrative Board Remuneration Committee is to provide advice and make recommendations to the EFRAG Administrative Board as follows:



- a) Advise the EFRAG Administrative Board on the remuneration policy for the EFRAG Secretariat including management;
 - b) Ensure that the remuneration policy is followed and when necessary propose to the EFRAG Administrative Board changes in the policy;
 - c) Liaise with the EFRAG Administrative Board Nominating Committee in relation to remuneration matters to be discussed with candidates for the position of EFRAG Reporting Board Chairs and EFRAG Reporting TEG Chairs;
 - d) Liaise with the EFRAG General Assembly Nominating Committee in relation to remuneration matters to be discussed with candidates for the position of President of the EFRAG Administrative Board(if a remunerated function is envisaged). Make a proposal for a remuneration package to the EFRAG Administrative Board for submission to the EFRAG General Assembly, when applicable, when the individual is recruited and when the remuneration package is changed.
 - e) Make a proposal to the EFRAG Administrative Board for a remuneration package for the EFRAG CEO; the Chairs of the EFRAG Reporting Board and EFRAG Reporting TEG when the individuals are recruited and when their remuneration package is changed;
 - f) Propose to the EFRAG Administrative Board the remuneration package for the management team– both when the individuals are recruited and when their remuneration package is changed;
 - g) Ensure that proper remuneration benchmarking is used in the remuneration process; and
 - h) Confirm the independence of the EFRAG CEO, the President of the EFRAG Administrative Board, the EFRAG Reporting Board Chairs and the EFRAG Reporting TEG Chairs at recruitment and thereafter annually. The findings should be reported back to the EFRAG Administrative Board and for the President of the EFRAG Administrative Board to the EFRAG General Assembly.
3. The EFRAG Administrative Board Remuneration Committee Chair convenes the meetings and prepares the agenda. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
 4. Two-thirds (2/3) of the members of the EFRAG Administrative Board Remuneration Committee present or represented by a written proxy constitute a quorum and decisions by the EFRAG Administrative Board Remuneration Committee require the support of a simple majority of those present. A proxy may only be given to another EFRAG Administrative Board Remuneration Committee member. No member may hold more than one (1) proxy.

ARTICLE 22 Nomination procedure for EFRAG Reporting Boards’ members (EFRAG Financial Reporting Board – EFRAG FRB and EFRAG Sustainability Reporting Board – EFRAG SRB)

1. The EFRAG Reporting Boards shall comprise individuals nominated by organisations in the Chapters relevant for their pillar (Financial reporting pillar and sustainability reporting Pillar) (i.e. European Stakeholder Organisations, National Organisations and Civil Society Organisations). Each nominated individual should have a general understanding of corporate reporting, the relevant subject matters and its interaction with economic policy



2. In addition to the composition in the relevant Chapters, the mix of EFRAG Reporting Boards' members shall reflect a diversity of geographical origin, gender and professional backgrounds. In order to achieve such a balance not more than three (3) members should come from the same country unless exceptional circumstances arise. Any appointment resulting from exceptional circumstances should be on a temporary basis (not exceeding a period of 6 months) and upon recommendation of the EFRAG Administrative Board. The EFRAG Administrative Board decides whether exceptional circumstances exist on a case-by-case basis.
3. Only candidates nominated by members organisations that contribute to the funding of the relevant pillar (Financial reporting pillar or Sustainability reporting pillar) can be appointed as an EFRAG Reporting Board member with the exception of organisations in the Civil Society Organisations Chapter for the Sustainability reporting pillar. No nationality restrictions are imposed on the EFRAG Reporting Board members with a civil society background with a maximum of two members representing the Civil Society Chapter with the same nationality.
4. In nominating candidates, the nominating organisations take into account the profile and criteria for EFRAG Reporting Board members.
5. In order for a National Organisation or National Standard Setter to be entitled to nominate candidates for the EFRAG Reporting Boards, the National Organisation should yearly contribute the GDP/size criterion standard contribution in accordance with Art 2.4 and 2.6. If the amount resulting from the application of Articles 2.4 and 2.6 is lower than fifty thousand (50K) euro, the National Organisation or National Standard Setter is not entitled to nominate a candidate to the EFRAG Reporting Board unless it increases its contribution to fifty thousand (50K) euro.
6. In order for a sector to be entitled to nominate candidates for the EFRAG Reporting Boards, the sector should yearly contribute the standard contribution in accordance with Art 2.3 and 2.5 unless the EFRAG General Assembly grants an exemption for the term of the appointment.
7. In order for a Civil Society Organisation to be entitled to nominate candidates for the EFRAG SRB, the Civil Society Organisation should yearly contribute the standard contribution in accordance with Art 2.7 unless the EFRAG General Assembly grants an exemption for the term of the appointment.
8. Organisations nominating members for the EFRAG Reporting Boards shall be ready to provide an alternative candidate if this is needed to meet the collective criteria.
9. A member of the EFRAG Reporting Boards cannot be at the same time member of the EFRAG Reporting TEGs.
10. EFRAG Reporting Board members should ideally meet certain high-level criteria including:
 - a) Being a high-level person with strong and recognised standing, competent and qualified within his professional background;
 - b) Being financially knowledgeable and having a good understanding of corporate reporting and the subject matters and its implications in particular, how it is used and how it may affect economic growth and financial stability;
 - c) Exercising, or having exercised in the recent past, responsibilities to understand the interactions of corporate reporting with economic growth and financial stability;



- d) Having a general understanding of the work of European and national regulatory and oversight bodies and of the IFRS Foundation and other relevant global and regional standard setters and initiatives;
- e) Having the necessary degree of integrity, objectivity and discipline;
- f) Being capable of working with one another in reaching consensus views. Members must be able to put this objective above individual philosophies and interests; and
- g) Being committed to provide the time needed.

ARTICLE 23 EFRAG Administrative Board Nominating Committee (EFRAG Administrative Board NC)

1. The EFRAG Administrative Board NC consists of members of the EFRAG Administrative Board with at least one (1) representative from the following Chapters (European Stakeholder Organisations, National Organisations and Civil Society Organisations) with relevant experience for the tasks of the Committee. The EFRAG Reporting Boards designate up to four members, including the Chair of the EFRAG Reporting Board, to participate in the supporting and selection process for the appointment of the members and Chair of their related EFRAG Reporting TEG. The EFRAG Reporting TEG Chair also participates in the supporting and selection process for the appointment of EFRAG Reporting TEG members and is consulted, when his or her mandate expires, on the candidates for EFRAG Reporting TEG Chair. The President of the EFRAG Administrative Board either chairs the EFRAG Administrative Board NC or delegates this task to another EFRAG Administrative Board member, while remaining responsible for the neutrality of proceedings. The European Commission can participate in the EFRAG Administrative Board Nominating Committee as an observer with speaking rights.
2. The role of the EFRAG Administrative Board NC is to provide advice and make recommendations to the EFRAG Administrative Board as follows:
 - a) Assist the EFRAG Administrative Board in fulfilling its responsibility for making recommendations on the composition and term of the EFRAG Reporting Boards to the EFRAG General Assembly and facilitate and coordinate the nomination process of the EFRAG Reporting Boards. This role includes ensuring a proper representation of professional background, geographical and gender balance and subject matter expertise, and facilitating the replacement in case of resignation of an EFRAG Reporting Board member.
 - i. A member of the EFRAG Administrative Board NC from a particular Chapter cannot vote on the recommendation of a candidate for the EFRAG Reporting Board membership of the nominating organisation if there is more than one candidate for the EFRAG Reporting Board seat concerned. In case of more than one candidate per seat, the EFRAG Administrative Board NC will recommend the most qualified candidates based on their profile and taking into account the professional background, and geographical and gender balance in the EFRAG Reporting Boards. The voting process for the recommendation of the composition of the EFRAG Reporting Boards should be organised in such a way that no conflict of interest would arise.
 - ii. The EFRAG Administrative Board launches a call for candidates from European Stakeholder Organisations and National Standard Setters from EEA countries other than countries with permanent seats, and Civil Society Organisations if applicable; and recommends the most qualified candidates to the EFRAG General Assembly taking into account the individual and collective criteria.



- iii. The EFRAG Administrative Board NC will make recommendations to the EFRAG Administrative Board for submission to the EFRAG General Assembly on the process and composition of the EFRAG Reporting Boards indicating the names of those candidates nominated and recommended for appointment, together with the term for such appointments and with an indication that the CVs are available at request.
 - b) Support the EFRAG Administrative Board in organising and overseeing the EFRAG Reporting Boards performance review processes.
 - c) Support the EFRAG Administrative Board in assisting the EFRAG Reporting Boards in appointing members and Vice-Chairs of the EFRAG Reporting TEGs including:
 - i. Seek candidates for membership of EFRAG Reporting TEGs;
 - ii. Identify qualified candidates (which include candidates nominated by and coming from National Standard Setters) against the criteria set out in the call for candidates, respecting a balanced composition of the EFRAG Reporting TEGs in professional experience, subject matter knowledge, gender and geographical origin. In particular, the EFRAG Administrative Board NC will consider the balance between preparers, professional accountants/auditors, users, academics, and where relevant, civil society and other relevant backgrounds. They will also consider the balance of geographic backgrounds and gender and, to achieve the widest possible geographical spread, not more than three (3) EFRAG Reporting TEG members can come from the same country unless exceptional circumstances arise. Any appointment resulting from exceptional circumstances should be on a temporary basis (not exceeding a period of 6 months) and be made upon the recommendation of the EFRAG Administrative Board. The EFRAG Administrative Board advises the EFRAG Reporting Boards whether exceptional circumstances exist on a case-by-case basis. No nationality restrictions are imposed on EFRAG Reporting TEG members with a user or civil society background;
 - iii. Make recommendations to the EFRAG Reporting Boards for appointments of EFRAG Reporting TEGs members including the Vice-Chairs and the term of such appointments. The EFRAG Administrative Board NC supports the EFRAG Administrative Board in making its recommendations to the relevant EFRAG Reporting Board by assessing the proposed candidates against the individual profile and respecting the collective criteria and thereafter recommends the most qualified candidates within the context of the overall composition of EFRAG Reporting TEGs. Candidates are chosen primarily on the basis of their technical competences and practical experience. Candidates nominated by and coming from National Standard Setters should equally meet the criteria and profile established for EFRAG Reporting TEG members.
 - iv. The EFRAG Administrative Board NC will liaise with the EFRAG Administrative Board Remuneration Committee before discussing any remuneration conditions with candidates for the EFRAG Reporting TEG Chair positions.
- 3. The EFRAG Administrative Board NC Chair convenes the meetings and prepares the agenda. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
- 4. Two-thirds (2/3) of the members of the EFRAG Administrative Board NC including the members designated by the EFRAG Reporting Boards in case of the EFRAG Reporting TEGs selection process present or represented by a written proxy constitute a quorum and decisions by the EFRAG Administrative Board NC require the support of a simple majority of those present. A proxy may



only be given to another EFRAG Administrative Board NC member. No member may hold more than one (1) proxy.

ARTICLE 24 Nomination procedure for EFRAG Reporting TEG members

1. The call for candidates for EFRAG Reporting TEG members is launched by the EFRAG Administrative Board NC no later than five (5) months in advance of the date of the appointment. If the vacancy arises unexpectedly with less than five (5) months' notice, the five (5) month period mentioned above may be shortened as necessary so as to minimise the period in which a vacancy remains unfilled.
2. The call for candidates is accompanied by explanations that make it clear that candidates are chosen primarily on the basis of their technical corporate reporting competences, subject matter knowledge and practical experience but that, in order to achieve an appropriate balance and diversity, EFRAG will also take other factors into account. In particular, EFRAG will consider the balance between preparers, professional accountants/auditors, users, academics and, where applicable, Civil Society Organisations (including NGOs, trade unions and consumer organisations) and other relevant backgrounds, together with the balance of geographic backgrounds.
3. The search process involves at least the following:
 - a) Publication of potential vacancies on the EFRAG website;
 - b) Notification of the invitation for candidates to European Stakeholder Organisations, National Standard Setters of EEA countries and, where applicable, Civil Society Organisations; and
 - c) Consideration of further steps to be taken to attract suitable candidates.
4. The procedure for seeking candidates is as follows:
 - a) Following the call for candidates, a minimum of two (2) months is allowed for names to be put forward. Candidatures may be submitted on an individual basis or may be supported by an organisation or National Standard Setter.
 - b) Candidates are required to submit an application. A short list of candidates meeting the required criteria and profile is drawn up for interviews. As applicants might not wish their candidature to be made public, the EFRAG Administrative Board supported by its Nominating Committee does not advise the EFRAG Reporting Board of the names of all candidates but indicates the number of applicants, the reasons for its recommendations and the names and CVs (at request) of those it recommends for appointment to the EFRAG Reporting TEG. The EFRAG Administrative Board is informed about the names and CVs of all candidates for EFRAG Reporting TEG's Chairmanship.
 - c) Members of the EFRAG Reporting TEG eligible for re-appointment are required to advise the Chairs of the EFRAG Reporting Board and EFRAG Administrative Board President of their interest in being re-appointed as soon as possible, preferably at least six (6) months before the expiry of their term and no later than the closing date for nominations in the call for candidates.
5. In providing recommendations to the EFRAG Reporting Board, the EFRAG Administrative Board (based on the recommendation of its Nominating Committee) applies the following procedures:



- a) Recommendations for appointments should be made to the EFRAG Reporting Board as soon as possible following the interviews so that the EFRAG Reporting Board can confirm appointments at its next meeting;
- b) Recommendations for appointment should include recommendations regarding the term of appointment; and
- c) EFRAG publishes a list of new appointments as soon as all candidates have been informed of the outcome of their application, i.e., after the EFRAG Reporting Board meeting and at least two (2) months before the date the effective date of the EFRAG TEG membership.

ARTICLE 25 Commitments of EFRAG Reporting Board members

1. All members of the EFRAG Reporting Boards are required to formally commit themselves to act in the European public interest in all matters whilst fulfilling their 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 corporate reporting regulations and endeavour to help these regulations best serve the European public interest;
 - b) serve the objective of making decisions within the EFRAG Reporting Board by consensus;
 - c) EFRAG Financial Reporting Board members: deliver EFRAG positions in a timely manner thereby respecting EFRAG's due process and allowing EFRAG to influence the IASB's standard-setting process in the most effective and efficient way and submitting endorsement advice in a timely manner on final standards and interpretations following a request of the European Commission;
 - d) EFRAG Sustainability Reporting Board members: deliver EFRAG positions including setting the work plan and approving technical advice in the form of draft EU sustainability reporting standard submitted to the European Commission in the most effective and efficient way and develop non-binding guidance documents or other material to support the implementation of the EU Sustainability Reporting Standards
 - e) provide the rationale for their positions so that EFRAG can be fully accountable to its stakeholders and European institutions;
 - f) commit to EFRAG's due process including the public consultation process with European constituents; and
 - g) 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.

Article 26 Appointment and Status EFRAG Reporting Board members

1. The Chairs of the EFRAG Reporting Boards are directly nominated by the European Commission, after having heard the European Parliament and the Council of the European Union, and are appointed by the EFRAG General Assembly (Art 7.2.2 j) of the EFRAG Statutes).



2. Having considered the recommendations of the EFRAG Administrative Board supported by the EFRAG Administrative Board NC, the EFRAG General Assembly appoints the EFRAG Reporting Board members and Vice-Chair.
3. If the Chair of the EFRAG Reporting Board is neither able nor available to exercise the duties for a significant period, and whilst awaiting for the nomination or appointment of his/her replacement during any election period, the EFRAG General Assembly appoints an acting Chair of the EFRAG Reporting Board after considering the recommendations of the EFRAG Administrative Board supported by the EFRAG Administrative Board NC and in due consultation with the European Commission. The acting Chair of the EFRAG Reporting Board can be chosen from among the EFRAG Reporting Board members (including the Vice-Chair).
4. Members of the EFRAG Reporting Boards are appointed by the EFRAG General Assembly for a period of three (3) years renewable for a further three-year term. In exceptional circumstances, further extensions of up to three (3) years can be granted.
5. For the members appointed on the nomination of National Organisations or their National Standard Setters, the EFRAG General Assembly can make an exception to the maximum term of six (6) years if, and only during the term, the member is the Chair of the National Standard Setter.
6. Paragraph 3 notwithstanding, the EFRAG General Assembly can organise staggered appointments of the members of the EFRAG Reporting Boards by appointing one-third (1/3) of the members each year.
7. Members of the EFRAG Reporting Boards may not be represented by alternates.
8. Members of the EFRAG Reporting Boards may, in exceptional circumstances, invite advisors that specialise in certain topics to the meeting. The EFRAG Reporting Board Chair may accord speaking rights to advisors during all or part of the meeting as and when appropriate.
9. The EFRAG Reporting Boards shall review their own performance annually and report to the EFRAG Administrative Board. The EFRAG Administrative Board (supported by its Nominating Committee) will oversee and organise the performance review process and present the results to the General Assembly.
10. An EFRAG Reporting Board member who has not attended three (3) consecutive regularly-convened meetings of the EFRAG Reporting Board for whatever reason is assumed to have resigned. In such a circumstance, The President of the EFRAG Administrative Board will liaise with the nominating organisation (s) for his resignation (Art 7.3.2 of the EFRAG Statutes). In case of resignation of an EFRAG Reporting Board member, the nominating organisations can nominate a replacement for the remaining term that meets the individual profile and quality criteria as set out in Art 23.10 in coordination with the President of the EFRAG Administrative Board and supported by the EFRAG Administrative Board NC.
11. When an EFRAG Reporting Board member decides to resign from the EFRAG Reporting Board (Art 7.3.2 of the EFRAG Statutes) or the nominating organisation(s) decides to request his/her removal, the President of the EFRAG Administrative Board will liaise with the nominating organisation(s) to consider his/her replacement. In coordination with the President of the EFRAG Administrative Board and supported by the EFRAG Administrative Board NC, the nominating organisation(s) can nominate a replacement for the remaining term that meets the individual member profile and quality criteria as set out in Article 23.10. In case the nominating organisations



entitled to nominate candidates for the EFRAG Reporting Board seat concerned are unable to agree on a replacement, the nominating organisations can put forward candidates and the EFRAG Administrative Board supported by its Nominating Committee will recommend the replacement to the EFRAG General Assembly taking into account the individual and collective membership criteria.

SECTION 4 -WORKING RULES OF THE EFRAG REPORTING BOARDS

EFRAG FINANCIAL REPORTING BOARD

ARTICLE 27 Composition of the EFRAG Financial Reporting Board (EFRAG FRB)

The EFRAG FRB is composed of its Chair and the members belonging to the two Chapters (i.e., European Stakeholder Organisations and National Organisations). They are appointed by the EFRAG General Assembly: The EFRAG FRB consists of:

- **EFRAG FRB Chair**
 - **European Stakeholder Organisations:** five (5) members:
 - Accountancy profession sector: one (1) member nominated by Accountancy Europe;
 - Banking sector: one (1) member nominated by the European Banking Federation, the European Association of Cooperative Banks and the European Savings and Retail Banking Group;
 - Corporate sector: one (1) member nominated by BusinessEurope
 - Insurance sector: one (1) member nominated by Insurance Europe; and
 - Users sector: one (1) member nominated by EFFAS.
 - **National Standards Setters:** up to ten (10) members of which the National Standard Setters of France, Germany and Italy will each nominate one member (permanent reserved seats).
1. In a situation where European Stakeholder Organisations or National Organisations/National Standard Setters are proposing more candidates for the EFRAG FRB than the number of available seats, the candidates are proposed after consultation by the related nominating organisations with the other organisations in the sector, or the other relevant National Organisations/National Standard Setters.
 2. The **European public institutions and agencies** (ESMA, EBA, EIOPA and ECB, respectively) appoint one observer with speaking rights. The ECB may have a second observer at the invitation of the EFRAG FRB Chair.
 3. The **European Commission** appoints an observer with speaking rights.
 4. Observers with speaking rights, identified in Art 27.3 and 27.4 of the EFRAG Internal Rules, should preferably send the same representative to EFRAG FRB meetings for purposes of continuity and consistency.
 5. The EFRAG SRB Chair is an observer on the EFRAG FRB.
 6. There is one observer seat with speaking rights for **European organisations representing private investors (“end users”)**. The representative appointed may not be represented by an alternate. In appointing the representative, the overall professional background, geographical and gender balance of the EFRAG Board should be respected.



7. Observers with speaking rights should, to the extent possible, meet the same profile and criteria as applicable to the EFRAG FRB members, as these have been set out in Art 22.10 of the EFRAG Internal Rules.

ARTICLE 28 Role of the EFRAG Financial Reporting Board

1. The EFRAG FRB has the following responsibilities:
 - a) To be responsible for all positions of EFRAG on financial reporting, after having considered the technical advice provided by EFRAG FR TEG and reflecting the results of EFRAG's due process;
 - b) To apply an open and transparent due process including technical discussions held in public, and a public consultation process with European constituents on draft EFRAG positions such as discussion papers, draft comment letters, draft consultation documents and draft endorsement advice; and
 - c) To appoint the members and Vice-Chair of the EFRAG FR TEG (having completed the nomination process described in Article 37).
 - d) To ensure connectivity between financial and sustainability reporting.
2. In order to fulfil these tasks, the EFRAG FRB is more specifically responsible:
 - a) To consider 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) and the strategic considerations of the Discussion Forum sessions of the EFRAG General Assembly (Art 7) prepared by EFRAG Administrative Board;
 - b) To provide directions to and request technical advice from EFRAG FR TEG on issues relevant for the EFRAG FRB's positions as detailed further in Article 39 including the due process; oversee the technical work of the EFRAG FR TEG, and provide guidance and feedback to the EFRAG FR TEG on its technical 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 on the possible interactions of financial reporting standards with economic growth and financial stability, and, more generally, in the areas where the EFRAG FRB requires support by the EFRAG Secretariat;
 - d) To ensure the optimal use of European resources, i.e., ensuring pooling of resources with National Standard Setters and National Organisations, European Stakeholder Organisations, European public institutions and other organisations with an interest in financial reporting within the scope of responsibilities of the EFRAG FRB and its delegation model.

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.



- e) To advise the European Commission on the strategic direction in relation to financial reporting;
- f) To consider and comment on 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 to stimulate the financial reporting debate in Europe and worldwide and to influence the IASB; and
- h) To provide input to the IASB's agenda consultations after consultation with the European Commission and after public consultation.

EFRAG SUSTAINABILITY REPORTING BOARD (EFRAG SRB)

ARTICLE 29 Composition of the EFRAG Sustainability Reporting Board

1. The EFRAG SRB is composed of its Chair and members belonging to three Chapters (i.e. European Stakeholder Organisations, National Organisations and Civil Society Organisations). They are appointed by the EFRAG General Assembly:
 - EFRAG SRB Chair
 - European Stakeholder Organisations: up to eight (8) members:
 - Three (3) non-financial corporations (corporates, listed corporates and SMEs/SMPs);
 - Three (3) financial institutions (banking, insurance and asset managers);
 - One (1) accountancy profession
 - One (1) general user;
 - National Organisations or Standards Setters up to nine (9) members of which the National Standard Setters of France, Germany, Italy and Spain will each nominate one member (permanent reserved seats).
 - Civil Society Organisations: five (5) members (NGOs (up to two (2)), trade unions, consumer organisations and academics).
2. In the situation where European Stakeholder Organisations, National Standard Setters or other representatives designated by National Organisations, or Civil Society Organisations are proposing more candidates for a position in the EFRAG SRB than the number of available seats, the candidates are proposed after consultation by the related organisations with the other organisations in the Chapter.
3. The **European public institutions, authorities and agencies** (ESMA, EBA, EIOPA, EEA, FRA, EC Platform on Sustainable Finance, CEAOB and ECB, respectively) appoint one observer with speaking rights. The ECB may have a second observer at the invitation of the EFRAG SRB Chair.
4. The **European Commission** appoints an observer with speaking rights.
5. Observers with speaking rights, identified in Arts 29.3 of the EFRAG Internal Rules, should preferably send the same representative to EFRAG Board meetings for continuity and consistency purposes.
6. The EFRAG FRB Chair is an observer on the EFRAG SRB.



7. Observers with speaking rights should, to the extent possible, meet the same profile and criteria as applicable to the EFRAG SRB members, as these have been set out in Articles 22.10 of the EFRAG Internal Rules.

ARTICLE 30 Role of the EFRAG Sustainability Reporting Board

1. The EFRAG SRB has the following responsibilities:
 - a) To be responsible for all sustainability reporting positions of EFRAG including technical advice to the European Commission on draft EU Sustainability Reporting Standards and amendments to Standards, after having considered the technical advice provided by EFRAG SR TEG and reflecting the results of EFRAG's due process
 - b) To apply an open and transparent due process including a public consultation process with European constituents as laid down in the Due Process Procedures for EU Sustainability Standard Setting.
 - c) To appoint the members and the Vice-Chair of the EFRAG SR TEG (having completed the nomination process described in Article 37).
 - d) To ensure connectivity between financial and sustainability reporting.
2. In order to fulfil these tasks, the EFRAG SRB is specifically responsible:
 - a) To define the sustainability reporting standard-setting workplan
 - b) To consider the strategic direction of EFRAG taking into account the priorities defined by the European Commission in respect of developments at the international level including the work of the IFRS Foundation ISSB, and other relevant global initiatives; and the strategic considerations of the Discussion Forum sessions of the EFRAG General Assembly (Art 5);
 - c) To provide directions to and request draft technical advice in the form of draft EU Sustainability Reporting Standards (or amendments to Standards) from the EFRAG SR TEG on issues relevant for the EFRAG SRB's positions as detailed further in Article 39 including the due process; oversee the technical work of the EFRAG SR TEG, and provide guidance and feedback to the EFRAG SR TEG on its technical work;
 - d) To provide directions on the fieldwork and impact analysis work of EFRAG where specific consultations or investigations are deemed necessary to provide an economic assessment. In particular, on the possible interactions of Sustainability Reporting Standards with economic growth and financial stability, and, more generally, in the areas where the EFRAG SRB requires support by the EFRAG Secretariat;
 - e) To provide directions concerning the digital guidance accompanying the draft EU Sustainability Reporting Standards;
 - f) To ensure the optimal use of European resources, i.e., ensuring pooling of resources with National Organisations and National Standard Setters, European Stakeholder Organisations, European public institutions, authorities and agencies and other organisations with an interest in sustainability reporting including global standard setters and initiatives within the scope of responsibilities of the EFRAG SRB and its delegation model.
 - g) To advise the European Commission on the strategic direction in relation to sustainability reporting;



- h) To consider and comment on proposed developments to European regulations, directives, guidelines and guidance as requested by the European Commission;
- i) 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 to stimulate the sustainability reporting debate in Europe and worldwide and to cooperate with international sustainability reporting standard setters including the IFRS Foundation ISSB and other relevant global initiatives.
- j) To provide input to the IFRS Foundation ISSB's agenda consultations after consultation with the European Commission and after public consultation.

EFRAG FRB and EFRAG SRB

ARTICLE 31 Role of the chairs of the Reporting Boards

1. The Chairs of the EFRAG Reporting Boards act in cooperation with the members and report to them on issues within the remit of the EFRAG Reporting Boards. All EFRAG Reporting Boards members are accountable to the EFRAG Administrative Board and the EFRAG General Assembly.
2. The Chair of each EFRAG Reporting Board convenes and chairs the respective EFRAG Reporting Board meetings.
3. The main duty of the Chairs of EFRAG Reporting Boards is to ensure that the EFRAG Reporting Boards operate by consensus to the maximum extent feasible.

ARTICLE 32 Project task Forces on European Lab Activity

1. The European Lab function of identifying and sharing good practices and stimulating innovation will be exercised by Project Task Forces accountable to either the EFRAG FRB or EFRAG SRB or both depending on the subject matter.
2. The EFRAG Reporting Boards appoint the Project Task Forces based on the recommendations of the EFRAG Administrative Board supported by its Nominating Committee.

ARTICLE 33 Convocation and agenda of EFRAG Reporting Board meetings

1. Each of the EFRAG Reporting Boards holds at least three (3) meetings every year or as required at the call of the EFRAG Reporting Board Chair in accordance with a schedule agreed a year in advance. Meetings are called by electronic mail one (1) month in advance. Meetings can take place in the form of physical or webcast meetings. Additional meetings can be called.
2. The draft agenda is proposed by the EFRAG Reporting Board Chair and circulated to the members with the convocation. The agenda is circulated no later than five (5) working days before the meeting. Additional background papers and material are circulated five (5) working days in advance of the meeting.
3. Any member may ask the EFRAG Reporting Board Chair to add a specific item on the agenda at least two (2) weeks before the meeting. The European Commission observer may also ask the EFRAG Reporting Board Chair to add a specific item to the agenda provided that the request is made at least two (2) weeks before the meeting.



ARTICLE 34 Secretariat – Record of the EFRAG Reporting Board meetings

1. Summaries of decisions of the meetings of the EFRAG Reporting Boards are prepared as the formal record of the meeting. These Summaries of Decisions are circulated to the EFRAG Reporting Board members in draft form within one (1) week after the meeting. In addition, meeting notes are available for all EFRAG Reporting Board members in the electronic support system of the meeting concerned.

ARTICLE 35 Transparency of meetings and access to documents

1. The meetings of the EFRAG Reporting Boards' are open to the public but the EFRAG Reporting Boards may, at their discretion, hold certain discussions in private. Their Chairs can invite individuals to the meeting and accord them speaking rights during all or for part of any meeting, as and when appropriate. When technical discussions are held in private, the EFRAG Reporting Board Chair informs the EFRAG Administrative Board DPC including a justification.
2. Public sessions of EFRAG Reporting Boards' meetings are webcast (audio and video recorded). The audio and video recording will be publicly broadcasted on the internet and will be later stored for on-demand viewing and will be available for a period of one year on the EFRAG website. Thereafter, the recordings will be archived and be made publicly available on-demand as long as needed for internal and external research purposes. EFRAG Reporting Board members and observers sign a consent form.
3. Notice of the next EFRAG Reporting Boards' meeting and the agenda are posted on the EFRAG website. EFRAG Reporting Boards' agenda papers are publicly available on the EFRAG website. The related advice/reports of the EFRAG Reporting TEGs form part of these publicly available agenda papers. The EFRAG Reporting Boards may decide to make selected agenda papers not publicly available.
4. A summary of the decisions reached by the EFRAG Reporting Boards at each meeting will be published on the EFRAG website as part of the monthly EFRAG Update.
5. All papers and comments received as a part of EFRAG's due process are published on the EFRAG website (Art 19).
6. The documents published on the EFRAG website include final and draft comment letters on IASB, ISSB and IFRS Foundation and other relevant global initiatives consultation documents and where relevant on consultation documents of other organisations; proactive position papers; and final and draft endorsement advice to the EC including effect studies and the related bases for conclusions, the technical advice in the form of draft EU Sustainability Reporting Standards as submitted to the European Commission and related due process documents including exposure drafts, impact analyses and basis for conclusions, digital guidance and other non-binding guidance.

ARTICLE 36 Quorum of attendance and votes in EFRAG Reporting Boards

1. The Reporting Boards can only deliberate if at least two thirds (2/3) of its members are present in person or by (webcast meeting). Each of the EFRAG Reporting Board Chairs has the discretion to accept that EFRAG Reporting Board members are represented by written proxies in exceptional cases. The EFRAG Reporting Board's decisions are made by consensus of the EFRAG Reporting Board members. Should it not be possible to reach a consensus-based decision, all decisions are



taken by a qualified majority of two-thirds (2/3) of the EFRAG Reporting Board members present. It is the role of the EFRAG Reporting Board Chairs to use best efforts to achieve consensus decision-making.

2. Where views are split at the draft stage, the EFRAG Reporting Board may decide to expose more than one view, reflecting the differences of view held in the EFRAG Reporting Board and seek comments thereon.
3. In the rare circumstances that no consensus can be reached:
 - a) For draft comment letters to the IASB or other relevant global initiatives, exposure drafts on technical advice on EU Sustainability Reporting Standards, draft endorsement advice and other draft positions and draft position papers for public consultation purposes, when, in case of sustainability reporting standard setting ultimately after returning the draft to the EFRAG Reporting TEG, no consensus can be reached on either one view or split views, decisions are taken by a qualified majority of two-thirds (2/3) of the EFRAG Reporting Board members present or represented.
 - b) For comment letters to the IASB or other international corporate standard setters or initiatives, and other final positions and position papers: decisions are taken by a qualified majority of two-thirds (2/3) of the EFRAG Reporting Board members present or represented. If, in exceptional cases, no qualified majority can be found the EFRAG Reporting Board Chair t can present his conclusions based on an indicative vote whereby the majority would be presented as the position.
 - c) For final endorsement advice and technical advice on EU Sustainability Reporting Standards to the European Commission:
 - i. In case of sustainability reporting standard setting, if after returning the advice to the EFRAG Reporting TEG, no consensus can be reached in the EFRAG Reporting Board within the timeframe requested by the European Commission, the endorsement advice or the technical advice on EU Sustainability Reporting Standards is submitted to the European Commission. And it includes the advice of the qualified majority (i.e., two-thirds (2/3)) of the voting EFRAG Reporting Board members present or represented and dissenting opinions.
 - ii. The EFRAG Reporting Board members who disagree with the qualified majority view expressed in a final endorsement advice or technical advice on EU Sustainability Reporting Standards are obliged to have the reasons for their dissent recorded and explained in the advice or an addendum thereto. The name(s) of the dissenting EFRAG Reporting Board member(s) are mentioned.
 - iii. If in exceptional cases, no qualified majority can be found the EFRAG Reporting Board Chair can present his/her conclusions based on an indicative vote whereby the majority view would be presented as the position and with an indication of the dissenting views held.
 - iv. Dissenting views should relate to important elements of the final endorsement advice or technical advice on EU Sustainability Reporting Standards and not to secondary elements. Accordingly, only views that are so important that a dissenting member cannot accept the endorsement advice or technical advice on EU Sustainability Reporting Standards as a whole or a substantial part of the advice are included in the final endorsement advice or the final technical advice on EU Sustainability Reporting



Standards. Dissenting views are to be justified by indicating concisely and clearly the specific matters on which a member disagrees.

SECTION 5 -WORKING RULES OF THE EFRAG REPORTING TEGS

ARTICLE 37 Appointment of Technical Experts

1. On the recommendation of the EFRAG Administrative Board, supported by its Nominating Committee, the EFRAG Reporting Boards appoint the members of EFRAG Reporting TEGs for terms of up to two (2) years, renewable to the extent that the total term as a member of the EFRAG Reporting TEGs does not exceed six (6) years. Where an ad hoc vacancy arises from a member resignation or for any other reason, the incoming candidate will initially be appointed to complete the term of the outgoing member.
2. For the members appointed on the nomination of National Standard Setters or National Organisations in accordance with Article 38.2, the EFRAG Reporting Board can decide to make an exception to the maximum term of six (6) years for those members if the EFRAG Reporting TEG member is the technical director⁶ of the National Standard Setter given the nature of the country liaison function. The maximum period that such an EFRAG Reporting TEG member can serve is twelve (12) years.
3. Former EFRAG Reporting TEG members and former EFRAG Reporting TEG Country Liaison members may reapply for EFRAG Reporting TEG membership after a cooling-off period of at least three years from the end of their membership. The maximum number of years that anybody can be an EFRAG Reporting TEG member is twelve years.
4. A member of the EFRAG Reporting TEGs cannot be a member of the EFRAG Reporting Boards.
5. The EFRAG Administrative Board appoints the EFRAG Reporting TEG Chairs for a term of up to three (3) years, renewable to the extent that the total period of service as EFRAG Reporting TEG Chair does not exceed six (6) years (i.e., not including any period as an ordinary member of EFRAG Reporting TEG). The maximum period that the EFRAG Reporting TEG Chair can serve in any capacity on EFRAG Reporting TEG is twelve (12) years.
6. The EFRAG Reporting Board may appoint a Vice-Chair of the EFRAG Reporting TEG who will substitute the EFRAG Reporting TEG Chair when necessary.
7. When a suitable candidate has been identified in the nominating process, but for any good reason cannot be appointed, the EFRAG Reporting Board, on the recommendation of the EFRAG Administrative Board may ask whether he/she would agree to be registered on a list of qualified candidates for a maximum period of two years. When a member of the EFRAG Reporting TEG resigns or is no longer able to fulfil his responsibilities, the EFRAG Reporting Board, on the proposal of the EFRAG Administrative Board, may decide to appoint a suitable candidate who is on the list of qualified candidates, without a public call for applications as set out in Art 24.

⁶ Or equivalent at national level



ARTICLE 38 Composition of EFRAG Reporting TEGs

1. EFRAG Reporting TEG consists of a minimum of nine (9) and a maximum of twenty-two (22) voting members if required for the subject matter and a balanced composition representative of all relevant stakeholders. The EFRAG Reporting Board can decide to extend the maximum size of EFRAG Reporting TEG with one member provided that this member has a user background or if relevant a civil society background.
2. The EFRAG Reporting Board will appoint a maximum of four (4) members who are nominated by National Standard Setters or National Organisations as members of the EFRAG Reporting TEG, provided they meet the criteria. There will be at least EFRAG Reporting TEG members nominated by the National Standard Setters or National Organisations that provide the maximum financial contribution as laid down in the tables in Art 2.4 and 2.6 for the National Organisations Chapter in respectively the Financial reporting pillar and the Sustainability reporting pillar.. These members have in addition a country liaison function.
3. The EFRAG FR TEG Chair is an observer on the EFRAG SR TEG and vice-versa.
4. The European Commission has the right to appoint an observer with speaking rights to attend EFRAG Reporting TEG meetings. The EFRAG Reporting Board Chair and the EFRAG Reporting TEG Chair may invite additional permanent observers with speaking rights to attend EFRAG Reporting TEG meetings. The following organisations are each invited to appoint an observer with speaking rights to attend EFRAG Reporting TEG meetings:
 - The European Securities and Markets Authority (ESMA),
 - The European Banking Authority (EBA),
 - The European Insurance and Occupational Pensions Authority (EIOPA), and
 - The European Central Bank (ECB).

For the EFRAG FR TEG:

- The International Accounting Standards Board (IASB).

For the EFRAG SR TEG:

- The European Environmental Authority (EEA);
- The European Union's Agency for Fundamental Rights (FRA),
- The Committee of European Auditing Oversight Bodies (CEAOB);
- The EC Platform on Sustainable Finance; and
- Possibly relevant corporate reporting global standard setters and initiatives.

The EFRAG Reporting TEG Chair can however decide that certain sessions are for EFRAG Reporting TEG members only without observers.

5. A delegation of the relevant EFRAG Working Groups participates in the EFRAG Reporting TEG meetings as observers with speaking rights when specific topics on which a Working Group(s) advise(s) EFRAG Reporting TEG are discussed.
6. When the observer organisations mentioned in Art 38.4 and National Standard Setters send staff in addition to their nominated observers to attend meetings, they are granted speaking rights at the discretion of the EFRAG Reporting TEG Chair.



7. EFRAG Reporting TEG members are required to be guided by the need to act in an independent manner in the European public interest and therefore do not regard themselves as representing a sector, industry or national interests. EFRAG Reporting TEG members that have been nominated by National Standard Setters are expected in addition, to the extent possible, to inform the EFRAG Reporting TEG of the views and supporting arguments of their national constituency.
8. EFRAG Reporting TEG members are appointed in their personal capacity and may not be represented by alternates.
9. EFRAG Reporting TEG members are required to commit themselves formally to acting in the European public interest in all matters in their role as members.
10. EFRAG Reporting TEG members are expected to devote at least 15% to 20% of their available working time to EFRAG and to commit to attend the EFRAG Reporting TEG meetings.
11. EFRAG Reporting TEG members who have not attended the last three (3) consecutive regularly convened meetings of the EFRAG Reporting TEG for whatever reason are assumed to have resigned. They can be replaced by the EFRAG Reporting Board and the replacement member will complete the period for which the resigning member had initially been appointed.

ARTICLE 39 Role of the EFRAG REPORTING Technical Expert Group

1. EFRAG Reporting TEG provides technical advice to the EFRAG Reporting Board, which has the responsibility for all the EFRAG positions and technical advice to the European Commission. In doing so, the EFRAG Reporting TEG exercises its own professional judgment, provides arguments and technical analysis based on its technical expertise and EFRAG's due process. The EFRAG Reporting TEG's advice to the EFRAG Reporting Board forms part of the EFRAG Reporting Board agenda papers that are publicly available unless the EFRAG Reporting Board has decided not to make related selected agenda papers publicly available (Art 35.3). All draft and final documents including technical advice to the European Commission are issued under the EFRAG Reporting Board's authority. The EFRAG Reporting Board may decide to delegate part of the work to EFRAG Reporting TEG, assisted by the EFRAG Secretariat. When that is the case, the EFRAG Reporting Board determines whether publication of the draft or final documents including technical advice to the European Commission should go through a process of approval, high-level clearance or delegation. The EFRAG Secretariat provides feedback statements that are reviewed by the EFRAG Reporting TEG explaining how its conclusions have been reached. The EFRAG Reporting Boards and EFRAG Reporting TEGs are assisted by the EFRAG Secretariat in all stages of their proceedings.
2. In the case of financial reporting, when the EFRAG FRB decides not to follow the technical advice of the EFRAG FR TEG, the EFRAG FR TEG is informed as to why the technical advice was not followed.
3. In the case of sustainability reporting standard setting, if the EFRAG SRB substantially disagrees with the technical advice of the EFRAG SR TEG, it sets out its considerations and asks the EFRAG SR TEG to reconsider its technical advice. If after deliberation of the EFRAG SR TEG's technical advice, the EFRAG SRB decides not to follow the EFRAG SR TEG's technical advice, the EFRAG SRB provides an explanation to the EFRAG SR TEG as to why the technical advice was not followed.



4. In the preparation of its technical advice provided to the EFRAG Reporting Board for the EFRAG Reporting Board's finalisation and approval, the EFRAG Reporting TEG includes the input of the EFRAG Working Groups (Art 44). The EFRAG Consultative Forum of Standard Setters and the EFRAG Consultative Forum of National Authorities, Sustainability reporting standard setters and initiatives also provide input for EFRAG's technical work for consideration by EFRAG Reporting TEG (Art 47).
5. EFRAG Reporting TEG will provide input for the EFRAG research activities in the corporate reporting area for active projects launched by the EFRAG Reporting Board.
6. The membership of EFRAG Reporting TEG is structured so that no sector, group or country has a majority and can determine the EFRAG Reporting TEG views. The EFRAG Reporting TEG aims to deliver sound technical judgments supported by reasoned opinions without regard to the particular interests of the member or nominating organisation.

ARTICLE 40 Convocation and agenda of meetings

1. The EFRAG Reporting TEG is expected to have at least ten (10) physical or webcast meetings every year lasting for an average of two (2) working days as determined by the EFRAG Reporting TEG Chair. In addition, the EFRAG Reporting TEG Chair may call extraordinary meetings including webcast meetings or using other technical means.
2. EFRAG Reporting TEG's meetings are held in accordance with an annually fixed schedule. The meetings are scheduled no later than 1 September for the following calendar year. Members confirm their attendance or apologies at least three (3) working days before each meeting.

ARTICLE 41 EFRAG Reporting TEG Chair – Secretariat – Minutes

1. The Chairs of the EFRAG Reporting TEGs convene and chair their respective TEG meetings. The Chairs ensure that the EFRAG Reporting TEGs benefit from the input of specialised Working Groups (Art 44) where needed. The Chairs are responsible for respectively chairing the technical sessions of the EFRAG Consultative Forum of Standard Setters and the EFRAG Consultative Forum of National Authorities, Sustainability Reporting standard setters and initiatives. The Chairs are responsible for the management of all EFRAG's technical activities, including leading fieldwork and impact analyses and where applicable digital guidance as determined by the EFRAG Reporting Board/s. The Chairs can represent and communicate on behalf of EFRAG on technical matters under the delegation of the President of the EFRAG Administrative Board and the Chairs of the EFRAG Reporting Boards (Art 14.6). In those circumstances, the views presented will be those of the EFRAG Reporting Board/s if such views have been formed.
2. The Secretariat of the EFRAG Reporting TEGs is managed by the EFRAG CEO. The EFRAG Reporting TEG Chairs are responsible for the technical oversight and work of the technical staff within the EFRAG Secretariat.
3. Minutes of the EFRAG Reporting TEGs meetings are presented to the EFRAG Reporting TEGs for approval. A summary is published on the website as part of the monthly EFRAG Update.



ARTICLE 42 Quorum of attendance and votes in EFRAG Reporting TEG

1. To take a valid decision, a minimum of 60 % of the EFRAG Reporting TEG members must attend the meeting. For this purpose, the members attending the meeting consist of:
 - a) EFRAG Reporting TEG members physically present; and
 - b) EFRAG Reporting TEG members attending by webcast.
2. Proxy voting is not permitted in the decisions by EFRAG Reporting TEGs.
3. In all decisions of EFRAG Reporting TEGs, a simple majority will apply. In a vote on draft or final endorsement advice or technical advice on EU sustainability reporting standards for submission to the EFRAG Reporting Board, EFRAG Reporting TEG members are not permitted to abstain. The EFRAG Reporting Board is informed about the voting choices.
4. If a vote is tied and as many votes are expressed in favour and against a decision, the tie is solved as follows:
 - a) In case the decision relates to the endorsement advice or technical advice on EU Sustainability Reporting Standards, the conclusion is that EFRAG Reporting TEG recommends the endorsement of the standard or agrees to the technical advice on EU Sustainability Reporting Standards;
 - b) In case the decision does not relate to the endorsement or the technical advice on EU Sustainability Reporting Standards, the EFRAG Reporting TEG Chair has a casting vote.

ARTICLE 43 Different views held

1. If members of the EFRAG Reporting TEGs hold different views, the majority and minority or equally split views should be explained in the EFRAG Reporting TEG final technical advice to the EFRAG Reporting Board with an indication of the votes and different views held.
2. Minority views are to be justified by indicating concisely and clearly the specific matters on which an EFRAG Reporting TEG member/s disagrees.

ARTICLE 44 EFRAG Reporting TEG Working Groups

1. EFRAG Reporting TEG may establish Working Groups (expert working groups, advisory panels and panels) to support its work in order to obtain advice from experts in relation to a particular area or aspect of corporate reporting.
2. EFRAG Reporting TEG approves Terms of Reference for each Working Group which include:
 - a) The objective of the Working Group;
 - b) An outline of the preferred composition of the Working Group;
 - c) The frequency of meetings; and
 - d) The expected outcome.



3. Before setting up a Working Group, EFRAG advertises for nominations. In selecting the members of a Working Group, the objective is to reflect sufficient diversity of professional and geographical backgrounds, subject matter knowledge and expertise and gender balance in order to encompass the full range of interests in the area of reporting concerned. Members of Working Groups are appointed by the EFRAG Reporting TEG. In case a single member of the Working Group resigns, the EFRAG Reporting TEG can appoint a new member respecting a balance in nationality and professional background without having to advertise for nominations.
4. At least one (1) EFRAG Reporting TEG member is appointed as a member of a Working Group and generally an EFRAG Reporting TEG member chairs the Working Group. However, in specific cases, the EFRAG Reporting TEG Chair can propose a non-member of the EFRAG Reporting TEG as Chair of a Working Group. This proposal should be validated by the President of the EFRAG Administrative Board before it is put to the EFRAG Reporting TEG for approval.
5. EFRAG Reporting TEG reports on the appointment process and the members of the Working Group appointed to the EFRAG Reporting Board.
6. A delegation of the relevant EFRAG Working Group participates in the EFRAG Reporting TEG meetings as observers with speaking rights when specific topics on which a Working Group(s) advise(s) EFRAG Reporting TEG are discussed.
7. If the Chair of an EFRAG Working Group is not an EFRAG Reporting TEG member he is allowed to vote on specific topics on which the Working Group advises EFRAG Reporting TEG following the majority view held in the Working Group.
8. EFRAG Working Groups are duly and timely informed about the draft consultation documents submitted to the EFRAG Reporting Board and the technical advice provided to the EFRAG Reporting Board for its finalisation and approval of the EFRAG positions, with the invitation to provide input.
9. EFRAG Working Groups receive proper feedback from EFRAG Reporting TEG on the issues where EFRAG Reporting TEG decides to deviate from the Working Group advice and preferred position.

ARTICLE 45 Transparency in relation to EFRAG Reporting TEG

1. EFRAG Reporting TEG meetings are open to the public but EFRAG Reporting TEG may at its discretion hold certain discussions in private. The EFRAG Reporting TEG Chair can invite individuals to the meeting and accord them speaking rights during all or for part of any meeting as and when appropriate. Notice of the next EFRAG Reporting TEG meeting and the agenda are posted on the EFRAG website. EFRAG Reporting TEG agenda papers are publicly available on the EFRAG website. EFRAG Reporting TEG may decide not to make selected agenda papers available to the public. A summary of the meeting is published on the EFRAG website as part of the monthly EFRAG Update.
2. Public (sessions of) EFRAG Reporting TEG meetings are webcast (audio and video recorded). The audio and video recording will be publicly broadcasted on the internet and will be later stored for on-demand viewing and will be available for a period of one year on the EFRAG website. Thereafter, the recordings will be archived and be made publicly available on-demand as long as needed for internal and external research purposes. EFRAG Reporting TEG members and observers sign a consent form.



SECTION 6 – WORKING RULES ON CONNECTIVITY BETWEEN FINANCIAL REPORTING AND SUSTAINABILITY REPORTING

ARTICLE 46 Connectivity and coordination between financial and sustainability reporting

1. Connectivity and coordination between financial and sustainability reporting is ensured by:
 - a) Observership of the Chairs of the EFRAG Reporting Boards in the other EFRAG Reporting Board (Art 287.6 and 29.6);
 - b) Joint regular meetings between the EFRAG Reporting Boards;
 - c) Joint oversight of the EFRAG Reporting Boards over the European Lab function carried out by the Project Task Forces (Art 32);
 - d) Observership of the Chairs of the EFRAG Reporting TEGs in the other EFRAG Reporting TEG (Art 38); and
 - e) Consideration of the connectivity aspect in the development of technical positions and technical advice in the form of draft EU Sustainability Reporting Standards;
 - f) When appropriate, the EFRAG Reporting Boards and EFRAG Reporting TEGs may jointly develop (research) projects.

SECTION 7- WORKING RULES OF THE EFRAG CONSULTATIVE FORUM OF STANDARD SETTERS (EFRAG CFSS) AND CONSULTATIVE FORUM OF NATIONAL AUTHORITIES, SUSTAINABILITY REPORTING STANDARD SETTERS AND INITIATIVES (EFRAG SRCF)

ARTICLE 47 EFRAG Consultative Forum of National Standard Setters and EFRAG Consultative Forum of National Authorities, Sustainability Reporting standard setters and initiatives

1. EFRAG operates a Consultative Forum of National Standard Setters (CFSS) and a Consultative Forum of National Authorities, Sustainability Reporting Standard Setters and Initiatives (SRCF).
2. EFRAG CFSS and EFRAG SRCF are consultative bodies to both the EFRAG Reporting Board and EFRAG Reporting TEG.
3. Inter alia, EFRAG CFSS prepares the IASB Accounting Standards Advisory Forum meetings in support of the European members of ASAF.
4. EFRAG CFSS and EFRAG SRCF meet at least twice a year and its meetings are open to the public but may at their discretion hold certain discussions in private. The Chairs of the EFRAG CFSS and EFRAG SRCF can invite individuals to their meetings and may accord them speaking rights during all or for part of any meeting as and when appropriate. Meetings are called by electronic mail at least three (3) weeks in advance according to an annually fixed calendar.



5. EFRAG CFSS and EFRAG SRCF are either chaired by the EFRAG Reporting TEG Chair as far as the meeting relates to technical liaison matters with EFRAG Reporting TEG or by the EFRAG Reporting Board Chair as far as the meeting relates to political, economic and strategic oriented matters.
6. The draft agenda is set by the Chair identified in Article 47.5 above and circulated to EFRAG CFSS and EFRAG SRCF together with the convening notice for the meeting. Notice of the next EFRAG CFSS and EFRAG SRCF meeting and the agenda are posted on the EFRAG website. The meeting agenda papers are publicly available on the EFRAG website. EFRAG CFSS and EFRAG SRCF may decide to make selected agenda papers not publicly available. A summary of the meeting is published on the EFRAG website as part of the monthly EFRAG Update.
7. Public sessions of EFRAG CFSS and EFRAG SRCF meetings are webcast (audio and video recorded). The audio and video recording will be publicly broadcasted on the internet and will be later stored for on-demand viewing and available for a period of one year on the EFRAG website. Thereafter, the recordings will be archived and be made publicly available on-demand as long as needed for internal and external research purposes. EFRAG CFSS and EFRAG SRCF members and observers sign a consent form.

SECTION 8 - WRITING ARTICLES AND OTHER MEANS OF ADDRESSING PUBLIC AUDIENCES

ARTICLE 48 Disclaimer when writing articles in the press or addressing a public audience

1. If a member of the EFRAG Administrative Board, EFRAG Reporting Boards, EFRAG Reporting TEGs, EFRAG Working Groups, (Advisory) Panels and (Project) Task Forces or the EFRAG Secretariat publishes articles or statements in that capacity when addressing a public audience, he should carefully consider the potential impact on the reputation and standing of EFRAG.
2. As a matter of policy, EFRAG disclaims responsibility for any private publication or statements when addressing a public audience of any member of the EFRAG Administrative Board, EFRAG Reporting Boards, EFRAG Reporting TEGs, EFRAG Working Groups, (Advisory) Panels and (Project) Task Forces or any member of the EFRAG Secretariat. As a consequence, any member of EFRAG Reporting Board, EFRAG Reporting TEG, EFRAG Working Groups, (Advisory) Panels and (Project) Task Forces or the EFRAG Secretariat should be explicit on the basis of the position in which he/she presents a speech or a written article and may need to indicate that it expresses the author's own views and not necessarily reflect those of EFRAG.

SECTION 9 - OPERATING PROCEDURES

ARTICLE 49 Chief Executive Officer (EFRAG CEO)

1. According to Art 7.7.3 of the EFRAG Statutes- "The administrative office including all EFRAG staff, except for the member(s) of staff who operate(s) under the direction of the President of the EFRAG Administrative Board, operates under the direction of the Chief Executive Officer". The EFRAG Reporting TEG Chairs are responsible for the technical oversight and work of the technical members of the EFRAG Secretariat.



ARTICLE 50 Budget

1. The budget is prepared by the EFRAG CEO. The proposal is reviewed by the EFRAG Administrative Board Audit, Budget and Risks Committee and submitted to the EFRAG Administrative Board for provisional approval for subsequent submission to the EFRAG General Assembly for final approval. In its review, the Committee consults the Chairs of the EFRAG Reporting Boards and EFRAG Reporting TEGs. The EFRAG General Assembly approves the budget for the following year. The budget document includes forecasts of revenues and expenses for the next year. It may include contributions in kind provided by various stakeholders.
2. The budget distinguishes between the EFRAG financial reporting pillar/ financial reporting activities and the EFRAG sustainability reporting pillar/sustainability reporting activities and has a I allocation for the common costs.
3. Only the EFRAG General Assembly has the power to decide on the contributions to be recovered from the EFRAG Member Organisations.
4. The EFRAG Administrative Board Audit, Budget and Risks Committee monitors the expenditures within the limits authorised by the EFRAG General Assembly and reports to the EFRAG Administrative Board on its findings.

ARTICLE 51 Supervision and approval of expenses

1. Subject to their approval in the budget, the following can be paid from the funds of the Association:
 - a) The reasonable expenses incurred by the President of the EFRAG Administrative Board, the EFRAG Reporting Board Chairs, the EFRAG Reporting TEG Chairs and the EFRAG CEO in the exercise of their functions.
 - b) As authorised by the EFRAG CEO, the reasonable expenses of EFRAG Secretariat members in the exercise of their functions, in particular when travelling for EFRAG.
 - c) The travel expenses and compensation of members of the EFRAG Administrative and Reporting Boards and EFRAG Reporting TEGs if so authorised by the EFRAG General Assembly in the compensation and travel policy (Art 13.3.x.i.x).

ARTICLE 52 Financial Statements

2. Financial statements are prepared by the EFRAG CEO. The financial statements are reviewed by the EFRAG Administrative Board Audit, Budget and Risks Committee and approved provisionally by the EFRAG Administrative Board within four (4) months after the end of the reporting period. They are submitted for final approval to the next EFRAG General Assembly (Art 8.3 of the EFRAG Statutes).



SECTION 10- CONFIDENTIALITY AND DATA PROTECTION

ARTICLE 53 Confidentiality

1. Strict confidentiality should be maintained relating to any information that is not in the public domain. Any personal data should not be kept longer than needed for the purposes for which it was processed. All details on the processing of personal data by EFRAG are provided in [EFRAG's Privacy Policy](#).