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Mr. Wolf Klinz
EFRAG FRB Chair
EFRAG
Square de Meeûs 35
B-1000 Brussels
Belgium

Comments on the EFRAG Exposure Draft "EFRAG Due Process Procedures For The EFRAG
Financial Reporting Activities "

Dear Mr. Klinz,

On behalf of the Austrian Financial Reporting Advisory Committee (AFRAC), the privately organised standard-setting body for financial and sustainability reporting in Austria, we appreciate the opportunity to comment on the Exposure Draft "EFRAG Due Process Procedures For The EFRAG Financial Reporting Activities".

Principal author of this comment letter was Gerhard Prachner.

Best regards,
Romuald Bertl
Chairman

EFRAG ED – Questions for respondents

We are pleased to provide below our detailed responses to the questions.

Currently, a thorough due process is applied for financial reporting, but it is formalised only at a high level in the EFRAG Internal Rules. This document aims to formalise and explain in more detail the due process procedures to be followed by EFRAG when dealing with financial reporting issues

Question 1: Objective and general principles

- *Does the EFRAG financial reporting due process meet your needs?*
- *Is the EFRAG DPP sufficiently clear and contains all information you would expect?*

AFRAC's response to Question 1:

In general, we support a formal documentation of the financial reporting due process, which was in practice already implemented so far.

It is also very important that EFRAG remains independent of any influences from different stakeholders. Therefore, it is necessary that EFRAG implements the necessary safeguards in order to remain independent and to ensure the transparency of its due process.

We recognize the changes in its structure and tasks that EFRAG went through in the last years since the sustainability pillar was introduced. We are, however, concerned with the shortage of personnel in the financial reporting sector. Some senior staff shifted to the sustainability pillar, leaving a huge gap of experience behind. It is of utmost importance that EFRAG addresses the staff shortage in the recruitment process.

Finally, we welcome the clarifications made by paragraphs 4.2 – 4.3 relating to the classification of significant and less significant projects in EFRAG's technical work plan.

Currently EFRAG Internal Rules do not establish a minimum comment period on its consultations. In practice EFRAG's consultation deadlines depend on the IASB's consultation deadlines for each project and should normally (but not always) be a little shorter to allow the timely response to the IASB consultation. The EFRAG consultation deadlines also consider that the EFRAG Secretariat has sufficient time to analyse properly the comment letters received. However, EFRAG considered that it was important to establish a minimum comment period of 30 days on its consultations unless there is a need for an accelerated due process. In the latter case, the EFRAG Administrative Board, in its oversight role of due process, will need to provide approval (thus, the comment period can only be reduced to less than 30 calendar days after approval from the EFRAG Administrative Board supported by its DPC).

Question 2: Public consultation deadlines

- Do you agree with EFRAG's proposals in paragraphs 5.6 and 5.7 on public consultation deadlines, including a minimum comment period of 30 days on its consultations?

AFRAC's response to Question 2:

We agree with the proposals in paragraphs 5.6 and 5.7.

Currently EFRAG Internal Rules do not provide detailed guidance on the treatment of comment letters received after its deadlines. In practice, the comment letters received after the comment deadline but before the EFRAG FR TEG meeting are included in the EFRAG agenda papers to the extent possible and uploaded on the EFRAG website. The Comment letters that are received after the EFRAG FR TEG (but before EFRAG FRB meeting) are not included in the EFRAG FR TEG advice.

These comment letters may be considered by the EFRAG FRB for the purposes of the EFRAG (final) comment letter and (final) endorsement advice (i.e. are considered on a case-by-case basis, considering the timing of submission). However, comment letters received after EFRAG FRB meeting are not considered by the EFRAG FRB. In these cases, it is indicated on the EFRAG website that the comment letter was not considered by the EFRAG FRB. EFRAG decided to formalise this procedure by including it in the EFRAG Financial Reporting DPP.

Question 3 Comment letters received

- Do you agree with EFRAG's proposals in paragraphs 6.7 to 6.11 on comment letters received after EFRAG's comment deadline?

AFRAC's response to Question 3:

We agree with the importance to specify a strict timeline according to which constituents' responses are taken into account in an EFRAG final comment letter.

However, we do not agree with the excessive flexibility of paragraph 6.11, which allows for late respondents to submit their letters after the FR TEG meeting. We think that these responses should not be considered for the purpose of both EFRAG FR TEG advice and the FRB approval of the final comment letter.