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From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. prev. doc.:	11219/22
Subject:	Nomination of the Chairs of the Sustainability Reporting Board and of the Financial Reporting Board of the European Financial Reporting Advisory Group (EFRAG) - Letter to the European Commission

1. Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014, has as an one of its objectives ensuring the effective functioning of the internal market through standardisation processes that enable the financing of European standardisation, and support the development of high-quality international financial and non-financial reporting and auditing standards, including through the activities of the European Financial Reporting Advisory Group (EFRAG) for the period of 2021-2027.
2. In June 2020, the Commission invited the President of the EFRAG Board to provide recommendations, on an *ad personam* basis, about potential changes in the governance and financing of EFRAG, if the latter were entrusted with the development of EU sustainability reporting standards. The recommendations foresee that the work of EFRAG will be organised

in four different but complementary governance bodies: a General Assembly, an Administrative Board, a Sustainability Reporting Board and a Financial Reporting Board.

3. On 21 May 2021, the Commission invited EFRAG to reform its governance in accordance with the recommendations made by the EFRAG President of the Board, and to launch technical work on draft EU sustainability reporting standards. EFRAG successfully completed the necessary governance reforms in early 2022. In accordance with the EFRAG statutes, article 7.2.2., point (j), the Chairs of the reporting boards are appointed by the EFRAG General Assembly, on the basis of a nomination by the European Commission having heard the European Parliament and the Council of the European Union.
4. On 21 April 2021, the Commission adopted a legislative proposal for a Corporate Sustainability Reporting Directive (CSRD)¹ which would require companies within its scope to report in compliance with European sustainability reporting standards adopted by the European Commission as delegated acts. Under the political agreement reached by co-legislators on 21 June 2022, EFRAG would act as technical advisor to the Commission, developing draft standards and conducting impact analyses, using proper due process, public oversight and the expertise of relevant stakeholders.
5. On 5 July, 2022, the Commission sent a letter² to Ms. Edita Hrdá, Ambassador, Chair of COREPER II under the Czech Presidency, consulting the Council on the nomination of Mr. Patrick CAMBOURG to the post of Chair of the Sustainability Reporting Board, and of Mr. Wolf KLINZ to the post of Chair of the Financial Reporting Board of EFRAG. This letter and the CVs of the two candidates were transmitted to delegations.
6. On 12 July 2022, the Working Party on Company Law was informed of the procedure, and invited to indicate in writing until 14 July 2022 whether they saw any reason to oppose these nominations. This period of written consultation was extended until 19 July 2020, following the request of some delegations to see the CVs of the candidates shortlisted but not selected by the Commission. As some delegations (DE, DK, IT, NL, SE, later supported by MT) raised concerns over the procedure relied upon to consult the Working Party on Company Law, a further discussion was held at the Working Party meeting of 1 September 2022. Following this meeting, delegations have not indicated an opposition to the selected candidates. Therefore, the Working Party is deemed to have agreed on the nominations of Mr. Patrick CAMBOURG for the post of Chair of the Sustainability Reporting Board, and of Mr. Wolf KLINZ for the post of Chair of the Financial Reporting Board of EFRAG.

¹ Doc. 8132/21.

² Doc. 11219/22.

7. As a result, the Presidency submits the attached letter as an I item to the Permanent Representatives Committee with a view to responding favourably to the Commission.
8. On 13 July 2022, the European Parliament's JURI Committee supported the candidacy of Mr. Patrick CAMBOURG for the post of Chair of the Sustainability Reporting Board of EFRAG, and the ECON Committee supported the candidacy of Mr. Wolf KLINZ for the post of Chair of the Financial Reporting Board of EFRAG.
9. Against this background, the Permanent Representatives Committee is invited to:
 - confirm the agreement reached by the Working Party in written consultation, and
 - agree, in part I of its agenda, that its President signs the letter proposed in the Annex and transmits it to the Commission.³

³ Article 19, paragraph 7, point k), of the Council's Rules of procedure provides that COREPER may adopt, among other procedural decisions, the "approval of the wording of a letter to be sent to an institution or body".

Dear Commissioner McGuinness,

The Council acknowledges receipt of the letter of 5 July 2022 as regards the Commission's proposal to nominate

- Mr. Patrick CAMBOURG for the post of Chair of the Sustainability Reporting Board,
 - Mr. Wolf KLINZ for the post of Chair of the Financial Reporting Board,
- of the European Financial Reporting Advisory Group (EFRAG), after consultation of the Council.

The Council is grateful for this consultation, and does not see any reason to oppose this proposal.

Yours faithfully,

J. ZAJÍČEK
Chairman of the
Permanent Representatives Committee
