

EUROPEAN CORPORATE REPORTING LAB

TERMS OF REFERENCE

Approved by EFRAG General Assembly on 12 September 2018

1. THE EUROPEAN CORPORATE REPORTING LAB AT EFRAG

- 1.1. The objective of the European Corporate Reporting Lab at EFRAG ('European Lab') is to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices.
- 1.2. The European Lab deliverables are not intended to and do not have any authoritative or normative status.
- 1.3. The European Lab will achieve its objective by:
 - 1.3.1. Facilitating dialogues between reporting companies, users and other relevant stakeholders and organisations; and
 - 1.3.2. Documenting the content and outcomes of those dialogues in reports and other means to promote them to the public domain.
- 1.4. Stakeholders active in the corporate reporting debates include: companies, users, financial intermediaries, industry organisations, standard setters, accountancy profession, academics, NGOs, civil society organisations and regulators.
- 1.5. The European Lab consists of a multi-stakeholder Steering Group ('the European Lab SG') and project task forces for specific projects ('European Lab PTFs').
- 1.6. The European Lab serves the European public interest.
- 1.7. The EFRAG Board is responsible for preparing the EFRAG budget for submission for approval to the EFRAG General Assembly, including the budget and resources for the European Lab.
- 1.8. The activities, performance and governance structure of the European Lab will be reviewed three years after its establishment.

2. DELIVERABLES OF THE EUROPEAN LAB

- 2.1. The European Lab will issue reports on its various projects. The contents of the project reports will be decided by the European Lab PTF concerned. The project reports may reflect a range of different views.
- 2.2. The project reports will contain a disclaimer to the effect that their contents reflect the views of the European Lab PTF members only.

- 2.3. Following a European Lab PTF's decision as to the contents of a project report, the European Lab SG Chair (EFRAG Board President) will assess whether appropriate quality control and due process have been observed and, if so, will approve the publication of the report.

3. ROLE OF THE EUROPEAN LAB SG

- 3.1. The role of the European Lab SG is to guide and advise on the work of the European Lab and to monitor its progress. The execution of the project deliverables falls under the European Lab PTFs.
- 3.2. The principal tasks of the European Lab SG will be:
 - 3.2.1. Set the agenda for the European Lab and the projects to be carried out by its PTFs (each project addressing a particular topic or issue). The European Lab SG may decide to publicly consult on possible projects to be included on the agenda;
 - 3.2.2. Approve the composition of the European Lab PTFs after the launch of a public call for candidates;
 - 3.2.3. Approve European Lab PTFs' Operating Guidelines;
 - 3.2.4. Monitor project implementation;
 - 3.2.5. Mobilise networks, liaise with stakeholders active in corporate reporting debates and stimulate wide dissemination of project reports and the activities of the European Lab;
 - 3.2.6. Give, as appropriate, direction on external communication;
 - 3.2.7. Review progress of the European Lab and, if necessary, make recommendations to the EFRAG General Assembly and the EC on the functioning of the European Lab.
- 3.3. The European Lab SG decisions are made by consensus and all members strive to reach consensus. The European Lab SG Chair makes his best effort to reach consensus in the decision-making process of the European Lab SG. The European Lab SG Chair should within a reasonable time frame, call for a vote by simple majority of the European Lab SG members present if consensus cannot be attained.

4. PREFERRED COMPOSITION OF THE EUROPEAN LAB SG

- 4.1. The European Lab SG should include members from companies publishing non-financial information and corporate reports; users (analysts and investors (mainstream and socially responsible investors)); accountancy profession; financial intermediaries; civil society organisations and academics. There should be a good mix of different professional backgrounds, interests in different aspects of corporate reporting and country backgrounds. There should be gender diversity to the extent possible.
- 4.2. Members of the European Lab SG have a nationality from the European Economic Area.

- 4.3. The Chair of the European Lab SG is the EFRAG Board President and the Vice-Chair is the EC Head of Unit responsible for policy on corporate reporting.
- 4.4. The size of the European Lab SG is limited to 15 members excluding the Chair and the Vice-Chair.
- 4.5. A representative of ESMA will participate in the European Lab SG as observer with speaking rights. Representatives of the EBA, ECB, EIOPA and other relevant organisations could be invited to attend particular meetings of the European Lab SG on an ad-hoc basis as observers with speaking rights when topics are discussed that are relevant to their work.
- 4.6. Members of the European Lab SG are appointed by the EFRAG General Assembly upon recommendation of the EFRAG General Assembly Nominating Committee following a public call for candidates.
- 4.7. Members of the European Lab SG are appointed for a term of up to three years renewable for a further three years term to the extent that the total term as a member of the European Lab SG does not exceed six years.
- 4.8. Members of the European Lab SG are appointed in a personal capacity and are expected in addition to inform the EFRAG Lab SG to the extent possible of the views and supporting arguments of their constituency. Members of the European Lab SG may not be represented by alternates.
- 4.9. Observers with speaking rights should preferably send the same representative to the European Lab SG meetings for continuity and consistency purposes.
- 4.10. Members of the European Lab SG are required to commit themselves to acting in the European public interest in all matters relating to their European Lab SG role.
- 4.11. Members of the European Lab SG should be actively involved in promoting the work of the European Lab SG and its outputs.
- 4.12. Members of the European Lab SG that have not attended three consecutive meetings of the European Lab SG, whatever the reason may be, are assumed to have resigned. They can be replaced by decision of the EFRAG General Assembly. The replacement member will complete the period for which the resigning member had initially been appointed.

5. MEETINGS

- 5.1. The European Lab SG is expected to meet one day every three months or more or less frequently, as necessary. Advice and other input will also sometimes be sought via email, telephone, video conferencing or other electronic means.
- 5.2. The work (agenda papers and publications) and meetings of the European Lab SG and the European Lab are conducted in English. Members of the European Lab SG should have at least a good knowledge of English but may by exception express themselves in one of the other two official EU working languages (French or German) in meetings. Informal translations will be provided of any oral contribution made in French or German.
- 5.3. All meetings are expected to take place at the EFRAG offices in Brussels.

- 5.4. European Lab SG members are expected to bear their own travel and other costs in participating in the activities. In exceptional circumstances this can be reconsidered for individual cases.
- 5.5. European Lab SG can, through its Chair and in coordination with the Vice-Chair, invite guests to its meetings for specific agenda items.
- 5.6. European Lab SG will have private meetings but may decide that some or part of its meetings, conference calls and events are open to the public. Such public sessions of the European Lab SG meetings, conference calls and events are webcasted (audio and video recorded). The video and audio 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 through 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. European Lab SG members and observers sign a consent form.
- 5.7. If the European Lab SG decides to make any part of a meeting open to the public a notice of the European Lab SG meeting and the agenda related to the public part of the meeting are posted on the EFRAG website. The European Lab SG agenda papers related to the part of the meeting open to the public are available on the EFRAG website. The European Lab SG may decide to make selected agenda papers not publicly available.

6. EUROPEAN LAB PROJECT TASK FORCES (EUROPEAN LAB PTFs)

- 6.1. For each project selected by the European Lab SG, a European Lab PTF will be established with ad-hoc participants for the length of the project (which is envisaged to be no longer than one year).
- 6.2. Members of the European Lab PTFs will be appointed by the European Lab SG upon recommendation of the EFRAG Secretariat following a public call for candidates.
- 6.3. The European Lab PTF would include, for example, companies of different sizes publishing non-financial information and corporate reports; users (analysts and investors (mainstream and socially responsible investors); and other stakeholders such as the accountancy profession. There should be a good mix of different professional and interests' backgrounds and of country backgrounds. A proper gender balance should be strived for.
- 6.4. Members of the European Lab SG may participate in European Lab PTFs' activities.
- 6.5. The European Lab PTFs are chaired by a member of the European Lab PTF supported by the EFRAG Secretariat.
- 6.6. The European Lab PTFs' activities may include public consultation such as expert meetings, seminars, round table discussions, interviews, surveys and other activities to facilitate engagement and exchange with other stakeholders.
- 6.7. European Lab PTFs operate under Operating Guidelines.



7. ROLE OF THE EFRAG SECRETARIAT

- 7.1. The administrative and operational support (including the publication of the reports) for the European Lab, the European Lab SG and the European Lab PTFs is provided by the EFRAG Secretariat.
- 7.2. The EFRAG Secretariat prepares the papers for the European Lab SG and European Lab PTFs meetings. Members of the European Lab SG and European Lab PTFs can submit papers they want to share or be discussed to the EFRAG Secretariat.
- 7.3. The EFRAG Secretariat endeavours to make the meeting papers available sufficiently in advance of the meeting of the European Lab SG and European Lab PTFs.
- 7.4. The EFRAG Secretariat endeavours to make the draft minutes of a meeting of the European Lab SG and the European Lab PTFs available in reasonable time after the meeting.

8. CONFIDENTIALITY

- 8.1. Members of the European Lab SG should ensure that they maintain strict confidentiality relating to any information which may be obtained during the course of the European Lab's activities and is not in the public domain. This in particular applies to information circulated as part of the appointment process of the European Lab PTFs. These data should not be kept longer than needed for the appointment process.
- 8.2. Unsuccessful candidates: all personal data to be removed when the European Lab SG has approved the composition of the European Lab PTFs.
- 8.3. Candidates that are appointed to European Lab PTFs: personal data will be kept during the time that the European Lab PTFs are operational.
- 8.4. In case of a data breach, meaning that personal data was accidentally or unlawfully disclosed to unauthorised persons, destructed, lost, altered or otherwise processed in breach of the initial purposes, the relevant European Lab SG members and European Lab PTFs should immediately contact EFRAG at saskia.slomp@efrag.org
- 8.5. Members of the European Lab SG should disclose any potential conflict of interest, for instance client relationships, with European Lab PTFs members, and if considered necessary by the Chair or Vice-Chair, may be asked to step out of related discussions.

9. EFRAG INTERNAL RULES

- 9.1. The EFRAG Internal Rules as approved by the EFRAG General Assembly on 12 September apply, where relevant, to the European Lab activities.