

Lab Project Call for Participants: Reporting on Performance Metrics

The Financial Reporting Lab (the Lab) is calling for investors and listed and quoted companies of all sizes to participate in a project on the use and disclosure of performance metrics.

Following on from the Lab's reports on business models and risk and viability, this project will explore how companies measure performance against their strategic objectives. It will consider both financial and non-financial metrics, and highlight how these measures can be presented in a way that is most useful to investor decision-making.

Scope of the project

The scope of the project will develop in light of the contribution from those that participate. However, the project is likely to examine the following topics:

- How companies measure business performance, including financial (sometimes referred to as non-GAAP or alternative performance measures) and non-financial metrics, and how these metrics are presented in the front half of their annual report and accounts and other documents;
- The extent to which the metrics used to measure performance against strategic objectives link to other sections of the annual report;
- How investors use performance metrics in their decision-making process;
- Whether current practice in company reporting on performance meets investor needs; and
- The extent to which lessons can be learnt from international reporting practice.

We expect to work and report on this project in two stages. The first phase will look at current practice and consider the extent to which it meets investor needs. The second stage will involve company interviews and joint roundtables to address identified gaps in the reporting of business performance. We will provide more detail on the second stage after the publication of the first report in Spring 2018.

Participation

We invite investors and companies to nominate their interest in participating in the 'Reporting on Performance' project by the end of January via email at FinancialReportingLab@frc.org.uk.

Whilst we aim to identify lessons that are pertinent to all companies, we also intend to explore specific sector considerations. If your company is making changes to its performance metrics we would be particularly interested in hearing from you.

To help scope the project we also invite companies and investors to participate in a [survey](#).

The opportunities for participation will develop, but typically consist of a combination of individual meetings of an hour and round table meetings of 2-3 hours. Whilst we would welcome company participation earlier, we recognise that this may not be practical during the reporting season and this will be factored into the timetable of the project to fit around availability accordingly. Extensive company involvement is unlikely to begin before the annual

reporting season has finished. Participants will be kept updated on the progress of the project throughout and are given an opportunity to comment on drafts of the reports where they have been involved.

Further information on the Lab, including its published reports, can be found at:
<https://www.frc.org.uk/Lab>