



16 March 2017

Lab Project Call for Participants: Risk and viability reporting

The Financial Reporting Lab (the Lab) is calling for listed companies, investors and analysts to participate in a project on risk and viability reporting.

This project follows the publication of the Lab report on Business model reporting¹ which was published in October 2016. It will explore how companies can develop effective principal risk reporting¹ and viability statement reporting² to meet the needs of investors.

Scope of the Risk and viability reporting project

While the scope of the project may evolve to explore the needs of companies and investors identified during the project, it is expected to examine characteristics including:

- How companies identify their principal risks, the controls that mitigate the risks and how they are communicated;
- The linkages to the business model, strategy and other parts of the Annual Report;
- How companies develop the viability statement and how this links to the risk and control framework;
- Communication of key judgements made, including any qualifications and assumptions, and the rationale for the number of years the statement is covering;
- Communication of approach to modelling and stress testing; and
- How investors use principal risk disclosures and viability reporting to inform investment decisions and their stewardship of companies.

Participation

We are interested in hearing from companies, investors and analysts who would like to be involved in this project. Companies who would like to participate in drafting example disclosures reflecting views on good practice are particularly welcome.

Participation typically consists of a combination of individual and round table meetings. Individual meetings with each company and investor participant are an hour in length. Round table discussions are 2 – 3 hours in length. Participants are given an opportunity to comment on a draft of the project report.

Timing and output of the project

The project will commence in May 2017 with output expected to be published in time to be helpful for December 2017 year-end Annual Reports. We invite companies, investors and analysts to indicate their interest in participating **by 21 April** via email at FinancialReportingLab@frc.org.uk.

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

1. Required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The UK Corporate Governance Code September 2014 (The Code).

2. Required by the Code