



Call for Participants in new Lab project: reporting on stakeholders and Section 172 disclosures

The Financial Reporting Lab (the Lab) is inviting investors and companies to participate in a new project on corporate disclosures on stakeholders, including statements in response to Section 172 of the Companies Act. This project will consider the usefulness to investors of disclosures about stakeholders across a range of reporting formats.

Scope of the project

In 2020, companies need to prepare a Section 172 statement for the first time. As reflected in the Lab's recent reports, investors are particularly interested in a company's strategic decisions regarding stakeholders, as this assists them in developing a full picture of the company. This project will seek to identify how information about stakeholders can be reported most effectively by examining existing practice and understanding investors' needs in this area. Building on the Lab's project on workforce disclosures, reporting on other stakeholders, especially customers and suppliers, will be of particular interest.

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

- focus on communications targeted towards shareholders but which may be of use to other stakeholders;
- explore companies' approach to reporting about stakeholders, including how stakeholders' views are gathered and the communication channels used;
- investigate how companies report on the decisions they are taking in relation to customers, employees, suppliers and the environment in which they operate, including difficult decisions in light of COVID-19;
- discuss which areas of reporting are most challenging for companies;
- consider the extent to which lessons can be learnt from emerging international reporting practice; and
- highlight interesting examples from current reporting practice (across both Section 172 statements and wider reporting).

Participation

We invite investors and companies to communicate their interest in participating by emailing FinancialReportingLab@frc.org.uk. However, we welcome views from other interested parties, particularly organisations representing relevant stakeholders.

The opportunities for participation will develop but are expected to consist of virtual individual meetings of an hour and round table meetings of 1.5 hours. Participants will be kept updated on the progress of the project throughout and are given an opportunity to comment on drafts. We expect to publish a range of outputs across Q4 2020 and H1 2021.

If you would like to find out what it is like to participate in a Lab project, you can watch a short video at the following link: <https://www.youtube.com/watch?v=6L9UGyalNoY>.

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