

EFRAG Advisory Panel on Intangibles

TERMS OF REFERENCE

Approved by EFRAG TEG in January 2020

Objective

The role of the EFRAG Advisory Panel on Intangibles (‘the Advisory Panel’) is to support EFRAG TEG in providing its technical advice to the EFRAG Board by providing input to the EFRAG research project on better information on intangibles (‘the EFRAG research project’). The EFRAG research project investigates possible improvements to the current requirements for accounting on intangibles under IFRS Standards. The Advisory Panel will discuss what useful information on intangibles would be and the extent to which this information would be possible to prepare. The discussions will be based on real and constructed examples of information in the annual report on how an entity creates, maintain and enhance value.

The Advisory Panel will work as a “laboratory” for testing practical ideas about existing and proposed reporting practices. The Advisory Panel will operate as a discussion forum of users (including valuers) and preparers. The membership would be limited to users (including valuers) and preparers interested in the topic.

Where appropriate, the members of the Advisory Panel should liaise with users (including valuers) and preparers active in the financial reporting debates within the remit of the Advisory Panel. The aim should be to ensure that the views from users (including valuers) and preparers interested in the topic are properly taken into account in discussions at EFRAG TEG and, ultimately, the EFRAG Board.

The Advisory Panel’s output takes the form of input to EFRAG TEG. The Advisory Panel is not an EFRAG decision-making body, but advisory in nature. The Advisory Panel does not express its views publicly in any way. However, the EFRAG Secretariat may, after advising the Advisory Panel in advance, issue feedback statements summarising the discussions of the Advisory Panel on particular issues. Such feedback statements may be issued in co-operation with national or regional standard setters.

The Advisory Panel is ad hoc in nature. Once the part of the EFRAG research project, for which the Advisory Panel is formed, is finalised, the Advisory Panel will be dissolved.

Preferred composition of the Advisory Panel

The Advisory Panel should consist of members with good knowledge of either (or both) of the following:

- What information on intangibles is useful for investors and valuers?
- What information on intangibles can realistically be prepared?

The Advisory Panel will initially focus on the following industries:

- Biotech, health care equipment & supplies and pharmaceuticals;
- Interactive media and software;
- Household products, personal products, textiles, apparel and luxury goods.

The size of the Advisory Panel will be around 12 members (proportionality between users (including valuers) and preparers is preferable) including the Chair of the Advisory Panel if that person is not an EFRAG TEG member. A good mix of country background in the Advisory Panel is aimed at.

The appointment of the members is proposed by the EFRAG TEG Chairwoman for approval by EFRAG TEG in accordance with EFRAG's procedures for appointments of members to EFRAG Working Groups as included in article 31 of the EFRAG Internal Rules. The members are appointed in their personal capacity and may not be represented by alternates.

At least one EFRAG TEG member is appointed as a member of the Advisory Panel. Generally, an EFRAG TEG member chairs the Advisory Panel. However, in specific cases another person can be appointed in accordance with EFRAG's procedures as laid down in article 31 of the EFRAG Internal Rules.

Interested organisations may be invited to attend the meetings of the Advisory Panel as observers with speaking rights.

Meetings

The Advisory Panel is expected to meet three to five times in 2020. Advice and other input will also sometimes be sought via email, telephone, video conferencing or by other means.

The work and meetings of the Advisory Panel are conducted in English.

All meetings are expected to take place at the EFRAG offices in Brussels, organised in such a way that most members are able to travel to and from Brussels on the same day. Advisory Panel members bear their own travel and other costs in participating in the activities. Advisory Panel members are encouraged to be physically present at the meetings, but it will be possible to attend some meetings by video conferencing.

The Advisory Panel can, through its Chair and in coordination with the EFRAG TEG Chairwoman, invite guests to its meetings for specific agenda items.

Unless otherwise announced before a meeting, meetings of the Advisory Panel are closed sessions, i.e. not open to public observers. Staff of EFRAG Member Organisations not being a member of the Advisory Panel can attend the meetings as observers without speaking rights.

Relationship with EFRAG TEG

The EFRAG TEG Chairwoman, the EFRAG management, in particular the EFRAG Project Director(s) and other EFRAG Secretariat members participate in the discussions as appropriate. EFRAG TEG members can attend the meetings of the Advisory Panel as observers.

EFRAG Secretariat, or the Chair of the Advisory Panel if this person is an EFRAG TEG member, will provide regular updates to EFRAG TEG on the outcome of the Advisory Panel discussions, including any diverging views between the members or preferred alternatives, with the underlying arguments.

The Advisory Panel members are informed about the reports provided to EFRAG TEG on their discussions, with the invitation to provide input.

Methods of working

The administrative support of the Advisory Panel is provided by the EFRAG Secretariat.

The EFRAG Secretariat prepares the papers for the Advisory Panel meetings. Members of the Advisory Panel can submit papers they want to share or be discussed

to the EFRAG Secretariat, who assess that the papers do not duplicate others and are sufficiently understandable.

The EFRAG Secretariat endeavours to make the meeting papers available not less than five working days before the meeting of the Advisory Panel.

The EFRAG Secretariat endeavours to make the draft minutes of a meeting of the Advisory Panel available not later than ten working days after the meeting.

EFRAG Internal rules

The EFRAG Internal Rules as approved by the EFRAG General Assembly on 12 December 2019, in particular article 31, apply to all EFRAG Working Groups.