

EFRAG Advisory Panel on Pension Plans

TERMS OF REFERENCE

Approved by EFRAG TEG January 2017

Objective

The role of the EFRAG Advisory Panel on Pensions (the Advisory Panel) is to support EFRAG TEG in providing its technical advice to the EFRAG Board by providing expert advice on the EFRAG Research project to investigate possible changes to the accounting for pension plans in accordance with IFRS. At the time of writing the main focus of the EFRAG Research project is on plans that provide a benefit linked to the return on specified assets.

Where appropriate, the members of the Advisory Panel should liaise with parties active in the financial reporting debates within the remit of the Advisory Panel, including companies, users, industry organisations, Standard Setters, auditors, academics, actuaries and regulators. The aim should be to ensure that the views from European stakeholders interested in the topic are properly taken into account in discussions at EFRAG TEG and, ultimately, the EFRAG Board.

The Advisory Panel's output always takes the form of input to EFRAG TEG. The Panel is not an EFRAG decision-making body, but advisory in nature. The Advisory Panel does not express its views publicly in any way.

The Advisory Panel is ad-hoc in nature. Once the EFRAG Research project is finalised, the Panel will be dissolved.

Preferred composition of the Advisory Panel

The Advisory Panel should consist of members with good knowledge of the broader economics related to pensions and with particular experience in accounting for pensions. There should be a good mix of different backgrounds, e.g. preparers, auditors, users, academics, actuaries, pension consultants and Standard Setters. Members should have strong technical expertise on pension issues in particular on hybrid plans. The Advisory Panel should also provide a good mix of country background.

The size of the Advisory Panel is limited to up to 13 members including the Chairman of the Advisory Panel if he is not an EFRAG TEG member and excluding the EFRAG TEG members participating in the Advisory Panel.

The Advisory Panel will remain active over the term of the EFRAG Research project. At this stage, it is expected that the project will be completed in 2018.

The appointment of the members is proposed by the EFRAG TEG Chairman for approval by EFRAG TEG in accordance with EFRAG's procedures for appointments of members to EFRAG Working Groups as included in article 28 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 28 of the EFRAG Internal Rules.

Representatives of the European Commission, the IASB, EIOPA, ESMA, Pensions Europe and other interested organisations may be invited to attend the meetings of the Advisory Panel as observers with speaking rights.

The EFRAG TEG Chairman may decide on revisiting the composition of the Advisory Panel at an appropriate time and launching a new call for candidates for membership of the Advisory Panel.

Meetings

The Advisory Panel 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.

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 are expected to bear their own travel and other costs in participating in the activities.

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

All meetings of the Advisory Panel are closed sessions, i.e. not open to public observers.

Relationship with EFRAG TEG

The EFRAG TEG Chairman, the EFRAG management, in particular the EFRAG Research Director and other EFRAG Secretariat members participate in the discussions as appropriate. EFRAG TEG members can and are encouraged to attend the meetings of the Advisory Panel to raise questions to improve their understanding of the issues at stake and the recommendations of the Advisory Panel.

EFRAG Secretariat 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.

Internal rules

The EFRAG Internal Rules as approved by the EFRAG General Assembly on 16 June 2014, in particular article 28, apply to all EFRAG Working Groups.

Brussels, 13 January 2017