
IFRS Foundation Trustees meeting—Due Process Oversight Committee

Date	March 2025
Project	Management Commentary
Topic	Due Process ‘lifecycle’ Review
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This document is prepared for discussion of a public meeting of the IFRS Foundation Trustees’ Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation’s objectives as set out in the IFRS Foundation *Constitution*.

Purpose

1. The purpose of this paper is:
 - (a) to summarise the due process steps completed for the International Accounting Standards Board’s (IASB’s) Management Commentary project (the project); and
 - (b) to seek the confirmation of the Due Process Oversight Committee (DPOC) that all necessary steps have been followed and that its review of due process on this project is now complete, subject to any due process matters arising during [the balloting process](#).
2. At its December 2024 meeting, the IASB determined that all mandatory due process steps have been completed in the development of the revised IFRS Practice Statement 1 *Management Commentary* (revised Practice Statement), and that it has completed sufficient consultation and analysis to proceed to the balloting phase to finalise the revised Practice Statement.
3. The Due Process ‘lifecycle’ Review forms part of the DPOC’s oversight of the development of an IFRS Standard as outlined in paragraph 2.12 of the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*).

Question for the DPOC

Is the DPOC content to confirm that all the necessary due process steps have been followed and that its review of due process on this project is now complete?

Structure of this paper

4. This paper is structured as follows:
 - (a) background (paragraphs 5–16);
 - (b) consideration of whether to re-expose the proposals (paragraphs 17–21);
 - (c) due process summary (paragraphs 22–24);
 - (d) latest developments and next steps (paragraphs 25–30); and
 - (e) [Appendix A](#)—Reporting to the Trustees and the Due Process Oversight Committee (DPOC).

Background*The role of management commentary*

5. Management commentary is a general purpose financial report that provides management’s insights into factors, including sustainability-related factors, that have affected the entity’s financial performance and financial position and factors that could affect the entity’s ability to create value and generate cash flows in the future.
6. Management commentary or a similar report typically falls under the remit of local regulators. Such a report may be known by various names, including management’s discussion and analysis, operating and financial review and strategic report.

The development of the revised Practice Statement

7. In 2010, the IASB issued Practice Statement 1 *Management Commentary* (the 2010 Practice Statement) to provide guidance on preparing management commentary. Application of the Practice Statement is not mandatory for an entity to assert compliance with IFRS Accounting Standards. In 2017, the IASB decided to revise the 2010 Practice Statement after its research indicated that management commentaries do not always provide investors and creditors with the information they need. Identified shortcomings in management commentaries included:
- (a) a lack of focus on matters important to an entity's prospects;
 - (b) too much generic information and not enough entity-specific information;
 - (c) a focus on short-term matters and insufficient discussion of matters, such as systemic risks or strategic challenges, that could affect the entity's long-term prospects;
 - (d) insufficient information about matters that increasingly affect the entity's ability to create value and generate cash flows, and are of increasing interest to investors and creditors such as intangible resources and relationships and environmental, social and governance matters;
 - (e) fragmented information or information that is difficult to reconcile to the entity's financial statements or other reports the entity has published;
 - (f) information that is difficult to compare with information provided in previous periods or with information provided by other entities with similar activities;
 - (g) incomplete information—for example, covering only some of the matters important to the entity's prospects, or lacking information that investors and creditors need to fully understand the implications of these matters; and
 - (h) lack of balance—for example, placing undue emphasis on positive aspects of the entity's performance.
8. To address the shortcomings in practice, the IASB proposed a major overhaul of the 2010 Practice Statement. The IASB envisages that the revised Practice Statement will

provide a global benchmark for regulators in updating national requirements and guidance and will assist companies in providing information that meets investor needs.

9. In developing its proposals, the IASB obtained input from a dedicated [Management Commentary Consultative Group](#) (MCCG). In May 2021, the IASB published an Exposure Draft that built on innovations in narrative reporting such as those introduced by national standard-setters, the Integrated Reporting Framework and the *Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures*.
10. The comment period on the Exposure Draft ended on 29 November 2021. Most respondents, including almost all investors, expressed support for the project and broad support for the IASB's proposals. Investors stressed the importance of high-quality management commentaries and agreed with the IASB's analysis of the shortcomings in practice.

Connectivity considerations in finalising the project

11. Supporting connectivity between an entity's management commentary, the related financial statements and the entity's other general purpose financial reports is a key aim of the project. In developing the Exposure Draft, the IASB envisaged that the revised Practice Statement could be applied in conjunction with reporting requirements or guidelines addressing specific topics, in particular in conjunction with future standards to be issued by the International Sustainability Standards Board (ISSB).¹
12. Most respondents to the Exposure Draft commented on the interaction between the Management Commentary project and the future work of the ISSB and asked for

¹ At the time the Exposure Draft *Management Commentary* was published, the IFRS Foundation Trustees were considering whether the Foundation should play a role in the development of sustainability reporting standards, and consulting on amending the Foundation's Constitution to enable the creation of a new board for setting such standards. The International Accounting Standards Board invited stakeholder feedback on the interaction of its Management Commentary project and the IFRS Foundation Trustees' project on sustainability reporting.

connectivity between the boards. In response, the IASB paused the project to await the outcome of the ISSB's Request for Information *Consultation on Agenda Priorities* (Consultation). To inform the work of both boards the IASB and ISSB had a joint meeting in January 2024 to hear feedback on aspects of the ISSB's Consultation relevant to both boards.

13. In April 2024, in the light of that feedback, the ISSB decided not to add to its work plan a research project on integration in reporting—which could have built on the Exposure Draft, the Integrated Reporting Framework and other relevant sources.
14. Following the ISSB's decision and considering feedback on the ISSB's Consultation discussed at the joint meeting the IASB undertook additional outreach to inform its consideration of the project direction. In particular, the IASB obtained additional feedback from securities regulators to understand how the revised Practice Statement would inform national requirements and guidance. This feedback indicated that the revised Practice Statement would:
 - (a) be useful for regulators in updating national requirements and guidance; and
 - (b) help regulators improve connections in information across an entity's management commentary, its financial statements and sustainability disclosures.²
15. Furthermore, feedback from the MCCG indicated that finalising the project will represent a step towards providing better information for investment decisions and a stepping stone towards greater integration in reporting in the future.
16. In June 2024, the IASB decided to finalise the Management Commentary project. Since the IASB's proposals were generally well-received by stakeholders, in particular investors, the IASB decided to make only targeted refinements to its proposals in the Exposure Draft.

² The revised Practice Statement 1 *Management Commentary* (revised Practice Statement) can be applied irrespective of whether an entity's financial statements are prepared in accordance with IFRS Accounting Standards or on another basis and irrespective of whether an entity prepares sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards or on another basis.

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17. The IASB considered making a targeted refinement if:
- (a) many respondents questioned a particular aspect of the proposals, or asked for a clarification; or
 - (b) a possible refinement related to developments in the reporting landscape, including refinements to support conceptual alignment with IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework, to improve connectivity in general purpose financial reports and to provide a stepping stone towards greater integration in reporting in the future.
18. In particular, the targeted refinements involved:
- (a) clarifying some of the proposals;
 - (b) enhancing the drafting of some of the proposals, including aligning some of the language and terminology more closely with the rest of IFRS literature, including IFRS Sustainability Disclosure Standards; and
 - (c) fine-tuning some of the proposals to reflect the developments since the Exposure Draft was published, for example by including some references to sustainability-related financial disclosures.³
19. Appendix A of Agenda Paper 15D *Due process steps* for the December 2024 IASB meeting, reproduced as [Agenda Paper DP3A](#) for this meeting (IASB December 2024 Agenda Paper 15D), outlines how the IASB considered IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework in making decisions on targeted refinements to the proposals.

Consideration of whether to re-expose the proposals

20. In December 2024, the IASB considered whether it should re-expose the proposals for the revised Practice Statement applying the re-exposure criteria in paragraphs 6.25–

³ [Agenda Paper 15A Scope of possible targeted refinements](#) for the September IASB meeting set out the scope of possible targeted refinements for the IASB to consider. [Agenda Paper 15 Cover paper](#) for the December 2024 IASB meeting summarised the discussions and the tentative decisions made by the IASB in finalising the revised Practice Statement.

6.28 of the *Due Process Handbook*. As part of that discussion, the IASB considered the extent of changes it had tentatively decided to make to the proposals (see paragraph 7 of attached [IASB December 2024 Agenda Paper 15D](#)).

21. As discussed in paragraph 10, the proposals in the Exposure Draft received broad support from stakeholders, particularly investors. As noted in paragraph 18, the targeted refinements to the proposals that the IASB decided to make in response to feedback received or subsequent developments in the reporting landscape were limited to clarifications of the original proposals, an update of terminology, and adding some references to sustainability-related financial disclosures. The refinements did not introduce substantially new requirements or substantially modify the proposed requirements.⁴
22. The IASB noted that no substantial issues arose during the comment period that the IASB had not previously considered. Although many respondents commented on the interaction between the revised Practice Statement and IFRS Sustainability Disclosure Standards, the IASB's approach to finalising the revised Practice Statement by making targeted refinements has not resulted in fundamental changes to the proposals in the Exposure Draft. At the same time, as noted in Appendix A to IASB December 2024 Agenda Paper 15D, the IASB noted that differences in the structure of the requirements in the revised Practice Statement and IFRS Sustainability Disclosure Standards and in some of the terminology will not prevent entities from applying these requirements together.
23. The IASB's approach to finalising the project and the targeted refinements to the proposals in the Exposure Draft have been discussed by the Accounting Standards Advisory Forum (ASAF) and the Emerging Economies Group (EEG) in December 2024. ASAF and EEG members expressed broad support for finalising the project and the targeted refinements made by the IASB. Furthermore, the staff sought

⁴ If an entity prepares management commentary applying the revised Practice Statement and wishes to assert compliance with it, the entity is required to comply with all requirements in the revised Practice Statement (see paragraphs 8–17 of [Agenda Paper 15A Sweep issues—Status of the Practice Statement](#) for the February 2021 IASB meeting).

input from the MCCG, the [Integrated Reporting and Connectivity Council](#) and [Integrated Reporting Committees](#) to inform the IASB in deliberating aspects of the targeted refinements. The staff will continue to seek input from the MCCG in drafting the revised Practice Statement.

24. Accordingly, having considered the criteria for re-exposure, the IASB concluded that it could proceed with finalising the revised Practice Statement without re-exposing it for an additional round of public comment.

Due process summary

25. At its December 2024 meeting, the IASB confirmed that it is satisfied that all the mandatory due process steps specified in the *Due Process Handbook* had been taken (see attached [IASB December 2024 Agenda Paper 15D](#)).⁵
26. In reaching that conclusion, the IASB considered an analysis of the due process steps that had been followed during the life of the project, including steps taken to avoid inconsistencies and conflicts with IFRS Sustainability Disclosure Standards (see paragraphs 11–16 and Appendix A of IASB December 2024 Agenda Paper 15D). No IASB member indicated that they intend to dissent from the publication of the revised Practice Statement.

Latest developments and next steps

27. The staff has begun the drafting and balloting process for the revised Practice Statement. The staff plan to share pre-ballot drafts of the following documents for review by IASB members and selected internal and external reviewers, including members of the ISSB and its technical staff, the Integrated Reporting and Connectivity team and the MCCG, by the end of February 2025:
- (a) the revised Practice Statement; and

⁵ The Due Process Oversight Committee received notification of this paper on 5 December 2024 in advance of the IASB's discussion.

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- (b) the Basis for Conclusions (including an effects analysis).
28. A project summary and feedback statement for the project are also being prepared by the staff and will be reviewed by IASB members.
29. The IASB expects to complete all steps in the balloting process, including public discussion of any sweep issues that may arise, in Q2 2025 and publish the revised Practice Statement (subject to the DPOC's confirmation at this meeting) in June 2025.
30. The publication of the revised Practice Statement will be accompanied by a press release. The IASB will also consider the need for additional communication materials (such as podcasts or webcasts) to accompany the publication of the revised Practice Statement. In developing communication materials, the IASB will collaborate with members of the ISSB and its technical staff and Integrated Reporting and Connectivity team on aspects of those materials which relate to connectivity, in particular the interaction between the revised Practice Statement, IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework. The IASB will also consider the need for further activities to support application of the revised Practice Statement. In due course, the IASB will consider updates to the IFRS Accounting Taxonomy.
31. At this meeting, we are seeking the DPOC's confirmation that all necessary steps have been followed and that its review of due process on this project is now complete, subject to any due process matters arising during the balloting process.

Appendix A—Reporting to the Trustees and the Due Process Oversight Committee (DPOC)⁶

A1. At this meeting, we are seeking the DPOC’s confirmation that the project has proceeded in a manner consistent with the requirements set out in the *Due Process Handbook* for finalising a revised IFRS Practice Statement.

Date	Paper
2017	
May	<i>Technical activities—key issues and update (AP 1B)</i> : This agenda paper noted that the IASB tentatively decided to consider a project to revise and update IFRS Practice Statement 1 <i>Management Commentary</i> (Practice Statement) issued in 2010.
2018	
January	<i>Technical activities—key issues and update (AP 1B)</i> : This agenda paper noted the IASB’s decision in November 2017 to add a project to its standard-setting agenda to revise and update the Practice Statement.
June	<i>Technical Activities Update report on behalf of the International Accounting Standards Board (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project. <i>Management Commentary Advisory Group membership (AP 1F)</i> This agenda paper discussed the IASB’s plan to form a dedicated Management Commentary Consultative Group (MCCG).
October	<i>Technical Activities Update report on behalf of the International Accounting Standards Board (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project.

⁶ The Due Process Oversight Committee also received updates on the Management Commentary Consultative Group as part of updates on all the IASB’s consultative groups.

2019	
January	<i>Technical Activities Update report on behalf of the International Accounting Standards Board (AP 1B)</i> : This agenda paper noted that the MCCG was formed to support the project to update the Practice Statement.
June	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project.
October	<i>Technical Activities—update report on behalf of the International Accounting Standards Board (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project.
2020	
February	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper noted the IASB’s discussion on what guidance to provide in the revised Practice Statement to help address identified gaps in the current management commentary reporting practice.
June	<i>Technical Activities—update report on behalf of the International Accounting Standards Board (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project.
October	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper noted that in October 2020 the IASB would be reviewing the due process steps taken in advance of publishing the Exposure Draft <i>Management Commentary</i> (Exposure Draft). The DPOC were sent a copy of that due process paper in advance of the IASB’s meeting on 22 October 2020. Agenda Paper 1B for

	the DPOC meeting also noted that the publication timetable had been revised to February 2021.
2021	
March	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the IASB deferred the publication of the Exposure Draft from February 2021 to April 2021.
June	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a brief reference to the progress of the project. The agenda paper also noted that the IASB set a publication date of May 2021 and a comment period for the Exposure Draft of six months.
October	<i>Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper mentioned that the comment period would end in November 2021 and described the outreach undertaken with stakeholders during the comment period.
2022	
March	<i>IASB Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper noted that most stakeholders who provided feedback on the Exposure Draft commented on the interaction between the Management Commentary project and the future IFRS Sustainability Disclosure Standards to be developed by the International Sustainability Standards Board (ISSB).
June	<i>IASB Technical Activities: Key Issues and Update (AP 1B)</i> : This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the staff expected to ask the

	<p>IASB to consider a path forward for this project at a future meeting, in the light of the evolving landscape, including creation of the ISSB and announcement of plans for the Integrated Reporting Framework.</p>
<p>October</p>	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that after considering the feedback on the Exposure Draft, the IASB received an update on the project in July 2022, noting the evolving landscape since the Exposure Draft was published in May 2021, including the creation of the ISSB, and a commitment made in May 2022 by the Chairs of the IASB and the ISSB to consider the similarities and differences between the Integrated Reporting Framework and the proposals developed in the Management Commentary project. The agenda paper mentioned that the staff expected to ask the IASB to consider a path forward for this project at a future meeting.</p>
2023	
<p>March</p>	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the staff would monitor developments following the ISSB’s Request for Information <i>Consultation on Agenda Priorities</i> to be issued later in the year. The agenda paper also noted that the staff had completed the initial analysis of similarities and differences between the Integrated Reporting Framework and the Exposure Draft Management Commentary working in close collaboration with ISSB staff.</p>

June	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. This agenda paper noted that the IASB had effectively put its decision-making on the Management Commentary project on hold until additional feedback about a possible path forward for this project becomes available through the ISSB’s Consultation on Agenda Priorities; nonetheless, the staff continued to conduct analysis that could support a future path for the Management Commentary project.</p>
October	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the IASB and ISSB would meet jointly to discuss the feedback on the potential project on integration in reporting in preparation for the ISSB deciding on the priorities for its next two-year workplan, including the priority of the potential project on integration in reporting, and the IASB deciding on the direction of the Management Commentary project.</p>
2024	
February	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that as next steps, the ISSB would decide on the priorities for its next two-year workplan, including the priority of a potential project on integration in reporting, and the IASB would decide in Q2 2024 on the direction of the Management Commentary project.</p>
June	<p><i>IASB Technical Activities: Key Issues and Update (AP 1B)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the ISSB decided to</p>

	<p>prioritise projects and activities other than a project on integration in reporting and the IASB would decide the direction of the project in June 2024.</p>
October	<p><i>IASB Technical Activities: Key Issues and Update (AP DP2)</i>: This agenda paper included a detailed update on the progress of the project. The agenda paper noted that the IASB decided to finalise the revision of the Practice Statement and that the IASB expected to issue the revised Practice Statement in the first half of 2025.</p>



Staff paper

Agenda reference: 15D

IASB® meeting

Date	December 2024
Project	Management Commentary
Topic	Due process steps
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® *Update*.

Introduction and purpose

1. This paper:
 - (a) asks the IASB to consider whether it should finalise the revised IFRS Practice Statement 1 *Management Commentary* (revised Practice Statement) without re-exposing it for another round of public comments;
 - (b) sets out the steps in the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) that the IASB has taken in developing the revised Practice Statement and asks the IASB to confirm that it is satisfied that all the mandatory due process steps have been taken;
 - (c) requests permission for the staff to begin the balloting process for the revised Practice Statement; and
 - (d) asks whether any IASB member intends to dissent from issuing the revised Practice Statement.

Structure of this paper

2. This paper is structured as follows:
 - (a) consideration of whether re-exposure of the revised Practise Statement is necessary (paragraph 3–9);
 - (b) summary of due process steps taken (paragraphs 10–12):
 - (i) mandatory steps according to paragraph 3.44 of the Due Process Handbook;
 - (ii) non-mandatory steps according to paragraph 3.45 of the Due Process Handbook; and
 - (iii) other due process steps.
3. This paper also contains Appendix A which summarises how the IASB considered IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework in making decisions on targeted refinements to the proposals.

Consideration of whether re-exposure of the revised Practise Statement is necessary

Re-exposure criteria

4. According to paragraph 6.25 of the Due Process Handbook, in considering whether there is a need for re-exposure, the IASB:
 - (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;
 - (b) assesses the evidence that it has considered;

- (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and
 - (d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.
- 5. Paragraphs 6.26–6.28 of the Due Process Handbook also explain that it is inevitable that the final proposals will include changes from those originally proposed and the fact that there are changes does not compel the IASB to re-expose the proposals. The IASB needs to:
 - (a) consider whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the Basis for Conclusions accompanying the Exposure Draft;
 - (b) consider whether it will learn anything new by re-exposing the proposals;
 - (c) weigh the cost of delaying improvements to financial reporting against the relative urgency for the need to change and what additional steps it has taken to consult since the Exposure Draft was published; and
 - (d) give more weight to changes in recognition and measurement than presentation and disclosure when considering whether re-exposure is necessary.
- 6. Paragraph 6.27 of the Due Process Handbook also explains that the use of consultative groups or targeted consultation can give the IASB information to support a decision to finalise a proposal without the need for re-exposure.

Staff analysis

7. The proposals in the Exposure Draft published in May 2021 received broad support from stakeholders, particularly investors. In June 2024, the IASB decided to finalise the revised Practice Statement by making targeted refinements to the proposals in the Exposure Draft. The targeted refinements that the IASB has tentatively decided to make, in response to feedback received or subsequent developments in the reporting landscape, have been limited to clarifications of the original proposals, an update of terminology, and adding some references to sustainability-related financial disclosures (Appendix A sets out how the IASB considered IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework in the targeted refinements of its proposals). The refinements did not introduce substantially new requirements or substantially modify the proposed requirements.
8. The staff are therefore of the view that no substantial issues arose during the comment period that the IASB had not previously considered. Although many respondents commented on the interaction between the revised Practice Statement and IFRS Sustainability Disclosure Standards, the IASB's decision to finalise the revised Practice Statement by making targeted refinements has not resulted in fundamental changes to the proposals in the Exposure Draft.
9. The IASB's tentative decisions relating to targeted refinements to the proposals in the Exposure Draft will be discussed by the Accounting Standards Advisory Forum and the Emerging Economies Group in December 2024. The staff also sought input from members and observers of the Management Commentary Consultative Group (MCCG) on some aspects of the targeted refinements and will ask them to review a draft of the revised Practice Statement.

Staff recommendation

10. The staff recommends that the IASB finalise the revised Practice Statement without re-exposure for another round of public comment.

Question 1 for the IASB

Does the IASB agree with the staff recommendation to finalise the revised Practice Statement without re-exposing it for an additional round of public comment?

Summary of due process steps

11. The staff expect that at this meeting, the IASB will complete the redeliberations needed to finalise the revised Practice Statement. Assuming that the IASB agrees with the staff recommendation in paragraph 9 to finalise the revised Practice Statement without re-exposure for another round of public comment, the staff ask the IASB to consider whether all due process steps have been followed and to give the staff permission to start the balloting process.
12. The staff expect that at this meeting, the IASB will complete the redeliberations needed to finalise the revised Practice Statement. As set in paragraphs 13–15, the staff think that:
- (e) the IASB has complied with all of the required due process steps in the *Due Process Handbook*. Also, the IASB has complied with applicable optional due process steps set out in the *Due Process Handbook* or explained if not.
 - (f) the targeted refinements to the proposals in the Exposure Draft are sufficiently developed in response to the feedback and, therefore, the staff can proceed to begin the balloting process.

13. Accordingly, the staff ask for permission to begin the balloting process. The staff will consider the need for a future IASB discussion of sweep issues that may arise during the balloting process.

Questions 2–4 for the IASB

2. Is the IASB satisfied that all the mandatory due process steps have been met in the Management Commentary project?
3. Does the IASB grant the staff permission to begin the balloting process for the revised Practice Statement?
4. Do any IASB members intend, at this time, to dissent from issuing the revised Practice Statement? If so, on what grounds?

Mandatory steps according to paragraph 3.44 of the Due Process Handbook

14. This section sets out the mandatory due process steps followed in the Management Commentary project. According to paragraph 6.39 of the Due Process Handbook, the IASB follows the same procedures used for the development of a Standard for non-mandatory practice guidance, including the balloting of documents.

a) Discussion in public meetings

Throughout the life of the project, all of the proposals have been discussed by the IASB in public meetings. All staff papers have been posted, meetings recorded and the decisions documented in the relevant section of the project’s website. (Due Process Handbook paragraphs 3.44(a) and 3.12–3.13)

Confirmation by staff that step has been completed

Yes

Link to project webpage: [IFRS - Management Commentary](#)

b) Draft of the revised Practice Statement published

A draft of the revised Practice Statement was published for comment with an appropriate comment period. All comment letters received have been published on the project website. (Due Process Handbook paragraphs 3.44(b) and 3.68)

Confirmation by staff that step has been completed

Yes

Date issued: 27 May 2021

Name of document: [Exposure Draft: Management Commentary](#)

Approval by IASB: 13 of 13 Board members approved

End of comment period: 23 November 2021

Comment period: 180 days

Comment letters received: 82

Link to comment letters: [IFRS - Exposure Draft and comment letters: Management Commentary](#)

c) Comment letters considered in a timely manner

The IASB considered the comment letters received on the Exposure Draft in a timely manner.

(Due Process Handbook paragraph 3.44(c))

Confirmation by staff that step has been completed

Yes

Summary of feedback discussed by the IASB: March 2022, April 2022.

Overall, most respondents, including almost all investors commenting, expressed broad support for the IASB proposals. Some respondents suggested refinements

c) Comment letters considered in a timely manner

and enhancements to various proposals, including closer alignment with aspects of the Integrated Reporting Framework. Most respondents also commented on the interaction between the Management Commentary project and the future work of the International Sustainability Standards Board (ISSB). Most of these respondents asked for connectivity between the two boards.

March 2022

[Agenda Paper 15 Feedback Summary—Overview](#)

[Agenda Paper 15A Feedback Summary—Project direction](#)

[Agenda Paper 15B Feedback Summary—Investor feedback](#)

[Agenda Paper 15C Feedback Summary—Objective of management commentary](#)

[Agenda Paper 15D Feedback Summary—Objectives-based approach](#)

[Agenda Paper 15E Feedback Summary—Disclosure objectives and areas of content](#)

[Agenda Paper 15F Feedback Summary—Key matters and material information](#)

April 2022

[Agenda Paper 15 Feedback Summary—Cover paper](#)

[Agenda Paper 15A Feedback Summary—Detailed feedback on disclosure objectives and supporting examples](#)

[Agenda Paper 15B Feedback Summary—Long-term prospects, intangibles and ESG matters](#)

[Agenda Paper 15C Feedback Summary—Making materiality judgements](#)

[Agenda Paper 15D Feedback Summary—Completeness, balance, accuracy and other attributes](#)

[Agenda Paper 15E Feedback Summary—Metrics](#)

c) Comment letters considered in a timely manner

[Agenda Paper 15F Feedback Summary—Identification, authorisation and statement of compliance](#)

[Agenda Paper 15G Feedback Summary—Effects analysis](#)

[Agenda Paper 15H Feedback Summary—Effective date](#)

[Agenda Paper 15I Feedback Summary—Structure and drafting](#)

d) Re-exposure considered¹

The IASB has considered whether the proposals need to be re-exposed.

(Due Process Handbook paragraph 3.44(d) and 6.25–6.29)

Confirmation by staff that step has been completed	Yes
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See paragraphs 3–9 of this paper.

e) Consultation with the ASAF and IFRS Advisory Council

Where applicable (decisions on the work plan, major projects, project proposals and work priorities), the IASB consulted the Accounting Standards Advisory Forum (ASAF) and IFRS Advisory Council.

(Due Process Handbook paragraph 3.44(e))

¹ The staff analysis of step (d) assumes that the IASB agrees with the staff recommendation in paragraph 9 of this paper.

e) Consultation with the ASAF and IFRS Advisory Council	
Consultation with the ASAF and IFRS Advisory Council required?	Yes
The ASAF and IFRS Advisory Council consulted	Yes
<p>The IASB consulted the ASAF and IFRS Advisory Council as follows:</p> <ul style="list-style-type: none"> • Apr 2017 Advisory Council meeting • July 2017 ASAF meeting • December 2018 ASAF meeting • April 2019 ASAF meeting • July 2019 ASAF meeting • March 2021 ASAF meeting • October 2021 ASAF meeting <p>The IASB staff will also provide an update to the ASAF in December 2024.</p>	

Non-mandatory steps according to paragraph 3.45 of the Due Process Handbook

15. This section discusses optional due process steps followed in the Management Commentary project and provides explanations for optional steps that were not considered necessary for the project.

a) A discussion document is published before an exposure draft is developed
(Due Process Handbook paragraph 3.45(a))

a) A discussion document is published before an exposure draft is developed

Discussion document published?

No

The need for publishing a discussion paper was considered before publishing the Exposure Draft (see [Agenda Paper 15C Due process steps and permission for balloting](#) for the October 2020 meeting). As explained in that paper, the reasons for developing an exposure draft without first publishing a discussion paper included:

- (a) the problem the project aims to address is well defined;
- (b) the proposals were sufficiently detailed for publication of an exposure draft;
- (c) investors supported the overall direction of the project; and
- (d) an exposure draft would enable the IASB to obtain feedback on the drafting of the proposed revised Practice Statement.

b) Establishing consultative groups or other types of specialist advisory groups for major projects

(Due Process Handbook paragraph 3.45(b))

Consultative Group established?

Yes

The IASB established the Management Commentary Consultative Group (MCCG) in 2018 to provide input into the revision of the Practice Statement. The MCCG feedback was reported to the IASB and provided valuable input in the development of the proposals in the Exposure Draft.

b) Establishing consultative groups or other types of specialist advisory groups for major projects

In May 2024, members and observers of the MCCG also provided their views on the direction of the project, which was considered by the IASB in deciding to finalise the project. The members and observers of the MCCG were given the opportunity to review working drafts of some of the targeted refinements to the proposals in the Exposure Draft and will be given the opportunity to review an updated draft of the revised Practice Statement as a whole.

A summary of each meeting of the MCCG (accompanied with links to the papers discussed and a recording of the discussion) is provided at the following links:

- September 2018 [Management Commentary Consultative Group meeting](#)
- January 2019 [Management Commentary Consultative Group meeting](#)
- April 2019 [Management Commentary Consultative Group meeting](#)
- December 2019 [Management Commentary Consultative Group meeting](#)
- May 2024 [Management Commentary Consultative Group meeting](#)

c) Holding public hearings / outreach meetings

Outreach meetings were held to promote debate and hear views on proposals that are published for public comments, including roundtables and discussion forums. (Due Process Handbook paragraphs 3.45(c), 3.69 and 3.75)

Outreach meetings held?

Yes

[Agenda Paper 15 Feedback Summary—Overview](#) for the March 2022 IASB meeting provides an overview of outreach on the proposals in the Exposure Draft. As noted in that paper, during the comment period, IASB members and

c) Holding public hearings / outreach meetings

staff attended 68 meetings and events, mostly virtual, with respondents across different stakeholder types, including 17 investor-focused events, seven meetings with regulators, nine meetings with standard-setters, six meeting with representatives of the accounting profession, eight preparer-focused events and 21 other events.

[Agenda Paper 15 Project direction](#) for the June 2024 IASB meeting sets out additional targeted outreach undertaken to provide input for the IASB decision on the direction of the project.

As discussed in paragraphs 12–16 of that paper, members and observers of the MCCG shared their views on the advantages and disadvantages of the alternatives for the direction of the Management Commentary project and on the scope of work if the project is finalised. Overall, members and observers of the MCCG supported finalising the project.

As discussed in paragraphs 17–24 of that paper, to understand how the revised Practice Statement would inform national requirements and guidance, IASB members and staff also met with securities regulators, national standard-setters and other national framework owners (collectively referred to as ‘regulators’ in the June 2024 paper). All regulators commenting stated that the revised Practice Statement would be useful. Some regulators supported finalising the project at this time and others supported keeping the project on hold. No regulators supported retiring the project.

d) Undertaking fieldwork

(Due Process Handbook paragraphs, 3.45(d) and 3.70–3.74)

d) Undertaking fieldwork

Fieldwork undertaken?	No
<p>This step was previously considered before the publication of the Exposure Draft (see Agenda Paper 15C Due process steps and permission for balloting for the October 2020 meeting). As noted in that paper, before the project was added to the work plan, the staff performed a detailed survey of the wider corporate reporting landscape and implications for the IASB, including a desk review of selected academic literature and reports and guidance published by other organisations. It was not considered necessary to undertake fieldwork on the proposals in the Exposure Draft, as the research previously undertaken, consultation with the MCCG (which included preparers of general purposed financial reports) together with the feedback received and outreach undertaken on the proposals, provided sufficient input.</p>	

Other due process steps

16. This section considers other due process steps, which, unless otherwise stated, are all mandatory.

Step	Staff confirmation
<p>The IASB has analysed the likely effects of the forthcoming revised Practice Statement.</p> <p>(Due Process Handbook paragraphs 3.76–3.81)</p> <p>Information relating to the potential costs and benefits of the revised Practise Statement was included in the Basis for Conclusions on the Exposure Draft. Invitation to comment on the Exposure Draft sought comments on the IASB’s</p>	Yes

Step	Staff confirmation
<p>effects analysis (Question 15). Many respondents commenting on the effects analysis agreed with the analysis without qualification (see Agenda Paper 15G Feedback Summary—Effects analysis).</p> <p>The IASB will publish an updated Effects Analysis as part of the Basis for Conclusions on the revised Practice Statement. The Effects Analysis will be updated to reflect:</p> <ul style="list-style-type: none"> a) the additional outreach with regulators undertaken in determining the direction of the project (see section on public hearings above). b) targeted refinements made to support conceptual alignment between the revised Practice Statement and IFRS Sustainability Disclosure Standards, to improve connectivity in general purpose financial reports and to provide a stepping stone towards greater integration in reporting in the future. The IASB acknowledged that there are differences between the requirements in the prospective revised Practice Statement and IFRS Sustainability Disclosure Standards but noted that these differences would not prevent applying these requirements together. Appendix A outlines how the IASB considered IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework in making decisions on targeted refinements to the proposals. 	

Step	Staff confirmation
<p>The IASB will review the updated Effects Analysis as part of the balloting process.</p>	
<p>The IASB set an effective date for the revised Practice Statement</p> <p>(Due Process Handbook paragraphs 6.35–6.36)</p> <p>The Exposure Draft proposed that revised Practise Statement would replace the current version effective for annual reporting periods beginning on or after the date of its issue. The feedback on the proposed effective date was discussed in Agenda Paper 15H Feedback summary—Effective date. for the April 2020 IASB meeting. Many respondents supported the proposed effective date.</p>	Yes
<p>Documents to undergo an internal editorial review</p> <p>(Due Process Handbook paragraph 3.28)</p>	Yes
<p>Documents to be sent for external editorial review (Non-mandatory)</p> <p>(Due Process Handbook paragraphs 3.31–3.33)</p>	Yes
<p>Documents to be accompanied by Press Release</p> <p>(Due Process Handbook paragraph 6.37)</p>	Yes
<p>Documents to be accompanied by Feedback Statement</p>	Yes

Step	Staff confirmation
<p>(Non-mandatory for narrow-scope amendments) (Due Process Handbook paragraph 6.37)</p>	
<p>Documents to be accompanied by podcast (Non-mandatory) (Due Process Handbook paragraph 6.38) The team will consider the appropriate form of communication materials to accompany the publication of the revised Practice Statement.</p>	To be determined
<p>Due process steps reviewed by the IASB (Due Process Handbook paragraphs 2.10, 6.6 and 6.22) Evidence provided in this paper.</p>	Yes
<p>Due process steps reviewed by the Due Process Oversight Committee (DPOC) (Due Process Handbook paragraph 2.12) A lifecycle review paper will be presented at a future meeting of the DPOC.</p>	Yes

Appendix A—Consideration of IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework

The table below sets out how the International Accounting Standards Board (IASB) considered IFRS Sustainability Disclosure Standards and the Integrated Reporting Framework in discussing targeted refinements to the proposals in the Exposure Draft *Management Commentary* (Exposure Draft), and the targeted refinements made by the IASB to support conceptual alignment between those documents, to improve connectivity in general purpose financial reports and to provide a stepping stone towards greater integration in reporting in the future. Detailed consideration of similarities and differences between the revised Practice Statement and IFRS Sustainability Disclosure Standards is outside the scope of the targeted refinements. The IASB noted that there are differences in the structure of the requirements and some of the terminology but those differences would not prevent applying these requirements together.

Topic	Month	IASB discussions and tentative decisions
Meaning of the term ‘management’	September 2024	The IASB tentatively decided to clarify that the term ‘management’ can include a governing board of an entity. This targeted refinement contributes to greater alignment between the term ‘management’ in the revised Practice Statement and the term ‘those charged with governance in the Integrated Reporting Framework.’ (See Agenda Paper 15B)
Objective of management commentary	September 2024	The IASB tentatively decided to acknowledge in the objective of management commentary the role of information about sustainability-related factors. (See Agenda Paper 15B)

Topic	Month	IASB discussions and tentative decisions
Relationship to other general purpose financial reports	September 2024	<p>The IASB tentatively decided:</p> <ul style="list-style-type: none"> (a) to acknowledge that management commentary complements other information in general purpose financial reports, including information in sustainability-related financial disclosures, if that information is provided outside of management commentary. (b) to extend the requirements for identifying the financial statements related to management commentary to identifying sustainability-related financial disclosures, if these disclosures are not part of the larger report that includes management commentary. (c) to require an entity to disclose the basis on which sustainability-related financial disclosures are prepared, if an entity prepares such disclosures. <p>(See Agenda Paper 15B)</p>
Defined terms	September 2024	<p>The IASB tentatively decided to include in the defined terms the definition of ‘sustainability-related financial disclosures’ set out in IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>.</p> <p>(See Agenda Paper 15B)</p>
Material information	November 2024	<p>The IASB tentatively decided to align the definition of ‘material information’ more closely with definitions in other IFRS literature, including IFRS Sustainability Disclosure Standards.</p> <p>(See Agenda Paper 15B)</p>

Topic	Month	IASB discussions and tentative decisions
Areas of content— information about governance-related matters	December 2024	<p>The IASB will discuss the staff recommendation to acknowledge in the revised Practice Statement that management commentary provides material information about governance-related matters as necessary to meet the overall objective and the disclosure objectives in the six areas of content.</p> <p>In particular, the staff analysis notes that:</p> <ul style="list-style-type: none"> (a) both the Integrated Reporting Framework and IFRS Sustainability Disclosure Standards include requirements to provide information about governance; and (b) in IFRS Sustainability Disclosure Standards, ‘governance’ refers to the governance of sustainability-related risks and opportunities, rather than governance matters in general. <p>(See Agenda Paper 15A)</p>
Areas of content— information about opportunities	December 2024	<p>The IASB will discuss feedback on the location of disclosure requirements on opportunities and requests from some respondents for an exception for commercially sensitive information.</p> <p>In particular, the staff analysis notes that:</p> <ul style="list-style-type: none"> (a) in IFRS Sustainability Disclosure Standards, disclosure requirements for opportunities are pervasive and included together with disclosure requirements for risks throughout the Standards; (b) IFRS S1 specifies a targeted exemption from providing information about a sustainability-related opportunity if that information is commercially sensitive. The exemption applies in limited specified circumstances and includes disclosure requirements for each item of information omitted. <p>(See Agenda Paper 15A)</p>

Topic	Month	IASB discussions and tentative decisions
Areas of content—overall structure	December 2024	The IASB will review a high-level comparison between the structure of core content in IFRS Sustainability Disclosure Standards and the areas of content proposed in the Exposure Draft. (See Agenda Paper 15A)
Requirements and guidance that would apply to reporting on matters that could affect an entity’s long-term prospects, on intangible resources and relationships and on ESG matters (Appendix B in the Exposure Draft)	December 2024	<p>The IASB will review feedback on the overview of requirements and guidance that would apply to reporting on matters that could affect an entity’s long-term prospects, intangible resources and relationships and environmental, social and governance (ESG) matters provided with illustrative examples in Appendix B of the Exposure Draft, including the calls for connectivity between those requirements in the revised Practice Statement and the Standards issued by the International Sustainability Standards Board (ISSB).</p> <p>In particular, the staff analysis suggests that:</p> <ul style="list-style-type: none"> (a) there is a close relationship between matters that could affect an entity’s long-term prospects, intangible resources and relationships and ESG matters addressed in Appendix B of the Exposure Draft and sustainability-related risks and opportunities covered by IFRS Sustainability Disclosure Standards; (b) it would be appropriate to explain in the introduction of Appendix B that information about sustainability-related factors that could affect the entity’s ability to create value and generate cash flows is likely to include information about matters that affect the entity’s long-term prospects, intangible resources and relationships and ESG matters; and (c) it would be appropriate to refine the guidance in paragraph 12.6 of the Exposure Draft—which states that requirements issued by an organisation with an interest in sustainability reporting could help management identify information that might be material in the context of management commentary, particularly when such

Topic	Month	IASB discussions and tentative decisions
		<p>requirements focus on the needs of investors and creditors—to refer to IFRS Sustainability Disclosure Standards as an example of such requirements. (See Agenda Paper 15A)</p>
Terminology used to refer to attributes of useful information and primary users of general purpose financial reports	December 2024	<p>The IASB will discuss the staff recommendation to align the terminology used in the revised Practice Statement to refer to attributes of useful information and to primary users of general purpose financial reports more closely with that used in other IFRS literature, including IFRS Sustainability Disclosure Standards. (See Agenda Paper 15B)</p>
The relationship of the value the entity creates for itself and the value in creates or destroys for other parties, the economy and the natural environment	December 2024	<p>The IASB will discuss the staff recommendation to clarify that an entity's ability to create value for itself—and hence to generate cash flows—is inextricably linked to the value the entity creates, preserves or erodes for other parties, the economy and the natural environment across all time horizons, including in the long term.</p> <p>In particular, the staff analysis considers how this notion is explained in the Integrated Reporting Framework and IFRS Sustainability Disclosure Standards. (See Agenda Paper 15B)</p>
Coherence	December 2024	<p>The IASB will discuss the staff recommendation to:</p> <ul style="list-style-type: none"> (a) clarify that the role of coherence includes effectively depicting the interactions between various matters, which would further align the concept of coherence with the concept of connected information in IFRS S1; (b) specify that coherence relates to information in management commentary and other general purpose financial reports provided by the entity, including the related financial

Topic	Month	IASB discussions and tentative decisions
		<p>statements and sustainability-related financial disclosures, if those disclosures are provided in general purpose financial reports outside management commentary; and</p> <p>(c) give greater prominence to the attribute of coherence by positioning the requirements and guidance on coherence in a separate chapter in the revised Practice Statement.</p> <p>The IASB will also review the use of the term ‘coherence’ and the terms used to refer to similar, but not identical, requirements in IFRS S1 and in the Integrated Reporting Framework. (See Agenda Paper 15C)</p>