

# *IASB Management Commentary Project- EFRAG's perspectives*

**EFRAG FR AND SR TEG MEETING**

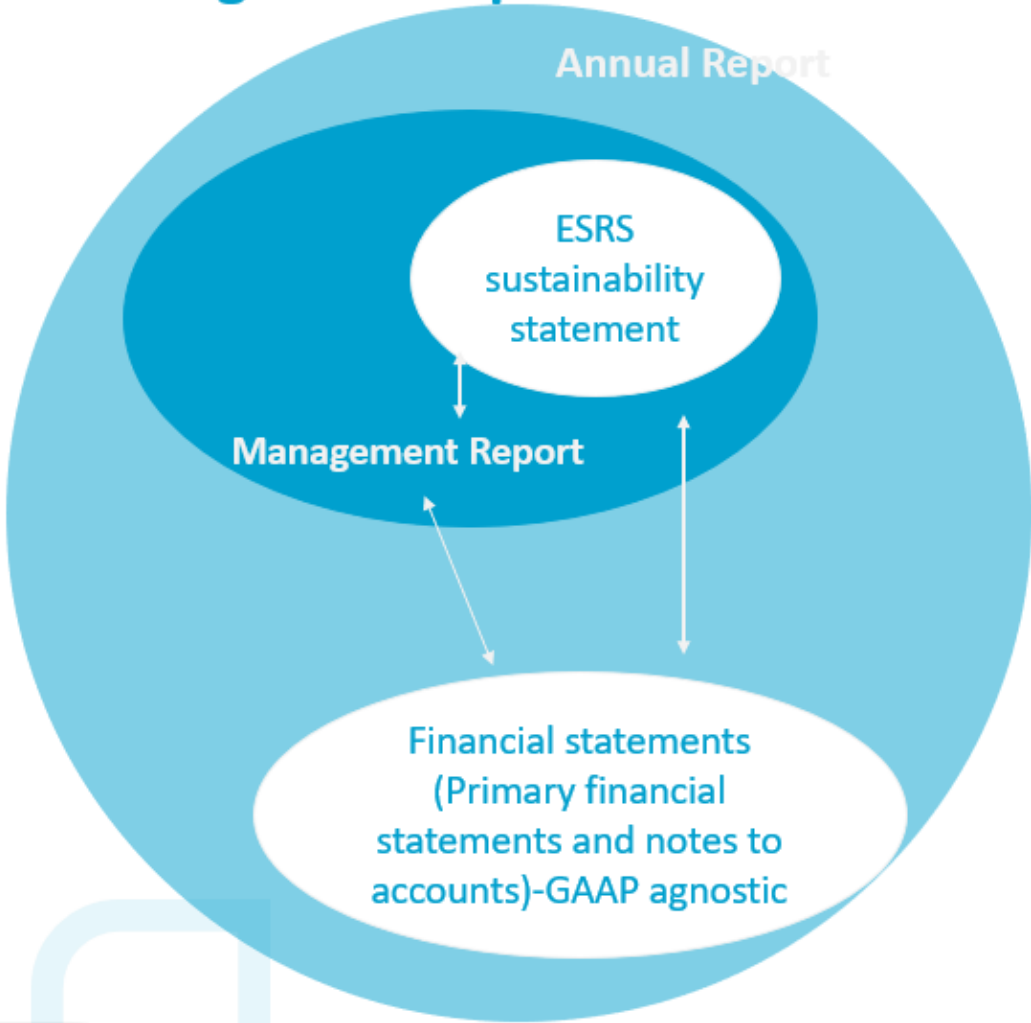
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The EU has relatively robust requirements for the preparation of management commentary (Accounting Directive and Country-specific requirements) and the MCPS is not endorsed in the EU.

## Management report in EU versus MCPS



## Points of note- 2/3

EFRAG's FR reactive IFRS workplan includes the management commentary project for the following reasons

- The project was deemed an opportunity to **facilitate the cross-pollination best practices** and global convergence of management commentary reporting requirements; and
- The MCPS may be useful in jurisdictions that do not have management commentary reporting requirements and improve the quality of financial reporting in those jurisdictions.

**EFRAG and ESMA participated in Management Commentary Consultative Group (MCCG)** as observers; EU had preparer, standard setter and regulator representatives in the MCCG

## Points of note- 3/3

The [EFRAG comment letter response to 2021 MCPS ED](#) and the [EFRAG Comment Letter response to the ISSB Consultation on Agenda Priorities \(Response to Question 7\)](#) conveyed EFRAG’s position on MCPS. We note the following:

- Both EFRAG comment letters called for **the IASB-ISSB to collaborate in completing the MCPS project**;
- EFRAG’s response to the ISSB consultation considered the **MCPS as a possible step in a future “integration in reporting project.”**

The EFRAG connectivity project initial paper “[Connectivity considerations and boundaries of different Annual Report sections](#)’

- Suggested the enhancement of management commentary guidance at jurisdictional level and at MCPS. The latter ought to include the **clarification of the role of MC in ensuring connectivity under IFRS general purpose financial reporting**
- In addition to considering the ESRS’ and ISSB Standards’ connectivity/connection requirements, the EFRAG connectivity paper considered the notion of **coherence (i.e., presentation and disclosure of information in a manner that gives a more complete picture of value creation)**, which was applied as one the characteristics of useful information in the 2021 MCPS ED

## Question for EFRAG FR and SR TEG members

1. Do you have comments and questions on the IASB decisions on the MCPS project? See [communique in related link – 19 June 2024, IASB unanimously agrees to finalise the revision of the Management Commentary Practice Statement.](#)