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## What is management commentary?

- A narrative report required in many jurisdictions
- Part of general purpose financial reports
- Known under various names such as management report, strategic report, operating and financial review, MD&A
- Preparation is subject to local laws and regulations
- IFRS Practice Statement 1 *Management Commentary* dates back to 2011

### Annual reporting package

A diagram showing the components of an annual reporting package. It consists of a dashed-line box containing four stacked horizontal bars. The top bar is red and labeled 'Management commentary'. The three bars below it are dark blue and labeled 'Sustainability-related disclosures', 'Financial statements', and 'Other required information' respectively.

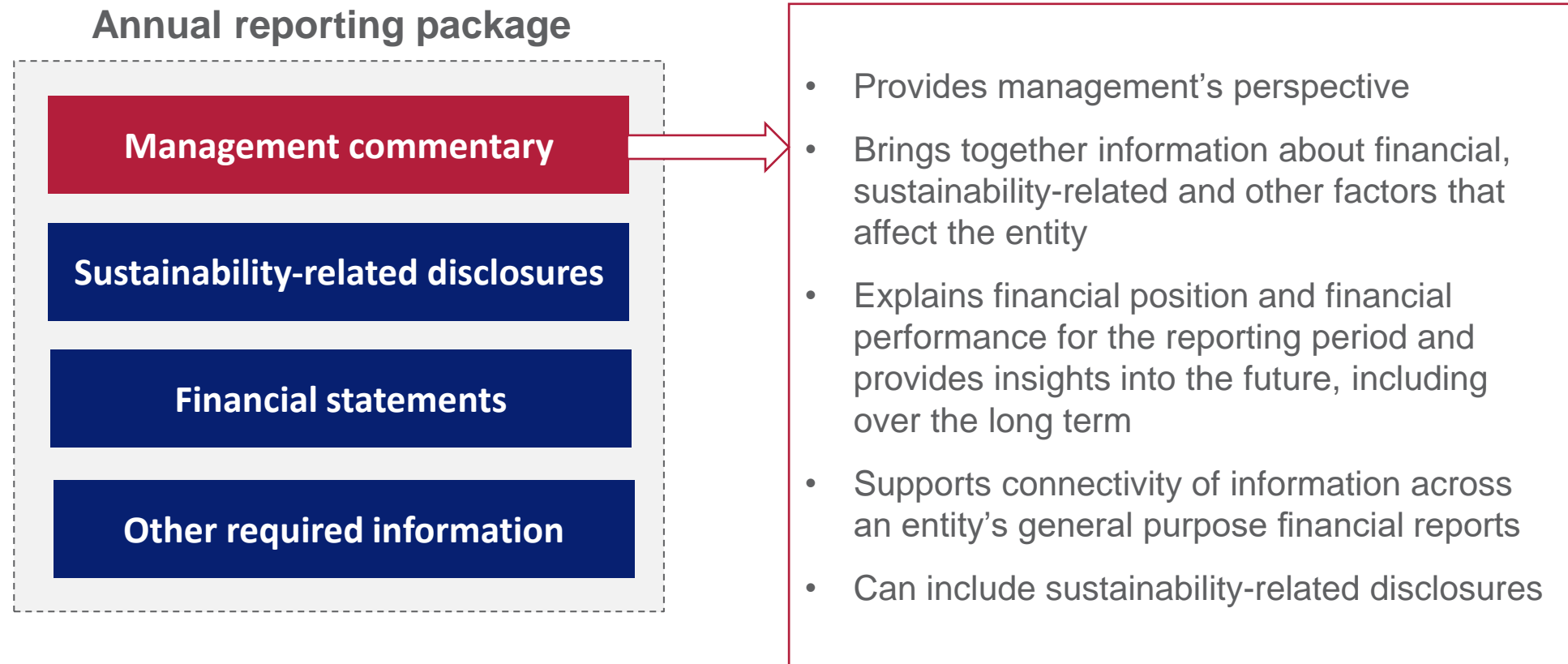
**Management commentary**

**Sustainability-related disclosures**

**Financial statements**

**Other required information**

## What role does management commentary play?



In the IFRS *Conceptual Framework*, the term 'management' refers to management and the governing board.

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## What did the IASB aim to deliver?

### Investors call out shortcomings in practice

- Lack of focus on what is important
- Generic boilerplate information
- Short-term perspective
- Insufficient information about intangible resources and sustainability matters
- Fragmented and disjointed information
- Difficulty in comparing information period-on-period and between entities
- Incomplete or unbalanced information

### The IASB's proposals

- Target identified shortcomings in practice
- Build on innovations in narrative reporting and national requirements
- Designed to be compatible with requirements for sustainability reporting
- Focus on promoting coherence in reporting (connectivity)
- Designed with enforcement in mind
- Provide a comprehensive up-to-date toolkit available for regulators to adapt or adopt

## What did the IASB propose?

