

International Accounting Standards Board
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Our ref : RJ-IASB 506 E
Direct dial : (+31) 20 301 0391
Date : 15 November 2021
Re : Comments on Exposure Draft Practice Statement “Management Commentary”

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the Exposure Draft ED/2021/6 “Management Commentary” (hereafter ED), that was issued by the International Accounting Standards Board in May 2021.

In our view, the relevance of the current Practice Statement for Management Commentary in Dutch accounting practice is very limited. Dutch company law (section 2:391 Dutch Civil Code) requires management to prepare and file a management board report; the requirements for such a report are further detailed in our DASB standard ‘Management board report’ (RJ 400) “Bestuursverslag”. The RJ 400 standard is periodically updated and we will continue to do so whenever new developments arise (for example more focus on non-financial-information, including Environmental, Social & Governance (ESG) information). We expect that when a revised version of the Practice Statement, based on the ED, will be issued by the IASB this will not substantially change current Dutch practice. Also for this reason, we prefer to issue a short and concise response to the ED.

General remarks

The DASB would like to express the following general remarks:

1. In general, the DASB agrees with the concepts and guidance for management commentary as proposed by the IASB in the ED. The DASB welcomes for example the following elements of the ED:
 - a. A clearly defined objective for the management commentary;
 - b. An objective based approach instead of a prescriptive approach with detailed reporting requirements;
 - c. A comprehensible structure for the management commentary, with areas of content and disclosure objectives, illustrated with clear examples;

- d. A good attention for the longterm perspectives of the company, ESG and intangibles;
 - e. A clear focus on key matters and material information.
2. Our main concern regarding the ED is the alignment between the guidance in the revised Practice Statement and the sustainability reporting standards that will be developed by the International Sustainability Standards Board (ISSB). The objectives and reporting requirements for the management commentary (as defined by the IASB) and the objectives and requirements for sustainability reporting (as defined by the ISSB) should be clearly connected and aligned. For instance, it must be clear which sustainability information should be included in the management commentary and which information in the sustainability report, also to avoid overlapping or omitting disclosures. For this reason, it is important that the finalizing of the revised Practice Statement by IASB is sufficiently aligned with the planning of the ISSB standards.
 3. On 28 July 2021, EFRAG issued a draft comment letter on the ED, with proposed comments and answers to IASB's questions. The DASB supports EFRAG's views and comments as discussed in the draft comment letter; however, for some questions, the DASB has some additional remarks and observations. Our response to EFRAG is included in the appendix of this letter.

Please do not hesitate to contact us should you require further information on these comments.

Yours sincerely,

Gerard van Santen

Chairman Dutch Accounting Standards Board

Attachment: RJ-EFRAG 613 C