

PO Box 1411  
Beenleigh QLD 4207  
31 January 2022

Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
PO Box 204  
Collins St West  
VIC 8007 Australia

Dear Keith

### **Invitation to Comment 48 — Extended External Reporting**

I am pleased to make this submission on ITC48.

I have over 30 years' experience in accounting advisory functions of large accounting and auditing firms across a wide range of clients, industries and issues in the for-profit, not-for-profit, private, and public sectors. My clients across the business and government environments have included listed companies, unlisted and private companies, charitable and not-for-profit organisations, commonwealth, state and local government departments and agencies in the public sector, and government owned corporations (government business enterprises).

#### **Specific matters for comment**

##### **Question 1 – Adopting a position**

**Do you agree with the need for the AASB to adopt an immediate position, or should the AASB continue not to adopt a position until a wider international consensus has been identified?**

I agree with the AASB adopting an immediate formal position. The AASB has already been involved in projects on Extended External Reporting through the IFRS Management Commentary, and the Service Performance Reporting projects.

##### **Question 2 – Voluntary or mandatory?**

**Assuming that an immediate position is adopted as contemplated by the proposal, should the position be applied on a voluntary or mandatory basis?**

Any positions should be voluntary, until the project has gone through a due process to determine otherwise.

##### **Question 3**

**Assuming that an immediate position is adopted and regardless of whether the position is adopted on a voluntary or mandatory basis, do you agree that the recommendations of the TCFD is the appropriate framework for this position?**

No, I do not agree with adopting the TCFD recommendations.

One of the issues affecting sustainability reporting has been the plethora of standards, and the associated 'alphabet soup'.

While the AASB refers to TCFD being the most commonly applied framework for EER in Australia (source not identified), TCFD is not the dominant framework. Others believe that 'The Global Reporting Initiative (GRI) currently sets the most widely-adopted standards in this area' (being a slightly different focus).

The measure of success: Five key things the IFRS Foundation's International Sustainability Standards Board needs to have real impact

<https://www.accountingsustainability.org/en/knowledge-hub/blogs/ifrs-international-sustainability-standard-board-issb-reporting-five-key-things.html>

It is likely that the IFRS Trustees / ISSB issued prototype standards, with standards expected to be finalised within 12 months, is likely to change preferences of users and preparers. I note that not all the main players agree with the prototype standards. In particular, GRI believes that its standards are wider.

Moves to expand disclosure for financial markets are welcome

<https://www.globalreporting.org/about-gri/news-center/moves-to-expand-disclosure-for-financial-markets-are-welcome/>

Main players (CDP, CDSB, GRI, IIRC and SASB) sourced from - Statement of Intent to Work Together Towards Comprehensive Corporate Reporting - Summary of alignment discussions among leading sustainability and integrated reporting organisations CDP, CDSB, GRI, IIRC and SASB, September 2020

The AASB also fails to acknowledge that reporters preparing under TCFD commonly use other frameworks. For example, the UK FRC Financial Reporting Lab in:

October 2021

found that of the TCFD reporters identified, a significant number were preparing under multiple frameworks

TCFD+CDP	59
TCFD+GRI	21
TCFD+SASB	36
TCFD+Two or more additional frameworks	26

Source: Reporting Framework Snapshots - The Task Force on Climate-related Financial Disclosures (TCFD)

July 2021

found that of the 54 SASB reporters, a significant number were preparing under multiple frameworks:

United Nations Sustainable Development Goals (SDG)	46
Carbon Disclosure Project (CDP)	45
Taskforce on Climate-related Financial Disclosures recommendation (TCFD)	40
Global Reporting Initiative (GRI)	32

Source: Reporting Framework Snapshots - SASB Standards

Yours sincerely

David Hardidge

<https://www.linkedin.com/in/davidhardidge/>