



Position Statement on Extended External Reporting Framework

As a means of providing direction for our stakeholders prior to developing and adopting a framework for extended external reporting (EER), the Australian Accounting Standards Board (AASB) supports the **voluntary** adoption of the recommendations made by the **Task Force on Climate-related Financial Disclosures** (TCFD).

The AASB emphasises that any reporting on EER matters is to be completely voluntary and nothing in this Position Statement is to be taken as mandating, encouraging or recommending that any EER be undertaken at this time.

The purpose behind this Position Statement is to provide direction for preparers seeking to take immediate action on EER.

As well as this direction, the AASB, in adopting this position, is seeking to promote consistency and comparability amongst entities undertaking EER.

Stakeholders must note that this position does not necessarily represent the final position that the AASB will adopt should a more permanent position be settled upon. Stakeholders following this Position Statement, therefore, must be aware of the potential for a significant shift in direction at an indeterminate future time. In particular, at the time of writing, the IFRS Foundation is in the process of establishing the International Sustainability Standards Board (ISSB). Eventual ISSB standards may deviate from the TCFD's present recommendations, which may then necessitate additional expenditure by stakeholders who have chosen to follow the AASB's position. However, this qualification also applies to any stakeholder choosing to undertake any form of EER at the present time.

The TCFD represents a suitable framework at the present time for the following reasons:

- It is the most commonly (although not universally) adopted framework in Australia amongst entities undertaking some form of EER;
- It is the framework supported by many significant bodies in financial reporting in Australia, including the Australian Securities Exchange (ASX), the Australian Prudential Regulation Authority (APRA), CPA Australia and Chartered Accountants Australia & New Zealand;
- It is the basis for (mandatory) EER standards presently being developed in New Zealand and, therefore, promotes alignment with New Zealand's reporting practices; and
- It is the expected basis upon which the ISSB will develop new international sustainability reporting standards.