



FRC/AASB/AUASB Position Statement

Extended External Reporting and Assurance

November 2021

The FRC, the AASB and the AUASB (“the Boards”) recognise the desire for authoritative guidance on Extended External Reporting in Australia. To this end, the Boards are taking active steps to ensure Australia adopts a reporting regime that meets the needs of users of financial and non-financial reporting information and supports Australia’s international competitiveness.

Structure

The Boards seek to adopt an Extended External Reporting regime within the current institutional framework in place for financial reporting. Specifically, the AASB intends to develop reporting requirements for non-financial information and the AUASB intends to simultaneously update relevant assurance standards, which are already capable of addressing current voluntary disclosures. The FRC will continue to provide strategic oversight of the Boards.

This approach is designed to take advantage of the significant experience, expertise and credibility, that the AASB and the AUASB have in standard setting. It will also help ensure appropriate links between the financial reporting framework and the Extended External Reporting framework, as well as addressing assurance requirements in a timely fashion.

Accordingly, the Boards do not support, at this time, establishing a new body that would specialise in developing sustainability reporting standards.

Objectives

Having undertaken preliminary stakeholder engagement, the Boards have identified the following objectives to guide the development of the reporting framework:

- To provide comparability in Extended External Reporting with an initial focus on sustainability reporting;
- To provide a basis for directors and auditors to meet stakeholder expectations and legislative requirements (subject to discussions with relevant regulators);
- Provide meaningful disclosures for users of Extended External Reporting information in the private, public and not-for-profit sectors;
- Establish and maintain appropriate links between the financial reporting framework and the Extended External Reporting framework; and
- To provide meaningful, relevant and timely guidance on assuring Extended External Reporting with an initial focus on sustainability reporting.



Developing the framework

In developing an Extended External Reporting framework for Australia, the Boards will be taking the following measures:

- Maintain close links with the International Financial Reporting Standards (IFRS) Foundation in the development of the proposed International Sustainability Standards Board to ensure Australia's interests are appropriately represented;
- Liaise closely with counterparts in New Zealand to maintain consistency between jurisdictions as far as possible, consistent with the Closer Economic Relations policy;
- Maintain close links with other stakeholders and regulators in developing the framework for the private, public and not-for-profit sectors;
- Establish a Project Advisory Panel as a forum for open communication between the Boards and the stakeholder community so that the Boards are aware of stakeholder developments and thought leadership as they occur;
- Continue stakeholder liaison, including as part of the forthcoming AASB Agenda Consultation 2022–2026 Invitation to Comment; and
- Recruit additional in-house technical expertise and for the Boards as developments continue.