

6 November 2025

APESB issues clarification in respect of the sustainability auditor

In July 2025, the Accounting Professional and Ethical Standards Board (APESB) issued an [Amending Standard](#) to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, setting out new ethical and independence requirements for sustainability reporting and assurance in Australia.

The Amending Standard to APES 110 includes footnote references that, in Australia, the *Corporations Act 2001* specifies that a sustainability assurance engagement performed to meet Chapter 2M requirements is required to be performed by the entity's auditor (who also performs the audit of the entity's financial statements).¹

This drafting was based on the *Explanatory Memorandum* issued as part of the Treasury Consultation which stated that entities would be required to 'obtain an assurance report from their financial auditor' (para 1.2) and that '[t]he sustainability disclosure report would be audited by the auditor of the financial report supported by technical climate and sustainability experts where appropriate' (para 1.72).² Similar wording was also included in the Treasury Explanatory Memorandum to the final legislation, where it is noted that climate disclosures will be subject to similar audit and review requirements to those currently in the *Corporations Act 2001* for financial reports and will require entities to 'obtain a report from their financial auditor' (para. 5.47).³

Subsequently, in September 2025, ASIC issued frequently asked questions (FAQs), including one addressing whether the same auditor needs to be appointed for both the financial reporting audit and the sustainability reporting audit. The FAQ notes that registrable superannuation entities that are reporting entities must have the same auditor for both the sustainability report and the annual financial report. However, if the reporting entity is a company, a registered scheme, or a retail Corporate Collective Investment Vehicle (CCIV), the auditor of the sustainability report need not be the same as the auditor of the annual financial report.⁴

Following the issuance of the ASIC FAQs in September 2025, the Auditing and Assurance Standards Board (AUASB) also issued an FAQ outlining the practical implications, including challenges of using the same or separate lead auditors or audit firms/companies.⁵

Accordingly, until APESB issues an Amending Standard to revise the footnotes, the Code should be read in conjunction with the FAQs issued by ASIC and the AUASB. APESB will continue to monitor developments in the evolving sustainability landscape.

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¹ See for example, footnote 27 to paragraph 5400.16a of the Code.

² [Exposure Draft Explanatory Materials - Treasury Laws Amendment Bill 2024: Climate-related Financial Disclosure](#) (paragraphs 1.2 and 1.72).

³ [Explanatory Memorandum - Treasury Laws Amendment \(Financial Market Infrastructure and Other Measures\) Bill 2024](#) (paragraph 5.47).

⁴ ASIC, [FAQs: Review or audit of sustainability reports](#) (question 4), September 2025.

⁵ AUASB, [Sustainability Assurance - FAQs](#) (question 1), September 2025.