

# ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

## MINUTES OF 1<sup>st</sup> MEETING OF THE SUSTAINABILITY TASKFORCE

12 December 2024, 11.00 am – 11.45 am

Virtual Meeting

### 1. Present and Apologies

#### Present

Mr Channa Wijesinghe (Chairman), Mr Matt Honey, Ms Rene Bagley, Ms Karen McWilliams, Ms Liz Giust, Ms Siobhan Hammond, Ms Daen Soukseun, and Ms Belinda Zohrab-McConnell.

#### In Attendance

Ms Jacinta Hanrahan and Ms Ann Chang.

### 2. Welcome and Introductions

The Chairman welcomed the taskforce members. Each taskforce member provided a brief introduction about themselves.

The Chairman informed the taskforce members of the background to the Sustainability project. The Chairman noted that the International Ethics Standards Board for Accountants (IESBA), at its December 2024 meeting, approved two standards relating to Sustainability:

- the *International Ethics Standards for Sustainability Assurance (IESSA) and related revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards)*; and
- *Revisions to the Code on the Using the Work of an External Expert.*

In addition, mandatory sustainability reporting and assurance requirements are being phased in for Australian reporting entities commencing in 2025. This creates a strong need for APESB to develop its Sustainability-related ethical standards based on the approved IESBA's Sustainability standards for the Australian context.

### 3. Update on International Developments relating to Sustainability-Related Ethical Standards

The Chairman provided information on the development and background of the IESBA's Sustainability project, including the background on why the IESBA determined to develop a separate Part 5 for Sustainability Assurance engagements in the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code). It was noted that in Australia, accountants mostly provide sustainability assurance for mandatory reporting requirements. The new Part 5 requirements are generally consistent with Part 4A of the Code.

A taskforce member suggested the need for of a summary that highlights the differences between Part 4A and Part 5, enabling external auditors to understand their obligations for auditing financial statements (Part 4A) as well as their obligations for sustainability assurance engagements (Part 5). The Chairman advised that the differences are to reflect the different nature of the assurance work performed rather than setting different independence requirements.

The Chairman advised that the IESBA is developing guidance materials, including frequently asked questions and various publications, to support the adoption and implementation of the Sustainability standards. The IESBA staff plans to develop these resources in 2025. APESB Technical Staff will consider

whether additional Australian guidance materials are needed after the release of IESBA's guidance materials.

Taskforce members raised the following matters for further consideration:

- The application of the new Part 5 to entities who are National Greenhouse and Energy Reporting (NGER) Reporters, especially as some of these may not be captured as Public Interest Entities (PIEs) under the Code, but they are significant due to their high emissions.
- Whether the prohibition on the use of internal auditor's work for financial reporting in Australia would apply to sustainability assurance. The taskforce noted that the AUASB is considering this matter and that it would make sense to have consistency across both financial statement audits and sustainability assurance. However, it was acknowledged that there will be a significant lack of resources in the early years of Sustainability assurance.
- The tight time frame for establishing the standards and informing members on their professional and ethical responsibilities for the new standards.
- Clarity around the value chain requirements and understanding the transitional provisions.

APESB Technical Staff will establish an Issues Register for the Taskforce to enable the taskforce to track key issues raised and their resolution during the sustainability project.

#### **4. Proposed Project Timeline and Approach**

The Chairman provided an update from a recent meeting with the AUASB Chair, Mr Doug Niven. It was noted that the Australian Standards on Sustainability Assurance (ASSAs) may need to temporarily reference the relevant ethical requirements for sustainability assurance to the IESBA's final pronouncements for a period of 6 -9 months until the APESB releases the updated APES 110 Code of Ethics for Professional Accountants (including Independence Standards) which includes the new sustainability-related requirements.

This means that APESB needs to work towards the release of the new standards by mid-2025. The APESB is planning to present two draft exposure drafts on Sustainability Reporting and Assurance and Using the Work of an Expert at the Board meeting in March 2025.

The outcome of the due process for the exposure drafts will be considered at the June 2025 Board meeting.

#### **5. Any Other Matters and Way Forward**

It was advised that APESB Technical Staff will:

- circulate the IESBA's approved Sustainability standards from its December 2024 Board meeting to all taskforce members; and
- send calendar invites to taskforce members for the next taskforce meetings in January and February 2025.

#### **6. Close of Meeting**

The Chair thanked the taskforce members for their attendance.

The meeting was closed at 11.45 AM.