Review of Submissions – Specific Comments

Exposure Draft 01/25: ***Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting***

Review of Submissions - Specific Comments
Exposure Draft 01/25: *Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting*

Note: General comments relating to Exposure Draft 01/25 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	Glossary – Definition of Sustainability Information	CA ANZ	**Australian-specific amendments** We note that the definition of "sustainability information" in the ED differs to that in ASSA 5000. Although we recognise the IESBA's reasoning that the corresponding definitions in ISSA 5000 and Part 5 the IESBA Code are substantively similar and result in the same outcome, we are concerned this may still result in unintended consequences, given that the standards are intended to be applied together. We encourage the APESB to work with the AUASB to fully align the definitions in the Australian context.	No
2	Glossary	IPA	**(8) Definitions** Overall, IPA supports the proposed definitions in the ED and emphasises the need, where possible, for the definitions to be consistent across all AASB, AUASB and APESB pronouncements. Consistency in definitions and terminologies is integral to the consistent understanding, interpretation and application of the requirements of a standard. Consequently, we recommend that the APESB work closely with AUASB/AASB to ensure consistencies across the sustainability report, assurance and ethical standards.	No
3	Glossary	CPAA	• some terms used in ASSA 5000 do not align with Part 5 (sustainability information is one example). CPA Australia recommends alignment of defined terms across the standards set by the AUASB and APESB where possible.	No
4	Glossary – definitions of general purpose and special purpose financial statements	KPMG	<u>*General purpose and special purpose financial statements*</u> The Exposure Draft includes the terms 'General purpose' and 'Special purpose' financial statements. Although there are definitions for these categories, there is confusion regarding their application to ESG reporting frameworks in Australia. Therefore, further clarity on their definitions and examples of what would fit into each category in this context should be provided.	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
5	Parts 1 – 4B	IPA	**(13) Consequential and conforming amendments** IPA supports the consequential and conforming amendments to Parts 1 to 4B of the existing APES Code.	No
6	5100.6 A4	CA ANZ	**Australian-specific amendments** Finally, we note that proposed paragraph 5100.6 A4 refers to "other stakeholders" which is very broad and inconsistent with terminology used in the applicable sustainability reporting framework in Australia. We recommend this be changed to "primary users of the sustainability information" to be consistent with the terminology used in the Australian Sustainability Reporting Standards.	No
7	5400.3b	CA ANZ	With regards to the scope of the Independence Standards in Part 5, proposed paragraph 5400.3b, clarity on what constitutes a "general purpose framework" (or general purpose sustainability reporting frameworks) in Australia would be well received. By way of example, there is some uncertainty as to whether Part 5 of the Code applies to assurance engagements under the *National Greenhouse and Energy Reporting Act 2007* and other legislation. We recommend it is clarified in the Code that the *National Greenhouse and Energy Reporting (Audit) Determination 2009* requires the use of Part 4B of the December 2010 version of APES 110 Code of Ethics for Professional Accountants.	No
8	5400.3b – 5400.3e	IPA	**(6) Scope of Part 5** IPA supports the proposed scope of Part 5: • To cover all sustainability assurance engagements provided by sustainability assurance practitioners and any other services that the sustainability assurance practitioner provides to the same sustainability assurance client and • Does not cover other services and activities that the sustainability assurance practitioner provides to its other clients that do not require sustainability assurance engagements.	No
9	5400.13a	CA ANZ	**Determination of a PIE** A cohort of our members do not support proposed paragraph 5400.13a which says that where an entity is voluntarily treated as a PIE for the financial statement audit, it does not have to be treated as a PIE for the sustainability assurance engagement. We acknowledge that this is unlikely to happen in practice if	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			the same firm is performing both engagements, but complications that are not in the public interest may arise if these engagements are conducted by different firms.	
10	5400.13 5400.13a 5400.13b	IPA	**(12) Public Interest Entities (PIEs)** IPA supports the proposed requirement (paragraph 5400.13) that entities are treated as PIE in Part 5 if they are deemed to be a PIE under the provisions in the existing Part 4A. This would ensure the consistent PIE classification for financial reporting and sustainability reporting. We also think a PIE should be consistently determined by laws and regulations as per paragraph 5400.13b. Consequently, we do not support the proposal in paragraph 5400.13a where a Firm performing the audit of an entity's Financial Statements might decide to voluntarily treat the entity as a PIE and another Firm performing a Sustainability Assurance Engagement does not necessarily need to treat that entity as a PIE for the purposes of the Sustainability Assurance Engagement.	No
11	Section 5405	IPA	**(9) Group Sustainability Assurance Engagements** IPA supports the proposed independence considerations for group firms, component firms and group sustainability assurance team members when performing group sustainability assurance engagements (paragraphs 5405.1 to R5405.37). However, we note the requirements in this area are likely to be complex to apply. We therefore encourage the APESB to continue working closely with other standard-setters such as AUASB, IESBA and IAASB with the view to developing supporting materials to assist a consistent application and understanding of these complex requirements.	No
12	Section 5405 Section 5406	CA ANZ	**Value chain components** Feedback from our members indicates that this is the most challenging aspect of the ED, especially the interaction with the independence requirements for group sustainability assurance engagements. We note that the table in Appendix 3 of the IESBA Basis for Conclusions is particularly useful in this regard, but its existence may be overlooked. Therefore, we recommend this be elevated to the AESSA itself. We recommend the APESB commences a pre-implementation review of the value chain component independence requirements upon the release of the AESSA on the basis it would assist firms with this challenging area. Implementation guidance on value chain components prior to the effective date for the	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			provisions in sections 5405 and 5406 would also be well received to assist firms in applying these independence requirements in practice. In addition, we understand that the value chain component independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA, and that recent updates to the European Union (EU) sustainability regulations create further challenges.	
13	Section 5405 Section 5406	IPA	**(10) Value chain component (VCC)** VCC is a concept and area that is challenging to understand and apply even for larger entities. We are therefore, concerned that these challenges would be even greater for Group 3 entities, such as those of IPA members. Accordingly, we recommend that the APESB monitor the application of the standards for Group 1 and 2 entities and make the necessary amendments and/or issue guidance to assist Group 3 entities.	No
14	R5405.30A 5405.30A A1 5405.30B A1 5405.31 A1 5405.31 A2	KPMG	*Independence considerations for Public Interest Entities* Paragraphs R5405.30A to 5405.31 A2 outline the independence considerations for individuals performing assurance work at a VCC. For paragraphs 5405.30A A1, 5405.30B A1, and 5405.31 A1, further guidance *or* revisions are required to clarify the specific independence provisions that apply to Public Interest Entities. It is evident that members of the Group Sustainability Assurance Team performing assurance work at the VCC are not required to comply with these provisions, but the exact provisions in question are unclear. This matter is not addressed in Appendix 3 of the Basis to Conclusions to the IESAA (as issued by IESBA).	No
15	5410.29A1 R5410.32	IPA	We also support the proposed public disclosure of fee-related information by PIEs in paragraphs 5410.29A1 to R5410.32 for the reasons: • As stated in paragraphs 5410.29A1 that: "In view of the public interest in the assurance of Sustainability Information disclosed by Public Interest Entities, it is beneficial for stakeholders to have visibility about the professional relationships between the Firm and the Sustainability Assurance Client which might reasonably be thought to be relevant to the evaluation of the Firm's Independence."	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			• The fee dependency disclosures relate to where laws and regulations do not require a Sustainability Assurance Client to disclose the fees and following consultation by the Firm/Network Firms and the Client does not make the relevant disclosures. In essence, the proposals compel the Client to disclose the fee dependency instead of the Firm and where this is not the case, the Firm will need to make the relevant disclosures.	
16	R5410.31	CA ANZ	**Fees** We are concerned about proposed paragraph R5410.31 requiring the firm providing the sustainability assurance to publicly disclose information regarding fees for PIEs (if the entity does not make the relevant disclosures). In our view, requiring the firm to publicly disclose fee information is not appropriate, and therefore we urge the APESB to not mandate such disclosures. Such disclosures should be made by the entity and driven by requirements in sustainability reporting standards. The Australian Sustainability Reporting Standards do not currently require the disclosure of fees for sustainability assurance engagements. Consequentially, this is a matter for the AASB to address. We note that where the same firm conducts the financial statement audit and the sustainability assurance engagement, the entity would be required to disclose in its financial statements the fee for the sustainability assurance engagement as part of "all other services".[1] Given this disclosure is not in the sustainability report or climate statement, users of the sustainability information may not be able to locate it. [1] AASB 1054 Australian Additional Disclosures, paragraph 10(b)	No
17	Section 5540	CPAA	CPA Australia supports the proposed Part 5 and other revisions set out in the Exposure Draft but reiterates some of the concerns it has previously expressed to the International Ethics Standards Board for Accountants (IESBA) and the AUASB with some aspects of the proposed ethical standards contained in Part 5, including that: • the independence, long association rules are unclear regarding activities undertaken prior to the effective date of proposed Part 5. For example, assurance team members undertaking voluntary reporting work.	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
18	Section 5540	CPAA	**Long association and assurance practitioner rotation** CPA Australia appreciates that the long association independence provisions set out in proposed Part 5 are consistent with the long association independence requirements of Part 4A. We agree that Australian sustainability assurance practitioners need to be aware that performing the sustainability assurance engagement and the financial statement audit engagement are not considered discretely. Practitioners need to consider the time-on period across the combination of these roles. However, the provisions are silent regarding activities such as voluntary audits of climate statements undertaken by such practitioners prior to the proposed effective date of 1 January 2026. For firms who have provided such activities, are the reporting cycles during which such activities were undertaken contribute to the 'time-on' period. For example, where assurance team members have provided non-assurance services to a non-PIE, such as voluntary sustainability reporting and or assurance services prior to 1 January 2026 considered in determining the cumulative time-on period across the combination of sustainability assurance engagement and the financial statement audit engagement. CPA Australia recommends develop guidance material to address such matters.	No
19	R5540.10a	CA ANZ	**Long association** The coordination and management of auditor rotation requirements is already time consuming and costly for firms, and the ED will only increase this complexity further, especially the transitional provisions in proposed paragraph R5540.10a. In Australia, assurance engagements over selected aspects of sustainability information have been conducted for several years prior to the enactment of legislation mandating climate-related disclosures. It is currently unclear whether the time served on such engagements is included in the maximum time-on period. We recommend the APESB clarify this when updating its Audit Partner rotation requirements in Australia: Technical Staff Questions & Answers, particularly section F: Combination of Roles, and the associated flow chart in Appendix C.	No
20	Section 5540 5540.8 A1 5540.9 A1 R5540.10	IPA	**(7) Long association provisions** IPA supports the proposed independence requirements in Part 5 on long association provisions that mirror the requirements applicable to financial statements auditors, including setting specific time on and cooling-off periods. These requirements are important as safeguards against familiarity and self-	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
	R5540.10a		interest threats. We find the proposals clear and useful, in particular, the examples that illustrate practitioners must consider the time-on period across the combination of roles in the sustainability assurance engagement and the financial statement audit engagement (paragraph 5540.8 A1) and the rare cases where the practitioner may remain on the engagement for an additional year (paragraph 5540.9A1). This is despite the wording in some areas being quite lengthy, for examples, paragraphs R5540.10 and R5540.10a. We also note that the ED does not explicitly state, in determining the cumulative years of the combined sustainability and financial statement assurance engagements, whether this includes prior services and/or assurance on voluntary sustainability reporting prior to the mandatory requirement for climate reporting. We think that for clarity, it would be useful to provide an example that as safeguards against familiarity and self-interest threats, such prior services should be considered in determining the cumulative years of services.	
21	Section 5600	CA ANZ	**Non-assurance services** In our experience, the self-review threat prohibition is not very well understood amongst NPAPs. The word "might" is not consistently considered as the mere possibility of a self-review threat occurring and is often interpreted as needing to be *probable* that a self-review threat would occur. This appears to be most prevalent in relation to information technology systems services. This misunderstanding will result in misapplication and inconsistencies in practice and implementation guidance should be provided to minimise the possibility of unintended consequences.	No
22	Section 5600	CPAA	• the inclusion of certain non-assurance services in proposed section 5600, which have not previously been prohibited non-assurance services and have been provided prior to the effective date of proposed Part 5 by the sustainability assurance practitioner may no longer be provided by the sustainability assurance practitioner. This may result in and consequent disruption to clients and exacerbate a lack of availability of appropriate practitioners for a client.	
23	Section 5600 Subsection 5601	CPAA	**Non-Assurance Services** Proposed Section 5600 is based on Section 600 of APES 110, with which our members are familiar. However, the proposed tailored Non-Assurance Services (NAS) provisions for sustainability assurance	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
	Subsection 5603 R5400.20 5601.2 A1		clients in Subsection 5601 *Sustainability Data and Information Services* and Subsection 5603 *Valuation and Advisory Services on Forward-Looking Information* raises concerns regarding firms who have provided such services prior to the proposed effective date. Together, proposed subsections 5400.20 and 5601.2A1 prohibit a member from providing specified management responsibilities such as the determination of sustainability reporting policies. At present a member providing financial assurance services pursuant to Part 4A of APES 110 is not prohibited from providing services listed at subsection 5201.A1. However, will the provision of such services in the past affect the ability to perform the sustainability assurance engagement and accordingly the financial engagement in the future? The same question applies to subsection 5603 – Valuations and Advisory Services on Forward-Looking Information. CPA Australia acknowledges the transitional provisions provide for a one-reporting cycle grace period where a sustainability assurance engagement has already commenced, which will be otherwise prohibited under Section 5600 and its subsections prior to 1 January 2026, the Firm or Network Firm may continue such engagements in accordance with the original engagement terms. Given the gradual effective dates for the ASSA 5000, this is likely to impact group 1 entities only. Is that the intention, or will Group 2 and 3 entities have a similar one-reporting cycle grace period? CPA Australia recommends develop guidance material to address such matters.	
24	Section 5600	IPA	**(11) Non-Assurance Services (NAS)** IPA Group generally supports the approach taken by IESBA on providing non-assurance services to sustainability assurance clients.	No
25	Transitional Provisions paragraph 12 - General effective date excluding VCC	CA ANZ	**Specific comments** **Operative date** We support the operative date being sustainability assurance engagements on sustainability information beginning on or after 1 January 2026, or as at a specific date on or after 1 January 2026 (except for the provisions in sections 5405 and 5406 that deal with assurance work performed at value chain components). We agree that a retrospective operative date would be inappropriate.	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
26	Transitional Provisions paragraph 12 - General effective date excluding VCC	CPAA	• the proposed effective date (other than those relating to the sections concerning the value chain component) does not allow for adequate time and opportunity for practitioners required to apply the new provisions, to become acquainted with their obligations. This could result in delays in overall reporting, qualified audit conclusion and unintended breaches.	No
27	Transitional Provisions paragraph 12 - General effective date excluding VCC	CPAA	**ATTACHMENT** **Effective dates** CPA Australia supports the proposed effective date of 1 January 2026 for all proposed provisions other than the provisions proposed in Sections 5405 and 5406 applicable to assurance work performed at value chain components. However, we recommend removing the "as at a specific date on or after 1 January 2026" part of the operative date because it is not consistent with the approach taken in Chapter 2M of the Corporations Act 2001 regarding mandatory sustainability reporting. Rather, we recommend the language used in the effective dates provision should align with the language used in the AUASB's ED 01/25 *Proposed amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements and ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.	No
28	Transitional Provisions paragraph 12 - General effective date excluding VCC	IPA	**(5) Operative date** IPA supports the proposed effective date of all proposed provisions to be effective for sustainability assurance engagements on sustainability information commencing on or after 1 January 2026, except for the provisions in Sections 5405 and 5406, that deal with assurance work performed at value chain components (VCC). We also support that early adoption is permitted and encouraged.	No
29	Transitional Provisions paragraph 12 - General	CPAA	We note the effective dates of ASSA 5000 and those proposed for Part 5 are not aligned. If the effective dates of ASSA 5000 and Part 5 of APES 110 cannot be aligned, we recommend that the AUASB and APESB work together to jointly communicate expectations and implementation guidance to assurance practitioners on the independence requirements during the unaligned period.	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
	effective date excluding VCC			
30	Transitional Provisions paragraph 12 - General effective date excluding VCC	IPA	Additionally, we note that the proposed effective date commencing on or after 1 January 2026 means that practitioners of Group 1 entities that have already commenced sustainability reporting from 1 January 2025 would not have an Australian equivalent of Part 5 of IESSA for application and can only use the Australian equivalent if they early adopt the standard after it is issued in July 2025. In the interim, ASSA 5000 *General Requirements for Sustainability Assurance Engagements* requires entities, such as Group 1 entities to apply the existing APES 110 and Part 5 of IESSA. This convoluted work around is further complicated by AUASB ED 01/25 Proposed amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*, which proposes retrospective amendments to ASSA 5000 to address practical issues on the initial adoption of certain provisions of Part 5 of IESSA. ED 01/25 was issued in April 2025 and considered at the AUASB May 2025 Board meeting. We acknowledge the above application dates are less than ideal and are a consequence of the Corporations Act 2001's mandatory climate reporting effective date for Group 1 entities commencing 1 January 2025 and that the APESB needed to wait for the finalisation of the IESSA in order to develop an Australian equivalent standard. However, we think in future, standard-setters and government/legislators need to work more closely to better co-ordinate the effective dates of standards, especially where it involves the introduction of a new reporting regime such as sustainability reporting. This would ensure that the issued standards do not create unnecessary uncertainties or undue burden on their application.	No
31	Transitional Provisions paragraph 12 - Value Chain Components effective date	AAA-PPC	• The AAA-PPC notes that the Value Chain Component Scope 3 emissions independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA. The AAA-PPC recommends that the effective date of the independence requirements for work performed at a Value Chain Component be aligned with the effective date in the IESSA.	Yes, the proposed effective date for sections 5405 and 5406 to be amended to 1 July 2028.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
32	Transitional Provisions paragraph 12 - Value Chain Components effective date	AAA-PPC	*Independence requirements for Value Chain Components (VCC)* The AAA-PPC also notes that the VCC Scope 3 emissions independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA and that recent updates to the European Union's (EU) sustainability regulations create further challenges. The AAA-PPC recommends that the effective date of independence requirements for work performed at a VCC be aligned with the effective date in the IESSA. Global consultations continue to occur on the operability of these provisions, and additional challenges will arise from implementing the VCC requirements prior to relevant implementation guidance being developed by the IESBA.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.
33	Transitional Provisions paragraph 12 - Value Chain Components effective date	CA ANZ	We support a later operative date for the provisions in sections 5405 and 5406 that deal with assurance work performed at value chain components. However, we recommend aligning the operative date with that of the equivalent provisions in the International Code – sustainability assurance engagements on sustainability information for periods beginning on or after 1 July 2028 (or as at a specific date on or after 1 July 2028).	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.
34	Transitional Provisions paragraph 12 - Value Chain Components effective date	CPAA	• the proposed effective date relating to the value chain component precedes the effective date of the relevant sections in the IESBA Code, meaning Australian practitioners may not be able to avail themselves of guidance derived from pre-implementation work done by IESBA. CPA Australia does not support the proposed effective date for the proposed provisions in Sections 5405 and 5406 applicable when assurance work is performed at a value chain component. We recommend the provisions be effective for sustainability assurance engagements on sustainability information for periods beginning on or after 1 July 2028 consistent with the effective date of the International Ethics Standards for Sustainability Assurance (IESSA) issued by the IESBA ("Part 5 of the IESBA Code").	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
35	Transitional Provisions paragraph 12 - Value Chain Components effective date	CPAA	CPA Australia recommends the proposed provisions in Sections 5405 and 5406 applicable when assurance work is performed at a value chain component be effective for sustainability assurance engagements on sustainability information for periods beginning on or after 1 July 2028, consistent with the effective date of the International Ethics Standards for Sustainability Assurance (IESSA) issued by the IESBA ("Part 5 of the IESBA Code"). The proposed provisions applicable where assurance work is performed at a value chain component is both novel and complex and is not universally adopted internationally. Application to value chain component outside Australia will be complex and without adequate preparation, may result in substantial delays, resulting in audit qualifications and unintended breaches of the Code. Australian assurance providers would benefit from a more settled international approach and guidance and support materials being developed by IESBA providing Australian practitioners the same opportunity to transition effectively.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.
36	Transitional Provisions paragraph 12 – Value Chain Components effective date	Deloitte	*Specific Comment – Value Chain Components* The APESB proposes that the AESSA would be effective for periods beginning on or after 1 January 2026, with the value chain component provisions contained in sections 5405 and 5406 (the VCC provisions) being effective for periods beginning on or after 1 January 2027, with transitional provisions for periods beginning prior to 1 July 2028. We strongly urge the APESB to align the effective date of the VCC provisions in the AESSA with the effective date in the International Ethics Standards for Sustainability Assurance ("the IESSA") issued by the International Ethics Standards Board for Accountants (periods beginning on or after 1 July 2028). We note that, internationally, sustainability frameworks continue to adapt and change, including in the EU, and there continue to be concerns raised regarding the operability of the VCC provisions. Further, the VCC independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA. On balance, there does not appear to be any value or need for Australia to be out of step with international standards through the early adoption of these provisions, which in turn may create significant implementation challenges for assurance practitioners in Australia. Aligning the effective date of the VCC provisions with those in the IESSA, also means ensuring alignment with outcomes from IESSA implementation and monitoring activities to be undertaken by IESBA in due course.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
37	Transitional Provisions paragraph 12 – Value Chain Components effective date	EY	ED 01/25 – Ethics Standards for Sustainability Assurance We strongly recommend that the operative date for APES 110 Part 5 provisions related to value chain components (Sections 5405 and 5406) is aligned with the IESBA effective date of 1 July 2028, or later if the IESBA effective date is further deferred given the concerns that have been raised globally. To highlight this, we note that the International Federation of Accountants (IFAC) Chair has noted significant practical difficulties with the value chain considerations[2] and the Global Accounting Alliance (GAA) has called for the IESBA to revisit the value chain requirements, similar to efforts in the European Union[3]. There would also be added challenges and complexities for Australian practitioners and firms to comply with the value chain requirements in advance of implementation guidance being issued by the IESBA. [2] Chief Executive Officer of IFAC, Calls For Additional Engagement On IESSA [3] GAA letter to the Chair of IESBA	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028.
38	Transitional Provisions paragraph 12 – Value Chain Components effective date	KPMG	*Assurance work performed at Value Chain Components (VCCs)* The proposed provisions in the Exposure Draft in Sections 5405 and 5406 applicable to assurance work performed at value chain components are proposed to be effective for sustainability assurance engagements on sustainability information on or after 1 January 2027. KPMG recommends aligning the VCC effective date in the APES Exposure Draft with that of the International Code (IESSA), which is effective for the periods beginning on or after 1 July 2028, or as at a specific date on or after 1 July 2028.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028,
39	Transitional Provisions paragraph 12 – value chain components effective date	IPA	However, we think the proposed effective date for the proposed provisions in Sections 5405 and 5406 relating to VCC can be delayed and aligned with the later effective date of the International Code International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting (IESSA) for periods beginning on or after 1 July 2028. The delay would provide practitioners more time to skill up in the complex area of VCC.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028,

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
40	Transitional Provisions paragraph 12 – value chain components effective date	IPA	However, we think the proposed effective date on or after 1 January 2027 for the proposed provisions in Sections 5405 and 5406 relating to VCC can be delayed and aligned with the later effective date of the *International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting* (IESSA) issued by the International Ethics Standards Board for Accountants (IESBA) for periods beginning on or after 1 July 2028. The delay would provide practitioners more time to skill up in the complex area of VCC.	Yes, the proposed effective date for sections 5405 and 5406 is to be amended to 1 July 2028,
41	Transitional Provisions paragraph 12 – VCC transitional provision	KPMG	<u>*Transitional provisions*</u> Should the VCC effective date not be aligned with the International Code (IESSA) as per our recommendation above, KPMG makes the following comments on transitional provisions. The ED addresses Transitional Provisions for Sustainability Assurance Engagements on Sustainability Information for periods starting before, or as of, 1 July 2028, which involve assurance work performed at a VCC. Paragraph (c) requires that the Group Sustainability Assurance Firm publicly disclose that Independence provisions under the AESSA (Part 5 of the APES Code) have not been applied due to a deferred effective date specified in the AESSA. This disclosure is unnecessary and impractical if the firm adheres to the effective date in the AESSA and may be confusing to users of the assurance opinion regarding the auditor's independence. Further, disclosures are not usually required when other transitional provisions are adopted, so it is unclear why it would be necessary in this context. Lastly, making these disclosures would increase compliance costs without a clear demonstrated benefit given it may create confusion to users of the audit opinion.	No

Review of Submissions – Specific Comments

Exposure Draft 01/25: ***Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting***

RESPONDENTS

1	AAA-PPC	Australian Accounting and Assurance Public Policy Committee
2	CA ANZ	Chartered Accountants Australia and New Zealand
3	CPAA	CPA Australia
4	Deloitte	Deloitte Touche Tohmatsu
5	EY	Ernst & Young
6	IPA	Institute of Public Accountants
7	KPMG	KPMG