

AGENDA PAPER

Item Number: 11
Date of Meeting: 11 September 2025
Subject: Update on Sustainability-related matters

<input checked="" type="checkbox"/> Action required	<input checked="" type="checkbox"/> For discussion	<input checked="" type="checkbox"/> For noting	<input type="checkbox"/> For information
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Purpose

To:

- (a) provide the Board with an update on recent International and Australian sustainability-related developments; and
- (b) Seek the Board's approval for a proposed project to develop a new professional and ethical standard for Conformity with Sustainability Reporting Standards.

Background

APESB is currently monitoring international and Australian developments on sustainability.

Key developments in relation to sustainability previously advised to the Board include the following:

- The International Sustainability Standards Board (ISSB) issued two standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, which are effective from 1 January 2024, subject to adoption in individual jurisdictions (BM 121 (Aug 23) [Agenda Item 7](#));
- The International Auditing and Assurance Standards Board (IAASB) issued the International Standard on Sustainability Assurance (ISSA) 5000 *General Requirements for Sustainability Assurance Engagements* (ISSA 5000) in November 2024. In jurisdictions that adopt it, it will become effective on 15 December 2026 (BM 128 (Dec 24) [Agenda Item 8](#)).
- The International Ethics Standards Board for Accountants (IESBA) issued two Sustainability-related standards: [International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#) (the IESSA); and [Revisions to the Code Addressing Using the Work of an External Expert](#) in January 2025. The standards will be effective from 15 December 2026, except for provisions applicable to value chain components, which will be effective from 1 July 2028 (BM 130 (Mar 25) [Agenda Item 8](#) and [Agenda Item 9](#)).

- The International Public Sector Accounting Standards Board (IPSASB) commenced a project to develop a public sector climate-related disclosure standard (BM 126 (Jun 24) [Agenda Item 4](#)) and issued its first Sustainability Reporting Standard Exposure Draft (SRS ED 1) *Climate-related Disclosures* on 31 October 2024 (BM 128 (Dec 24) [Agenda Item 8](#)). At its June 2025 meeting, it was [decided](#) that the project will be split into two phases, an approach that meets the urgent need for public sector guidance while allowing additional time to address the more complex reporting needs identified by stakeholders.
- The enactment of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* (the Act) in September 2024, establishing Australia's new mandatory climate-related financial reporting regime. These reporting and assurance requirements will be phased in over three years based on the size of the reporting entity, beginning with Group 1 entities from 1 January 2025 (BM 128 (Dec 24) [Agenda Item 8](#));
- The Australian Accounting Standards Board (AASB) issued AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures* in September 2024, effective from 1 January 2025 (BM 128 (Dec 24) [Agenda Item 8](#));
- The Auditing and Assurance Standards Board (AUASB) issued ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports* under the *Corporations Act 2001* (BM 130 (March 25) [Agenda Item 6](#)).

The APESB Board approved the release of two Sustainability Exposure Drafts ([ED 01/25](#) and [ED 02/25](#)) at the March 2025 Board Meeting (BM 130 (Mar 25) [Agenda Item 8](#) and [Agenda Item 9](#)). Both EDs were released on 25 March 2025, with public comments accepted until 12 May 2025.

On 8 July 2025, APESB released the [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 new requirements will take effect from 1 January 2026, with a later implementation date of 1 July 2028 for provisions related to the value chain components. Early adoption is encouraged, with transitional relief options available to support implementation.

Matters for Consideration

This paper sets out some of the key developments since the last update on sustainability-related matters provided to the Board at the June 2025 Board Meeting.

International and Other Developments

International Ethics Standards Board for Accountants (IESBA)

Statement from the IESBA Chair Gabriela Figueiredo Dias on Australia's Adoption of IESBA's Global Ethics Sustainability Standards

In July 2025, the IESBA welcomed the announcement by APESB of the adoption of the IESBA's Global Ethics Sustainability Standards. With this move, Australia became the first jurisdiction to formally embed ethics and independence standards for sustainability reporting and assurance into its national framework.

Gabriela Figueiredo Dias, IESBA Chair, said: “Australia’s leadership has sent a powerful signal: ethics and independence must be at the heart of how sustainability information is

developed, assured, and trusted. This is more than a milestone, it's the start of a global movement. As more jurisdictions follow, we're helping to lay the ethical foundation around the world for a sustainability reporting system that serves the public interest, builds confidence, and drives meaningful change."

Further details are available in the IESBA's [media release](#).

IESBA and IAASB Establish Expert Groups to Support Global Implementation of Sustainability Standards

In July 2025, the IESBA and IAASB announced the recent formation of two expert implementation groups that will play important roles in supporting the effective implementation and application of the Boards' recently released global sustainability standards:

- The IESBA's [IESSA Implementation Monitoring Advisory Group](#) (IIMAG) will support the implementation of the IESSA.
- The IAASB's [ISSA 5000 Technical Implementation Contact Group](#) (TICG) will support implementation of the ISSA 5000.

The IIMAG and TICG will provide regular feedback to the Boards to ensure that emerging issues relating to the implementation of the standards are identified and addressed in a timely manner, and that implementation support resources remain relevant and practical. Further details are available in the joint [media release](#).

Release of IESBA Explainers videos

In July 2025, the IESBA released three short explainer videos to support the effective implementation of the IESSA and promote awareness of the importance of ethics in sustainability-related services.

- [Introduction to the Global Ethics Sustainability Standards](#) illustrates how IESSA serve as a critical guide for both reporting and assurance professionals in identifying and responding to potential threats to ethics and independence.
- [Ethics in Sustainability Reporting](#) demonstrates how the IESBA Code equips reporting professionals to uphold integrity, objectivity and transparency amid increasing demands in the sustainability reporting landscape and to avoid greenwashing.
- [IESSA and Ethics in Sustainability Assurance](#) introduce the IESSA and illustrate how these standards guide assurance practitioners in identifying and addressing threats to independence, thereby reinforcing trust in assurance over sustainability-related disclosures.

IESBA Staff Releases Additional Implementation Support Materials for IESSA

In July 2025, the IESBA Staff released two implementation support publications to help sustainability assurance practitioners understand and apply the IESSA.

[Key Differences Between IESSA and Parts 1 to 4A of the Code](#) outline the main differences between the IESSA and the corresponding provisions of the IESBA Code applicable to audits of financial statements. It is intended to support firms that already follow the Code in understanding and implementing the IESSA for sustainability assurance engagements. The IESBA Staff Publication is at Agenda Item 11(b).

The [List of Prohibitions for PIEs in IESSA](#) summarises a list of specific prohibitions applicable to sustainability assurance engagements of PIEs, including specific interests, relationships, non-assurance services and other circumstances prohibited under the IESSA. The IESBA Staff Publication is at Agenda Item 9(a).

Further details are available in the IESBA's [media release](#).

International Auditing and Assurance Standards Board (IAASB)

IAASB Publishes New Resources to Support ISSA 5000 Adoption and Implementation

In August 2025, the IAASB released two new resources to further support jurisdictions and stakeholders in adopting and implementing the ISSA 5000.

- [ISSA 5000 Extracts for Limited and Reasonable Assurance Engagements](#) feature the materials relevant to limited assurance and reasonable assurance engagements. They were designed to help regulators, standard setters, and other stakeholders more easily identify the requirements and application material most relevant to their jurisdictional decisions.
- [FAQs Document on ISAE 3000 \(Revised\) and ISAE 3410](#) clarifies that, in jurisdictions adopting IAASB standards, ISAE 3000 (Revised) and ISAE 3410 will no longer apply to sustainability assurance once ISSA 5000 becomes effective in December 2026. These FAQs aim to support a smooth transition and consistent application of the ISSA 5000.

Further details are available in the IAASB's [media release](#).

International Federation of Accountants (IFAC)

IFAC Releases Trailblazing Sustainability Tool for Small Businesses

In June 2025, IFAC and the Edinburgh Group (EG) jointly launched [The Small Business Sustainability Checklist](#), an interactive online tool designed to help SMEs integrate sustainability into their strategy and business operations. The innovative resource employs a straightforward self-assessment approach to evaluate users' sustainability initiatives across environmental factors, social responsibility, and governance. It helps users identify risks and opportunities, which can inform a roadmap for improvement. Further details are available in the IFAC's [media release](#).

Leading the Sustainability Transformation: IFAC Connect Africa Opens in Nairobi

In August 2025, IFAC held the *IFAC Connect Africa 2025* in Nairobi, co-hosted with the Pan African Federation of Accountants (PAFA) and the Institute of Certified Public Accountants of Kenya (ICPAK). The event brought together public and private sector leaders, regulators, standard setters, and professional accountancy organisations to accelerate a shared vision for sustainable development across the continent.

IFAC Connect Africa 2025 is the first of four [IFAC Connect](#) events this year, followed by MENA in Riyadh in October, Global 2025 in Mexico City in November, and ASIAPAC in Jakarta in December. Further details are available in the IFAC's [media release](#).

Australian Developments

Auditing and Assurance Standards Board (AUASB)

Joint Research Report: Preparedness of ASX-listed entities for climate-related reporting and assurance requirements: Trends in Annual Report Disclosures in 2023 and 2024

In July 2025, the AASB, AUASB and CA ANZ published an independent [research report](#) on climate-related disclosures and assurance in the 2023 and 2024 annual reports of ASX-listed entities. The research covers ASX-listed entities with available data, with a focus on Group 1, 2, and 3 entities that will be subject to mandatory reporting and assurance requirements. The findings provide timely insights for the AASB, AUASB, and stakeholders in navigating the challenges of climate-related reporting and assurance. Further information can be found in the AUASB's [News](#).

Proposed Withdrawal of GS 021 Engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes

In August 2025, the AUASB proposed withdrawing GS 021 *Engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes*. GS 021 was issued in 2012 and is now outdated due to legislative and other changes that have affected reporting and assurance to the Clean Energy Regulator (CER). Updated guidance for applying the assurance requirements of a Ministerial Direction under the relevant legislation is available on the CER website. Stakeholders can submit concerns about the withdrawal to enquiries@auasb.gov.au by 31 August 2025. Further information can be found in the AUASB's [News](#).

Proposed Project Proposal – Conformity with Sustainability Reporting Standards

In September 2024, the AASB issued a new suite of Australian Sustainability Reporting Standards (comprising [AASB S1](#) and [AASB S2](#)), which impacts Members engaged in sustainability reporting in Australia.

Technical Staff note that these standards are not currently addressed by APES 205 *Conformity with Accounting Standards*, which focuses on Members' compliance with Accounting Standards when they prepare, present, audit, review, or compile financial statements, whether they are general purpose financial statements or special purpose financial statements.

As a result, Technical Staff are of the view that a new professional and ethical standard is required to address the Member's professional obligations to comply with reporting sustainability information under the new suite of Australian Sustainability Reporting Standards.

Regarding Sustainability Assurance Standards, the Technical Staff are of the view that it can be addressed through changes to APES 210, *Conformity with Auditing and Assurance Standards*.

Refer to Agenda Item 11(a) for the project proposal to develop a professional standard on Conformity with Sustainability Reporting Standards.

Recommendation

The Board:

- (a) note the update on sustainability-related developments; and
- (b) approve the project proposal to develop a new professional and ethical standard for Conformity with Sustainability Reporting Standards.

Material Presented

Agenda Item 11(a) Project proposal – Conformity with Sustainability Reporting Standards.

Agenda Item 11(b) IESBA Staff Publication – Key Differences between the IESSA and Parts 1 to 4A of the Code

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