

## AGENDA PAPER

**Item Number:** 8  
**Date of Meeting:** 26 March 2026  
**Subject:** Project Update on Conformity with Sustainability Reporting Standards

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Action required     For discussion     For noting     For information

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### Purpose

To update the Board on the project for Conformity with Sustainability Reporting Standards and to seek the Board's approval to issue an Exposure Draft (ED) for public consultation.

### Background

The objective of this project is to develop a new professional and ethical standard to address the professional obligations associated with reporting sustainability information, including information required under the new suite of Sustainability Reporting Standards<sup>1</sup> issued by the Australian Accounting Standards Board (AASB), which impacts Members engaged in sustainability reporting in Australia.

[APES 205](#) *Conformity with Accounting Standards*, which specifies the professional obligations of all Members to comply with Accounting Standards when they prepare, present, audit, review or compile financial statements, does not address sustainability information, including information required by Australian Sustainability Reporting Standards.

At the September 2025 Board meeting ([Agenda item 11](#)), the Board approved the [project proposal](#) to develop a new professional and ethical standard addressing conformity with Sustainability Reporting Standards.

At the December 2025 Board meeting ([Agenda Item 6](#)), the Board reviewed the preliminary draft of the proposed APES 206 *Conformity with Sustainability Reporting Standards* (proposed APES 206), including its purpose, scope, proposed requirements and other matters raised by the APESB Sustainability Taskforce.

The Board discussed the issue of the proposed APES 206 being a separate standard to [APES 205](#), *Conformity with Accounting Standards* (APES 205), and APES 210, *Conformity with Auditing and Assurance Standards* (APES 210). The Board considered whether a further analysis is required to clarify the purpose of the separate conformity standards and whether the existing conformity standards could be merged into a single comprehensive conformity standard.

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<sup>1</sup> The current ASRS comprise [AASB S1](#) *General Requirements for Disclosure of Sustainability-related Financial Information* (voluntary) and [AASB S2](#) *Climate-related Disclosures* (mandatory), both effective from 1 January 2025.

The Board requested that Technical Staff assess the advantages and disadvantages of incorporating the proposed APES 206 into the existing APES 205 and APES 210 or maintaining it as a standalone conformity standard.

### Matters for Consideration

As outlined in Table 1, Technical Staff have identified several advantages and disadvantages of:

- a single consolidated (integrated) conformity standard incorporating the current conformity standards APES 205, APES 210 and proposed APES 206.<sup>2</sup>

*versus*

- a new individual/standalone Sustainability Reporting Standards conformity standard (proposed APES 206).

<b>Table 1: Advantages and disadvantages of a single consolidated (integrated) conformity standard versus a new individual / standalone standard for Conformity with Sustainability Reporting Standards</b>		
	<b>Single consolidated (integrated) conformity standard</b>	<b>Individual/standalone Sustainability Reporting Standards conformity standard</b>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Opportunity for APESB and stakeholders to holistically consider the applicability and suitability of the suite of standards in the context of other Member requirements, such as the applicable Professional Accounting Body's Bylaws.<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Addresses the need to address the immediate 'gap' in requirements relating to sustainability reporting.</li> <li>• No need to revise or restructure existing standards.</li> <li>• Faster to develop and implement with a lower risk of project overruns or consequential issues or complexities delaying the project completion.</li> <li>• The standards have a distinct scope such that Members can refer only to the Standards relevant to their work (see Appendix A)</li> <li>• Aligns with the expected forthcoming establishment of separate standard-setting Boards in Australia for sustainability reporting, auditing and assurance, and accounting standards.<sup>4</sup></li> <li>• Lower long-term maintenance and</li> </ul>

<sup>2</sup> Appendix A to this Agenda Paper provides a comparison of the objective and scope of APES 205, APES 210 and proposed APES 206.

<sup>3</sup> For example, Appendix B of this Agenda Paper provides an extract of the CAANZ Bylaws.

<sup>4</sup> [Legislation introduced to strengthen Australia's financial reporting system | Treasury Ministers](#) (accessed 23 February 2026)

**Table 1: Advantages and disadvantages of a single consolidated (integrated) conformity standard versus a new individual / standalone standard for Conformity with Sustainability Reporting Standards**

	Single consolidated (integrated) conformity standard	Individual/standalone Sustainability Reporting Standards conformity standard
		interpretation costs.
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Longer development and consultation timeframe</li> <li>• Risk of expanding scope beyond intended updates, triggering debate on areas other than new requirements relating to sustainability reporting.</li> <li>• Increased resource demands due to re-drafting and restructuring existing standards.</li> <li>• Risk of delays for guidance on ethical conduct covering Sustainability Reporting Standards.</li> <li>• Broad scope may create confusion for Members who are only required to apply a portion of the Standard relevant to their work (see Appendix A).</li> <li>• Potentially complex document that may be difficult to navigate for Members.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential duplication of definitions across standards as definitions are separately included in each standard. However, staff note that this duplication does not relate to the <i>requirements</i> of the Standards.</li> <li>• Potential increased need for cross-referencing across standards.</li> </ul>

### Technical Staff analysis

Technical Staff are of the view that the key disadvantages of issuing proposed APES 206 as a standalone Sustainability Reporting Standards conformity standard can be appropriately mitigated through drafting, clear cross-referencing where required, and consistent terminology aligned with existing APESB pronouncements.

Technical Staff consider that, while a consolidated standard may provide a longer-term opportunity to simplify the suite of conformity standards for framework compliance, pursuing such an approach at this time would significantly delay the introduction of sustainability reporting requirements.

There is currently a gap in the APESB framework regarding Members' professional and ethical obligations when a Member prepares, presents, or compiles Sustainability Information, or performs a Sustainability Assurance Engagement for an entity.<sup>5</sup>

<sup>5</sup> APES 205 is limited to conformity with Accounting Standards and does not extend to Sustainability Reporting

Technical Staff also note that since the issuance of APES 205 and APES 210 approximately twenty years ago, APESB has not received any stakeholder feedback indicating that maintaining separate conformity standards for accounting and auditing/assurance conformity has caused confusion or application difficulties for Members. This suggests that stakeholders are familiar with and able to navigate a structure in which conformity obligations are addressed in separate, topic-specific pronouncements.

In addition, although the Bylaws of the Professional Accounting Bodies contain general ethical obligations relevant to Members' work, consistent with existing financial reporting, auditing/assurance conformity<sup>6</sup>, Technical Staff consider that these provisions are not sufficiently specific to address the professional considerations arising from conformity with reporting standards, including sustainability reporting standards. Accordingly, developing a dedicated conformity standard would be consistent with the rationale for issuing APES 205 and APES 210 (and their predecessors, APS 1 and APS 1.1).

Technical Staff further observe that the primary audiences for APES 205, APES 210 and the proposed APES 206 differ in practice:

- APES 205 is primarily applied by Members involved in the preparation and compilation of general purpose financial statements
- APES 210 is primarily applied by Members performing auditing and assurance engagements
- Proposed APES 206 would predominantly apply to Members involved in the preparation, presentation, or compilation of sustainability information or performing a sustainability assurance engagement.

Maintaining separate conformity standards, therefore, supports clarity of application and allows Members to identify the pronouncement relevant to their professional role readily.

Technical Staff acknowledge that maintaining separate conformity standards results in some duplication, particularly regarding definitions. However, this is consistent with APESB's established drafting conventions. In addition, from a due process perspective, the proposed approach is consistent with the requirements in section 5.4 of the APESB Due Process, which outlines the key elements of APESB pronouncements<sup>7</sup>, and aligns with principles of independent standard-setting outlined by the Public Interest Oversight Board.<sup>8</sup>

### Sustainability Taskforce feedback

APESB Sustainability Taskforce discussed the proposed Exposure Draft at the March 2026 Taskforce meeting. Taskforce Members were supportive of the Technical Staff analysis and agreed with the approach to develop a standalone conformity standard for Sustainability Reporting Standards.

Taskforce Members also agreed to include a question for stakeholders in the Exposure Draft to gather feedback on the longer-term structural approach to APES 205, APES 210, and the proposed APES 206.

Taskforce Members also provided feedback on the drafting of the proposed Standard. Technical Staff have incorporated the Taskforce feedback in the draft provided in Agenda Item 8(a).

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Standards, which is a separate framework with distinct requirements.

<sup>6</sup> For example, Appendix B of this paper provides an extract of the CA ANZ Bylaws.

<sup>7</sup> [APESB Due Process Document October 2022](#) (accessed 23 February 2026).

<sup>8</sup> [Strengthening the international audit and ethics standards-setting system](#) (accessed 5 February 2026).

In addition, Taskforce Members discussed the drafting of proposed Paragraph 4.4:

**4.4** Where **Members** are unable to apply **Australian Sustainability Reporting Standards** pursuant to paragraph 4.3, they shall take all reasonable steps to ensure that any departure from **Australian Sustainability Reporting Standards**, the reasons for such departure, and its effects are properly disclosed and explained in the **Sustainability Information**.

A Taskforce Member raised concerns that, unlike Australian Accounting Standards, Australian Sustainability Reporting Standards do not include consideration of departure from the Standards<sup>9</sup>. Accordingly, Australian Sustainability Reporting Standards do not require disclosure of any such departure. The Taskforce Member considered that including disclosure requirements in this regard could extend beyond the intended scope of the conformity standard and recommended removing the requirement.

Technical Staff considered the drafting and, on balance, decided to retain the proposed paragraph in the Exposure Draft to maintain consistency with respect to Member obligations under Australian Accounting Standards and noting that this is a professional obligation to provide the member with options to consider when the client or employer may potentially be creating a non-compliance issue that is beyond the Member's control.

Technical Staff also note that the proposed APES 206 is subject to public exposure.

Draft minutes from the sixth Sustainability Taskforce meeting are provided at Agenda Item 8(b).

### **Staff Recommendations**

On balance, Technical Staff consider that:

- There is an immediate need to issue a professional and ethical standard to address the current gap relating to conformity with Sustainability Reporting Standards.
- A standalone conformity standard for Sustainability Reporting Standards represents the most efficient and timely approach to address this gap.
- A broader structural review of the suite of APESB conformity standards (APES 205, APES 210 and APES 206) could be undertaken as a separate, longer-term strategic project once the immediate need has been addressed.

Accordingly, Technical Staff recommend issuing an Exposure Draft of proposed APES 206 *Conformity with Sustainability Reporting Standards* (Agenda Item 8(a)), as a standalone standard.

Technical Staff also recommend that stakeholder views on the longer-term structure of conformity standards be specifically sought during the Exposure Draft consultation process.

### **Questions to Board members**

#### **Question 1**

- (a) Do Board members have any questions or comments in relation to the advantages and disadvantages outlined in Table 1?
- (b) Do Board members have any questions or comments in relation to the Technical Staff

<sup>9</sup> See, for example, AASB 101 *Presentation of Financial Statements* paragraphs 19-24 ([AASB101\\_07-15\\_COMPDec22\\_01-24.pdf](#), accessed 5<sup>th</sup> March 2026)

analysis?

**Question 2**

Do Board members agree with the staff recommendation to issue an Exposure Draft of proposed APES 206 *Conformity with Sustainability Reporting Standards* as a standalone standard?

**Question 3**

Do Board members agree to include a question for stakeholders in the Exposure Draft to gather feedback on the longer-term structural approach to APES 205, APES 210, and the proposed APES 206?

**Way forward**

The proposed way forward for this project is for Technical Staff to:

- Issue an Exposure Draft (ED) for proposed APES 206 *Conformity with Sustainability Reporting Standards*; and
- Conduct consultation with stakeholders, including APESB Sustainability Taskforce, AASB, AUASB, Professional Accounting Bodies and firms on the development of a new Standard on Conformity with Sustainability Reporting Standards.

**Material Presented**

- Agenda Item 8 (a) Draft APES 206 *Conformity with Sustainability Reporting Standards*
- Agenda Item 8 (b) Draft Minutes – Sustainability Taskforce Meeting 4 March 2026

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## Appendix A – High-level comparison of the objective and scope of standards

	APES 205	APES 210	Proposed APES 206
<p><b>Objective</b></p> <p>To specify a Member’s professional and ethical obligations in respect of:</p>	<ul style="list-style-type: none"> <li>fundamental responsibilities when the Member prepares, presents, audits, reviews or compiles Financial Statements;</li> <li>the requirement to take reasonable steps to ensure a Reporting Entity prepares General Purpose Financial Statements; and</li> <li>the disclosures in an entity’s Special Purpose Financial Statements.</li> </ul>	<ul style="list-style-type: none"> <li>fundamental responsibilities when the Member performs an Assurance Assignment or an Assurance Engagement;</li> <li>compliance with applicable independence requirements;</li> <li>compliance with Auditing and Assurance Standards; and</li> <li>consideration of relevant Auditing and Assurance Guidance.</li> </ul>	<ul style="list-style-type: none"> <li>fundamental responsibilities when the Member prepares, presents or compiles Sustainability Information or performs a Sustainability Assurance Engagement for an entity.</li> </ul>
<p><b>Scope</b></p> <p>Applies when a Member:</p>	Prepares, presents, audits, reviews or compiles Financial Statements.	Conducts Assurance Assignments or Assurance Engagements.	Prepares, presents or compiles Sustainability Information or performs a Sustainability Assurance Engagement.

## Appendix B

### CA ANZ Bylaws for Member Compliance Obligations in relation to standards

It is a condition of membership of CA ANZ and NZICA that Members comply with the **Member Compliance Obligations** set out in By-Law 38A of the CA ANZ By-Laws.

The Member Compliance Obligations include obligations to comply with:

- the By-Laws, the Regulations and NZICA Rules; and
- the applicable standards and pronouncements of the Australian or New Zealand standard- setters applicable to the Member's professional activities.

#### Compliance Obligations

**38A.** A Member must at all times comply with the Supplemental Charter, these By-Laws and:

- (a) for all Members who are not subject to the NZICA Rules, the Regulations, any pronouncements issued by the Accounting Professional and Ethical Standards Board, Australian Accounting Standards Board and Auditing and Assurance Standards Board (or their successor entities) including the Code of Ethics, and any applicable pronouncements, instruments, technical or professional standards or guidance issued by any similar body whether in Australia or in a foreign jurisdiction; or

[assets.charteredaccountantsanz.com/m/64ae6517d149da37/original/Members-Handbook.pdf](https://assets.charteredaccountantsanz.com/m/64ae6517d149da37/original/Members-Handbook.pdf)  
(accessed 24 February 2026)