

AGENDA PAPER

Item Number: 4
Date of Meeting: 4 June 2026
Subject: Sustainability Reporting, Assurance and Ethics Developments

Action required For discussion For noting For information

Purpose

To provide the Board with an update on recent International and Australian sustainability-related developments.

Key developments

APESB is currently monitoring international and Australian developments on sustainability.

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

International and Other Developments

International Ethics Standards Board for Accountants (IESBA)

Independence Standards for Sustainability Assurance Engagements (SAEs) Outside the Scope of IESSA

At the IESBA March 2026 Board Meeting, the IESBA reviewed the Project Team's information-gathering activities regarding SAEs outside the International Independence Standards (IIS) in the IESSA. The Board noted key challenges, including limited data availability and significant variation in practice across jurisdictions. The Project Team is expected to complete its information-gathering activities in Q2 2026, with a final report and recommendations to be presented to the IESBA Board at its June 2026 meeting. Further details are available on the IESBA's project [webpage](#).

International Sustainability Standards Board (ISSB)

Emmanuel Faber's speech at the 2026 Beijing International Sustainability Conference

In May 2026, ISSB Chair Emmanuel Faber delivered a [speech](#) at the [2026 Beijing International Sustainability Conference](#), highlighting that 42 [jurisdictions](#) have now adopted or have committed to using the ISSB Standards. He also outlined the ISSB passporting initiative, which allows foreign private issuers and subsidiaries of international companies that operate in a domestic jurisdiction to report using the ISSB Standards.

ISSB agrees on the proposed way forward for nature-related disclosures

In April 2026, the ISSB agreed to develop requirements for nature-related disclosures in an IFRS Practice Statement. The Practice Statement will complement IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, without changing the requirements in the Standards. The Exposure Draft is planned for release in October 2026. Further details are available in the IFRS Foundation's [News](#).

ISSB seeks feedback on proposed amendments to three SASB Standards

In March 2026, the ISSB published an Exposure Draft proposing amendments to three Sustainability Accounting Standards Board (SASB) Standards (relating to Agricultural Products; Meat, Poultry & Dairy; and Electric Utilities & Power Generators) and consequential amendments to the *Industry-based Guidance on Implementing IFRS S2 Climate-related Disclosures*. The public comment period closes on 24 July 2026. Further information is available in the IFRS Foundation's [News](#).

Jurisdictional Readiness Assessment Guide and tool added to ISSB adoption toolkit

In February 2026, the IFRS Foundation released [the Jurisdictional Readiness Assessment Guide and associated tool](#) to support jurisdictions in assessing their markets' preparedness for the adoption or other use of ISSB Standards. The guide provides practical examples drawn from the experiences of nearly 40 jurisdictions that have already taken steps to adopt or otherwise use ISSB Standards. Further details are available in the IFRS Foundation's [News](#).

ISSB issues targeted amendments to IFRS S2 to support implementation

In December 2025, the ISSB issued targeted [amendments to greenhouse gas emissions disclosure](#) requirements in IFRS S2 *Climate-related Disclosures*, effective for annual reporting periods beginning on or after 1 January 2027. The ISSB also issued [consequential amendments](#) to align financed emissions metrics in three SASB Standards with the corresponding amended requirements in IFRS S2. Further details are available in the IFRS Foundation's [News](#).

International Public Sector Accounting Standards Board (IPSASB)

IPSASB issues first-ever public sector standard for climate-related disclosures

In January 2026, the IPSASB issued [IPSASB SRS 1, Climate-related Disclosures](#), the first-ever public sector standard to help governments and public sector entities report climate-related risks and opportunities clearly and consistently. IPSASB SRS 1 is aligned with IFRS S2 to enhance consistency and comparability of climate-related disclosures across the public and private sectors. It applies to an entity's general purpose financial reports for annual reporting periods beginning on or after 1 January 2028. Further details are available in the IPSASB's [media release](#).

Financial Reporting Council (FRC UK)

FRC takes steps to support quality and consistency in the assurance of sustainability reporting

In November 2025, the FRC (UK) issued [ISSA \(UK\) 5000 General Requirements for Sustainability Assurance Engagements](#). This UK version of the IAASB's global sustainability assurance standard provides UK companies, investors and assurance providers with a consistent, internationally aligned assurance standard for voluntary use in SAEs. Further details are available in the FRC UK's [News](#).

External Reporting Board (XRB)

Proposed amendments to GHG emissions disclosures in NZCS

At the Sustainability Reporting Board (SRB) [Meeting](#) on 14 April 2026, the SRB considered a proposed Exposure Draft on *Amendments to NZCS 1 Climate-related Disclosures 2026*. Further details can be found at Agenda Item 9.1c in the SRB's [Meeting Pack](#).

Australian Developments

Australian Accounting Standards Board (AASB)

New AASB S2 Education Material: Climate Resilience and Climate-related Scenario Analysis Requirements in AASB S2

In April 2026, the AASB issued new [AASB S2 education material on climate resilience and climate-related scenario analysis requirements](#). The material explains how scenario analysis can inform the entity's resilience assessment and support disclosures on its climate resilience. The AASB also released a [video](#) outlining practical steps entities can take when doing their resilience assessment and climate-related scenario analysis.

AASB collaborates with CSIRO to Develop Educational Materials

In April 2026, the AASB, in collaboration with the CSIRO, released High-level comparison of GHG emissions reporting under AASB S2 and the NGER Scheme. The document helps entities applying AASB S2 identify key differences between the two Greenhouse Gas Protocol Standards (GHG Protocol Standards) as applied in the context of AASB S2 and the National Greenhouse and Energy Reporting Scheme (NGER Scheme). Further details are available in the AASB's [News](#).

Australia appointed to the Sustainability Standards Advisory Forum

In March 2026, the AASB announced Australia's appointment to the Sustainability Standards Advisory Forum (SSAF), a global body established by the IFRS Foundation to support the ISSB. Further details are available in the AASB's [News](#).

Amendments to Greenhouse Gas Emissions Disclosures (amending AASB S2)

In December 2025, the AASB issued amendments to AASB S2, [AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures](#), effective 1 January 2027. The Amending Standard provides additional relief, clarifies existing relief from specific greenhouse gas emissions disclosure requirements, and amends the requirements for classifying certain types of greenhouse gas emissions. Further details can be found on the AASB's [website](#).

New Education Material: Disclosing information about anticipated financial effects

In November 2025, the AASB issued new [educational material](#) to assist entities in applying AASB S2 *Climate-related Disclosures*, outlining key considerations for disclosing the anticipated financial effects of climate-related risks and opportunities. Further details are available in the AASB's [News](#).

Australian Securities & Investments Commission (ASIC)

ASIC launches e-learning educational modules on sustainability reporting

In March 2026, ASIC published eight [e-learning modules](#) in partnership with the AASB to help companies understand the core concepts of the new sustainability reporting requirements under the *Corporations Act 2001*. Sustainability reporting for Group 2 and 3 entities is expected to commence for financial years beginning on or after 1 July 2026, and the e-learning modules are designed to help these entities build capability early. Further details are available in the ASIC's [News](#).

Treasury

In May 2026, the Government announced the Federal Budget 2026-27, which includes measures to reduce regulatory burdens in the financial sector by \$780 million a year through 14 legislative reforms. These include:

- **Relieve reporting burden** by raising monetary thresholds for large proprietary companies from \$50 million to \$100 million of consolidated revenue and \$25 million to \$50 million of consolidated gross assets. Australian businesses that cease to meet the thresholds as a result of this increase would no longer need to lodge an annual audited financial report, directors' report, or sustainability report.
- **Improving the efficiency of climate-related financial disclosures.** The Government will consult on reforms to reduce the burden while maintaining core sustainability reporting requirements, including:
 - improving consistency in the application of reporting requirements by clarifying how key concepts, including 'undue cost or effort', apply in practice;
 - adjusting assurance settings to ensure they are proportionate and practical; and
 - setting clearer boundaries on supplier information requests, to reduce costs and complexity, particularly for small businesses.

Further details are available in the Treasury's [media release](#) and the Budget's [Fact Sheet](#).

Recommendation

That the Board note the update on sustainability-related developments.

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