AGENDA PAPER

Item Number:	5
Date of Meeting:	4 September 2026
Subject:	Proposed APES 206 *Conformity with Sustainability Reporting Standards*

[x]	**Action required**	[x]	**For discussion**	[ ]	**For noting**	[ ]	**For information**

Purpose

To update the Board on the submissions received on Exposure Draft 01/26 Proposed APES 206 *Conformity with Sustainability Reporting Standards* (ED 01/26) and to seek the Board's approval to issue the Standard.

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[1] 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.

At the March 2026 Board meeting (Agenda Item 8), the Board approved the issue of ED 01/26 and noted the importance of promptly issuing the proposed APES 206 to address the current gap in professional obligations for reporting sustainability information. Given time pressures, the Board supported developing a new standalone standard and including a question for specific

[1] 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.

stakeholder comments on the longer-term structural approach to the conformity standards.

ED 01/26 was issued on 2 April 2026, with comments requested by 29 May 2026. APESB received five submissions from the following respondents:

- CPA Australia;
- Chartered Accountants Australia and New Zealand (CA ANZ);
- the Institute of Public Accountants (IPA);
- Deloitte; and
- SOR AU Pty Ltd (SODA).

A detailed summary of the comments received, together with Technical Staff's proposed responses, is provided in the General Comments and Specific Comments Tables at Agenda Papers 5 (a) and 5 (b).

Matters for Consideration

Overall, all five respondents supported introducing the proposed APES 206. The key matters raised in the submissions are summarised below.

- Deloitte considered that Part 1 and Part 5 of the Code apply on a mutually exclusive basis depending on the activity performed, that the reference should be limited to Sections 5100 to 5120 of Part 5, and suggested revised wording for paragraph 3.1.
- Deloitte noted there is no specific coverage of Independence Standards in relation to Sustainability Assurance Engagements and recommended including a paragraph in APES 206 on Independence Standards and/or updating APES 210 to cover the Independence Standards in Part 5 of APES 110.
- SODA recommended strengthening Section 6 to deal expressly with external registries, units, certificates, methodologies and verification reports, including requirements addressing traceability and exclusivity, outcome timing, verification quality, claims language and evidence retention. SODA further recommends that the APESB reflects the same integrity expectation in APES 206 across related pronouncements and guidance notes.
- Most respondents supported the standard being issued as a distinct standard. However, all respondents who responded to APESB's request for comment encouraged the APESB to consider a longer-term project to consider simplifying the suite of conformity standards.
- IPA recommended that the APESB examine the need for conformity standards given the existing requirements in APES 110.

Technical Staff analysis

Technical Staff have considered the comments received and have outlined detailed responses to each comment in the General and Specific Comments Tables (Agenda Papers 5(a) and 5(b)).

- Technical Staff agree with Deloitte's comments. Staff propose revising paragraph 3.1 to clarify that Part 1 and Part 5 of the Code apply on a mutually exclusive basis, and to limit the reference to Sections 5100 to 5120 of Part 5 as follows:

  A Member shall comply with Part 1 *Complying with the Code*, *Fundamental Principles and Conceptual Framework* ~~and~~ or Section 5100 to 5120 of Part 5 *Australian Ethics Standards for Sustainability Assurance (Including Independence Standards)* of the Code, as applicable, and with relevant laws and regulations when they prepare, present or compile Sustainability Information or perform a Sustainability Assurance Engagement.

- Technical Staff agree that independence in relation to Sustainability Assurance Engagements should be addressed as part of the conformity Standards. Staff are of the view that this matter could be addressed as part of amendments to APES 210, rather than incorporated into APES 206, on the basis that, consistent with APES 205, the scope of APES 206 does not extend to independence requirements.
- Technical Staff consider that SODA's recommendations, while constructive, are not appropriate for an ethical standard on conformity with reporting standards. Preparers and Sustainability Assurance Practitioners should assess the robustness of external evidence, and this is better addressed in reporting standards or applicable Auditing and Assurance Standards. Accordingly, Staff do not propose to amend the professional and ethical Standard in response to these recommendations.
- The feedback on the longer-term structure was mixed. However, on balance, the stakeholder feedback supports proceeding with the proposed APES 206 as a standalone standard, while proposing a broader structural review of the conformity standards as part of a future post-implementation review process for APES 206. Staff note that conformity standards apply to different audiences and address different requirements. For example, the requirements of APES 205 apply primarily to preparer responsibilities relating to financial statements, while the requirements of APES 210 apply to members who perform an assurance assignment or an assurance engagement.
- Technical Staff consider that there is a need for conformity standards beyond the existing requirements in APES 110. Technical Staff note that the requirements of APES 110 do not overlap with the conformity standards, which specify Members' professional obligations to comply with reporting and assurance standards. Conformity standards also address jurisdiction-specific matters, such as professional and ethical obligations related to providing assurance in an honorary capacity, and actions a member should take when circumstances prevent compliance with the applicable reporting and assurance standards.

Staff Recommendations

Technical Staff consider that the submissions demonstrate broad support for proposed APES 206. Staff therefore recommend finalising proposed APES 206 as a standalone conformity standard and undertaking a broader structural review of the conformity standards suite (APES 205, APES 210 and APES 206) as a separate, longer-term project.

Accordingly, Technical Staff recommend that the Board note the submissions received and the proposed responses in the Submission Comments Summary and approve the marked-up amendments to proposed APES 206.

Technical Staff also recommend that the Board approve a project for a narrow-scope amendment to APES 210 to address the Independence Standards in Part 5 of APES 110. Technical Staff propose developing an Exposure Draft for Board approval out of session.

Questions for Board members

Question 1

Do Board members agree with the Technical Staff's analysis and proposed responses to the comments received (Agenda Papers 5(a) and 5(b))?

Question 2

Do Board members agree with the marked-up amendments to proposed APES 206, namely the revised drafting of paragraph 3.1 (application of Part 1 and Sections 5100 to 5120 of Part 5 of the Code)?

Question 3
Do Board members agree to approve a project for a narrow-scope amendment to APES 210 to cover the Independence Standards in Part 5 of APES 110 and for Technical Staff to develop an Exposure Draft for Board approval out-of-session?

Question 4
Do Board members agree that the broader structural review of APES 205, APES 210 and proposed APES 206 should form part of a future post-implementation review process for APES 206, proposed to begin in the first half of 2029?

Question 5
Do Board members have any questions or comments on the Draft Basis for Conclusions provided in Agenda Paper 5 (d)?

Way forward

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

- Finalise APES 206 *Conformity with Sustainability Reporting Standards* as a stand-alone standard;
- Prepare an Exposure Draft for APES 210 *Conformity with Auditing and Assurance Standards* out of session to incorporate a narrow scope amendment to address independence considerations in relation to Sustainability Assurance Engagements; and
- Undertake a broader structural review of APES 205, APES 210 and proposed APES 206 as part of a future Post-Implementation Review (PIR) process for APES 206, proposed to commence in the first half of 2029.

Material Presented

Agenda Item 5 (a) APES 206 Submission - General Comments Table

Agenda Item 5 (b) APES 206 Submissions - Specific Comments Table

Agenda Item 5 (c) Proposed APES 206 marked up for proposed amendments

Agenda Item 5 (d) Draft Basis for Conclusions

Agenda Item 5 (e) Draft minutes of Sustainability Taskforce Meeting

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