APES 206 Conformity with Sustainability Reporting Standards

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1. Scope and application

1.1 The objectives of APES 206 *Conformity with Sustainability Reporting Standards* are to specify a Member's professional and ethical obligations in respect of fundamental responsibilities when the Member prepares, presents or compiles Sustainability Information or performs a Sustainability Assurance Engagement for an entity.

1.2 Accounting Professional & Ethical Standards Board Limited (APESB) has issued professional standard APES 206 *Conformity with Sustainability Reporting Standards* (**the Standard**), which is effective from 1 January 2027. Earlier adoption of this Standard is permitted.

1.3 APES 206 sets the standards for Members involved with the preparation, presentation or compilation of Sustainability Information or performing a Sustainability Assurance Engagement of entities in the private and public sectors. The mandatory requirements of this Standard are in **bold-type**, preceded or followed by discussion or explanations in normal type. APES 206 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.

1.4 Members in Australia shall follow the mandatory requirements of APES 206 when they prepare, present or compile Sustainability Information or perform a Sustainability Assurance Engagement.

1.5 Members outside Australia shall comply with the sustainability reporting framework applicable to the relevant jurisdiction when they prepare, present or compile Sustainability Information or perform a Sustainability Assurance Engagement.

However, where the Sustainability Information is prepared in accordance with the Australian Sustainability Reporting Standards, Members shall comply with those Standards.

1.6 Members shall comply with other applicable Professional Standards and be familiar with relevant guidance notes when performing Professional Activities. All Members shall comply with the fundamental principles outlined in the Code.

1.7 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.

1.8 All references to Professional Standards, guidance notes and legislation are references to those provisions as amended from time to time.

1.9 In applying the requirements outlined in APES 206, Members should be guided not merely by the words but also by the spirit of this Standard and the Code.

1.10 In this Standard, unless otherwise specified, words in the singular include the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not.

2. Definitions

Defined terms are shown in the body of the Standard in title case.

For the purpose of this Standard:

AASB means the Australian statutory body called the Australian Accounting Standards Board that was established under section 226 of the *Australian Securities and Investments Commission Act 1989* and is continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001*.

Applicable Sustainability Reporting Framework means the reporting framework adopted by management and, where appropriate, Those Charged with Governance in the preparation of the Sustainability Information that is acceptable in view of the nature of the entity and the objective of the financial report, or that is required by law or regulation.

AUASB means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the *Australian Securities and Investments Commission Act 2001.*

Auditing and Assurance Standards means the AUASB standards, as described in ASA 100 *Preamble to AUASB Standards*, ASA 101 *Preamble to AUASB Standards* and the *Foreword to AUASB Pronouncements*, issued by the AUASB, and operative from the date specified in each standard.

Australian Sustainability Reporting Standards means the Sustainability Reporting Standards promulgated by the AASB.

Australian Sustainability Reporting Framework means the framework that uses Australian Sustainability Reporting Standards as the Applicable Sustainability Reporting Framework and is adopted by Those Charged with Governance when preparing Sustainability Information.

Client means an individual, firm, entity or organisation to whom or to which Professional Activities are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

Code means APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Engagement means an agreement, whether written or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.

Firm means:

(a) A sole practitioner, partnership, corporation or other entity of professional accountants or Sustainability Assurance Practitioners;

(b) An entity that controls such parties, through ownership, management or other means;

(c) An entity controlled by such parties, through ownership, management or other means; or

(d) An Auditor-General’s office or department.

General Purpose Framework means a reporting framework designed to meet the common needs of a wide range of users. The framework may be a fair presentation framework or a Compliance Framework.

The term 'fair presentation framework' is used to refer to a reporting framework that requires compliance with the requirements of the framework and:

(a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the reported information, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or

(b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the reported information. Such departures are expected to be necessary only in extremely rare circumstances.

The term 'compliance framework' is used to refer to a reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (a) or (b) above.

In Part 5 of the Code, General Purpose Framework refers to general purpose sustainability reporting frameworks.

Member means a member of a Professional Body that has adopted this Standard as applicable to their membership, as defined by that Professional Body.

Member in Business means a Member working in areas such as commerce, industry, service, the public sector, education, the not-for-profit sector, or in regulatory or professional bodies, who might be an employee, contractor, partner, director (executive or non-executive), owner-manager or volunteer.

Member in Public Practice means a Member, irrespective of functional classification (for example, audit, tax or consulting) in a Firm that provides Professional Services. This term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable Professional Body.

Professional Activity means an activity requiring professional skills undertaken by a Member or a Sustainability Assurance Practitioner, including accounting, auditing, sustainability reporting or assurance, tax, consulting, and financial management.

Professional Bodies means Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.

Professional Services means Professional Activities performed for Clients.

Professional Standards means all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.

Sustainability Assurance Engagement means an engagement in which a Sustainability Assurance Practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users about the Sustainability Information.

A Sustainability Assurance Engagement can be either a:

- Reasonable assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the underlying subject matter against applicable criteria; or
- Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence

obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the Sustainability Information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the Sustainability Information to a degree that is clearly more than inconsequential.

Sustainability Assurance Practitioner means the individual(s) conducting a Sustainability Assurance Engagement (usually the engagement leader or other members of the engagement team, or, as applicable, the Firm).

Sustainability Information means information about sustainability matters.

Sustainability matters are environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting Sustainability Information.

Sustainability Information includes information that may be:

- *Expressed in financial or non-financial terms.*
- *Historical or forward-looking.*
- *Prepared for internal purposes or for mandatory or voluntary disclosure.*
- *Obtained from an entity or its value chain.*
- *Related to the quantitative or qualitative evaluation of an entity's past or expected performance over the short, medium or long term.*
- *Described in an entity's governance structure, policies, plans, goals, commitments or representations.*
- *About the effects (including risks and opportunities) of environmental, social, governance or other sustainability-related matters on an entity's business model, activities, services or products.*
- *About the effects of an entity's business model, activities, services or products on the environment, society or economy.*

Those Charged with Governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process or the sustainability reporting process, as applicable. For some entities in some jurisdictions, Those Charged with Governance might include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.

3. Fundamental responsibilities of Members

3.1 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.

Public interest

3.2 **In accordance with Section 100 *Complying with the Code* and Section 5100 *Complying with Part 5* of the Code, as applicable, Members shall observe and comply with the Member's public interest obligations when they prepare, present or compile Sustainability Information or perform a Sustainability Assurance Engagement.**

Professional competence and due care

3.3 **In accordance with Subsection 113 *Professional Competence and Due Care* and Subsection 5113 *Professional Competence and Due Care* of the Code, as applicable, a Member in Public Practice who is performing a Professional Service based on an Applicable Sustainability Reporting Framework shall ensure that the Member or the Firm has the requisite professional knowledge and skill or shall engage a suitably qualified external person. If a Member in Public Practice is unable to engage a suitably qualified person when required, the Member shall decline the Engagement.**

3.4 **If a Member in Business who is performing a Professional Activity based on an Applicable Sustainability Reporting Framework determines they do not have the requisite professional knowledge and skill as required by Subsection 113 *Professional Competence and Due Care* of the Code, the Member shall determine whether to decline to perform the duties in question in accordance with Section 230 *Acting with Sufficient Expertise* of the Code.**

4. Responsibilities of Members in respect of Australian Sustainability Reporting Standards

4.1 This section of the Standard applies only to those Members involved in Professional Activities where Sustainability Information is represented as complying with Australian Sustainability Reporting Standards.

4.2 This section of the Standard sets out the obligations of Members who prepare, present or compile Sustainability Information or perform a Sustainability Assurance Engagement for an entity that purports to comply with the Australian Sustainability Reporting Standards. It aims to ensure that such information is prepared and disclosed in accordance with the Australian Sustainability Reporting Framework. The section reinforces the requirement to apply the Australian Sustainability Reporting Standards, and where compliance is not possible, to clearly disclose and explain the reasons and implications of any departures.

4.3 **Members shall take all reasonable steps to apply Australian Sustainability Reporting Standards when they prepare, present or compile Sustainability Information that purports to comply with the Australian Sustainability Reporting Framework.**

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.**

4.5 If legislation, ministerial directive or other government authority requires a departure from Australian Sustainability Reporting Standards, a Member should disclose that fact in the Sustainability Information as a reason for the departure.

4.6 Where a Member is unable to ensure proper disclosure of a departure from Australian Sustainability Reporting Standards pursuant to paragraph 4.4, the Member should discuss the matter with the appropriate level of management of the relevant entity and document the results of these discussions.

4.7 Members who are involved in, or are responsible for, the preparation, presentation or compilation of Sustainability Information or performing a Sustainability Assurance Engagement for an entity that has a legislative or non-legislative requirement to prepare Sustainability Information that complies with one or more Australian Sustainability Reporting Standards shall take all reasonable steps to ensure that the Sustainability Information complies with the applicable Australian Sustainability Reporting Standards.

4.8 Members in Public Practice shall take all reasonable steps to ensure that Clients have complied with Australian Sustainability Reporting Standards when they perform a Sustainability Assurance Engagement which purports to comply with the Australian Sustainability Reporting Framework.

4.9 Where a Member in Public Practice is unable to ensure that a Client complies with Australian Sustainability Reporting Standards pursuant to paragraph 4.8, the Member shall consider Auditing and Assurance Standards applicable to Sustainability Assurance Engagements or Professional Standards applicable to compilation Engagements.

5. Responsibilities of Members in respect of Sustainability Information prepared in accordance with a General Purpose Framework

5.1 The section of the Standard applies to Members involved in Professional Activities for entities subject to legislative or non-legislative reporting obligations under a General Purpose Framework. It does not apply to Sustainability Information that purports to comply with the Australian Sustainability Reporting Standards (refer to section 4).

5.2 This section of the Standard outlines the responsibilities of Members involved in the preparation, presentation or compilation of Sustainability Information or performing a Sustainability Assurance Engagement for an entity that is required to comply with a General Purpose Framework. Its objective is to ensure that Sustainability Information prepared under such frameworks meets all applicable requirements of the General Purpose Framework.

5.3 Members who are involved in, or are responsible for, the preparation, presentation or compilation of Sustainability Information or performing a Sustainability Assurance Engagement for an entity to prepare Sustainability Information that complies with a General Purpose Framework[1] shall take all reasonable steps to ensure that the Sustainability Information complies with the applicable General Purpose Framework.

5.4 Where a Member in Public Practice is unable to ensure that a Client complies with a General Purpose Framework pursuant to paragraph 5.3, the Member shall consider Auditing and Assurance Standards applicable to Sustainability Assurance Engagements or Professional Standards applicable to compilation Engagements.

5.5 For all other Members, where the Member is unable to ensure that an entity complies with a General Purpose Framework pursuant to paragraph 5.3, the Member should discuss the matter with the appropriate level of management of the relevant entity and document the results of these discussions.

1 For example, some Australian public sector entities are required to report climate-related financial information applying a reporting framework that is based on Australian Sustainability Reporting Standards; however, the framework may not fully align with the Australian Sustainability Reporting Standards.

6. Responsibilities of Members in respect of Sustainability Information

6.1 This section applies to Members involved in Professional Activities in relation to Sustainability Information not covered by Sections 4 or 5.

6.2 This section of the Standard outlines the responsibilities of Members in relation to Sustainability Information not covered by Sections 4 or 5. That is, Sustainability Information not prepared in accordance with the Australian Sustainability Reporting Standards or a General Purpose Framework.

6.3 Members who are involved in, or are responsible for, the preparation, presentation or compilation of Sustainability Information or performing a Sustainability Assurance Engagement for an entity (except where the Sustainability Information will be used solely for internal purposes) shall take all reasonable steps to ensure that the Sustainability Information, and any associated sustainability assurance report clearly identifies:

(a) the purpose for which the Sustainability Information has been prepared; and

(b) any significant judgements, assumptions and methodologies adopted in the preparation and presentation of the Sustainability Information.

Conformity with International Pronouncements

The International Ethics Standards Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 206.