

## AGENDA PAPER

**Item Number:** 8  
**Date of Meeting:** 17 June 2025  
**Subject:** Proposed combined Amending Standard for APES 110 on Sustainability and Experts

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**Action Required**     **For Discussion**     **For Noting**     **For Information**

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### Purpose

To seek the Board's approval, subject to the Board's review comments and editorials from Agenda Items 6 and 7, to issue the proposed combined Amending Standard for Sustainability Assurance and Reporting and the Use of External Experts, and the related Basis for Conclusions.

### Background

In December 2022, the International Ethics Standards Board for Accountants (IESBA) approved two key project proposals, focused on [Sustainability](#) and [Use of External Experts](#). These initiatives were launched in response to the rapid growth in sustainability-related disclosures and the increasing demand for assurance over such information, particularly from investors and regulators.

In January 2025, the IESBA issued the final pronouncements:

- [International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#), effective from 15 December 2026, except for the provisions applicable to value chain components, which will be effective from 1 July 2028.
- [Revisions to the Code Addressing Using the Work of an External Expert](#), effective for periods beginning on or after 15 December 2026. Early adoption is permitted and encouraged.

To maintain alignment with the IESBA Code, the APESB Board [approved](#) the release of two Exposure Drafts (EDs) at the March 2025 Board Meeting ([Agenda Items 8](#) and [9](#)).

In March 2025, the following EDs were released with a comment period closing on 12 May 2025:

- [ED 01/25 Proposed Australian Ethics Standards for Sustainability Assurance \(including Independence Standards\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#)

- [ED 02/25](#) *Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert.*

## Matters for Consideration

APESB received seven submissions on [ED 01/25](#) and six submissions on [ED 02/25](#) from three professional bodies, three accounting firms and a public policy committee.

Consideration of the respondents' comments on the exposure drafts is set out at:

- Agenda Item 6 for Sustainability Assurance and Reporting; and
- Agenda Item 7 for the Use of External Experts.

At these agenda items, the Board have been asked to provide feedback and comments based on the outcome of the exposure drafts due process and to approve the Technical Staff's proposed way forward for both the sustainability assurance and reporting and the use of external experts amending standards.

### Editorial amendments to the combined amending standard

In addition to the Technical Staff's proposed amendments to the transitional provisions as set out in Agenda Items 6 and 7, Technical Staff have noted the following editorial amendments which they recommend should be corrected in the final combined amending standard:

Paragraph Reference	Page in Amending Std	Technical Staff Comment
AUST 280.12 A1.1	46	Update to correct the name of the <i>Taxation Administration Act 1994</i> .
AUST 380.12 A1.1	69	Update to correct the name of the <i>Taxation Administration Act 1994</i> .
950.6 A1 and 950.8 A2	104 - 105	The reference to paragraphs R900.13 to R900.14 needs to be amended to R900.14 to R900.15.
Footnote 16 to para 5100.4d	109	The footnote includes a sentence referring to anticipated ASIC Regulatory Guidance for Sustainability Assurance. As at the date of this report, ASIC have released RG 280 <i>Sustainability Reporting</i> , but no guidance is currently available that is specific to Sustainability Assurance Practitioners. Technical Staff are of the view that the reference to the ASIC Regulatory Guide should be deleted.
AUST 5380.12 A1.1	175	Update to correct the name of the <i>Taxation Administration Act 1994</i> .
Third dot point under Compliance with the IESBA Code heading	309	Need to add an 's' to paragraph as the reference is to two paragraphs.

### Update on Sustainability Taskforce Meeting – 29 May 2025

On 29 May 2025, the Sustainability Taskforce convened to consider the submissions received for the Sustainability and Experts Exposure Drafts and the proposed Technical Staff responses. Key matters discussed at the Taskforce meeting included:

- The proposed changes to the transitional relief provisions for Experts to remove the tranche relating to periods before 1 January 2025. The Sustainability Taskforce were supportive of the proposed amendments.
- The proposed transparency disclosure in the Experts provisions if Members use the optional transitional relief provisions. Two of the six respondents were of the view that the requirement should be removed. However, Technical Staff are of the view that the requirement is important so that the client understands the ethical provisions being applied. It was noted that this is a disclosure to Those Charged with Governance of the client and not a public disclosure. The Taskforce had mixed views as to whether this requirement should be retained. [Note that this matter has been raised in Agenda Item 7 of this Board Meeting for the Board to determine the way forward.]
- A discussion on the proposed effective date for the Value Chain Component (VCC) provisions, with the Taskforce agreeing with the comments raised in the submissions in respect of the challenges that could arise from having a different effective date from the international effective date. It was agreed that the proposed effective date for Sections 5405 and 5406 be amended to 1 July 2028. [This position is explained in more detail in Agenda Paper 6 of this Board Meeting];
- The Taskforce discussed the public transparency measure included in the transitional relief provisions for the sections relating to VCCs. It was noted that this disclosure aligns with the international provisions.
- The Taskforce considered whether Australia would be regarded as a small market and whether adjustment to the proposed standards is needed to reflect this position. The Taskforce had mixed views, but it noted that many other smaller countries adopt the international standards without revisions.
- The Taskforce considered the interaction of the reporting, assurance and ethical requirements and the proposed transitional provisions. There was some confusion as to when certain aspects of the different standards would apply. [In response to this, Technical Staff have developed a table setting out the applicable requirements for various reporting periods. This is set out in agenda item 6 (c) of this Board Meeting.]
- The Taskforce discussed the need for guidance materials to assist with adoption and implementation. It was noted that the IESBA are currently developing a range of materials relating to the sustainability and experts standards. APESB Technical Staff will then consider whether further Australian-specific guidance is required.
- It was noted that the Taskforce will likely be convened again to consider any proposed guidance once the final standards have been issued.

The Sustainability Taskforce also considered the updated Sustainability Project Issues Register. The register notes issues identified during the project, the progress of the matters identified and the issues that still require further consideration. The register has been updated based on the discussions at the Taskforce Meeting and is set out at Agenda Item 8 (c).

For the Board's information, the approved minutes from the Taskforce meeting held on 17 February 2025 are set out at Agenda Item 8 (d).

## Proposed Amending Standards and Basis for Conclusions

Technical Staff have prepared the combined version of the Amending Standard for Sustainability Assurance and Reporting and the Use of External Experts at Agenda Item 8 (a). The combined amending standard shows the proposed revisions as per [ED 01/25](#) and [ED 02/25](#), with any subsequent revisions from the exposure draft version shown in mark-up.

Technical Staff have also prepared a combined Basis for Conclusions. The Basis for Conclusions outline the details of significant changes made, the key issues raised by respondents and stakeholders, and how they were addressed in two parts:

- Part A: Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting (AESSA); and
- Part B: Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert.

Technical Staff seek the Board's approval, subject to any amendments and editorial corrections approved at Agenda Items 6 and 7, to issue the combined Amending Standard and the related Basis for Conclusions set out at Agenda Item 8 (b).

## Recommendation

The Board approve, subject to the Board's review, comments and editorials from agenda items 6 and 7, and inclusion of the editorials noted above, the issue of the Amending Standard to APES 110 *Amending Standard for Sustainability Assurance and Reporting and the Use of External Experts* and the related Basis for Conclusions.

## Materials presented

Agenda Item 8(a)	Draft Amending Standard for Sustainability Assurance and Reporting and the Use of External Experts (marked-up from ED)
Agenda Item 8(b)	Draft Basis for Conclusions – Sustainability Assurance and Reporting and the Use of External Experts
Agenda Item 8(c)	Sustainability Project Issues Register (May 2025)
Agenda Item 8(d)	Minutes of the third Sustainability Taskforce Meeting (February 2025)

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