

4 May 2025

Sub 7 ED 01/25

The Chair
Auditing and Assurance Standards Board
PO Box 204, Collins Street West
Melbourne VIC 8007

By online portal: auasb.gov.au/projects/Open-for-comment

Dear Mr Niven,

AUASB's Exposure Draft Proposed amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*

Accounting Professional & Ethical Standards Board Limited (APESB) welcomes the opportunity to make a submission on the AUASB's Exposure Draft Proposed amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (the AUASB ED).

APESB is governed by an independent board of directors whose primary objective is to develop and issue, in the public interest, high-quality professional and ethical pronouncements. These pronouncements apply to the membership of the three major Australian professional accounting bodies (Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants). In Australia, APESB issues APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) and a range of professional and ethical standards that address Non-Assurance Services (NAS).

Overall comments

APESB **strongly supports** the AUASB's pragmatic approach of referencing the relevant ethical requirements of Part 5 of the International Ethics Standards Board for Accountants (IESBA) Code when approving ASSA 5000, as an interim measure, pending the revisions to APES 110 for Sustainability Assurance.

The *Corporations Act 2001* (the Act) requires the assurance of sustainability information in Australia to be performed by the financial statement auditor. As Part 5 of the IESBA Code was developed based on Part 4A of the Code, which is applicable to financial statement auditors, the practical implication is that sustainability assurance practitioners complying with Part 5 of the IESBA Code would reach similar conclusions and follow consistent independence requirements to financial statement auditors for sustainability assurance engagements that are subject to the higher independence threshold in Part 5. Therefore, the current compliance with the requirements in Part 4A by the financial statement auditor in Australia should, in practice, result in substantial compliance with the requirements of Part 5. We also note that the entity's

financial statement auditor will not significantly benefit from the use of Part 4B¹ of APES 110 for sustainability assurance engagements.

Commentary on ethical requirements in the AUASB ED

The Explanatory Memorandum to AUASB's ED contains extensive commentary on ethics and independence requirements that fall within the remit of the APESB.

APESB has reservations and concerns about the discussions and views expressed within the Explanatory Memorandum to the AUASB ED on the role, interpretation or application of ethical and independence requirements as set out by APESB or the IESBA. APESB cautions the AUASB that the commentary in the Explanatory Memorandum regarding ethical requirements that interprets or summarises ethical and/or independence requirements within the remit of APESB could be misinterpreted by users of the standards and may lead to unintended consequences.

Interaction of effective dates

The interaction of the effective date of ASSA 5000 and the forthcoming *Australian Ethics Standards for Sustainability Assurance (including Independence Standards)* (AESSA), as outlined in APESB exposure drafts 01/25 and ED 02/25, is particularly important.

Paragraph 19 of the Explanatory Memorandum of the AUASB ED states that the effective date of ASSA 5000 prevails over the effective date for the AESSA. Accordingly, irrespective of the effective date ultimately determined by the APESB, once ASSA/ASA 2025-4 is finalised. Hence, the effective date of the AESSA for Group 1 entities within the scope of ASSA 5000 will be 1 January 2025. This interaction ensures that such entities will have full access to the transitional provisions set out in the AESSA.

Transitional provisions on ethical requirements

Proposed Amending Standard ASSA/ASA 2025-3

For the transition provisions in ASSA 5000 in the proposed amending standard ASSA/ASA 2025-3 (before revised APES 110 is issued), APESB recognises that, as an interim practical measure, the transition provisions within ASSA 5000 may help ensure assurance practitioners are not inadvertently breaching ethical and independence requirements. However, APESB is firmly of the view that the transitional provisions within ASSA 5000 should be an exact replica of the transitional provisions established in the IESBA Code and the AESSA.

For the provisions in Section 5390 relating to the use of external experts, APESB **supports** the deferral of the start date for external experts, which aligns with the approach taken in the APESB ED 02/25 and is necessary, as an interim measure, to give effect to a deferred application date.

¹ See paragraph 900.10 of Part 4B, which notes that financial statement auditors are required to comply with Part 4A of the Code.

Proposed Amending Standard ASSA/ASA 2025-4

APESB **does not support** the proposed amendments to introduce new transitional provisions in ASSA 5000 that relate to ethical requirements in proposed amending standard ASSA/ASA 2025-4 (**after the revised APES 110 is issued**).

Ethical requirements are the responsibility of APESB. Accordingly, APESB is firmly of the view that transitional provisions for ethical requirements should **only** be addressed in standards promulgated by the APESB, including the forthcoming AESSA. Introducing additional transitional provisions relating to ethical requirements within ASAs including ASSA 5000 risks regulatory confusion, creates opportunities for regulatory arbitrage and potentially oversteps the AUASB's mandate as established by the *ASIC Act 2001*.²

In addition, APESB is of the view that the amendments that are proposed in ASSA 5000 are unnecessary and potentially inconsistent with the proposed APESB transitional provisions in the APESB ED 01/25 and ED 02/25 (see Appendix B), which adequately address transition relief for Australian practitioners. If issued in their current form, the amendments could lead to confusion in the marketplace and increase implementation challenges for assurance practitioners.

We note that paragraphs 36 and 38 of the Explanatory Memorandum of the AUASB ED states that ASSA/ASA 2025-4 will not be finalised until APESB's finalisation of its sustainability related pronouncements to APES 110. It is also possible that, based on respondents' feedback that there will be changes to APESB's transitional provisions that may also impact AUASB's ASSA/ASA 2025-3.

We have included in Appendix C to this comment letter a summary of our understanding of the key interactions between the transition provisions outlined in the AUASB ED, the IESSA and APESB exposure drafts, together with the impact on different types of engagements.

Independence considerations and the provision of NAS to a Sustainability Assurance Client

The principles and obligations underpinning auditor independence, including those related to NAS and auditor rotation, are already well-established within APES 110 and further reinforced by the legislative provisions under the Act. We are concerned that the proposed AUASB transitional provisions risk undermining this established framework by implying the need for alternative treatment. Such an approach may unintentionally codify prior non-compliance with Part 4A of APES 110.

Appropriate transitional provisions in ASSA 5000

In Appendix D, we have set out suggested amendments to the proposals in the AUASB ED which address the concerns we have raised above. We believe that if the suggested amendments are adopted, the risks of regulatory confusion and increased challenges for practitioners will be avoided.

² The *ASIC Act 2001* section 227B states that the functions of the AUASB are:

- (a) to make auditing standards under section 336 of the *Corporations Act* for the purposes of the corporations legislation; and
- (b) to formulate auditing and assurance standards for sustainability and other purposes; and
- (c) to formulate guidance on auditing and assurance matters; and
- (d) to participate in and contribute to the development of a single set of auditing standards for world - wide use; and
- (e) to advance and promote the main objects of this Part.

APESB's key recommendations are noted below. In addition, Appendix A provides APESB's responses to the specific Exposure Draft questions.

Recommendations

APESB's key recommendations in relation to the AUASB ED for the AUASB's consideration are:

- The AUASB should defer making decisions and not proceed with finalising the amendments to ASSA/ASA 2025-3 and 2025-4 until such time as APESB has finalised its deliberations on its Sustainability-related Exposure Drafts thereby ensuring that a cohesive and clear direction is provided for sustainability practitioners by both the AUASB and the APESB.
- However, should the AUASB determine to finalise ASSA/ASA 2025-3 at this time, we recommend that the scope of the amendments be reduced to address only three issues:
 - Amendments to the application of ASSA 5000 to sustainability reports prepared under Chapter 2M of the *Corporations Act 2001*;
 - Clarifications regarding assurance engagements conducted under the National Greenhouse and Energy Reporting Scheme (NGERS); and
 - Deferral of the effective date of the provisions in Section 5390 (external experts).
- If transitional provisions relating to ethical and independence requirements are to be included in ASSA/ASA 2025-3, the provisions should be an exact replica of the provisions established in the IESBA Code or the forthcoming *Australian Ethics Standards for Sustainability Assurance (including Independence Standards)* (AESSA) as outlined in APESB ED 01/25 and ED 02/25, with any difference specifically limited to the application date of ASSA 5000.
- For the AUASB to clarify the interaction of the effective dates for ASSA 5000 and the AESSA, and to consider how this impacts the proposed transitional provisions in the AUASB ED.
- Continue to engage in ongoing collaboration with APESB to ensure a coordinated approach to finalise each board's respective pronouncements collectively for Sustainability Assurance, and where appropriate, participate in coordinated communications and stakeholder engagement activities to ensure consistent messaging in respect of Sustainability Assurance Engagements.

Concluding comments

APESB has significant concerns regarding the commentary on ethics and independence matters in AUASB's ED, some of the substance in the ED, and the timeline for the proposed amendments. In particular, APESB is concerned with the interoperability of ASSA 5000 with APESB's APES 110 and the interaction of the applicable transitional provisions.

Accordingly, APESB respectfully requests that the AUASB defer making decisions and not proceed with amendments that impact APES 110 until such time as APESB is expected to finalise its deliberations on its Exposure Drafts for Sustainability Ethics and Independence Standards at its 17th of June Board meeting. This will help ensure consistency in the application of transitional provisions across both Board's sustainability assurance pronouncements.

APESB is committed to developing ethics and independence standards to support a high-quality sustainability assurance framework in Australia and looks forward to working with the AUASB to help ensure a coordinated and effective approach for sustainability assurance for the benefit of the sustainability assurance practitioners, the profession and the public interest.

If you require additional information, please contact APESB's Technical Director, Ms. Jacinta Hanrahan, at jacinta.hanrahan@apesb.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nf Milne'.

Nancy Milne OAM
Chairman

APPENDIX A

APESB's Specific Comments

APESB's responses to the Exposure draft questions in part VIII of the AUASB ED are as follows:

1. **Do you agree that the proposed amendments to introduce new transitional provisions in ASSA 5000 for certain requirements of Part 5 of the IESBA Code are appropriate, taking into account:**
 - (a) **the AUASB's objective of issuing assurance standards that are consistent with IAASB standards;**
 - (b) **the importance of ethical requirements in Part 5 of the IESBA Code for sustainability assurance engagements; and**
 - (c) **the possible practical implications of adopting Part 5 of the IESBA Code from 1 January 2025.**

APESB notes the objective of the AUASB to assist practitioners in implementing relevant ethical requirements in line with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) and agrees that the ethical requirements in Part 5 of the IESBA Code for sustainability assurance engagements should be adopted in the absence of relevant ethical requirements addressing sustainability assurance engagements in APES 110. However, APESB has significant concerns about the proposed amendments in the AUASB ED and the likely unintended consequences of mandating the proposed transitional provisions as set out in the AUASB ED.

Responsibility for establishing transitional provisions

Our first concern is that setting ethical requirements for assurance practitioners is the responsibility of the APESB. As such, transitional provisions for ethical requirements should be addressed through the forthcoming *Australian Ethics Standards for Sustainability Assurance (including Independence Standards)* (AESSA) as outlined in:

- Exposure Draft 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* (APESB ED 01/25); and
- Exposure Draft 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* (APESB ED 02/25).

For your information, Appendix B of this letter also sets out the proposed APESB transitional provisions from APESB ED 01/25 and 02/25.

We acknowledge the need for AUASB to establish transitional provisions before the revised APES 110 is issued. However, these transitional provisions should be an exact replica of the provisions established in the IESBA Code or the AESSA, with any difference specifically limited to the application date of ASSA.

Introducing transitional provisions within ASSA 5000 relating to ethical requirements that differ to, or are inconsistent with, the APESB's final position risks regulatory confusion, will create opportunities for regulatory arbitrage and may overstep the AUASB's mandate as established by the *ASIC Act 2001*.³

³ The *ASIC Act 2001*, section 227B states that the functions of the AUASB are:

Clarity on the interaction of the effective dates for ASSA 5000 and the AESSA

APESB acknowledges the imperative to release the AESSA and reporting-related ethical requirements promptly to ensure alignment with the AUASB's ASSA 5000 and ASSA 5010 in a timely manner. It is the current expectation that APESB will finalise deliberations on the proposals in Q2 2025 with an overarching effective date of 1 January 2026, with some transitional relief provided in specific circumstances.

It is important, therefore, to clarify the interaction of the effective date of ASSA 5000 and the AESSA, as APESB is of the view that this impacts the determination of whether the proposed transitional provisions in the AUASB ED are appropriate.

Paragraph 19 of the Explanatory Memorandum of the AUASB ED states that the effective date of ASSA 5000 prevails over the APESB effective date for the AESSA. If this is the case, irrespective of the effective date ultimately determined by the APESB, once ASSA/ASA 2025-4 is finalised, the effective date of the AESSA for Group 1 entities within the scope of ASSA 5000 will be 1 January 2025. This interaction ensures that such entities will have full access to the transitional provisions set out in the AESSA.

We encourage the AUASB to clarify the interaction of the effective dates for ASSA 5000 and the AESSA, and to consider how this impacts the proposed transitional provisions in the AUASB ED and whether they are all necessary.

Provision of NAS to a Sustainability Assurance Client – Part 4A compliance

The principles and obligations underpinning auditor independence, including those related to non-assurance services (NAS) and auditor rotation, are already well-established within APES 110 and further reinforced by the legislative provisions under the *Corporations Act 2001* (the Act). Therefore, compliance with the existing requirements of Part 4A of the IESBA Code and APES 110 should, in practice, result in substantial compliance with Part 5, as the differences between the two parts are minimal.

In the Australian regulatory environment, for entities required to prepare a sustainability report in accordance with the requirements of Chapter 2M of the Act, the audit of the sustainability report is to be performed by the same auditor of the entity's financial statements.

Financial statement auditors are already required to comply with Part 4A of APES 110, including Section 600 *Provision of Non-Assurance Services to an Audit Client* and will continue to be required to comply with the equivalent requirements to Part 4A. This is even the case when providing assurance engagements other than audit and review engagements to the same audit client.⁴

In our view, application of Part 5 and Part 4A would require auditors/sustainability assurance practitioners to follow consistent independence requirements including consideration of the

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- (a) to make auditing standards under section 336 of the *Corporations Act* for the purposes of the corporations legislation; and
 - (b) to formulate auditing and assurance standards for sustainability and other purposes; and
 - (c) to formulate guidance on auditing and assurance matters; and
 - (d) to participate in and contribute to the development of a single set of auditing standards for world - wide use; and
 - (e) to advance and promote the main objects of this Part.

⁴ See for example, paragraph 900.4 which notes that financial statement auditors are required to comply with Part 4A of the Code.

conceptual framework, and assessing, evaluating and addressing threats to the fundamental principles.

As noted in the Basis for Conclusions to the IESSA (BC129), the *‘general requirements and application material set out in Section 600 of Part 4A for audit engagements (such as the prohibition from assuming management responsibility, the “self-review threat prohibition,” and communication with TCWG) are also applicable when the firm provides NAS to a sustainability assurance client.’*

While there are transitional provisions relating to the provision of NAS provided in APESB ED 01/25, it is expected that the application of such provisions will be limited due to the Australian regulatory environment requirements noted above.

Accordingly, we are concerned that the proposed AUASB transitional provisions for NAS engagements risk undermining this established framework by implying the need for further transitional relief or alternative treatment. Such an approach may unintentionally codify or legitimise prior non-compliance or deficient practice.

It is our firm view that the Code should not be reinterpreted to accommodate behaviour that is inconsistent with the existing requirements of Part 4A. Rather, alignment with the APESB’s standards and the Act must be maintained to maintain integrity and public confidence in the assurance framework as Australia moves towards its first wave of mandatory sustainability reporting and assurance.

A summary of the key interactions between the transitional provisions outlined in the AUASB ED, the IESSA and APESB exposure drafts, together with proposed amendments to the AUASB ED to address the concerns raised above, is set out in Appendix C.

We have also set out below, our specific concerns relating to the proposed standards ASSA/ASA 2025-3 and ASSA/ASA 2025-4.

Proposed Amending Standard ASSA/ASA 2025-3

In relation to the transitional provisions in proposed amending Standard ASSA/ASA 2025-3 (which is effective before the revised APES 110 is issued), APESB is of the view that transitional provisions are adequately dealt with in the IESSA in relation to non-assurance services (NAS). However, the APESB recognises that, as an interim practical measure, transition provisions within ASSA 5000 may help reinforce the relevant ethical and independence requirements.

APESB is concerned about the proposed reference to inadvertent contracting of NAS engagements in the transitional provisions,⁵ and would prefer to see the drafting of the provision aligning to the drafting in the proposed AESSA.

For the provisions in Section 5390 relating to the use of external experts, APESB agrees that deferral of the start date for external experts aligns to the approach taken in the APESB ED 02/25 and is necessary, as an interim measure, to give effect to a deferred application date.

⁵ For example, a significant volume of information was already available in the public domain regarding the direction of forthcoming ethical and independence requirements. This includes the IESBA Exposure Draft released in January 2024 and the final approval of the IESSA in December 2024 (issued publicly in January 2025). Moreover, throughout 2024, APESB discussed the project’s progression in multiple public board meetings and formally supported the IESSA proposals relating to the alignment of non-assurance services provisions with Part 4A in its public comment letter to IESBA in May 2024.

Proposed Amending Standard ASSA/ASA 2025-4

APESB **does not support** the outlined amendments in proposed amending Standard ASSA/ASA 2025-4 (which applies after the revised APES 110 is issued) relating to transitional provisions in ASSA 5000 (ASSA 5000). There should be no need for additional transitional provisions in ASSA 5000 once the revised APES 110 is effective.

As noted in the discussion above, it will be important to consider the impact of the overridden effective date of the AESSA, meaning that practitioners could apply the APESB transitional provisions from 1 January 2025.

However, acknowledging that there is potentially confusion in the marketplace on the interaction between ASSA 5000 and the ethical requirements, as an alternative to removing the transitional provisions entirely, as a practical/pragmatic solution APESB suggests aligning the transitional provisions in 2025-3 and 2025-4 to the intent of the APESB transitional provisions. This alternative is outlined in Appendix D.

2. Do you agree with the proposal to change the start date for applying ASSA 5000 to engagements other than engagements for assurance over information in sustainability reports under Chapter 2M?

APESB **supports** the AUASB's proposal to amend the start date for applying ASSA 5000 to engagements other than engagements for assurance over information in sustainability reports under Chapter 2M of the *Corporations Act 2001*. APESB considers this proposal to be a pragmatic step that recognises the potential complexity and evolving nature of sustainability reporting in Australia.

3. In the alternative, are you of the view that the AUASB should not make the amendments referred to in Questions 1 and 2 above?

As detailed in our responses to Question 1 and Question 2 above, APESB:

- is of the view that the AUASB should not make the amendments referred to in Question 1, except in relation to deferral of the effective date of the provisions in Section 5390 relating to the use of external experts.
- supports the proposed amendments in Question 2.

4. Are there any other options that should be considered by the AUASB?

APESB is concerned about the possibility of unintended consequences or regulatory arbitrage if the AUASB approve amendments to ASSA 5000 that are not consistent with the final provisions in APES 110 which will be considered by the APESB at its 17 June 2025 Board meeting. In particular, the transition relief proposed by APESB is in draft form and may change based on stakeholder comments. This may necessitate further amendments to ASSA 5000 if the AUASB approves all its proposed amendments before APESB completes its due process for the sustainability ethics and independence standards.

Therefore, APESB encourage the AUASB to consider undertaking a staged approach to their revisions process, with the first step focusing on three key issues:

- Amendments to the application of ASSA 5000 to sustainability reports prepared under Chapter 2M of the *Corporations Act 2001*;
- Clarifications regarding the applicability and treatment of assurance engagements conducted under the National Greenhouse and Energy Reporting Scheme (NGERS); and

- Deferral of the effective date of the provisions in Section 5390 relating to the use of external experts.

By focussing on these matters first, the AUASB will avoid regulatory overlap and minimise the risk of misinterpretation by stakeholders.

All other proposed amendments, particularly those relating to ethical and independence matters, should be deferred until the APESB finalises its revisions to APES 110.

5. If you agree with amending ASSA 5000, do you agree that the AUASB should amend ASSA 5000 as soon as possible to provide certainty to assurance practitioners and assured entities? In the alternative, should the AUASB wait for the APESB to issue a revised APES 110 before making any amendments to ASSA 5000?

APESB supports, in principle, the objective of the AUASB to amend ASSA 5000, however, we do not support the position where transitional provisions are included in ASSA 5000 before the revised APES 110 is finalised. As noted in our response to question 1 and 4, if this were to occur, it is likely to create further confusion and complexity, especially if the proposed positions in the APESB Exposure Drafts require amendments.

As noted in our response to question 4 above, APESB agrees with the alternative approach that the AUASB wait for APESB to issue a revised APES 110 before making any amendments to ASSA 5000 relating to transitional provisions. However, we acknowledge that there are certain amendments that are not related to ethics and independence that could be determined by the AUASB prior to the issue of the revised APES 110.

6. Do you agree with the proposal to clarify the application of AUASB standards for assurance engagements on information reported to the Clean Energy Regulator?

APESB supports the proposal to clarify the application of AUASB standards for assurance engagements on information reported to the Clean Energy Regulator. APESB agrees with the AUASB view that it is appropriate to confirm that these engagements fall outside the scope of ASSA 5000 and are subject to the extant framework. APESB encourages the AUASB to work with the Clean Energy Regulator to ensure the applicable Code for such engagements is updated as soon as possible to align with the revised version of the Code.

7. Do you have any comments on the proposed amendments to the illustrative assurance reports in ASSA 5000, taking into account the requirements of subparagraphs 190(d)(iv) and (v) of that standard?

As per our response to Question 5 above, APESB would support the AUASB considering the proposed amendments to the illustrative assurance reports after APESB has issued a revised APES 110.

APESB notes that the proposed amendments to the illustrative assurance report in ASSA/ASA 2025-4 refer to ASSA 5000 and ASA 102 once the revised version of APES 110 is released by APESB. We, therefore, recommend that the illustrative reports in Appendix 3 of ASSA 5000 **do not** refer to Part 5 of the *International Ethics Standards for Sustainability Assurance (including International Independence Standards)*. As ASSA/ASA 2025-4 is intended to be applied retrospectively, the reference should be solely to APES 110.

APESB does not support the inclusion of referencing to the firm/network firm not applying provisions on the use of the work of an external expert. These requirements (as currently proposed by both the AUASB and APESB) are not applicable for assurance engagements on

sustainability information reported before reporting periods beginning on or after 1 January 2026, or as at a specific date on or after 1 January 2026. APESB has proposed transitional provisions for use of external experts that could be referenced by the AUASB in ED 02/25 (refer to page 71 of APESB ED 02/25). Accordingly, section (b)(ii) is not required in the illustrative report as the requirements are not applicable.

8. Are there any matters that the AUASB should be aware of in connection with the proposal to amend ASA 102 to adopt the proposed revised APES 110 for non-sustainability assurance engagements with effect from financial reporting periods commencing on or after 1 January 2026?

APESB recommends that ASA 102 be amended to permit early adoption for non-sustainability assurance engagements.

We also recommend careful monitoring of APES 110 and AUASB standards to help ensure alignment is maintained.

9. What are the costs and benefits of the proposals, whether quantitative or qualitative and whether financial or non-financial?

APESB strongly considers that the cost and complexity of the proposed amendments, in their current form, significantly outweigh any potential benefits. These costs, while not necessarily quantitative in nature, have substantial implications for the implementation of the sustainability assurance framework in Australia.

Overall, consistent with our response to the previous questions, APESB is of the view that the proposed inclusion of ethical and independence transitional provisions within the AUASB's standards increases the risk of inconsistency and confusion for assurance practitioners. Assurance practitioners may struggle to understand which requirements prevail where discrepancies exist, leading to uncertainty and potential non-compliance. This is particularly burdensome in the transitional period, where clarity and certainty are crucial.

Further, the proposals, if implemented, could set a precedent for the AUASB interpreting or amending APESB standards.

APESB acknowledge the AUASB's intent to provide clarity around the application of its standards during the transitional period; however, this objective can be more effectively achieved through minimal changes as addressed in Question 1 above, rather than through the current proposals.

10. Are there any other significant public interest matters that you wish to raise on the proposals in this exposure draft?

APESB is of the view that there are important public interest considerations that must be taken into account when evaluating the proposals, particularly given the evolving landscape of sustainability reporting and assurance in Australia.

As sustainability assurance becomes mandatory for entities preparing sustainability reports in accordance with Chapter 2M of the *Corporations Act 2001* and expectations from stakeholders increase, the regulatory framework must remain consistent, coherent and comprehensible. Mixed messaging or overlapping requirements from different standard-setting bodies can undermine clarity of the application of the standards and can erode public trust.

APESB strongly believes that the public interest is best upheld by the AUASB ensuring any proposed amendments to ASSA 5000 for ethical requirements, where absolutely required to fill a gap, are non-existent to minimal and are consistent with the ethical and independence standards set by the APESB.

APESB also note that the AUASB ED contains extensive commentary on ethical requirements that fall within the remit of the APESB. APESB is concerned about the unintended consequences of the views expressed within the AUASB ED concerning the role, interpretation or application of ethical requirements as set by APESB and the IESBA.

Appendix B

APESB proposed transitional provisions

APESB Exposure Draft 01/25 Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting

TRANSITIONAL PROVISIONS

The [Code](#) is subject to the following transitional provisions:

Long Association of Personnel with an Audit or Assurance Client

1. Paragraph R540.22 shall have effect only for audits of [Financial Statements](#) for periods beginning prior to 31 December 2023. This will facilitate the transition to the required cooling-off period of five consecutive years for [Engagement Partners](#) where legislation or regulation has specified a cooling-off period of less than five consecutive years.

[Paragraphs 2 to 11 of the transitional provisions in the extant Code and amending standards remain unchanged.]

Revisions to the Code for the Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting

12. The Australian Ethics Standards for Sustainability Assurance (including Independence Standards) (AESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting has the effective dates as set out below.
 - Except for the provisions in Sections 5405 and 5406 applicable to assurance work performed at [Value Chain Components](#), the provisions in the Glossary, Section 120, Section 260, Section 300, Section 360, Part 4A and 4B, and Part 5 will be effective for [Sustainability Assurance Engagements](#) on [Sustainability Information](#) for periods beginning on or after 1 January 2026, or as at a specific date on or after 1 January 2026.
 - The revisions in Sections 100, 200, 210, 220, 240, 270, 300, 310, 320 and 330 will be effective as of 1 January 2026.

The provisions in Sections 5405 and 5406 applicable when assurance work is performed at a [Value Chain Component](#) will be effective for [Sustainability Assurance Engagements](#) on [Sustainability Information](#) for periods beginning on or after 1 January 2027, or as at a specific date on or after 1 January 2027.

Early adoption is permitted and encouraged.

Transitional Provisions

For [Sustainability Assurance Engagements](#) on [Sustainability Information](#) for periods beginning, or as at a specific date, prior to 1 July 2028, that involve assurance work performed at a [Value Chain Component](#):

- (a) A [Group Sustainability Assurance Firm](#) or [Component Practitioner](#) that performs assurance work at a [Value Chain Component](#) shall apply the conceptual framework set out in Section 5120 to identify, evaluate and address threats to [Independence](#) in relation to such assurance work;
- (b) If the [Group Sustainability Assurance Firm](#) intends to use the assurance work of [Another Practitioner](#), the [Group Sustainability Assurance Firm](#) shall be satisfied that the other practitioner is independent, and in that regard may rely on a statement of [Independence](#) in accordance with Part 4B or other professional requirements relating to [Independence](#); and
- (c) The [Group Sustainability Assurance Firm](#) shall publicly disclose that [Independence](#) provisions applicable to assurance work performed at [Value Chain Components](#) under the AESSA have not been applied, pursuant to a deferred effective date for such provisions as specified in the AESSA.

If a [Firm](#) has not served as the auditor of the [Financial Statements](#), the requirement in paragraph R5540.10a also applies where the [Firm](#) will perform a [Sustainability Assurance Engagement](#) on [Sustainability Information](#) for a period beginning prior to 1 January 2026.

For non-assurance services engagements a [Firm](#) or [Network Firm](#) has entered into with a [Sustainability Assurance Client](#) before 1 January 2026, which would be prohibited under Section 5600 and its subsections but for which work has already commenced, the [Firm](#) or [Network Firm](#) may continue such engagements in accordance with the original engagement terms for no more than one reporting cycle.

A [Firm](#) might apply the provisions in the AESSA before their effective date. In such a case, if the [Firm](#) intends to use the assurance work of [Another Practitioner](#) performed for a standalone or [Group Sustainability Assurance Engagement](#) and the other practitioner has complied with the [Independence](#) provisions of Part 4B in relation to that work, the [Firm](#) may treat a confirmation or statement of such compliance from the other practitioner as satisfying the requirements of Section 5406 of Part 5.

TRANSITIONAL PROVISIONS

[Paragraphs 1 to 11 of the transitional provisions in the extant Code and amending standards remain unchanged.]

Revisions to the Code addressing Using the Work of an External Expert

13. Revisions to the [Code](#) addressing Using the Work of an External Expert have effective dates as set out below.

- The provisions in Part 2 will be effective as of 1 January 2027.
- The provisions in Part 3 will be effective for:
 - [Audit Engagements](#), [Review Engagements](#), and other assurance engagements outside the scope of Part 5 for periods beginning on or after 1 January 2027, or as at a specific date on or after 1 January 2027.
 - Other Professional Services as of 1 January 2027.
- The provisions in Part 5 will be effective for [Sustainability Assurance Engagements](#) on [Sustainability Information](#) for periods beginning on or after 1 January 2026, or as at a specific date on or after 1 January 2026.

Early adoption is permitted and encouraged.

Transitional Provisions for Sustainability Assurance Engagements

For periods before 1 January 2025

For [External Expert](#) engagements that a [Firm](#) or [Network Firm](#) has entered into for a [Sustainability Assurance Client](#) before 1 January 2025 and for which work has already commenced, the [Firm](#) or [Network Firm](#) may continue such engagements under the extant provisions of the [Code](#) in accordance with the original engagement terms for no more than one reporting cycle.

For periods between 1 January 2025 and 31 December 2026

For [External Expert](#) engagements that a [Firm](#) or [Network Firm](#) has entered into for a [Sustainability Assurance Client](#) for a period ending on or before 31 December 2026, the [Firm](#) or [Network Firm](#) may undertake such engagements under the extant provisions of the [Code](#).

For [Sustainability Assurance Engagements](#) that are within the scope of paragraph 5400.3b of the [Code](#), the [Firm's Sustainability Assurance Practitioner](#) may apply paragraphs R5390.12 to 5390.13 A2 for [Sustainability Assurance Engagements](#) on [Sustainability Information](#) for a period ending on or before 31 December 2026, or as at a specific date on or before 31 December 2026.

Transparency requirement when transitional relief provisions have been utilised

Where the relief allowed by a transitional provision is used, the [Firm](#) or [Network Firm](#) shall disclose to [Those Charged with Governance](#) of the [Sustainability Assurance Client](#) the use of the provision for the relevant [External Expert\(s\)](#).

APPENDIX C: Interaction of AUASB and APESB transition provisions

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA and Experts EDs	Interaction/applicability
Effective date [simplified at this stage]					
	Periods commencing 1 January 2025 (Chapter 2M reporters) Periods ending 31 December 2025 (other sustainability information) As at 31 December 2025	Periods commencing 1 January 2025 (Chapter 2M reporters) Periods ending 31 December 2025 (other sustainability information) As at 31 December 2025	For periods beginning after 15 December 2026, except for Value Chain Components, which are applicable for periods beginning on or after 1 July 2028.	For periods beginning after 1 January 2026, except for Value Chain Components, which are applicable for periods beginning on or after 1 January 2027 (as drafted) 2028.	
Non-assurance services					
Group 1 entities (Chapter 2M reporters) First reporting period: 31 December 2025 & 30 June 2026 And voluntary assurance that applies ASSA 5000	Subject to the transitional provisions for Part 5 of the Code (ASSA 5000, Aus 18.1(b)(i)): • Are permitted to continue a non- assurance engagement otherwise prohibited under Section 5600 for one more reporting period subject to compliance with Part 1- 4B of APES 110 and: ○ work commenced before 1 January 2025 or	Subject to the transitional provisions in APES 110 (Aus 18.1(i)). • Are permitted to continue a non- assurance engagement otherwise prohibited under Section 5600 for one more reporting period subject to compliance with Part 1- 4B of APES 110 and: ○ work commenced before 1 January 2025 or	For non-assurance services engagements a firm or network firm has entered into with a sustainability assurance client before December 15, 2026 which would be prohibited under Section 5600 and its subsections but for which work has already commenced, the firm or network firm may continue such engagements in accordance with the original engagement terms for no more than one reporting cycle.	For non-assurance services engagements a Firm or Network Firm has entered into with a Sustainability Assurance Client before 1 January 2026, which would be prohibited under Section 5600 and its subsections but for which work has already commenced, the Firm or Network Firm may continue such engagements in accordance with the original engagement terms for no more than one reporting cycle.	The proposed transitional provisions align in terms of permitting non-assurance services engagements to continue in some form for one further operating cycle/reporting period. 2025-3 (IESSA) The date of IESSA transition provisions is not overridden by the ASSA 5000 amendments (i.e. the transitional provisions retain an effective date of 15 December 2026). The transition requirements: • Align in principle in terms of applying the original engagement terms to work already commenced.

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA and Experts EDs	Interaction/applicability
for the same dates	<ul style="list-style-type: none"> the work was inadvertently contracted and commenced by 1 July 2025. 	<ul style="list-style-type: none"> the work was inadvertently contracted and commenced by 1 July 2025. 			<ul style="list-style-type: none"> 2025-3 specifically requires the entity to apply Part 1-4B of APES 110. However, it should be noted that this would in any case be the same requirements that apply to the financial statement auditor of the entity. <p>The IESSA transition provisions cover NAS entered into before 15 December 2026 for which the work has already commenced.</p> <p>The transition provisions proposed in 2025-3 only include work that was inadvertently contracted and commenced by 1 July 2025.</p> <p>2025-4 (AESSA)</p> <p>The date of AESSA transition provisions is not overridden by the ASSA 5000 amendments (i.e. the transitional provisions retain an effective date of 1 January 2026). The transition requirements:</p> <ul style="list-style-type: none"> Align in principle in terms of applying the original engagement terms to work already commenced. The AESSA transition provisions cover NAS entered into before 1 January 2026 for

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA and Experts EDs	Interaction/applicability
					<p>which the work has already commenced.</p> <ul style="list-style-type: none"> • This transition period encompasses, and extends beyond, the transitional provision period provided in ASSA 5000. • Work needed to have commenced, at the latest, by 1 July 2025 for the provision in ASSA 5000 to apply, limiting the engagements to which the transitional provision could apply within ASSA 5000. However, the requirement for ASSA 5000 to be read subject to the transitional provisions in IESSA/AESSA indicates that the ethics transitional provisions could also be applied, meaning that the longer timeframes permitted in the AESSA could apply. <p>Practical implications</p> <p>Non-assurance services engagements a Firm or Network Firm has entered into with a Sustainability Assurance Client before 1 January 2026, which would be prohibited under Section 5600 and its subsections but for which work has already commenced, the Firm or Network</p>

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA and Experts EDs	Interaction/applicability
					Firm may continue such engagements in accordance with the original engagement terms for no more than one reporting cycle.
Group 2 entities (Chapter 2M reporters) First reporting period 30 June 2027 & 31 December 2027 And voluntary assurance that applies ASSA 5000 for the same dates	<i>Standard no longer applicable, superseded by 2025-4</i>	Subject to the transitional provisions in APES 110 (Aus 18.1(i)). Are permitted to continue a non-assurance engagement otherwise prohibited under Section 5600 for one more reporting period subject to compliance with Part 1-4B of APES 110 and <ul style="list-style-type: none"> work commenced before 1 January 2025 or the work was inadvertently contracted and commenced by 1 July 2025. 	<i>Standard no longer applicable, superseded by 2025-4 (APES 110 applies)</i>	For non-assurance services engagements a Firm or Network Firm has entered into with a Sustainability Assurance Client before 1 January 2026, which would be prohibited under Section 5600 and its subsections but for which work has already commenced, the Firm or Network Firm may continue such engagements in accordance with the original engagement terms for no more than one reporting cycle.	Practically, the transition provisions would have limited applicability as the first reporting date for Group 2 entities is 18 months after the latest engagement date permitted for prohibited services (1 January 2026 in the AESSA). To discuss: Does there need to be any education or discussion around this point to help ensure Group 2 entities are aware of this point?

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA ED	Interaction/applicability
Using the work of external experts					
Group 1 entities (Chapter 2M reporters) First reporting period: 31 December 2025 & 30 June 2026	The provisions of Section 5390 of the IESBA Code are not effective for this reporting period.	The provisions of Section 5390 of APES 110 are not effective for this reporting period.	Not applicable until 1 January 2027	Revisions to the Code addressing Using the Work of an External Expert are not effective until periods beginning on or after 1 January 2026 for Sustainability Assurance Engagements	Aligned
Group 2 entities (Chapter 2M reporters) First reporting period 30 June 2027 & 31 December 2027 AND Group 1 entities (Chapter 2M reporters) 31 December	<i>Transitional relief in ASSA 5000 no longer applies</i>	The provisions of Section 5390 apply (APES 110) subject to the transitional provisions in APES 110 (Aus 18.1(i)).	<i>Transitional relief in ASSA 5000 no longer applies</i>	The transitional provisions apply: <ul style="list-style-type: none"> Engagements pre 1 January 2025 – continue for no more than 1 reporting cycle For External Expert engagements that a Firm or Network Firm has entered into for a Sustainability Assurance Client for a period ending on or before 31 December 2026, the Firm or Network Firm may undertake such engagements under the extant provisions of the Code. 	Aligned Transitional provisions are provided in APES 110. Entities can apply the transitional provisions and continue to use of the extant provisions of the Code as long as the engagement is entered into for a period ending on or before 31 December 2026. This limits the applicability of the transition provision to Group 1 reporters with a 31 December year ends as Group 2 reporters are not required to report until after 31 December 2026. In addition, Group 1 entities with a 30 June year end are not required to apply the requirements at 30 June 2026 (effective date is periods beginning on or after 1

Application	ASSA 5000 (ED proposals 2025-3) [apply until AESSA is released]	ASSA 5000 (ED proposals 2025-4) [apply once AESSA is released]	IESBA IESSA	APESB AESSA ED	Interaction/applicability
2026 (second year of reporting)				<p>The following transitional provision is also available; however, note that applying this provision presents additional information than if the above transition provisions were applied:</p> <p>For Sustainability Assurance Engagements that are within the scope of paragraph 5400.3b of the Code, the Firm's Sustainability Assurance Practitioner may apply paragraphs R5390.12 to 5390.13 A2 for Sustainability Assurance Engagements on Sustainability Information for a period ending on or before 31 December 2026, or as at a specific date on or before 31 December 2026.</p>	<p>January 2026 for Sustainability Assurance Engagements); therefore, the transition requirements are not applicable.</p> <p>For any subsequent reporting periods, the transition provisions are not applicable. For example, years ending 30 June 2027 onwards do not apply the transition provisions.</p>

Appendix D

APESB Proposed Drafting Changes to Amending Standards 2025-3 and 2025-4

Australian Standard on Sustainability Assurance ASSA 2025-3: Amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

....

Application

Aus 0.1 This Standard on Sustainability Assurance (ASSA) applies to assurance engagements on:

- (a) sustainability information in a sustainability report for a financial year in accordance with the *Corporations Act 2001* (the Act);
- (b) sustainability information where the engagement is held out to have been conducted in accordance with this ASSA; and
- (c) sustainability information for any other purpose, except where *National Greenhouse and Energy Reporting (Audit) Determination 2009* (the NGER Determination) applies and that determination does not require this ASSA to be applied.

Aus 0.2 This ASSA also applies, as appropriate, to assurance on other sustainability information.

Operative Date

Aus 0.3 Subject to paragraph Aus 0.4, this ASSA is effective for assurance engagements on sustainability information reported as follows:

- (a) For information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* - For periods beginning on or after 1 January 2025 and as at the end of that period;
- (b) For all other engagements - As at a specific date on or after 31 December 2025 and for periods ending on that date, except where the period commenced before 1 January 2025.

Earlier application of this ASSA is permitted, except where the NGER Determination applies and that determination does not permit this ASSA to be applied.

Aus 0.4 For assurance engagements on sustainability information in a sustainability report under Chapter 2M of the Act for a financial year commencing from 1 January 2025 to 30 June 2030, this ASSA applies as specified in Australian Sustainability Assurance Standard ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

Definition of 'the Code'

Aus 18.1 The definition of 'the Code' is:

- (a) Parts 1 to 3 of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited; and

- (b) The provisions in Part 5 of the *International Ethics Standards for Sustainability Assurance (Including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (Part 5 of the IESBA Code) with effect from the operative date of this standard other than as follows:
- (i) Except as stated in (ii) and (iii) below, subject to the transitional provisions for Part 5 of the IESBA Code;
 - (ii) A non-assurance engagement otherwise prohibited under Section 5600 of Part 5 of the IESBA Code by a firm or network firm entered into with a sustainability assurance client before 1 January 2026, but for which work has already commenced, may continue in accordance with the original engagement terms for no more than one ~~more~~ reporting period provided that:
 - ~~a. the provisions of Parts 1 to 4B of APES 110, as applicable, continue to be complied with; and~~
 - ~~b. the engagement was contracted and work commenced before 1 January 2025 or inadvertently contracted and work commenced before 1 July 2025;~~
 - (iii) The provisions in Section 5390 in Part 5 of the IESBA Code on using the work of external experts are not effective for assurance engagements on sustainability information reported before:
 - a. Reporting periods beginning on or after 1 January 2026; or
 - b. As at a specific date engagements on or after 1 January 2026.

....

Illustrative assurance reports

We are independent of the Company in accordance with the applicable requirements of the Code being:

- (a) APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (APES 110); and
- (b) the provisions in Part 5 of the *International Ethics Standards for Sustainability Assurance (Including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (Part 5 of the IESBA Code).

~~except that a~~ As permitted by the transitional provisions of Part 5 of the IESBA Code and ASSA 5000:

~~(i) If the [firm/network firm] provided [describe service] to [the entity/a controlled entity], and~~

~~(ii) The [firm/network firm] did not apply provisions on the use of the work of an external expert used in relation to [describe area].~~

[Illustrative Report 1 - as applicable to sustainability assurance engagements of public interest entities, together with the ethical requirements that are relevant to assurance engagements of public interest entities/Illustrative Reports 2 and 4 - together with the ethical requirements that are relevant to our assurance engagements of the Sustainability Information/Information/Illustrative Report 3 - together with the ethical requirements that are relevant to our assurance engagement of the Information RA and Information LA] in in *[title/identification of requirements,*

name of appropriate authority and jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Note: The transitional provisions ~~exceptions in paragraph (b)~~ only need to be included where they are relevant to the engagement. For example, the exception ~~in subparagraph (i)~~ can be removed if no non-assurance engagements have been provided by the assurance practitioner or network firms, ~~and the exception in subparagraph (ii) can be removed if no external experts have been used by the assurance practitioner.~~

Our firm applies Australian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Proposed Amending Standard ASSA/ASA 2025-4 – After Revised APES 110 Issued

....

Definition of ‘the Code’

Aus 18.1 The definition of ‘the Code’ is APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to MMMM 2025 (APES 110) with effect from the operative date of this standard other than as follows:

- (i) Except as stated in (ii) and (iii) below, subject to the transitional provisions in APES 110;
- (ii) A non-assurance engagement otherwise prohibited under Section 5600 of APES 110 by a firm or network firm entered into with a sustainability assurance client before 1 January 2026, but for which work has already commenced, may continue in accordance with the original engagement terms for no more than one ~~more~~ reporting period provided that:
 - a. the provisions of Parts 1 to 4B of APES 110, as applicable, continue to be complied with; ~~and~~
 - b. ~~the engagement was contracted and work commenced before 1 January 2025 or inadvertently contracted and work commenced before 1 July 2025;~~
- (iii) The provisions in Section 5390 in ~~Part 5 of~~ APES 110 on using the work of external experts are not effective for assurance engagements on sustainability information reported before:
 - c. Reporting periods beginning on or after 1 January 2026; or
 - d. As at a specific date engagements on or after 1 January 2026.

....

Illustrative assurance reports

We are independent of the Company in accordance with the applicable requirements of the Code being APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (APES 110) ~~and Part 5 of the International Ethics Standards for Sustainability Assurance (Including International Independence Standards) issued by the International Ethics Standards Board for Accountants~~, except as permitted by the transitional provisions of APES 110 or ASSA 5000:

(i) ~~I~~the [firm/network firm] provided [describe service] to [the entity/a controlled entity]; ~~and~~

(ii) ~~The [firm/network firm] [did not apply/applied reduced] provisions on the use of the work of an external expert used in relation to [describe area].~~

[Illustrative Report 1 - as applicable to sustainability assurance engagements of public interest entities, together with the ethical requirements that are relevant to assurance engagements of public interest entities/Illustrative Reports 2 and 4 - together with the ethical requirements that are relevant to our assurance engagements of the Sustainability Information/Information/Illustrative Report 3 - together with the ethical requirements that are relevant to our assurance engagement

of the Information RA and Information LA] in in *[title/identification of requirements, name of appropriate authority and jurisdiction]*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Note: The transitional provisions ~~exceptions in subparagraphs (i) and (ii) above~~ only need to be included where they are relevant to the engagement. ~~If both a not relevant, the reference to Part 5 of the IESBA Code can also be omitted.~~ For example, the exception ~~in subparagraph (i)~~ can be removed if no non-assurance engagements have been provided by the assurance practitioner or network firms; ~~and the exception in subparagraph (ii) can be removed if no external experts have been used by the assurance practitioner.~~

Our firm applies Australian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

....