



AGENDA – 113TH FRC MEETING

Date: 5 March 2025

Time: 09:30 – 16:30

Location: Level 16, 530 Collins Street MELBOURNE VIC 3000 AUSTRALIA

Members of the public are advised that members of the Financial Reporting Council (FRC) will attend the meeting in person or via Microsoft Teams. Members of the public may attend the meeting via Microsoft Teams although public attendance is via registration only. Members of the public should register their interest in attending the public sessions no later than 24 hours in advance of the meeting by emailing secretariat@frc.gov.au detailing:

- Name
- Affiliation
- Contact details

Item	Report by	Time
PUBLIC SESSION		
1. Introduction		09:30
A. Acknowledgement of country B. Attendees and apologies C. Declarations of interest	Chair	
2. Matters for noting / action		09:35
A. Minutes of previous meeting – 4 December 2024 B. Action items	Chair Chair/Secretariat	
3. Environmental scan		09:45
A. Member reflections B. Stakeholder reports	All Secretariat	
4. Oversight of Australian Standards (Accounting and Auditing) per ASIC Act s 225(1) to (2A)		10:15
A. Australian Accounting Standards Board 1. Financial reporting update 2. Sustainability reporting update B. Auditing and Assurance Standards Board 1. Financial auditing and assurance update 2. Sustainability assurance update	Keith Kendall Doug Niven	
Morning tea		11:00

Item	Report by	Time
5. Monitoring and influencing international developments per <i>ASIC Act</i> s 225(2)(e) to (2)(f) and s 225(2A)(f) to (2A)(g)		11:15
A. XRB update	Michele Embling	
B. International developments (including recent media releases)	FRC	
6. Public Sector Advisory Group per <i>ASIC Act</i> s 225(2)(g), (2)(h)(i) and s 225(2A)(g), (2A)(h)(i)	Amy Fox	11:45
7. FRC Strategic Plan 2025-26	Chair	12:00
8. Funding international bodies	Chair	12:15
9. Other business		12:45
A. Nominations Committee [per s 225(2)(a) and s 225(2A)(a)]	Rachel Grimes	
B. Correspondence received and sent	Chair	
C. FRC website update	Chair/Secretariat	
D. Key action items summary	Secretariat	
10. Next meeting	Chair	13:00
6 June 2025 – Sydney		
Lunch		13:05
PRIVATE SESSION		
11. Matters for private session		13:50
Meeting close		16:30

OUR PURPOSE

The FRC oversees the effectiveness of the financial reporting framework in Australia. Its key functions include:

- the oversight of the accounting and auditing standards setting processes for the public and private sectors;
- providing strategic advice in relation to the quality of audits conducted by Australian auditors; and
- advising the Minister on these and related matters to the extent that they affect the financial reporting framework in Australia.

The FRC also monitors the development of international accounting and auditing standards, furthers the development of a single set of accounting and auditing standards for worldwide use and promotes the adoption of these standards.



ATTENDEES AND APOLOGIES

The attendees and apologies for this meeting are listed below.

ACTION

- FRC to note.

Participant – FRC Members	Organisation
Andrew Mills	Chair
Keith Kendall	AASB Chair
Doug Niven	AUASB Chair
Michele Embling	XRB
Rachel Grimes	Digital Finance CRC
Pru Bennett	Brunswick Group
Amy Fox	Department of Finance
Alison White	Deloitte

Guests	Organisation
Thea Eszenyi	ASIC
Claire LaBouchardiere	ASIC
Luci Tucker	ASIC
Shane Barbetti	ASIC
Anne Waters	Office of the AUASB
Justin Williams	AASB

Observers	Organisation
Jesse Chen	Treasury
Christie Yang	Treasury
Rebecca Waldron	Treasury
Ben Mills	Treasury

Apologies	Organisation
Emma Herd	EY



ITEM 1C
5 MARCH 2024

DECLARATIONS OF INTEREST

Attached are members' Declarations of Interest.

ACTION

FRC members to:

- declare any interest that may be relevant (having regard to the meeting agenda and functions of the FRC)
- confirm the accuracy of the attached Declarations of Interest.

FINANCIAL REPORTING COUNCIL – REGISTER OF INTERESTS
as at 25 February 2025

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Mr Andrew Mills	Member, Tax and Transfer Policy Institute Advisory Board Graduate member, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute Fellow, CPA Australia Fellow, Australian Institute of Governance Executive Committee Member, International Fiscal Association Australia Branch	Chair, Cemeteries and Crematoria NSW Principal Fellow/Associate Professor, University of Melbourne Law School Chair, NSW Independent Planning Commission Chair, Public Rulings Advisory Panel, Queensland Revenue Office Member, The Board of Taxation Member, External Reporting Board (NZ)	Director and Secretary, Ajay Investments Pty Ltd Member of Ajay Superannuation Fund (SMSF) that holds interests in listed securities and PE partnerships Son is Director, KPMG Tax & Legal Services QANTAS Chairmans Lounge
Dr Keith Kendall	Member, New Zealand Accounting Standards Board Fellow, CPA Australia Graduate, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute Member, Chartered Accountants Australia and New Zealand Member, Law Institute of Victoria	Chair and CEO, Australian Accounting Standards Board Treasurer, Samuel Griffith Society Member, Investment Committee, Royal Historical Society of Victoria Treasurer, Abbotsford Anglers Cricket Club Finance Director, Rugby Victoria	Director / shareholder / beneficiary: Cuffe Walk Pty Ltd Kendall Control Pty Ltd The Kendall Control Trust The Keith Kendall Family Trust
Mr Doug Niven	Fellow, Chartered Accountants Australia and New Zealand	Chair and CEO, Auditing and Assurance Standards Board	

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
	Member, New Zealand Auditing and Assurance Standards Board	Member, IAASB and IESBA Stakeholder Advisory Council	
Ms Emma Herd	<p>Member, Queensland Land Restoration Fund Investment Panel</p> <p>Member, Green Building Council of Australia (GBCA) Green Star Advisory Committee</p> <p>Co-Chair, Australian Sustainable Finance Institute Taxonomy Technical Expert Group (ASFI TTEG)</p>	<p>Director, EMLH Pty Ltd</p> <p>Partner, Climate Change and Sustainability Services, Ernst and Young Oceania</p>	<p>Former CEO of Investor Group on Climate Change</p> <p>Former Environment Commissioner with the Greater Cities Commission</p> <p>Former Head of Sustainability and Executive Director at Westpac Institutional Bank</p> <p>Former Board Member, Carbon Market Institute</p>
Ms Pru Bennett	<p>Fellow Institute of Chartered Accountants</p> <p>Graduate Member Australian Institute of Company Directors</p> <p>Chair National Foundation for Australia China Relations</p> <p>Council Member Asian Corporate Governance Association</p> <p>Member Singapore Institute of Company Directors</p> <p>Member of the Monetary Authority of Singapore's Corporate Governance Advisory Council</p> <p>Member of Deakin University Integrated Reporting Centre Advisory Board</p>	<p>Partner Brunswick Group</p> <p>Member of the Advisory Council for Oasis Capital Hong Kong</p> <p>Member of the Sustainability Advisory Council for Link REIT</p>	<p>Director of Bened Pty Limited</p> <p>Director of Milliam Pty Limited</p> <p>Director of Brunswick Advisory Pty Limited</p>

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
	Board member Asian Investor Group on Climate Change		
Ms Rachel Grimes AM	<p>Graduate, Australian Institute of Company Directors</p> <p>Fellow, Chartered Accountants Australia and New Zealand (CAANZ),</p> <p>Fellow, Certified Practising Accountant Australia (CPAA)</p> <p>Fellow, Institute of Practising Accountant (IPA)</p> <p>Member of the Board of Platinum Asset Management Limited.</p> <p>Member of the Board of DigiCo Infrastructure REIT.</p>	<p>Director, Hub24 Limited</p> <p>Director, Australian Payments Plus Limited</p> <p>Director of the Accounting Professional Standards and Ethics Board (APESB)</p> <p>Director, Loreto Ministries Limited</p> <p>Chair of Surfing Australia Finance and Risk Committee</p> <p>Director, Angus Knight Pty Ltd</p> <p>Director of Platinum Asset Management Limited.</p>	<p>Director of 1972 Investments Limited (Holds one property and some Australian ASX listed shares by family)</p> <p>Trustee of P Grimes Employee Provident Fund (Family SMSF owns Aust and International managed funds and listed shares)</p>

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Michele Embling	Chair, New Zealand External Reporting Board (XRB) Fellow, Chartered Accountants Australia and New Zealand (CAANZ)	Board Member, Toitū Tahuā: Centre for Sustainable Finance Independent Director, Transpower New Zealand Limited Independent Director and Chair of Risk Reinsurance Limited Director of IAG New Zealand Limited Director of IAG (NZ) Holdings Limited Independent Director, AIA New Zealand Limited	Nil
Ms Amy Fox	Fellow, CPA Australia, Fellow, Chartered Accountants Australia New Zealand, Graduate, Australian Institute of Company Directors	Department of Finance, Australian Government	Nil

FRC Member	Stakeholder / Professional / Organisational Affiliations	Employment / Other Positions Held	Other Interests
Ms Alison White	Deloitte	Partner, Assurance & Advisory; National Leader: Accounting & Corporate Reporting	Member, Property Council of Australia National Roundtable Member, Board of Advice of The University of Sydney – Discipline of Accounting, Governance and Regulation



MINUTES OF PREVIOUS MEETING

Attached are the minutes from the FRC meeting held on 4 December 2024, which have been published on the FRC website.

ACTION

- FRC to note.

MINUTES

DATE: 4 December 2024

TIME: 09:00 – 15:00

LOCATION: Level 29, 201 Kent Street, Sydney NSW 2000, AUSTRALIA

ITEM	AGENDA ITEM	
PUBLIC SESSION		
1	INTRODUCTION	
1A	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.	
1B	ATTENDEES AND APOLOGIES	
	Members in attendance:	Observers:
	Andrew Mills (Chair)	Jesse Chen (Treasury)
	Dr Keith Kendall (AASB Chair)	Christie Yang (Treasury)
	Doug Niven (AUASB Chair)	Adam Foda (Treasury)
	Michele Embling (XRB Chair)	
	Rachel Grimes	
	Emma Herd	
	Pru Bennett	
	Amy Fox	
	Alison White	
	Guests:	Apologies:
	Mark Babington (UK Financial Reporting Council)	N/A
	Thea Eszenyi (ASIC)	
	Luci Tucker (ASIC)	
	Claire LaBouchardiere (ASIC)	
	Anne Waters (AUASB)	
	Justin Williams (AASB)	
	Dr Caralee McLiesh (Auditor-General, ANAO)	
	Channa Wijesinghe (APESB)	
	Jacinta Hanrahan (APESB)	
	Simon Grant (CA ANZ)	

	Amir Ghandar (CA ANZ)	
	Chelsea Wymer (CA ANZ)	
	Samantha Wilson (CA ANZ)	
	Members of the public:	
	John Ngiam (CA ANZ) - virtual	
	Nikole Gyles (Greenway Avenue Consulting) - virtual	
1C	DECLARATIONS OF INTEREST	
	Michele Embling noted that her Declarations of Interest had dropped off the meeting pack. FRC Secretariat agreed to reinstate Michele’s declarations for the next meeting. Other members did not raise any changes to their declarations of interest.	
2	UK MODEL FOR A MERGED FINANCIAL REPORTING BODY	
	<p>Mark Babington provided a comprehensive update on the UK’s plans to establish the Audit, Reporting and Governance Authority (ARGA) as a successor to the UK Financial Reporting Council. He noted that legislative progress for ARGA has been slow, however a draft bill is expected for pre-legislative scrutiny in Q1 2025, with a new regulator planned to commence in early 2027.</p> <p>The ARGA framework aims to enhance regulatory oversight and address gaps in enforcement powers. Mr Babington explained that ARGA will have statutory authority over accountants, auditors, and directors, including those who are not members of a professional accounting body. He stressed the primary objective is to improve audit quality, particularly for mid-tier firms.</p> <p>Members discussed firm operational separation and the key drivers for this in the UK. Mr Babington highlighted that the operational separation has built on the robust governance structures within audit firms, including enhanced independent non-executive oversight to maintain audit quality and public trust. He explained that the fee provisions within ethical guidelines require audit firms to set fees that cover their costs.</p> <p>Members also discussed the relevance of the UK experience to Australia’s ongoing regulatory reforms, particularly in the context of sustainability reporting. Mr Babington noted that regulation should also apply to relevant professionals other than accountants and auditors, in relation to the public interests.</p> <p>Members queried the potential for mandatory audit tendering in the UK. Mr Babington noted that there is still a commitment to mandatory tendering and rotation as large firms see the largest value of services they can provide is the audit services.</p>	
3	MATTERS FOR NOTING / ACTION	
3A	MINUTES OF PREVIOUS MEETING – 19 SEPTEMBER 2024	
	Members noted the minutes from the FRC meeting on 19 September 2024 which had been approved out-of-session.	

3B	ACTION ITEMS
	<p>Members reviewed the Action Items list and confirmed items that had been actioned.</p> <p>The Secretariat noted the AASB’s ongoing engagement with entities on digital reporting and the form of disclosures.</p>
4	ENVIRONMENTAL SCAN
4A	MEMBERS REFLECTIONS
	<p>Members’ discussion focusing on the challenges and opportunities in sustainability reporting. A member noted the high costs associated with reconciling third-party data with internal datasets, which can lead to inefficiencies. A member highlighted the need for clear guidance to streamline reporting processes and reduce duplication.</p> <p>Public sector sustainability reporting continues to be an emerging challenge, with Amy Fox noting the need to build capability and a lack of sustainability expertise due to high costs and geographical limitations with the supply of talent predominantly in Sydney and Melbourne. She emphasised the importance of building capability and resourcing in the public sector including in the ACT (Canberra) where most Commonwealth public sector entities are located, particularly as reporting requirements expand.</p> <p>Doug Niven and Keith Kendall provided updates on the efforts of the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) to align with international standards. Members acknowledged the need for strong collaboration with regulators and stakeholders to ensure effective implementation.</p>
4B	STAKEHOLDER REPORTS
	<p>Members noted the stakeholder reports submitted by stakeholders and the Chair’s report of stakeholder engagement.</p>
5	MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS
5A	XRB UPDATE
	<p>Michele Embling reported on New Zealand’s progress in climate-related disclosures and sustainability reporting. She highlighted the phased implementation of standards, with mandatory disclosures for Scope 1 and 2 emissions now in place, while Scope 3 disclosures have been deferred for an additional year.</p> <p>Michele also shared insights on New Zealand’s efforts to integrate indigenous perspectives into sustainability frameworks, including the development of a draft conceptual framework. She emphasised the importance of considering long-term societal impacts and organisational purpose in sustainability reporting.</p> <p>Members discussed how these approaches could inform Australia’s frameworks, particularly in fostering stakeholder engagement and addressing cultural dimensions of sustainability.</p>

5B	INTERNATIONAL DEVELOPMENTS
	Members noted the information attached in the meeting pack.
6	<p>FINAL REPORT OF PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES ON ETHICS AND PROFESSIONAL ACCOUNTABILITY: STRUCTURAL CHALLENGES IN THE AUDIT, ASSURANCE AND CONSULTANCY INDUSTRY</p> <p>Members noted the final report presented by the Parliamentary Joint Committee on Corporations and Financial Services (PJC) to the Senate on 7 November 2024 in relation to the recommendations on ethics and professional accountability in the audit industry.</p> <p>Members discussed how the PJC recommendations relating to the governance and operations of standard-setting boards would intersect with existing frameworks of the FRC, the AASB and the AUASB, as well as the role of professional bodies.</p> <p>Members discussed Recommendations 22 and 23 outlined in the PJC report and noted while it might be a challenge for a standard setter to have all independent members without having current financial interests in an entity under the direct governance of the standard setter, it is important to note the standard setting boards operate under the ASIC Act and their own operating requirements. All members are expected to act in the public interest.</p> <p>Michele Embling noted that New Zealand does not have a separate ethical standard board as outlined in Recommendation 28, however the XRB has authority to issue ethical standards to ensure audit and assurance engagements comply with international requirements.</p> <p>Members discussed the impact of mandating audit tendering outlined in Recommendation 40 and stressed the importance of balancing regulatory measures. Members acknowledged the positive impact on increasing competition within the audit sector but also noted that mandating audit tendering could potentially cause a disruption and high costs associated with bringing in new audit providers. Members highlighted the importance of building a sustainable relationship with audit firms and attracting innovative perspectives to the audit industry.</p>
7	PROFESSIONAL DEVELOPMENT PATHWAYS
	<p>Simon Grant, Chelsea Wymer and Samantha Wilson from CA ANZ presented on the CA ANZ’s work in relation to professional development pathways:</p> <ul style="list-style-type: none"> • CA ANZ identified that negative perception of accounting professions among students is one of the main causes in declining enrolments in accounting programs across Australia and New Zealand. • CA ANZ has developed new pathways in a more flexible and accessible approach, including a revised Fundamentals pathway for high school graduates. The revised program will be piloted in 2025, and it aims to make the profession more appealing and cost-effective to younger cohorts. • CA ANZ successfully promoted its branding through campaigns leveraging social media, cinema advertising, and partnerships with schools. • Members emphasised the importance for ongoing engagement with universities and employers to attract young talent to the accounting profession.

8	UPDATE FROM ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD (APESB)
	<p>Channa Wijesinghe and Jacinta Hanrahan from APESB presented updates on the APESB Strategy Plan 2021-2025:</p> <ul style="list-style-type: none"> • APESB reissued APES 320 on Quality Management for firms providing non-assurance services. • APESB issued ED 03/24 on Proposed Revisions to Code for Tax Planning and Related Services in July 2024. Approval of Amending Standard to the Code will be considered at the APESB meeting in December and the proposed revisions will be effective from 1 July 2025. • APESB engaged with Parliamentary inquiries and a number of APESB recommendations have been incorporated into PJC’s final recommendations to the Senate. • APESB continues to collaborate with the AASB and the AUASB on sustainability reporting, with the final amending standard expected to be approved towards the end of 2025.
9	ADDRESS FROM NEW AUDITOR-GENERAL FOR AUSTRALIA
	<p>Dr Caralee McLiesh, as the new Auditor-General for Australia spoke about her background and expressed that she is keen to engage with the FRC on a range of shared goals and priorities in the future. Dr McLiesh outlined her priorities as the newly appointed Auditor-General, focusing on enhancing the capability and impact of public sector auditing. She emphasised the importance of attracting and retaining skilled auditors, noting that the ANAO faces similar workforce challenges to the private sector.</p> <p>Drawing on her experience in New Zealand, Dr McLiesh highlighted the benefits of a staged approach to implementing sustainability reporting, which allows agencies to build capability and improve data quality over time. She also discussed the ANAO’s commitment to promoting transparency and integrity in government institutions.</p>
10	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) PER ASIC ACT S 225(1) TO (2A)
10A	AASB REPORT
	<p>Keith Kendall provided a verbal update on the AASB’s work and international engagement:</p> <ul style="list-style-type: none"> • The AASB finalised the sustainability standards, with implementation for Group 1 commencing in January 2025. • The AASB is prioritising stakeholder engagement and educational resources to support the entities with implementation. • The AASB hosted the 2024 AASB Research Forum in conjunction with the University of Technology Sydney on Wednesday, 6 November 2024, in Sydney and online. The event focused on accounting and reporting standard setting, and successfully brought a diverse audience of local and international academics. • The AASB has been successful in being appointed to the Accounting Standards Advisory Forum (ASAF) as part of a joint application with New Zealand. This appointment commences on 1 January 2025, and the first meeting is scheduled in late March 2025.

	<ul style="list-style-type: none"> Keith will be the Chair of Asian-Oceanian Standard-Setters Group (AOSSG) commencing November 2025. Keith attended the AOSSG conference in Islamabad, Pakistan in late November.
10B	AUASB REPORT
	<p>Doug Niven provided a verbal update of the AUASB’s developments in financial report and sustainability auditing and assurance:</p> <ul style="list-style-type: none"> Doug reported on the AUASB’s progress with sustainability assurance standards, including the AUASB’s upcoming consideration of the <i>International Standard on Sustainability Assurance 5000</i> (ISSA 5000) and phasing in of assurance at the 16 December AUASB meeting. The AUASB is actively collaborating with international bodies to ensure alignment with global best practices. The IAASB is expected to approve a revised going concern standard in December 2024 and a revised fraud standard in March 2025. The AUASB continues working on guidance and education materials for auditors.
11	PUBLIC SECTOR ADVISORY GROUP
	<p>Amy Fox provided a verbal update on themes raised in the recent PSAG meeting, including:</p> <ul style="list-style-type: none"> Challenges in attracting students to study accounting and entry level cohorts to the accounting profession, especially in attracting and retaining talent in the public sector. The need for further guidance on AASB S2 for public sector in light of its ongoing implementation. The need for work on service performance reporting measurement in different public sector jurisdictions.
12	OTHER BUSINESS
12A	NOMINATIONS COMMITTEE
	Rachel Grimes AM, as Chair of the Nominations Committee, noted the re/appointments of members to the AASB and AUASB who will commence on 1 January 2025.
12B	CORRESPONDENCE RECEIVED AND SENT
	Members noted the correspondence sent.
12C	KEY ACTION ITEMS SUMMARY
	No action item noted.
	NEXT MEETING

	Next meeting will be held on 5 March 2025 at the Melbourne Treasury Office.
	Public session closed at 15:00.



ITEM 2B
5 MARCH 2025

ACTION ITEMS

Attached are the action items from the FRC meeting held on 4 December 2024.

Actions items have been separated between ongoing action items and action items with deadlines.

ACTION

- FRC to note.

ACTION ITEMS

4 DECEMBER 2024 ACTION ITEMS

No action items noted.

ONGOING MATTERS

Number	Issue	Action required	Owners	Status
1.	STAKEHOLDER ENGAGEMENT	FRC members to use stakeholder engagement to identify people with skills to be a AUASB and AASB candidate.	FRC	Ongoing
		The FRC to continue seeking targeted feedback on strategic issues through its Stakeholder Reports and one-on-one high level stakeholder engagement to monitor the matters referred to in the ASIC Act (such as professional ethics) on a periodic basis	FRC	Ongoing – FRC to continue sending out Stakeholder Report requests and the FRC Chair to continue meeting with stakeholders.

ACTION ITEMS

Number	Issue	Action required	Owners	Status
2.	INTERNATIONAL NOMINATIONS	Explore whether identified candidates for international roles should be put forward for nomination.	FRC Secretariat	In progress
3.	OTHER	FRC Secretariat to circulate relevant media clippings about financial reporting and audit to all FRC members.	FRC Secretariat	Ongoing



ITEM 3A

5 MARCH 2025

MEMBER REFLECTIONS

Members to update the FRC with contemporary and relevant matters from their fields of expertise including domestic and international events that may impact the Australian financial space.

ACTION

- FRC to note contemporary and relevant matters.



STAKEHOLDER REPORTS

On 3 February 2025, the FRC Secretariat sent a stakeholder report request (**Attachment A**) to all stakeholders.

Out of requests to 26 stakeholders, the FRC received 13 stakeholder reports and a response from 1 confirming nil update.

A summary of key themes in stakeholder meetings can be found at **Attachment B**.

Stakeholder responses can be found at **Attachment C**.

Stakeholder meetings

As part of the FRC's engagement with the financial reporting sector, the FRC Chair has annual meetings with stakeholders to discuss current objectives, challenges, and possible improvements.

ACTION

- FRC to discuss the stakeholder reports.
- FRC Chair to provide a verbal update of stakeholder meetings.

STAKEHOLDER REPORT

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- [Insert]

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- [Redacted]
- [Redacted]
- [Redacted]

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- [Redacted]
- [Redacted]
- [Redacted]

ATTACHMENT B

Topics covered at stakeholder meetings include:

Current Objectives/Developments

1. Views on the regulation of accounting firms in Australia/ASIC role.
2. Have you made, or are you proposing to make, any changes in governance to enhance transparency and accountability within your organisation in response to recent events?
3. What activities are being undertaken in relation to recent developments in sustainability reporting and assurance?
 - Resourcing for sustainability reporting and assurance
4. Views on the proposed merger of the FRC, AASB and AUASB

Current challenges

1. Possible improvements for financial reporting and auditing – eg, digital reporting.
2. Training and professional development in the auditing profession.

Key themes

- Ethical conduct and standards
 - There is a recognised importance of ethical standards in internal auditing
 - Need to ensure the standards of ethical behaviour and adherence to principles-based work embedded in the profession so that organisations understand what they are getting
- Internal vs External Audit Relationships
 - Discussion on whether external auditors should rely on internal audit work, especially in complex areas like sustainability and ESG (Environmental, Social, and Governance)
- Regulatory framework
 - Stakeholders advocate for more robust regulation and oversight of internal auditors
 - There is a call for a stronger regulatory framework to oversee partnership models and ensure better employee governance and accountability
- Digital reporting
 - The increasing importance of data governance and AI in auditing, particularly as digital reporting grows, calls for careful attention to trust, security, and data accessibility
 - Technology issues and data accessibility are identified as key obstacles to digital reporting being more widely adopted

- Digital reporting will not be adopted unless it is mandated by the government
- The XBRL format may not be the most suitable option for organisations that adopt digital reporting
- FRC / AASB / AUASB merger
 - An ethical standards board should be incorporated into the merged body
 - While there is a level of comfort with the proposed model of the merger, there is concern that it places an emphasis on practitioners having independence over expertise
 - A post implementation review of the merged body would be beneficial
 - On the board of an organisation, it is typically beneficial to have a balanced mix of practitioners, accountants who are not practicing in a firm and consumer advocates
- Sustainability reporting
 - Businesses intend to work through the integration of climate-related disclosures with financial reporting
- Independence within organisations
 - There have been movements towards some form of independence within organisations which is seen as beneficial
 - Currently, there is no answer on whether a retired CEO / Partner on the board of an organisation can be considered independent or not
- Talent pipeline of auditors / accountants
 - The number of university graduates with commerce-related degrees is declining

Stakeholder	Date	Attendees
Deloitte	10 February 2025	Andrew Mills (FRC Chair) Jesse Chen (FRC Secretariat) Ben Mills (FRC Secretariat) David Rodgers (Managing Partner, Audit and Assurance) Jacques Strydom (Partner, Audit and Assurance)
Chartered Accountants Australia and New Zealand	14 February 2025	Andrew Mills (FRC Chair) Ben Mills (FRC Secretariat) Ainslie Van Onselen (Chief Executive Officer)

		<p>Vanessa Chapman (Group Executive, General Counsel and Corporate Assurance)</p> <p>Simon Grant (Group Executive Advocacy and International Development)</p> <p>Amir Ghandar (Assurance and Reporting Leader)</p> <p>Kristen Wydell (General Manager, Professional Standards)</p> <p>Kate Dixon (Australian Conduct Leader)</p>
CPA Australia	17 February 2025	<p>Andrew Mills (FRC Chair)</p> <p>Ben Mills (FRC Secretariat)</p> <p>Chris Freeland (Chief Executive Officer)</p> <p>Elinor Kasapidis (Chief of Policy, Standards & External Affairs)</p>
Accounting Professional & Ethical Standards Board	21 February 2025	<p>Andrew Mills (FRC Chair)</p> <p>Ben Mills (FRC Secretariat)</p> <p>Channa Wijesinghe (Chief Executive Officer)</p>

ATTACHMENT C

STAKEHOLDER REPORT: BUSINESS COUNCIL OF AUSTRALIA

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Business Council of Australia members are significantly impacted by increased reporting obligations arising from a range of policy areas, including tax, competition, corporate governance obligations, climate and sustainability reporting.
- While enhanced reporting obligations are to be expected given broadening government policy objectives, more attention needs to be paid to the cumulative burden imposed by these obligations and the sequencing of changes to avoid over-burdening the business community in ways that might affect the cost of capital and investor confidence.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- BCA participated in the government's merger reform and merger notification thresholds consultation, noting the increased reporting obligations arising from the proposed compulsory notification regime.
- BCA has participated in a number of consultations relating to the Treasury, and related, reviews of regulation of accounting, auditing and consulting firms in Australia.
- BCA has participated in a number of consultations relating to multinational tax obligations, including proposed changes to tax transparency arrangements, including country by country reporting.
- BCA has participated in a number of consultations relating to climate-related disclosures and climate-related financial reporting and BCA members continue to engage with government on climate-related disclosures and climate-related financial reporting, as well as compliance with the Safeguard Mechanism.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *Have your organisation/members identified any specific aspects of digital reporting that require improvement to better align with industry practices or regulatory expectations?*
 - *Are there any barriers or challenges your organisation/members have identified in this area?*
 - *From an investor's perspective, are there any areas that could be strengthened to ensure more reliable and accurate information for report users?*
- *What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?*

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- BCA participated in the government consultation on regulation of accounting, auditing and consulting firms in Australia. A key area of focus for BCA member companies is around ensuring high quality audits.
- The overarching feedback from BCA member companies that use audit services is that any proposed changes must not harm or undermine the quality of the audit processes on which they depend.

STAKEHOLDER REPORT: ACNC

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- As Treasury has completed the consultation on extending charity transitional reporting, we expect the relevant legislative changes to take effect, extending the current arrangement for an additional five years. This extension will reduce administrative burden by allowing the ACNC Commissioner to accept financial reports prepared for other regulators. Charities registered with the Office of the Registrar of Indigenous Corporations, non-government schools, and cooperatives will benefit from this streamlined process.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- The ACNC is preparing our submission to the AASB's Exposure Drafts (ED) 334 and 335, which aim to develop a simpler reporting framework for not-for-profit entities, including ACNC registered charities:
 - ED 334 - Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements
 - ED 335 - General Purpose Financial Statements – Not-For-Profit Private Sector Tier 3 Entities
- The ACNC published outcome of an investigation into Hillsong Church charities, including details of an enforceable undertaking from Hillsong College Limited.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

ACNC registered charities are exempt from the new sustainability reporting requirements. However, some charities may still be subject to other obligations, such as those under the *National Greenhouse and Energy Reporting Act 2007*.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- Cate Bennett has been appointed as Assistant Commissioner – Operations and Engagement, effective 17 February 2025. She will oversee Reporting, Red Tape Reduction, and other ACNC directorates.
- The ACNC is conducting a public consultation to seek comment on a draft *Decision Impact Statement: Equality Australia Ltd* and updates to our *Commissioner's Interpretation Statement:*

Public Benevolent Institutions (PBI), by 20 March 2025. The PBI subtype is a specific charitable category that qualifies for Deductible Gift Recipient (**DGR**) status.

STAKEHOLDER REPORT – DELOITTE

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

No response.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

No response.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

As a relatively new form of reporting, sustainability reporting will continue to evolve over time and we believe it will be a number of years before best practices emerge on an industry basis. Critical to the development is the collaboration among regulators, preparers, and assurance providers in creating a platform for best practices to emerge.

We note the following best practices in financial reporting may be leveraged in sustainability reporting:

1. **Control frameworks and control environment**

We see the benefit of leveraging better practices from financial reporting, such as control frameworks and control environments, in sustainability reporting.

For example, the below publications illustrate how COSO framework may be applied to sustainability reporting.

- [*Achieving effective internal control over sustainability reporting \(ICSR\): Building Trust and Confidence through COSO Internal Control – Integrated Framework*](#)
- [*How COSO's New Sustainability Reporting Guidance Provides Opportunities for the Profession*](#)
- [*Using the COSO Framework to Establish Internal Controls Over Sustainability Reporting \(ICSR\)*](#)

Deloitte US' December 2022 [**Sustainability Action Report**](#) findings highlight that while nearly all companies (99 percent) are considering investment in new technologies and a majority (81 percent) of executives continue to create new roles and responsibilities to accommodate additional disclosure requirements, it is paramount that organizations take the right steps to prepare. Companies can start working to develop not only scalable and cross-functional governance and

accountability structures related to their sustainability information, but also robust policies and procedures; business process and information technology (IT) controls; and risk assessment, mitigation, and monitoring practices that reliably address the rapid pace of change.

The same concept applies in Australia in terms of leveraging existing internal control over financial reporting (ICFR) and establishing internal controls over sustainability reporting (ICSR). Though an equivalent of COSO framework is not mandated in Australia, the underlying principles of ICFR and ICSR still apply.

2. Building expertise while leveraging existing capabilities

Whilst we continue to invest in developing the skills and knowledge of our professionals to stay at the forefront of sustainability reporting, we leverage the strength of existing capabilities that are also useful in sustainability reporting.

As assurance providers, we have established processes and methodologies in providing assurance over financial reporting and other areas that are aligned with auditing and assurance standards. Our audit and assurance practitioners have the experience and understanding of the fundamental principles to provide assurance over sustainability reporting. We complement these skillsets by providing training and resources to our teams to effectively navigate the evolving landscape of sustainability reporting.

This holds true for the strength of existing reporting capabilities. The CFO team have financial reporting skillsets that are useful for sustainability reporting and can influence other parts of the organisation such as uplifting data governance over information used as inputs for sustainability reporting.

We continually invest in building expertise in this space not only for our professionals but for the broader stakeholders. In late 2024, Deloitte held one-day climate reporting training for all Audit and Assurance Partners and Directors. Sustainability Assurance training and market offering discussion forums are to follow. There is also an ongoing collaboration between Deloitte and RMIT Online to provide an online course on sustainability and climate reporting for Australian businesses. In addition, our Corporate Reporting Updates, which historically focused on financial reporting, have now been expanded to include content on Australian and International Sustainability reporting, and these are available both in person and by webinar.

3. Collaboration and partnerships

Collaboration and knowledge-sharing among various stakeholders such as reporting entities, assurance providers, industry organizations, standard setters, and regulators are important in the development of best practices. By engaging in these collaborations, adoption of robust and consistent sustainability reporting practices will emerge.

For reporting entities, their connectivity and engagement with their respective industry groups and forums on climate can help them better consider and identify their risks and opportunities. This will drive meaningful sector and industry-focused sustainability reporting in addition to being entity-specific.

Deloitte activities include a continuing partnership with the Australian Institute of Company Directors (AICD) and the launch of the [Mandatory Climate Reporting Guide - Second Edition](#). The Guide helps directors, boards, and organisations navigate mandatory climate reporting. The AICD also hosts

the Australian Climate Governance Initiative (ACGI) and Deloitte is a member of the ACGI Advisory Council.

Deloitte also continually engages with AASB, AUASB, Treasury and AICD through consultation responses, periodic meetings, various forums, and roundtables in this matter.

4. **Technology and data management**

Leveraging advanced technologies and data management systems to streamline the collection, analysis, and reporting of sustainability data enables efficient and accurate reporting while reducing the administrative burden.

Deloitte offers a Generative AI enabled Sustainability Reporting Readiness Assessment Tool called SustainNext that helps organisations navigate and prepare for sustainability reporting.

5. **Implementation Timetable**

The implementation of sustainability reporting standards will be particularly challenging for management and auditors as it happens at a rapid pace and requires new skillsets. Unlike the implementation of AASB 9 *Financial Instruments*, AASB 16 *Leases*, AASB 15 *Revenue from Contracts with Customers* and AASB 17 *Insurance Contracts*, where relevant entities had ample time to prepare, this transition is much more accelerated. While we urge the regulators to rethink how to facilitate a smoother transition, for instance, revisiting the ASX reporting deadlines during the transition period, the best practice for both preparers and assurance providers is to start early in designing and refining processes to support sustainability reporting. We acknowledge and support the phasing approach to reporting and assurance over Groups 1 – 3. Allowing Group 3, in particular, time to observe the reporting and experience of Group 1. Meanwhile, the regulators can also use this time to reassess the quantum of reporting for Group 3.

In our view, below are some challenges not only in the implementation of these best practices but also in adopting sustainability reporting as whole:

1. **Green skills gap:** Globally, there is a growing mismatch between the skills and knowledge required for the growing sustainability sector and the available workforce. This impacts not only sustainability reporting but the broader transition to a green economy. As Australia is an early mover in this space, relying on workforce mobility from overseas to bridge the green skills gap will be a challenge. Instead, it may need to focus on growing its own sustainability talent pool.
2. **Industry-specific guidance:** There is an urgent need for more industry-specific guidance to help address the difficulty in determining what constitutes best practice in sustainability reporting.
3. **Data availability and quality:** Obtaining accurate and reliable data for sustainability reporting can be challenging, especially when it comes to collecting data from multiple sources or across complex supply chains. Ensuring data quality and consistency remains a key obstacle.

Scope 3 reporting will be particularly challenging at the start as it will require information from entities within the value chain that may not have established sustainability reporting processes. This will also be particularly a concern for Group 3 entities that have less experience in this space and generally less staff.

To overcome these obstacles, we will continue to work closely with our clients and industry partners to develop innovative solutions and drive the adoption of best practices in sustainability reporting.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

No other matters.

STAKEHOLDER REPORT: BUSINESS REPORTING LEADERS FORUM

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Continuing rapid developments in sustainability reporting and assurance, internationally and in Australia
- Treasury's System Reform Consultation

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- Deakin submission on Treasury's System Reform Consultation lodged – key points:
 - Proposals are largely consistent with Deakin's 2023 submission on Treasury's Discovery Consultation – full resourcing of new governance body, formation of dedicated sustainability standards body
 - Design principle of flexibility – anticipation of developing conceptual frameworks and new kinds of standards – we recommended recognition of Integrated Reporting Framework as an example
 - IFRS Foundation's Integrated Thinking and Reporting Annual Conference being held in Tokyo, Japan on 3 April 2025.
 - Japan is an ideal location for this conference given that Japan is the world's leading integrated reporting adoption jurisdiction
 - As of 2023, 1,000+ Japanese companies making up 80% of the Tokyo Stock Exchange Prime Market had issued integrated reports on a voluntary basis¹.
 - Hitachi and Asahi are examples of Japanese integrated reports
 - [Link to April meeting agenda: IFRS - Integrated Thinking and Reporting Conference - Agenda features:](#)
 - Keynote addresses by Sue Lloyd (Vice-Chair, International Sustainability Standards Board (ISSB) and Linda Mezon-Hutter (Vice-Chair, International Accounting Standards Board (IASB)
- Morning theme: unlocking the value of integration
- **Integrated Reporting and Human Capital** - A focus on one of the IR Framework's six capitals – panel to discuss how improvements in human capital management and disclosure can lead to increased innovation, a more sustainable business model and enhanced value creation
 - **Corporate Governance and integrated reports** - High quality integrated reports are the outcome of strong internal processes, communication between

¹ 'Survey of Corporate Reports in Japan 2023', KPMG Sustainable Value Services, KPMG Japan – refer page 63. Link: Survey of Corporate Reports in Japan 2023 - KPMG Japan

departments, effective data and information collection and a commitment to effective communication with investors by boards and senior management

- **Sustainability Disclosure Standards and the IR Framework** - The Integrated Reporting Framework provides principles and concepts that support businesses to explain their value creation process
 - Corporate reporting in Japan today
 - Adopting IFRS S1 and IFRS S2 - the fit with Integrated Reporting
 - Integrated Reporting Practices Around the world
 - Integrated thinking – practical tips to get started
 - Fireside chat: – Integrated Thinking, Integrated Reporting and Management Commentary - Moderator: Rika Suzuki (Member, IASB) Panellists: Sue Lloyd and Linda Mezon-Hutter
- Integrated Reporting and Connectivity Council (website: [IFRS - Integrated Reporting and Connectivity Council](#)) met in November 2024.² Main agenda item was to consider a progress report on integrated reporting and connectivity - link: [IFRS - Integrated Reporting and Connectivity Council](#).

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?

Deakin Integrated Reporting Centre has three pillars of value in relation to sustainability and Integrated Reporting:

- Engagement and Advocacy
- Education and Employability
- Research and Innovation

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- Our Centre remains available and committed to supporting the FRC in pursuing its objectives.

² From IFRS Foundation website: "IRCC provides guidance on how reporting required by the IASB and the ISSB could be **integrated** and how the IASB and the ISSB could consider applying principles and concepts from the Integrated Reporting Framework to their projects."

STAKEHOLDER REPORT: AICD

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- **Sustainability reporting and assurance**, including the preparedness for boards for the mandatory climate reporting;
- **Cyber security, AI and data governance recognising their inter-connectedness**;
- **Financial reporting system and audit regulation**; Treasury's consultation on the proposed body that combines the FRC, the AASB and the AUASB and further consideration of the recommendations of the Parliamentary Joint Committee on Corporations and Financial Services;
- **Cumulative regulatory complexity** and reducing regulatory burden on directors.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- **Transition planning**: We are collaborating with the Australian Council of Superannuation Investors (ACSI) to produce a resource for directors on transition planning informed by director and investor interviews and roundtables.
- **Circular economy**: On 28 January 2025, the AICD as host of Climate Governance Initiative (CGI) Australia, collaborated with Accenture to produce [Opportunities in the circular economy: A primer for Australian directors](#). Adapted for Australian directors, this primer introduces directors to circular economy concepts, covering the value chain, business models, and steps for boards. It also examines the Australian context, including links to mandatory climate disclosures and practical challenges of transitioning to circular systems.
- **Modified liability provisions under Australia's climate reporting regime**: On 31 January 2025, the AICD made a [submission](#) to Treasury on the Treasury Laws Amendment Bill 2025. The AICD strongly supported amendments to clarify that the modified liability provisions are intended to apply to all Sustainability Reports, whether or not they are legally required to be prepared.
- **Extension of charity transitional reporting arrangements**: On 14 January 2025, the AICD made a [submission](#) to Treasury. The AICD welcomed the continuation of this measure to reduce the duplicative financial reporting obligations on over 3000 charities. We also reiterated our call for NFP regulation that is coordinated, proportionate, and promotes financial sustainability.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

As host of the Climate Governance Initiative (CGI) Australia, the AICD continues to upskill directors on sustainability reporting. In January, the AICD hosted a member webinar Sustainability issues and

developments to look out for in 2025 that discussed the latest updates on climate reporting and other environmental developments, the current state of Australia’s modern slavery laws and latest international human rights developments, and diversity, equity and inclusion related developments. See article here for further insights.

On 19 December 2024, the AICD made a submission to ASIC on its draft Regulatory Guide for sustainability reporting, noting our previous guide with Deloitte and Minter Ellison which had attracted over 20k downloads. The key challenges we highlighted to ASIC include:

- **Ability for entities to use or reproduce information contained in a Sustainability Report** within corporate reports required by law (e.g. Financial Report, Operating and Financial Review report, a Corporate Governance Statement, or Notice of Meeting) and for this to be treated as a protected statement under the modified liability settings. Modified liability protections should also extend to answers required by law to be provided at an AGM in response to questions from investors relating to information in the Sustainability Report.
- **‘Reasonable grounds’** – ASIC should clarify what constitutes ‘reasonable grounds’ in the context of climate-related forward-looking disclosures. We highlighted that ASIC should also consider explaining how Australian law, including Australia’s unique liability settings, interacts with the concepts contained within International Sustainability Standards Board (ISSB) Disclosure Standard S2, which have then been adopted domestically via AASB S2.
- **Materiality** – ASIC should include guidance on steps directors should take to assess climate-related financial risks and opportunities, including examples of materiality factors that may be considered.
- **Compliance and enforcement** – ASIC should clarify what a “proportionate and pragmatic approach to supervision and enforcement” will involve, as well as how ASIC intends to escalate matters beyond the use of its ‘direction powers’.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC’s objectives and were undertaken by your organisation since the last reporting period.

- **Cyber security reforms:** On 14 February 2025, the AICD made a submission to the Department of Home Affairs consultation on subordinate legislation to support cyber security reforms that passed the Parliament in November 2024.
 - We did not support the ransomware payment reporting threshold being set at \$3 million per annum and recommended that the turnover threshold is set at a \$10 million per annum consistent with the Department of Home Affairs proposal in 2023.

We supported the proposed eligibility criteria for both board members of the Cyber Incident Review Board (CIRB) and members of the expert panel and recommended that section 10 of the CIRB Rules be broadened to provide the Chair with discretion to delay a review when there is significant private litigation before the courts and there is a risk that a CIRB review may prejudice these action.

STAKEHOLDER REPORT: PWC

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- In November 2024, the Parliamentary Joint Committee on Corporations and Financial Services released its report on *Ethics and Accountability: Structural Challenges in the Audit, Assurance and Consulting Industry*.
- In January 2025, Treasury released its consultation paper on Positioning Australia's financial reporting system for the future. We are finalising our response.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

Following the recent (Jan 2025) approval by the Auditing and Assurance Standards Board (AUASB) of International Standard ISSA 5000 *General Requirements for Sustainability Assurance Engagements* in Australia and the AUASB's recent (Jan 2025) approval of ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*, we have continued to focus our attention on the operational impact which included (but was not limited to):

- Preparing internal training materials to upskill assurance teams on sustainability reporting requirements.
- Developing local policies and procedures and template deliverables for conducting sustainability assurance engagements.
- Drafting internal methodology guidance to fulfill the requirements of sustainability reporting obligations in Australia.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*
- *Discussions among our global network of sustainability reporting experts on technical reporting issues. Developing a practical guide on sustainability reporting with the first version published.*
- *Developing illustrative sustainability report with the first version published. The illustrative sustainability report has taken into account the most recent technical discussions and best practices in the market.*
- *The challenges arising in the process are arising from the application of incremental requirements in the ISSB standards for the GHG Protocol and NGERs requirements*

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- No other activities to note

STAKEHOLDER REPORT – AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY – MARCH 2025

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

APRA continues to monitor progress being made with respect to the sustainability disclosures and related assurance requirements by the Standard Setting Boards. This includes supporting engagements falling under the Australian Government’s broader Agenda in relation to climate disclosures as outlined in its policy statement.

APRA continues to engage with the Australian Auditing and Assurance Standards Board (AUASB) and Australian Accounting Standards Board (AASB) on sustainability-related assurance developments and data challenges. The current focus is on Scope 3 emissions data.

APRA is also following the IASB developments relating to its Dynamic Risk Management (DRM) project. The project predominantly impacts how banks manage repricing risk due to changes in interest rates). However, some non-banks and insurers may also be affected. This IASB project has implications for risk management and the prudential framework. The IASB is expected to publish a concrete proposal in the second quarter of 2025. This principles-based model will require companies to exercise significant judgement.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC’s objectives undertaken by your organisation since the last reporting period.

Sustainability Reporting and Assurance

APRA welcomes the International Sustainability Standard Board’s (ISSB) recent efforts to amend IFRS S2 Climate-related Disclosures (IFRS S2) to grant relief to entities adopting IFRS S2 through the following:

- Excluding the measurement and disclosures of GHG emissions associated with derivatives, investment banking activities (facilitated emissions) and underwriting activities in the insurance and reinsurance industry (insurance-associated emissions)
- Extend the jurisdictional relief to permit entities to use Global Warming Potential (GWP) values that is required by local jurisdictions, instead of the GWP values from the latest Intergovernmental Panel on Climate Change (IPCC) assessment, and allow entities, in whole or in part, to use a method other than the GHG Protocol when measuring GHG emissions; and
- Grant entities, in specific circumstances, to use an alternative industry classification system, instead of the Global Industry Classification System (GICS) and explain the rationale for the selection.

Such measures would be proportionate and would limit the regulatory burden on entities looking to adopt sustainability reporting.

APRA also welcomes the issuance of the Australian sustainability assurance standard (the Australian equivalent of ISSA 5000) for sustainability reporting. APRA supports the AUASB clarifications relating to the use of internal audit and the ethical requirements for sustainability assurance.

Audit guidance on APRA superannuation funds

APRA is contributing to the work of the AUASB relating to the development of audit guidance for APRA superannuation funds. This guidance is being refreshed to reflect the new financial reporting and auditing legislative arrangements which have come into effect from 1 July 2023.

AASB engagement

APRA continues to engage with the AASB through its financial instruments' discussion group. APRA will engage with the AASB on DRM as part of its ongoing liaison once a concrete proposal is published in Australia.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

APRA continues to actively monitor international and national developments with respect to sustainability reporting and assurance. APRA intends to review the climate-related disclosures of some of its regulated entities once the new sustainability standards come into effect. Connectivity between climate-related financial risks, financial statements and the prudential framework is an emerging area of focus for APRA.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

N/A.

STAKEHOLDER REPORT: CHARTERED ACCOUNTANTS AUSTRALIA AND NEW ZEALAND

KEY ISSUES/DEVELOPMENTS

- CA ANZ has been reviewing and engaging with members and stakeholders to develop input for its [submission](#) to the Treasury consultation paper, *Positioning Australia's financial reporting system for the future*.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- CA ANZ has published a package of year end resources including [Reporting Essential Guides](#) and [Assurance Essential Guides](#). These publications highlight the impact of the key reporting and assurance developments for this reporting season, as well as regulatory focus areas. Following that, a complimentary webinar with regulatory, standards and audit quality updates for 31 December 2024 period ends had over 1,500 registrants.
- We have continued efforts towards uptake of [digital reporting](#) in Australia, New Zealand and internationally, including raising this issue to a positive response at the B20 – Integrity and Compliance Taskforce. We believe the Australian experience over the past decade has illustrated it is essential to mandate a requirement for financial reports to be lodged in a recognised, tagged digital format. We recommended a mandate for digital reporting in the [CA ANZ Comprehensive Plan for Audit and Risk in Australia](#) in response to the parliamentary inquiry into the regulation of audit, and have continued to advocate for this on the basis that uptake has clearly not occurred on a voluntary basis. Digital reporting is essential to provide users with a streamlined way of reading and analysing financial and non-financial reporting suited to their unique needs. Digital, tagged reporting data is essential for reporting to be able to effectively deal with the challenges of increasingly complex organisations and reporting frameworks, and will become even more so with the current steps toward enhanced and possibly mandated sustainability reporting. As many other major economies have already moved toward digital reporting, and adoption will clearly involve a period of transition and 'teething', it is critical for Australia to move quickly to avoid being left behind, with possible detrimental impacts on our prosperity, and attractiveness to investors, business, and other stakeholders internationally. Most recently we have included it as one of our [seven asks](#) ahead of the 2025 federal election. In addition, we have been undertaking a program of work aimed at educating Australian and international investors, preparers and auditors on digital reporting, research to inform the policy dialogue and engaging widely with key stakeholders in Australia and abroad, including the following:
 - Our [2024, 2023, 2022 Investor Confidence Survey](#) of over 1,000 retail investors showing investors are highly supportive of mandating digital reporting and see this as a vital way of tackling complexity in financial reporting.
 - Our [2024 IFRS Survey](#) of CA ANZ members showing CAs support the government making digital financial reporting mandatory for listed companies.
 - Two research papers with Peter Wells: [The Future of Financial Reporting](#) and [Can digital reporting tame the corporate reporting beast?](#)
 - Sharing Knowledge webinar; [Demystifying Digital Reporting](#) with Workiva, idaciti and IFRS Foundation.

- Accountants Daily article by Simon Grant FCA, CA ANZ Group Executive Advocacy and International: [Let's get digital when it comes to annual reports](#)
- International Federation of Accountants article by Amir Ghandar FCA, CA ANZ Reporting and Assurance Leader: [The Accounting Revolution Will Be Digitized](#)

SPECIFIC QUESTIONS FOR STAKEHOLDER

How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?

- We (CA ANZ) have incorporated sustainability reporting into our accredited Graduate Diploma of Chartered Accounting (GradDipCA) by offering a [sustainability for accountant's elective](#).
- We have also developed (and continuously update and expand) a suite of [sustainability micro-courses](#) which cover essentials, reporting, supply chain management and assurance.
- Our annual accounting and audit conferences also include updates to provide the most up to date sustainability issues (locally and internationally) for our members.
- We have published and are currently developing information guides to support members, particularly in Australia, as many undertake their first climate reporting period – these include [scenario analysis](#), a [practical roadmap](#) to disclosures, transition planning (in progress), materiality (in progress) and scope 3 GHG emissions (in progress).
- We also continue to raise awareness of sustainability and the accompanying reporting through various community events, presentations and webinars.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- We facilitated input from members and completed several [submissions](#) including: AUASB CP Prohibiting Sustainability Assurance Practitioners from Using Direct Assistance by Internal Auditors, AUASB ED Proposed Australian Standard on Sustainability Assurance ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001, and IASB ED Climate-related and Other Uncertainties in the Financial Statements, IASB ED Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures.
- In December 2024 we published the [2024 Professional Standards, Regulation and Conduct Annual Report](#). This is our second report outlining our educative, monitoring and enforcement activities.
- In December the Professional Standards Council (PSC) progressed our application for a 2025-2030 professional standards scheme to the public consultation phase. The consultation period closed on 5 February 2025. Subject to the resolution of any matters raised as part of the public consultation, we anticipate receiving approval from the PSC in March 2025.
- In February we will be facilitating several events with Mark Babbington, an executive with the UK FRC and IESBA Board member. The events include an online webinar and podcast for all CA ANZ members, and an invitation only breakfast for CA ANZ members. Mark will be sharing his knowledge of developments in audit regulation in the UK and the IESBA sustainability and firm culture projects.
- On 5 March the Annual Professional Standards Roadshow will be held online. This learning event provides CA ANZ members in public practice with important information about public practice obligations and trends.
- We continue to provide CA ANZ members with a variety of learning opportunities in relation to using artificial intelligence.

- We published a brief [online video](#) summarising changes to the ethical and professional standards commencing in 2025.

STAKEHOLDER REPORT: EY

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Approval by the AUASB of the adoption of ASSA 5000 *General Requirements for Sustainability Assurance Engagements in Australia* and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*
- Outcome of Treasury's consultation paper "Positioning Australia's financial reporting system for the future"
- Expansion of ASIC's financial reporting and audit surveillance program to include registrable superannuation entities lodging financial reports with ASIC for the first time
- Inclusion of auditor compliance with independence and conflict of interest requirements in ASIC's financial reporting and audit surveillance program

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- EY continues to engage with the Treasury public consultations that impact our profession and industry. Most recently, we participated in a roundtable discussion and provided a written submission in response to the Treasury's consultation paper – Positioning Australia's financial reporting system for the future.
- EY participated in the IESBA outreach sessions involving the large firms hosted by Channa Wijesinghe. Topics of discussion included – Sustainability Reporting, Assurance and Ethics (held 19th February), and Global audit regulation, IESBA projects and UK ARGAs developments (to be held 24th February).

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*
- EY is working through the implications of the early adoption of both ISSA 5000 and Part 5 of the International Ethics Standards for Sustainability Assurance (including the International Independence Standards) in Australia.
- EY is proactively engaging with clients impacted by the Sustainability Reporting Standards, including release of various thought leadership publications and other communications e.g. podcast.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- None

STAKEHOLDER REPORT: IPA

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

IPA continues to be involved in the consultation and submissions of the following:

FINANCIAL REPORTING

- AASB Exposure Draft 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements.*
- AASB Exposure Draft 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities.*
- Australian Treasury Consultation Paper *Positioning Australia’s financial reporting system for the future.*

AUDIT AND ASSURANCE

- Participated at AUASB Board meetings held in December 2024, and January and February 2025.

ETHICS

- Consultation between IPA and APESB on APESB Exposure Draft 04/24 *Revisions of APESB pronouncements APES 345 Reporting on Prospective Financial Information Prepared in connection with a Public Document, APES 350 Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document and APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Sign-offs.*
- Participation at APESB Board Meeting and Annual General Meeting (9 December 2024).

OTHERS

- ASIC Consultation Paper 380 *Sustainability Reporting*

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*
- Refer to above.
- IPA continues to actively contribute to the developments of Treasury, AASB, AUASB, ASIC and APESB/IESBA relating to sustainability reporting, including lodging submissions, and participating in outreach forums and meetings.
- IPA is a member of the APESB Sustainability Task Force to assist in considering the IESBA pronouncements relating to sustainability and determine how the professional and ethical standards can be applied in Australia, in particular IESBA *International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting* (issued January 2025).
- IPA continues to advocate for sustainability reporting/climate-related financial disclosure standards that are proportionate to the complexity of our members in the small-to-medium enterprise sector, such as reducing and/or simplifying the area of disclosures required of SMEs and their assurance.
- IPA established the Sustainability Working Group to increase its thought leadership and provision of guidance to its members on sustainability reporting and practices.
- IPA continues to update our members through media releases, publications and the development of education sessions and tools.
- IPA participated in the Australian visit of the IESBA Board member and Financial Reporting Council's (UK) Executive Director of Regulatory Standards), including hosting a member event on Sustainability Standards – Global and Australian perspectives.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

IPA continues to be involved in the regulation of the accounting profession with reviews and submissions to:

- AML/ CTF: Numerous consultations with Attorney-General's Department, AUSTRAC and other accounting bodies in leadup to the Bill receiving Royal Assent on 10 December 2024. This included:
 - Participating at AUSTRAC stakeholders Forums held on 12 December 2024 and 3 February 2025 to develop Rules and implementation guidance (and ongoing throughout 2025).
- Submission to Department of Industry, Science and Resources on Discussion Paper *Safe and responsible AI in Australia*.
- Consumer Data Right Submission – Expanding the CDR to non-bank lending and narrowing the scope of CDR data in banking.
- Redevelopment of the following Members' Tools:
 - Redevelopment of Accountants Letter Toolkit with CA ANZ/CPA Australia – adopts amendments to Banking Code of Practice applicable from 28 February 2025.
 - Suite of Engagement Letter Templates: Generic; Audit; SMSF Audit; Bookkeeper; Compilation; Disengagement; Ethical Clearance; Tax (numerous incorporating TASA legislative reforms and *Tax Agent Services (Code of Professional Conduct) Determination 2024*) and latest changes to the privacy laws.
 - New Audit system of quality management (SOQM) Templates: Professional Practice (Sole Practitioner) Audit Quality Management Manual (ASQM 1); and Professional Practice (Multi-Practitioner) Audit Quality Management Manual (ASQM 1).

STAKEHOLDER REPORT BACKGROUND

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality. The FRC's statutory objectives also include advancing and promoting the main objects of Part 12 of the ASIC Act, including:

- facilitating the development of relevant, reliable and readily understandable accounting standards which facilitate comparability
- facilitating the development of relevant auditing and assurance standards which require the preparation of reliable and readily understandable auditors' reports
- facilitating the economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, and having clearly stated and easy to understand accounting and auditing standards
- maintaining investor confidence in the Australian economy.

The FRC collects information to discharge these functions by seeking input via these Stakeholder Reports. Stakeholders are asked to complete the reports ahead of each FRC meeting, by bringing to the attention of the FRC matters the stakeholder believes are relevant to the FRC objectives or of critical importance to stakeholders. Accordingly, this Stakeholder Report template below include both general and targeted questions. Stakeholders are asked to complete all questions in the template before returning it to the FRC at secretariat@frc.gov.au.

STAKEHOLDER REPORT

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

KPMG Australia continues to work constructively with the federal government on several ongoing reviews that impact the profession. As part of these processes, we have made extensive written submissions and appeared at several public hearings. The industry is awaiting the release of Treasury's next consultation paper as part of the *Review into regulation of accounting, auditing and consulting firms in Australia* that will set out potential regulatory options. We note that the consultation paper *Positioning Australia's financial reporting system for the future* also has implications for the audit profession given the Financial Reporting Council's (FRC) broad oversight of standard setting processes and audit quality.

In responding to the consultation paper '*Positioning Australia's financial reporting system for the future*', KPMG Australia will draw on our previous recommendations¹ to related inquiries. These recommendations include:

- support for the Government's announcement to combine the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB) and the Financial Reporting Council (FRC) into a single entity. The large number of bodies tasked with setting, overseeing and enforcing auditing-related standards has led to complexity and has contributed to overlaps and gaps. We are also open to models that include the Accounting Professional & Ethics Standards Board (APESB) moving to the combined standard setter to ensure the regulatory framework is less fragmented;
- support for the Australian Securities and Investments Commission (ASIC) being appropriately resourced to carry out its audit oversight function. Subject to ASIC selecting an appropriate sample size to ensure results are reflective, we support the grading of ASIC's inspection findings and for individual firm inspection reports to be released again on ASIC's website; and
- support for extended oversight by ASIC in relation to the firm, not just the individual. This would bring us in line with oversight models in other jurisdictions.

In accordance with ASIC's compulsory information-gathering powers under the *Corporations Act 2001*, KPMG Australia continues to work with ASIC as it conducts its data-driven surveillance on how auditors are complying with their independence and conflicts of interest obligations. We understand that ASIC intends to publish outcomes on this surveillance in the third quarter of 2025.

Other external developments impacting the sector include:

- APESB has issued Revisions to *APES 110 Code of Ethics for Professional Accountants* addressing Tax Planning and Related Services designed to strengthen the ethical framework for professional accountants working in tax planning services.
- The International Ethics Standards Board for Accountants (IESBA) launched a standard-setting project on accounting firm culture and governance, addressing the recommendations of the Working Group on Firm Culture and Governance. KPMG Australia plans to attend a number of consultation sessions on the standard setting project.

¹ KPMG Submission - Treasury review into regulation of accounting, auditing and consulting firms in Australia.

- Continuing advancements in AI technology: It is necessary to assess risks associated with new technologies and ensure that our protections and systems keep pace. For example, KPMG Australia has developed KymChat and KPMG Clara AI chat – private versions of ChatGPT – available for the use by our people. KPMG Australia was proud to be the first organisation in the world to achieve certification by BSI to a globally applicable standard designed to empower safe management of AI by specifying requirements for establishing, implementing, maintaining, and continually improving an AI Management System within organisations (BS ISO/IEC 42001).
- Other regulatory developments include the passage of legislation to extend Australia’s anti-money laundering and counter-terrorism financing (AML/CTF) regime to lawyers, accountants, trust and company service providers and ongoing reform of regulations that apply to the firm and our people as registered tax agents, including the revised *Tax Agent Services (Code of Professional Conduct)*, review of tax secrecy laws and review of Legal Professional Privilege in Commonwealth investigations.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC’s objectives undertaken by your organisation since the last reporting period.

The FRC’s purpose is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. KPMG Australia conducts many activities relevant to the FRC’s purpose including:

- Core work in the auditing and accounting fields with a range of listed and unlisted organisations;
- Contribution to public and regulatory discourse including submissions to government and regulatory body inquiries on a range of matters impacting capital markets; and
- Regular engagement with regulatory bodies and professional associations including the APESB, the Australian Prudential Regulatory Authority (APRA) and the Institute of Chartered Accountants Australia and New Zealand (ICAAANZ) on relevant standards that impact the audit, assurance and accounting industry.

Since the last reporting period, we have continued to engage with government and stakeholders on policy developments such as those noted above and have made, or are in the process of considering and making, submissions on:

- Treasury review of tax regulator secrecy exceptions;
- AUSTRAC consultation on Draft AML/CTF Rules;
- Treasury consultation on *‘Positioning Australia’s financial reporting system for the future’*;
- Treasury consultation on *‘Miscellaneous amendments to Treasury Portfolio Laws Autumn 2025’* as it relates to sustainability reporting;
- ASIC Consultation Paper 380 *‘Sustainability reporting’*;
- AUASB consultation on the *‘Proposed Australian Standard on Sustainability Assurance’*; and
- AUASB consultation on *‘Prohibiting Sustainability Assurance Practitioners from using Direct Assistance by Internal Auditors’*.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

KPMG Australia is taking several actions to ensure its organisation and members are prepared to engage with the recent requirements in relation to sustainability reporting and assurance. These include:

- Having a mature and sizeable Climate Change & Sustainability (CC&S) team that works with organisations to manage the risks and opportunities associated with climate change and sustainability matters, and to enhance all aspects of reporting and communication. The CC&S team also provides assurance services over climate and other sustainability-related disclosures to enhance the credibility of reported information.
- Offering services to assist organisations:
 - understand and identify the material issues that have the most impact on their business;
 - develop performance monitoring and evaluation frameworks;
 - design and implement robust governance models and processes for collecting and reporting information; and
 - provide assurance over market disclosures.
- Hosted internal and external webinars on the Australian Sustainability Reporting Standards (ASRS), discussing the changes and their impact on the Australian sustainability-related disclosures landscape. The webinars covered an overview of the developments in sustainability reporting standards, the implications of the Treasury proposals for Australian entities and a roadmap of activities to consider as organisations prepare to report.
- Delivering global training programs to our KPMG Australia Audit & Assurance practitioners in preparation for delivery of assurance engagements performed on Sustainability Reports prepared in accordance with ASRS.
- Participation in global network calls on interpretation of corporation sustainability reporting topics and frameworks to gain consistency in application.
- Development of publications to assist our clients in understanding the ongoing developments and progress of legislation and sustainability standards in Australia.
- Prepared, or are in the process of preparing, submissions that relate to sustainability standards to ensure the regulatory framework is fit for purpose. These responses include submissions in response to the development of the climate-related financial disclosure regime across 2023 and 2024 and more recent responses as set out in the previous section.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

We do not have any further relevant activities or matters to bring to the FRC's attention.

STAKEHOLDER REPORT BACKGROUND

The Financial Reporting Council (FRC) is a statutory body established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It oversees and advises the Government on the financial reporting system, including accounting and auditing standard setting processes and audit quality. The FRC's statutory objectives also include advancing and promoting the main objects of Part 12 of the ASIC Act, including:

- facilitating the development of relevant, reliable and readily understandable accounting standards which facilitate comparability
- facilitating the development of relevant auditing and assurance standards which require the preparation of reliable and readily understandable auditors' reports
- facilitating the economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, and having clearly stated and easy to understand accounting and auditing standards
- maintaining investor confidence in the Australian economy.

The FRC collects information to discharge these functions by seeking input via these Stakeholder Reports. Stakeholders are asked to complete the reports ahead of each FRC meeting, by bringing to the attention of the FRC matters the stakeholder believes are relevant to the FRC objectives or of critical importance to stakeholders. Accordingly, this Stakeholder Report template below include both general and targeted questions. Stakeholders are asked to complete all questions in the template before returning it to the FRC at secretariat@frc.gov.au.

STAKEHOLDER REPORT AUSTRALIAN SHAREHOLDERS' ASSOCIATION

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- We are preparing for our [upcoming investment conference](#) as well as the mini-AGM season in April/May. We had been an active participant in the ASX Corporate Governance Council working group, and were disappointed in the failure to reach agreement on the 5th Edition of the Principles and Recommendations.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- ASA lodged its [Pre-budget submission 2025-26](#) in January. Our submission is informed by our current policy priorities and company monitoring focus issues. ASA's company monitoring initiative aims to ensure that retail shareholders' needs are addressed by company boards and executives, serving as a conduit between companies and shareholders and holding directors and executives accountable for their actions. Each year, ASA's dedicated volunteer company monitors attend, vote, and ask questions on behalf of individual shareholders at more than 200 company meetings.
- We finished the 2024 AGM season after the last reporting period. ANZ and Elders were among the companies that received strikes against their remuneration reports. Typically strike reflect shareholder dissatisfaction with the company and its share price. For 2024, the number of strikes for the companies we monitor was 23 (compared to 20 in 2023) but the average against vote declined to 43% from 52%. In the face of the cost of living crisis and share price volatility it is likely that shareholders will remain critical of company, director and executive performance.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- *How is your organisation incorporating emerging best practices in sustainability reporting, and what challenges have arisen in the process?*

ASA will monitor exchange listed companies' readiness to comply with mandatory sustainability reporting and identify best practice in communicating the associated risks and opportunities to retail shareholders.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- ASA CEO, Rachel Waterhouse, appeared as a panellist at the **25th Anniversary of the OECD-Asia Roundtable on Corporate Governance** held in Manila, Philippines, on 11-12 December 2024. The panel she participated in was titled "**Policies and practices for remote participation in general shareholder meetings.**" Effective general shareholder meetings, where investors consider they have had adequate opportunity to raise matters from the annual and other reports, is crucial to maintaining investor confidence in financial reports, assurance and markets and as a consequence, the Australian economy.



ITEM 4A
5 MARCH 2025

AASB CHAIR REPORT

The AASB Chair provided a report covering the key activities undertaken by the AASB from December 2024 – February 2025.

ACTION

- FRC to note.



ITEM 4B

5 MARCH 2025

AUASB CHAIR REPORT

The AUASB Chair provided a report covering the key activities undertaken by the AUASB from December 2024 – February 2025.

ACTION

- FRC to note.



ITEM 5A
5 MARCH 2025

XRB UPDATE

Update provided by Chair of the XRB, Michele Embling.

ACTION

- FRC to note.



ITEM 5B

5 MARCH 2025

INTERNATIONAL DEVELOPMENTS

Attachment A provides a summary of recent key media releases from professional accounting bodies and the Big 4 firms.

ACTION

- FRC to note.

RECENT MEDIA RELEASES

Treasury released a [consultation paper](#) on 23 January 2025 to seek feedback on the proposed structure and governance arrangements for a new body responsible for the combined functions of the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB) and the Financial Reporting Council (FRC).

Sustainability

- [Chartered Accountants Australia and New Zealand \(CA ANZ\)](#) stresses that climate-related disclosures are becoming standard practice, with more businesses acknowledging the financial impact of climate change. This trend is driven by regulatory requirements and growing investor demand for transparent, consistent, and comparable climate-related information. The research underscores the evolving role of accountants in managing and reporting these risks, which are now seen as essential to business performance and long-term sustainability.

Artificial Intelligence

- The [KPMG report](#) outlines key business challenges for 2025, with Australian leaders prioritizing digital transformation, the integration of emerging technologies like AI, and cost management in an inflationary environment. While cybersecurity and AI-related concerns are top issues, talent acquisition has dropped in priority. The survey also highlights societal issues like housing affordability and the future skills gap as significant concerns.
- [Deloitte's *Tracking the Trends 2025* report](#) highlights key trends shaping the mining and metals sector. The focus is on embracing digital innovation, sustainability, and AI integration to drive success. The report stresses the role of technology and reskilling in adapting to emerging challenges while fostering innovation and sustainability in the industry.

The Big 4

- Deloitte released the December 2024 edition of the flagship [Business Outlook](#). The outlook highlights that Australia's economic performance will largely depend on addressing domestic challenges and maintaining adaptability to global changes, including shifting economic and policy dynamics. The report encourages businesses to stay agile to sustain long-term success.
- EY has established the [EY AI Global Advisory Council](#) to guide its artificial intelligence strategy and help adapt to rapid technological and market changes. The council will bring together leaders from various industries to provide insights on AI developments, ethical considerations, and business applications.



ITEM 6

5 MARCH 2025

PUBLIC SECTOR ADVISORY GROUP

DESCRIPTION

Chair of the PSAG, Amy Fox, to provide a verbal update about the PSAG meeting on 17 February 2025.

ACTION

- FRC to note.



ITEM 7

5 MARCH 2025

FRC STRATEGIC PLAN 2025-26

Attachment A provides a strategic plan is intended to cover the FRC's priorities for 2025 and 2026.

ACTION

- FRC to discuss.

ATTACHMENT A

FRC Strategic Plan 2025-26

The Financial Reporting Council (FRC) oversees the effectiveness of Australia’s financial reporting framework, standard-setting processes for accounting and auditing standards and audit quality. It also supports alignment with international standards and regulatory developments to promote trust and transparency in financial reporting.

This strategic plan is intended to cover the FRC’s priorities for 2025 and 2026, recognising the Government’s intention to combine the FRC, the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) into one body that it has proposed to be operational on or after 1 July 2026.

Purpose and Objectives

The FRC operates under Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). The FRC’s functions and powers are set out in section 225 of the ASIC Act. Broadly, the FRC is responsible for:

- Providing oversight of the accounting and auditing standard-setting processes in Australia.
- Monitoring and promoting audit quality to maintain confidence in financial reporting.
- Advising the government on matters relating to financial reporting and auditing policy.
- Supporting the effective implementation of sustainability standards and international alignment.
- Engaging with stakeholders, including regulators and standard setters, to enhance governance and accountability.
- Encouraging continuous improvement in financial reporting to meet evolving market and regulatory expectations.

Environmental Analysis

Global	Australia
<ul style="list-style-type: none"> • Sustainability reporting is becoming a critical aspect of financial disclosures worldwide, with increased regulatory focus on environmental, social, and governance (ESG) factors. 	<ul style="list-style-type: none"> • The adoption of sustainability standards will play a key role in shaping corporate accountability and investor confidence.
<ul style="list-style-type: none"> • The global economy remains influenced by inflationary pressures, geopolitical 	<ul style="list-style-type: none"> • Regulatory reforms, including the proposed merger of oversight financial reporting bodies, require

uncertainties, and evolving investor expectations.	careful stakeholder engagement and implementation strategies.
<ul style="list-style-type: none"> • Advancements in artificial intelligence (AI), blockchain, and data analytics are transforming financial reporting and auditing practices. 	<ul style="list-style-type: none"> • Australia is adapting to shifts in regulatory changes and advancements in AI and digital reporting.
<ul style="list-style-type: none"> • International standard-setting bodies continue to refine and enhance financial reporting and audit requirements to promote transparency and trust. 	<ul style="list-style-type: none"> • Australian standard setters must proactively engage in international forums to ensure that global standards reflect domestic needs and regulatory objectives.

Strategic Priorities

The FRC’s strategic priorities for 2025-26 focus on strengthening financial reporting, responding to regulatory and market developments, and enhancing international collaboration.

Strategic Priority	Key Actions
Strengthening Financial Reporting and Audit Quality	<ul style="list-style-type: none"> • Overseeing the adoption of international financial reporting and auditing standards while supporting Australian standard-setters to simplify domestic standards. • Promoting alignment with sustainability reporting requirements to enhance consistency and comparability across jurisdictions.
Audit Quality	<ul style="list-style-type: none"> • Engaging with stakeholders to enhance audit transparency and independence.

	<ul style="list-style-type: none"> Facilitating continuous improvements in audit quality following the Audit Quality Review published in November 2023.
Sustainability Standards	<ul style="list-style-type: none"> Supporting the adoption and integration of sustainability reporting standards. Promoting international alignment to ensure comparability and consistency.
Regulatory Developments	<ul style="list-style-type: none"> Assisting in the facilitation of the proposed merger of financial reporting bodies in Australia, ensuring continued stakeholder engagement and a smooth transition to the new body. Monitoring and responding to broader parliamentary inquiries impacting the audit and accounting professions, including evolving expectations on audit and assurance.
International Engagement	<ul style="list-style-type: none"> To support and nominate suitable Australian candidates for key international positions. Encouraging alignment between domestic and international financial reporting standards.

The FRC remains committed to upholding trust in financial reporting and audit quality while supporting government policy and responding to emerging challenges in the accounting and auditing professions. The FRC continues to promote confidence and best practices in financial governance in Australia through strategic oversight and proactive engagement with stakeholders.



FUNDING INTERNATIONAL BODIES

IFRS FOUNDATION FUNDING RECOMMENDATION

The Australian Government makes an annual contribution to the IFRS Foundation of \$1 million on behalf of the Australian Government, informed by a recommendation from the FRC. The grant is provided as part of the Support for Markets and Business Program.

Australia's contribution to the IFRS Foundation has been delivered through a grant agreement dated 19 July 2024 for a total grant amount of \$1 million (GST exclusive). This grant agreement will terminate on 30 June 2025 but includes options to extend for three future Australian financial years.

The current agreement follows an earlier agreement dated 11 December 2020 (and expiring 31 July 2024) under which \$5 million of Australian Government grant funding was delivered to the IFRS Foundation, after three deeds of variation were executed to extend the term and value of the grant.

Grant contributions to IFRS have been renewed based on the recommendation of the FRC each year and a decision by the relevant Treasury delegate. The FRC recommended the Australian Government make a further annual contribution of \$1 million to the IFRS Foundation on 3 June 2021, 2 June 2022, 10 March 2023 and 19 March 2024.

In line with previous practice, the FRC will consider whether to recommend that the Australian Government provide a further \$1 million contribution to the IFRS Foundation in 2025-26 under the current grant agreement. This amount is available to support a payment to IFRS following a decision by the Treasury delegate. Any increase to the ongoing amount provided to IFRS would require a further decision of Government.

ACTION

- FRC to decide on whether it recommends the Australian Government grant a further \$1 million to the IFRS Foundation in 2025-26.



NOMINATIONS COMMITTEE

The FRC reappointed the following members to the AASB and AUASB who commenced on 22 February 2025:

AASB

- Sean Osborn

AUASB

- Meryl Gwan

ACTION

- FRC to note verbal update from the Nominations Committee Chair, Rachel Grimes.



CORRESPONDENCE

- On 21 February 2025, the FRC sent letters to Sean Osborn and Marilyn Gwan to advise that the FRC, acting under the *Australian Securities and Investments Commission Act 2001*, has formally reappointed them as a member of the Australian Accounting Standards Board (AASB) and a member of the Auditing and Assurance Standards Board (AUASB) respectively.

ACTION

- FRC to note.



ITEM 9C
5 MARCH 2025

FRC WEBSITE UPDATE

FRC Secretariat is conducting a review of the FRC website, and it has noted that biographies of FRC members have not been updated in the past year.

ACTION

- FRC members to advise on updates to their biographies.
- FRC Secretariat to note.



ITEM 9D
5 MARCH 2025

KEY ACTION ITEMS SUMMARY

FRC Chair and Secretariat to provide a summary of action items from the 5 March 2025 meeting.

Secretariat will circulate an action items list to FRC members following the finalisation of the meeting minutes.

ACTION

- FRC to note.