Australian Government
Australian Accounting Standards Board

Cover Memo

Project:	**Auditor remuneration disclosures**	**Meeting:**	AASB August 2026 (M222)
Topic:	**Disclosure of AASB S2-related sustainability assurance fees**	**Agenda Item:**	6.0
		Date:	13 August 2026
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Objective

1 The objective of this agenda item is for the AASB to:

(a) consider the existing requirements relating to auditor remuneration disclosures and recent developments relevant to AASB S2-related sustainability assurance fees;

(b) consider whether the AASB should take any action in relation to the disclosure of AASB S2-related sustainability assurance fees; and

(c) if the AASB considers action is warranted, provide direction on the scope, form and timing of any potential response.

Project background

2 Auditor remuneration disclosures relating to assurance of reports applying AASB S2 *Climate-related Disclosures* have arisen as an issue in the context of the existing requirements in AASB 1054 *Australian Additional Disclosures* and associated requirements in APES 110 *Code of Ethics for Professional Accountants*.

3 At its June 2026 meeting, in the context of the AASB 2027–2031 Agenda Consultation, the AASB decided to continue monitoring developments relating to the disaggregation of audit and non-audit remuneration disclosures and to commence a short-term, narrow scope project on the disclosure of sustainability-related assurance fees.[1] Agenda Papers 6.1 and 6.2 have been prepared to assist the

1 AASB Action Alert No. 248, for meeting held on 18-19 June 2026

AASB in determining whether any further immediate action is warranted and, if so, the form and timing of that action.

Structure of this Agenda Item

4 The following papers have been prepared to support the AASB's consideration of this topic:

(a) Agenda Paper 6.1 – is included in the combined pack and provides relevant background, summarises the existing disclosure requirements, findings from staff research and outlines possible actions the AASB could consider, including the potential scope, advantages and disadvantages of each possible action, together with staff's recommendation.

(b) Agenda Paper 6.2 – is included in the supplementary folder and provides additional background information, including the history of auditor remuneration disclosure requirements, a summary of AASB Research Report 15 *Review of Auditor Remuneration Disclosure Requirements*, relevant *Corporations Act 2001* requirements, relevant APES 110 *Code of Ethics for Professional Accountants* requirements, illustrative examples of current disclosure practices and Australian Prudential Regulation Authority requirements relating to auditors.

Summary of staff recommendations

5 Staff recommend the AASB take a monitoring approach at this time on the basis that this approach:

(a) allows time to gather additional evidence, including user feedback and market practices to emerge before considering whether action is necessary;

(b) avoids imposing costs on stakeholders where the need for immediate change has not been demonstrated; and

(c) enables consideration of developments in the external environment such as the outcomes of:

  (i) Treasury's consultation on the regulation of accounting, auditing and consulting firms in Australia and any resulting reforms; and

  (ii) the forthcoming consultation on reforms to reduce burden while maintaining core sustainability reporting requirements, including adjusting assurance settings, noted in *Budget 2026-27 Whole-of-Government Regulatory Reform Agenda*.

6 Accordingly, staff recommend continuing to monitor developments in this area and, once additional evidence is available, bring the matter to External Reporting Australia (ERA) for further consideration.