

Friday, 21 November 2025

Doug Niven FCA
Chair, Australian Auditing and Assurance Standards Board
Level 20, 500 Collins Street
Melbourne 3000

Via website: www.auasb.gov.au/projects/open-for-comment/

Dear Doug,

**Exposure Draft 02/05: Proposed Standard ASSA 2025-10 Amendments to ASSA 5010
Timeline for Audits and Reviews of Information in Sustainability Reports under the
Corporations Act 2001 (ASSA 5010)**

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide comments to the Australian Auditing and Assurance Standards Board (AUASB) on the above Exposure Draft (the ED). We make this submission on behalf of our members and in the public interest. This submission is informed by consultation with our members and our previous advocacy on these topics.

Key Points

- We support the directors' declaration being subject to assurance in Years 2 and 3.
- We support the provision of guidance on auditing the directors' declaration but believe that guidance on what constitutes 'reasonable steps' for directors and preparers should first be provided by ASIC.
- We support the AUASB providing clarity over how the phasing requirements of ASSA 5010 apply should entities choose to voluntarily adopt the full *Corporations Act 2001* sustainability reporting requirements.
- We prefer the option for entities being able to start and stop the phasing.

Our responses to the specific questions raised in the ED are in Appendix A. Appendix B provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Amir Ghandar FCA, Reporting and Assurance Leader at Amir.Ghandar@charteredaccountantsanz.com

Yours sincerely,

Geraldine Magarey FCA

Group Executive, Advocacy and International

Amir Ghandar FCA

Reporting and Assurance Leader

Appendix A

Responses to specific questions

Directors' declaration

Q1. Do you agree that the directors' declaration should be subject to assurance for Years 2 and 3?

Yes, we agree.

Q2. Would there be any significant challenges for auditors in obtaining sufficient appropriate evidence that the entity has taken 'reasonable steps' to ensure that the sustainability report complies with the Act for periods commencing 1 July 2026 to 31 December 2027?

From the feedback we have heard, most practitioners feel that they should be able to gain sufficient appropriate evidence in the course of performing their limited assurance engagement. There may be challenges where the entity does not sufficiently document the process it has followed to take 'reasonable steps'. It would be useful for ASIC to provide clarity to directors and preparers on what it expects in terms of process and documentation in this area. We encourage the AUASB to discuss this matter with ASIC.

Q3. Should guidance be developed to assist auditors on how to approach the 'reasonable steps' criterion in the directors' declaration for years commencing 1 July 2026 to 31 December 2027, bearing in mind that the meaning of the 'reasonable steps' criterion for entities is not within the remit of the AUASB?

We support developing guidance to assist auditors and encourage consistency in practice. As per our response to question 2, it would be helpful if there was guidance for preparers on what process they should follow (along with documentation expectations) as this would assist auditors in forming their opinion.

Voluntary reporting

Q4. Do you agree with the proposed amendments to clarify how the phasing in of assurance applies to entities that choose to comply with the sustainability report requirements under the Act voluntarily, should the Bill be enacted.

We have heard feedback presenting concerns that mandatory assurance will discourage voluntary reporting which seems counter to the purpose of the amendments to the Act. However, it is also important to maintain investor protection and market confidence in the reporting, in particular where the entities are able to take advantage of the limited immunity provisions, and independent assurance is a key mechanism to achieve this.

We are supportive of the AUASB clarifying how the assurance phasing applies to entities who choose to voluntarily adopt the full requirements of the Corporations Act sustainability report requirements and seek to benefit from the limited liability provisions.

Q5. In particular, do you have any views on adopting the proposal to reset the phasing in of assurance where entities that voluntarily report under the Act subsequently opt out? Do you have any views on the alternative of not allowing a reset of the phasing in? Do you have any information on the likelihood that an entity would opt in and out of voluntary reporting under the Act?

We do not have information on the likelihood of entities opting in and out of voluntary reporting during the first three years of the regime. Considering the short timeframe for the application of the limited immunity provisions, it seems unlikely that entities will choose to opt in and out. However, there are circumstances such as corporate restructures and acquisitions that may mean an entity that had previously chosen to voluntarily report may wish to opt out.

For that reason, we think it is appropriate to have a model that allows for this to avoid potential unforeseen consequences that not allowing an opt out may produce and that allows entities to continue the process without imposing a higher level of assurance than equivalent entities would have when they opt back in or become subject to the mandatory requirements for their group.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.