

Auditing and Assurance Standards Board
PO Box 204
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Sub 3 ED 03-25

24 November 2025

Dear AUASB Members,

We appreciate the invitation to comment on ED 03/25 Proposed Australian Standard on Sustainability Assurance ASSA 2025-11 *Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements* ('Exposure Draft'). Our response reflects our position as auditors and business advisers to the Australian business community. We work with listed and privately held companies, government, industry, and not-for-profit organisations and are a leading business advisor to mid-market businesses internationally.

Exposure Draft Questions

Directors' declaration

- 1. Do you agree that the that the wording of the auditor's conclusion/opinion should combine wording from the Corporations Act and paragraph 190(c)(vi) of ASSA5000 as proposed in the Exposure Draft? Please provide your reasons.**

Year 1

We recommend including the lead-in words from line 1 of the table in Paragraph 18, together with the alternative wording under paragraph 10. In our view, this provides a clearer and more precise expression of the limited assurance conclusion for Year 1.

i.e. Based on the procedures we have performed and the evidence we have obtained, we have not become aware of any matter in the course of the review that makes us believe that the Sustainability Climate Information does not comply with Division 1 of Part 2M.3 of the Corporations Act 2001.

Other comments:

- We support the rationale for including the lead-in words as articulated in the Exposure Draft
- We do not agree with referencing 'a fair presentation' for Year 1, as the entire report is not subject to assurance and therefore, in our view, can only be conducted under a compliance framework
- We do not agree with referencing 'all material respects' in year 1 because materiality can be covered separately and more clearly in the body of the report.

Years 2 onwards

We agree with the combined wording from the Corporations Act and paragraph 190(c)(vi) of ASSA5000.

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- 2. Do you agree with the proposal that in Year 2 onwards, the review/audit is based on a fair presentation framework rather than a compliance framework?**

We agree with the proposal.

- 3. Do you agree with the proposal that in Year 1, where only specified disclosures are subject to assurance, the review is based on a compliance framework rather than a fair presentation framework?**

We agree with the proposal.

- 4. Should the conclusion/opinion refer specifically to AASB S2 in addition to referring to compliance with the Act?**

We recommend that the reference to AASB S2 in the conclusion is unnecessary as we do not anticipate any substantive impact from its specific mention. Instead, we recommend references to AASB S2 to be incorporated within the main body of the report.

- 5. Should the audit opinion refer to disclosure provisions under the Act where there are no current requirements (e.g. any Ministerial legislative instrument)?**

We have no preference either way. We see no concerns with referencing the Ministerial legislative instrument. However as there is no Ministerial legislative instruments this has no current effect on the opinion but should such instruments be introduced in the future, including this reference will eliminate the need for subsequent revisions to the wording.

- 6. Do you consider that in Year 4 onwards, the opinion should omit the words from 'including' onward in s309A(1) of the Act?**

We recommend keeping the words from 'including' onward, as omitting them offers no clear benefit.

- 7. Do you agree that the auditor's report should use the same terminology as the Act rather than the terminology used in ASSA 5000 (for example, 'review' instead of 'limited assurance engagement')?**

We recommend using 'limited assurance' or 'limited assurance engagement' instead of 'review'. The term 'limited assurance engagement' is specifically defined in ASSA 5000, while 'review' is commonly associated with ASRE 2410. Using 'review' may cause confusion in the market about the extent of work performed or required for sustainability assurance engagements. We understand this will be a slight departure from the Corporations Act 2001, however currently there is a misconception in the marketplace on the level of work required under a limited assurance engagement.

- 8. Do you support the inclusion of the example inherent limitation paragraph in the Illustrative Reports? Do you agree with the example provided? Please provide your reasons.**

We support including the inherent limitation paragraphs and agree with the examples. We concur with the arguments under paragraph 26 of the Exposure Draft. Any differences with the IAASB examples can be addressed when their illustrative sections on inherent limitations are released.

We will also encourage the inclusion of example qualification paragraphs in the illustrative reports.

9. Do you agree with the approach taken to auditor reporting in the narrow circumstance where an auditor gives early reasonable assurance on Scope 1 and 2 emissions in Year 1 (i.e. treatment as an opinion under the Act)? Do you believe that this situation will arise more than rarely in practice? Do you consider that a similar approach could be applied to information reported under the Act for which no assurance is required in Year 1 but the auditor gives assurance?

- We agree with the approach. We foresee that this could arise when entities have previously been reporting under a different reporting framework, have been obtaining reasonable assurance and want to continue with this reporting and assurance to continue to provide investors with similar information.

10. Should the AUASB consider how to better distinguish the auditor's reports on the financial report and sustainability report. If so, how?

We recommend improving the distinction between auditor's reports by updating the header of the auditor's report on the financial report auditor's report. The header of the auditor's report on the sustainability report clearly identifies that it relates to the sustainability report; while the header of auditor's report on the financial report is labelled only as "Auditor's Report".

11. Should the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 or in a separate document?

We recommend the illustrations be issued in a separate document. If issued in an appendix to ASSA 5000, an exposure draft may be required and the compelling reasons test needs to be met.

12. Are there other matters not addressed by this exposure draft that should be considered by the AUASB for the proposed illustrative reports?

- We recommend that the auditor's responsibilities be consistently presented for the sustainability report and the financial report. The description of the auditor's responsibilities on the financial report is via a referenced a hyperlink while it is fully worded on the sustainability report.
- We recommend guidance for the auditor's report on which ethical requirements apply to show the version that is being complied with for the corresponding reporting period. i.e. version of amendments for APES 110 (e.g. 'June 2024', 'July 2025' etc) should be referenced in the Basis for Opinion or Conclusion section for each of the relevant mandatory opinions.
- We recommend that subsequent exposure drafts incorporate the language used in the slides of the roundtable for ED 03/25. The slides were more concise and made it easier to understand the proposed changes compared to the contents of the exposure draft.

Yours sincerely

Grant Thornton Australia Limited



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