Sub 10 ED02-25

Auditing and Assurance Standards Board
PO Box 204
Collins St West
VIC 8007

Grant Thornton Australia Limited
Level 26
Grosvenor Place
225 George Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

24 November 2025

Dear AUASB Members,

We appreciate the invitation to comment on ED 02/25 Proposed Australian Standard on Sustainability Assurance ASSA 2025-10 *Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* ('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 directors' declaration should be subject to assurance for Years 2 and 3?**

   We agree that the directors' declaration should be subject to assurance for Years 2 and 3.

2. **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?**

   RG 280 clarifies that the intent of modified declaration under s1707C(2) is to reflect the following developments over-time:

   - The sophistication and maturity of a reporting entity's controls, policies, procedures and systems for sustainability reporting, and
   - Director's understanding, experience and capabilities in relation to sustainability reporting

   We understand from this that the approach to address the 'reasonable steps' criterion includes, respectively, procedures over the following areas:

   - the components of internal control relevant to the preparation of the sustainability report; and
   - the governance processes as described under AASB S2.6

   Procedures are required to be performed over the above areas under a limited assurance engagement, regardless of whether the directors' declaration is subject to assurance. While we expect that there may be additional effort required around the extent of procedures performed on the mentioned areas, we do not foresee any significant challenges in obtaining sufficient appropriate evidence that the entity has taken 'reasonable steps' to ensure that the sustainability report complies with the Act.

3. **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 recommend that guidance should be developed to assist auditors on how to approach the 'reasonable steps' criterion. We would also encourage greater clarity in the market on the Directors' obligations on reasonable steps

Voluntary reporting

4. **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 agree clarification should be provided as to how voluntary assurance is considered in the limited liability provisions if the Bill is enacted. We consider the proposed amendments under paragraphs 13-14 of the exposure draft is simpler and easier to implement.

5. **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 have no comment on the likelihood that an entity would opt in and out of voluntary reporting under the Act.

   The ability to opt in and out of reporting or assurance year by year could create gaps and inconsistencies in data, reducing reliability and availability of information for users. It is possible where an entity voluntarily reports one year and opts out the next, users may assume the non-assured report is of comparable quality and reliability as the assured voluntary report. This misperception may arise if the report's format, tone, or disclosures remain consistent, despite the absence of independent verification. As a result, there is an increased risk that material misstatements and greenwashing, whether due to fraud or error, may go undetected.

   We consider that the proposed phasing for voluntary reporting under paragraphs 13-14 of the exposure draft is a better option as it is likely to result in better reporting to shareholders and users.

   We have observed the below matters based on our understanding of the proposal. For the first three points, we recommend that the table under paragraph 17 of the exposure draft be updated to reflect a 6 month period for the second column (i.e. 1/1/25 to 30/06/25); a 12 month period for the third column (i.e. 1/7/25 to 30/6/26); and the contents for groups 2, 3 and 'no groups' updated to align with the revised columns.

   - There is a discrepancy between the two tables for group 2, illustrated as follows:
     - Entity X is Group 2 with a financial year ending 30 June, and voluntarily reports for the period commencing 1 July 2025
     - The voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 2 mandatory
     - The opt-out voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 1 mandatory, because the period for 1 Jan 2026 to 30 Jun 2026 is "None" for Entity X
   - There is a discrepancy between the two tables for group 3, illustrated as follows:
     - Entity Y is Group 3 with a financial year ending 30 June, and voluntarily reports for the period commencing 1 July 2025
     - The voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 2 voluntary, and the reporting for 1 Jul 2027 will be Year 3 mandatory
     - The opt-out voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 1 voluntary, and the reporting for 1 Jul 2027 will be Year 2 mandatory

- There is a discrepancy between the two tables for “no groups”, illustrated as follows
    - Entity Z is “no group” with a financial year ending 30 June, and voluntarily reports for the period commencing 1 July 2025
    - The voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 2 voluntary, and the reporting for 1 Jul 2027 will be Year 3 voluntary
    - The opt-out voluntary reporting table indicates that the reporting for 1 Jul 2026 will be Year 1 voluntary, and the reporting for 1 Jul 2027 will be Year 2 voluntary
- The opt-out voluntary reporting table does not consider for June year-end Group 3 entities the impact of reporting for the period commencing 1 July 2026 and opting-out for 1 July 2026
- The relief under AASB S2 Appendix C C4(a) and C4(b) applies to the first year of applying the Standard. Clarity is needed on whether the reset of the phasing in triggers the reset of the reliefs.

Yours sincerely

Grant Thornton Australia Limited

Andrew Rigele	Louise Worsley
Partner & Head of ESG – Audit & Assurance	Partner – Audit & Assurance