



Wednesday, 3 December 2025

Sub 7 ED03-2025

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 03/05: Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements

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 agree that the wording of the auditor's conclusion/opinion should comply with the requirements of ASSA 5000 and the Corporations Act 2001 (the Act), however there is legal uncertainty whether this is achievable through combining the wording of both. The requirements for what is included in an auditors' report is normally left to audit standards, with laws requiring that those standards are adhered to. Contrastingly, for these engagements the Corporations Act has specified very detailed requirements for the content of the auditor's conclusion/opinion, overlapping and slightly different from what is required in the internationally equivalent ASSA 5000. Therefore, there is uncertainty as to whether the proposed combined conclusion/opinion wording meets the requirements of the Act from a legal perspective.
- We agree that the review/audit is based on a compliance framework in Year 1 and a fair presentation framework from Year 2 onward.

- We support the inclusion of example inherent limitations with appropriate communications so that assurance practitioners understand that these will need to be tailored as appropriate for their individual engagements.
- We believe that the board does need to consider ways for the auditor's report on the financial report and the auditor's report on the sustainability report to be clearly distinguished to avoid confusion in users of the reports.

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, Leader – Reporting and Assurance 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

Q1. Do you agree that the wording of the auditor's conclusion/opinion should combine wording from the Corporations Act and paragraph 190(c)(vi) of ASSA 5000 as proposed in the Exposure Draft? Please provide your reasons.

While we agree that the wording of the auditor's conclusion/opinion should comply with the requirements of ASSA 5000 and the Act, we are unsure whether this is achievable through combining the wording of both. We believe it is a legal question as to whether the proposed combined conclusion/opinion wording meets the requirements of the Act. If the legal advice is that a combined wording does not meet the requirements of the Act, then there is a conflict between two force-of-law requirements (the Act and ASSA 5000). In our view, the Act should be amended to remove s309A. The Act already requires that the audit of the sustainability report be conducted in accordance with auditing standards in s307AC. As the auditing standards prescribe the requirements for the auditor's report, s309A merely adds unnecessary detail and removing it would remove the conflict it has created. We recognise that the AUASB cannot amend the Corporations Act but encourage the board to advocate for change with the government.

Q2. 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?

Yes, we agree. Once all disclosures are subject to assurance, use of a fair presentation framework is appropriate as AASB S2 has a fair presentation basis.

Q3. 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?

Yes, we agree. As only certain specified disclosures from AASB S2 are being assured, the reference to a compliance framework is appropriate.

Q4. Should the conclusion/opinion refer specifically to AASB S2 in addition to referring to compliance with the Act?

We believe it should refer to AASB S2 to provide clarity to users of the reports.

Q5. Should the audit opinion refer to disclosure provisions under the Act where there are no current requirements (e.g. any Ministerial legislative instrument)?

No. We believe it is potentially confusing to users to include reference to instruments that do not currently exist. Inclusion of the wording referencing Ministerial legislative instruments in square brackets or similar with appropriate guidance to delete if none exist would be a practical solution that will enable auditors to amend the wording should any instruments be issued in the future.

Q6. Do you consider that in Year 4 onwards, the opinion should omit the words from 'including' onward in s309A(1) of the Act?

No, we believe the wording should be consistent with the Act.

Q7. 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')?

While we think that consistency with the wording used in the auditor's report on the financial report should be considered for ease of user understanding, as per our response to question 1, it is also important for reports issued on Australian sustainability reports to have consistency with those issued under ISSA 5000 in other jurisdictions. We support a combined approach but, as stated in our response to question 1, the determination of the appropriate wording in the report/conclusion is a legal matter.

Q8. 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.

Yes, we believe that examples of inherent limitations would be useful to auditors. However, communication would be required so that auditors understand that examples are a starting point for their drafting and must be tailored to the circumstances of the particular engagement. We encourage the board to monitor the publicly available sustainability assurance reports released over the first four years of implementation and provide additional examples where it is appropriate to drive consistency in reporting for common inherent limitations.

Q9. 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?

Yes, we believe this is a reasonable approach for Scope 1 and Scope 2 emissions as we understand that there are entities in the market who have already been obtaining reasonable assurance on these disclosures. Other information that is being reported early or is not within the scope of the Corporations Act requirements should be treated separately as voluntary assurance.

Q10. Should the AUASB consider how to better distinguish the auditor's reports on the financial report and sustainability report. If so, how?

Yes, it is important that users understand what information is covered by each of the opinions. Some suggestions for how this can be achieved include use of specific headings, placement of the reports adjacent to the material being assured (i.e. the auditor's report on the financial report would be placed at the end of the financial statements as is current practice but the auditor's report on the sustainability report would be placed at the end of the sustainability report rather than next to the auditor's report on the financial statements) and use of page number or other location references (depending on the format in which the reports are presented to the users) to clarify what parts of the combined report are covered by the respective opinions.

Q11. Should the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 or in a separate document?

We believe that the illustrative examples should be an appendix to ASSA 5000. But given the need to issue them and, potentially, make amendments and additions to them on a timely basis in the future, we agree that it would be practical to issue them initially as guidance. The board can then consider the need to amend the standard after a period of time sufficient to allow reporting practices to mature in the market has passed.

Q12. Are there other matters not addressed by this exposure draft that should be considered by the AUASB for the proposed illustrative reports?

We have heard some concerns from stakeholders that the wording around the application of APES 110 is complicated by the use of the specific dating options. While we appreciate that

there are specific dates for versions of APES 110 applicable at certain points in time, we recommend the board consider whether just referring to the “applicable requirements of APES 110...” is sufficient. If the board wants to ensure the relevant dates for versions of APES 110 are clear to auditors, this could be achieved via footnotes.

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.