

January 2025

# **Basis for Conclusions** ***ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

Prepared by the **Auditing and Assurance Standards Board**



**Australian Government**

---

**Auditing and Assurance Standards Board**

## **Obtaining a Copy of this Basis for Conclusions**

This Basis for Conclusions is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au)

### **Contact Details**

Auditing and Assurance Standards Board  
Phone: (03) 8080 7400  
E-mail: [enquiries@auasb.gov.au](mailto:enquiries@auasb.gov.au)

### **Postal Address:**

PO Box 204, Collins Street West  
Melbourne Victoria 8007  
AUSTRALIA

## **COPYRIGHT**

© 2025 Auditing and Assurance Standards Board (AUASB). The text, graphics and layout of this document are protected by Australian copyright law and the comparable law of other countries. Reproduction within Australia in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgment of the source as being the AUASB.

Requests and enquiries concerning reproduction and rights for commercial purposes should be addressed to the Director - National, Auditing and Assurance Standards Board, PO Box 204, Collins Street West, Melbourne, Victoria 8007 or sent to [enquiries@auasb.gov.au](mailto:enquiries@auasb.gov.au). Otherwise, no part of this document may be reproduced, stored or transmitted in any form or by any means without the prior written permission of the AUASB except as permitted by law.

ISSN 2201-3628

**Basis for Conclusions ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

---

Basis for Conclusions ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* has been developed by the Auditing and Assurance Standards Board (AUASB) to provide a background to, and rationale for the development and approval of the Standard by the AUASB. The Basis for Conclusions relates to, but does not form part of, ASSA 5010.

No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

CONTENTS

	<i>Page</i>
Background .....	5
Public Consultation .....	5
Scope .....	7
Major Issues raised by Respondents on Exposure .....	7
Conclusion.....	9

## **BASIS FOR CONCLUSIONS**

### ***ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

This Basis for Conclusions is issued by the Auditing and Assurance Standards Board (AUASB). It provides a background to, and rationale for the development and approval of the Standard by the AUASB. The Basis of Conclusions relates to, but does not form part of, *ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*, and is not a substitute for reading the Standard.

#### **Background**

1. The AUASB has issued an Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports*. ASSA 5010 specifies the information in a sustainability report for a financial year prepared in accordance with Chapter 2M of the *Corporations Act 2001* (the Act) to be subject to audit and/or review for each financial year commencing from 1 January 2025 to 1 July 2030. ASSA 5010 is operative for assurance engagements with financial years commencing from 1 January 2025 to 30 June 2030.
2. While there is no equivalent standard issued by the International Auditing and Assurance Standards Board (IAASB), ASSA 5010 operates in conjunction with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) which is consistent with an equivalent IAASB standard.
3. ASSA 5010 responds to the requirement in s1707E(2) of the Act for the AUASB to specify the information in sustainability reports prepared in accordance with Chapter 2M of the Act that is to be subject to audit and/or review for each financial year commencing from 1 January 2025 to 30 June 2030. From years commencing 1 July 2030 the Act requires reasonable assurance on all information in sustainability reports.
4. Reporting applies for the largest entities (Group 1 entities) from years commencing 1 January 2025. Reporting commences for the next largest entities (Group 2 entities) from years commencing 1 July 2026 and for other entities that exceed specified thresholds (Group 3 entities) from years commencing 1 July 2027.

#### **Public Consultation**

5. On 20 March 2024, the AUASB issued a Consultation Paper<sup>1</sup> seeking feedback on, among other matters - the demand for assurance, the ability of auditors and their experts to meet that demand, and the preparedness of companies to assist in developing a proposed assurance phasing model.
6. The AUASB sought input from stakeholders on its Consultation Paper in three principal ways:
  - (a) An open invitation for written submissions;
  - (b) Hosting a series of in-person and virtual roundtables with stakeholders representing audit firms, public sector auditors, non-accountant assurance providers, sustainability consultants, preparers, directors, regulators, professional bodies, and academics; and
  - (c) Convening informal meetings with various stakeholder groups.

---

<sup>1</sup> The Consultation Paper was re-issued with minor amendments on 4 April 2024 following the announcement that mandatory climate reporting by Group 1 entities was being delayed and will start from years commencing 1 January 2025.

**Basis for Conclusions ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001***

---

7. This feedback informed the development of an Exposure Draft of a proposed ASSA 5010.
8. On 17 September 2024, the AUASB released an Exposure Draft of a Proposed Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (ED 02/24) that proposed the following timeline for when information in a sustainability report prepared in accordance with Chapter 2M of the Act would be subject to audit and/or review:
- (a) Limited assurance over Scope 1 and 2 emission disclosures from the first year of reporting, progressing to reasonable assurance in the second year of reporting;
  - (b) Limited assurance over governance and strategy (risks and opportunities) from the first year of reporting, progressing to reasonable assurance in the fourth year of reporting; and
  - (c) Limited assurance over all other disclosures from the second year of reporting, progressing to reasonable assurance in the fourth year.
9. The comment period closed on 16 November 2024. The AUASB received 29 written comment letters, including 28 public submissions from the following stakeholders:

<b>Category</b>	<b>Organisation</b>
Academics	Curtin University Deakin Integrated Reporting Centre Monash University Climateworks Centre Mukesh Garg and Luisa Unda
Audit Practitioners	BDO Deloitte Touche Tohmatsu Ernst and Young Australia Grant Thornton KPMG Pitcher Partners PricewaterhouseCoopers
Auditors General	Australasian Council of Auditors General
Consultant	Basford Consulting
Industry Bodies	Australian Council of Superannuation Investors CPA Australia/Chartered Accountants Australia and New Zealand Institute of Public Accountants Property Council of Australia
Investor / User	IMPAX Asset Management
Non Accountant Assurance Provider	GHD
Preparers	Australian Food and Grocery Council Australian Institute of Company Directors Customer Owned Banking Association Financial Services Council Grain Growers
Australian subsidiary of UK standard setter (ISO)	BSI Group ANZ Pty Limited
Superannuation funds	Australian Super Aware Super Uni Super

10. The AUASB considered all submissions received and, in response, made several amendments to the proposed ASSA 5010.
11. The AUASB approved ASSA 5010 on 28 January 2025.

## Scope

12. ASSA 5010 applies where an entity prepares a sustainability report for a financial year under Chapter 2M of the Act.

## Major Issues raised by Respondents on Exposure

13. The following summarises the major issues raised by respondents to ED 02/24 and how the AUASB addressed those issues.

### Issue 1 – Assurance requirements for the first year of reporting

14. While there was support for limited assurance over Strategy (risks and opportunities) because these disclosures are foundational, some other respondents supported covering the disclosure of the risks and opportunities only (paragraph 9(a) of AASB S2 *Climate-related Disclosures*) and not the impact on results and future prospects (paragraphs 9(b) to (d) or 10 to 21 of AASB S2).
15. The AUASB considered that the paragraph references included in ED 02/24 for Strategy (risks and opportunities) may be wider than the AUASB had intended, and assurance should be limited to the risks and opportunities themselves. The AUASB decided that assurance should be required over paragraphs 9(a), 10(a) and 10(b) of AASB S2 for the following reasons:
- (a) It is likely to be less onerous, require less audit resources and be less costly than what was originally proposed in ED 02/24;
  - (b) It may be difficult to specify the time horizons (subparagraphs 9(c) and 9(d)) without considering the impacts; and
  - (c) Describing the risks and opportunities and explaining whether risks are considered to be physical risks or transition risks (subparagraphs 10(a) and 10(b)) is important to understanding the nature of the risks and opportunities.
16. The AUASB considered it appropriate to retain the requirement for limited assurance over governance and scope 1 and 2 emissions in the first year of reporting on the basis that:
- (a) limited assurance over governance disclosures will promote a focus on good governance by entities;
  - (b) limited assurance over scope 1 and 2 emissions is consistent with the Government's Policy Position Statement; and
  - (c) the National Greenhouse Energy Reporting regime already provides some assurance experience in the market over Scope 1 and 2 emission information.

### Issue 2 – Assurance requirements for the second and third year of reporting

17. While feedback from larger audit firms generally supported the approach for Years 2 and 3, preparers and some smaller audit firms largely supported reducing the assurance requirements for Years 2 and 3 due to the significant incremental uplift in capacity that would otherwise be required compared to Year 1. In particular, several stakeholders suggested delaying the requirement for reasonable assurance over Scope 1 and 2 emissions to give preparers and auditors more time to prepare.
18. The AUASB considered it appropriate to only require limited assurance over Scope 1 and 2 emission disclosures in the second and third year of reporting as this would be less onerous for preparers and auditors. It would also keep assurance levels across disclosures consistent in any given year for simplicity and understandability of the assurance report.

19. Some stakeholders suggested delaying the requirement for limited assurance over Scope 3 emission disclosures in the second year of reporting, noting that it is the first year of reporting this information, and there is uncertainty about data availability. The AUASB deliberated on this matter and ultimately considered it appropriate to retain this requirement on the basis that:
- (a) scope 3 emissions may be much larger than Scope 1 and 2 emissions and may be important for other information disclosed; and
  - (b) requiring limited assurance over these disclosures earlier on will reduce the uplift in assurance when moving to reasonable assurance over all disclosures in the fourth year of reporting.

### **Issue 3 – Assurance requirements for the fourth year of reporting**

20. While there was broad support for requiring reasonable assurance over all disclosures from the fourth year of reporting, some respondents raised concerns over the ability to provide reasonable assurance over scope 3 emissions, the preparedness of smaller entities and audit firms, the likelihood of modified assurance reports and the impact on market confidence, and the cost of obtaining assurance. The AUASB considered it appropriate to retain this requirement for the following reasons:
- (a) Reasonable assurance should enhance user confidence in the reliability of the information in the sustainability report;
  - (b) The level of assurance provided can affect the entity's focus on the disclosures and their quality;
  - (c) The assumptions used for the financial report and sustainability report are interconnected, and there will be consistent assurance across the sustainability report and financial report; and
  - (d) The Act requires reasonable assurance over all disclosures for 2030/1, which is Year 4 for Group 3 entities. Requiring reasonable assurance over all disclosures from the fourth year of reporting allows for consistent phasing in of assurance across all three groups.

### **Other Amendments**

21. Under the model proposed in ED 02/24, Group 1 entities with reporting periods commencing between 1 January and 30 June 2025 have two first years of reporting (e.g. for entities with 31 December year ends – the years ending 31 December 2025 and 31 December 2026). This matter was not highlighted in ED 02/24 or raised in any stakeholder submission. The AUASB confirmed that this was appropriate as these entities will be the first to report and be subject to assurance. Entities with 30 June 2026 year ends have more time to prepare for the first year of mandatory reporting and assurance.
22. Feedback supported the approach in ED 02/24 on the following matters and therefore no changes have been made to:
- (a) The phasing for assurance for entities with no material risks or opportunities being the same as the phasing for entities with material risks and opportunities;
  - (b) Groups 1, 2, and 3 commence with the same settings and progress at the same pace;
  - (c) Entities that enter a Group after the first year for that Group being subject to the same requirements as for entities already in that Group; and
  - (d) The approach to assurance over comparative information disclosures.



## Conclusion

23. Taking into account the feedback received on exposure, the AUASB made several amendments to ASSA 5010, resulting in the following final assurance phasing model:

Years commencing	Year 1*	Year 2	Year 3	Year 4**	Year 5	Year 6
<b>Group 1</b>	1/1/25 to 30/6/26	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31
<b>Group 2</b>	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32
<b>Group 3</b>	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32	1/7/32 to 30/6/33
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and Opportunities ***	Limited****	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate Resilience Assessments/ Scenario Analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition Plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk Management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 Emissions	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 3 Emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

- \* Group 1 entities with years commencing 1 January to 30 June will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing 1/1/26 to 30/6/26 for these Group 1 entities.
- \*\* Years commencing from 1/7/30 to 30/6/31 for Group 3 entities. From that time reasonable assurance is required by the Act for all mandatory climate disclosures.
- \*\*\* The phasing for assurance on statements that there are no material climate-related risks and opportunities would be the same as for ‘Strategy – Risks and Opportunities’.
- \*\*\*\* Only subparagraphs 9(a), 10(a) and 10(b) of AASB S2 *Climate-related Disclosures*.

24. The AUASB considers the amendments made to the standard since exposure are not substantial. The AUASB concluded that it was not necessary to re-expose the standard, as the changes made were in response to stakeholder feedback and the AUASB deliberations. Feedback was received from a wide range of stakeholders and no further consultation is required.
25. The AUASB voted to approve and issue ASSA 5010 on 28 January 2025.
26. The AUASB will monitor implementation experience on an ongoing basis and will consider amending the phasing requirements in ASSA 5010, if necessary.

\* \* \*