

November 12, 2024

**Douglas Niven, Chair**  
**Auditing and Assurance Standards Board**

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By Online Portal:

**Re: Proposed Australian Standard on Sustainability Assurance ASSA 5010:  
Timeline for Audits and Reviews of Information in Sustainability Reports  
under the Corporations Act 2001 & Prohibiting Sustainability Assurance  
Practitioners from using Direct Assistance by Internal Auditors**

Dear Auditing and Assurance Standards Board (AASB) Members,

Impax Asset Management is a company founded in 1998 that specialises in making sustainable investments in companies contributing to the transition to a more sustainable economy. Nowadays, we are one of the world's largest specialised asset managers in the sustainable investing field. We are also a long-term investor that has been investing in the Australian market for over two decades.

As an active participant of the Australian market, we are pleased to see that the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024, which introduces a mandatory climate disclosure framework for larger entities required to prepare financial reports under Chapter 2M of the Act, has successfully passed both Houses of Parliament and received Royal Assent on September 17, 2024. With this new development, we appreciate this opportunity to comment on the Proposed Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001 and the Consultation on Prohibiting Sustainability Assurance Practitioners from Using Direct Assistance by Internal Auditors, both [issued](#) by the AASB on September 17, 2024.

As investors, verified sustainability information not only enhances our trust in companies but also enables us to make more informed decisions regarding investments, partnerships, and other business activities. However, we acknowledge the increasing costs and time commitments required from key personnel during the initial stages of capacity building.

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Therefore, we agree that assurance and review of information in sustainability reports should commence with limited assurance for a period, before advancing to reasonable assurance for financial years beginning between January 1, 2025, and June 30, 2030.

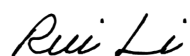
More specifically, we recommend that governance disclosures, as well as disclosures of risks and opportunities, be subject to review in the first year. These are fundamental issues we consider when making investments and can pave the way for issuers to provide further assurance in subsequent years. Additionally, we believe that the assurance phasing requirements for Group 1, 2, and 3 entities should commence with the same settings and progress at the same pace to ensure fair market competition.

On the other hand, we concur with the proposal to prohibit sustainability assurance practitioners from utilizing direct assistance from internal auditors. To date, we have identified no safeguards that would adequately preserve the independence and objectivity of the assurance process when internal auditors are involved directly. Furthermore, we recognize that the Australian Auditing Standard ASA 610 already precludes auditors from employing internal auditors to provide direct assistance in the independent audit or review of a financial report. In our investment decision-making process, key sustainability information is as material and vital as key financial information, if not more so. Therefore, we advocate for regulatory consistency by extending this prohibition to sustainability assurance engagements, thereby strengthening the overall integrity of the assurance process.

We would like to conclude our letter by expressing our vision that accurate and assured sustainability reporting can significantly enhance the reputation of the market as a whole by demonstrating a commitment to transparency and responsible business practices. As one of the first markets to proactively address greenwashing activities globally, we recognize that this issue is of paramount importance to Australian regulators and standard setters. We are looking forward to seeing the approval of the final standard in December 2024. In the meantime, we will continue to be a strong advocate for the Australian market and hope that our suggestions will constructively contribute to the ongoing development of the Australian capital market and economy.

Thank you!

Yours truly,



Nana Li  
Head of Sustainability & Stewardship, Asia-Pacific  
Impax Asset Management