

ASSA 2025-3
(May 2025)

Explanatory Statement

Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements

Issued by the Auditing and Assurance Standards Board



Australian Government

Auditing and Assurance Standards Board

Obtaining a Copy of this Explanatory Statement

This Explanatory Statement is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au.

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Reasons for Issuing Standard ASSA 2025-3

The AUASB issues Australian Sustainability Assurance Standard ASSA 2025-3 Amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements*.

The AUASB is a non-corporate Commonwealth entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make auditing standards for the purposes of the corporations legislation. These standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, *inter alia*, to develop standards that have a clear public interest focus and are of the highest quality.

Purpose of ASSA 2025-3

The purpose of ASSA 2025-3 is to address some possible practical matters arising on the introduction of ASSA 5000.

Main Features

ASSA 2025-3 amends ASSA 5000 in connection with the application of Part 5 of the IESBA *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* and the effective dates for non-*Corporations Act 2001* assurance engagements. Minor amendments are also made to ASSA 5000 for clarity.

Operative Date

ASSA 2025-3 is operative from the effective dates for ASSA 5000 as amended by ASSA 2025-3.

Process of making Australian Auditing Standards

The FRC's Strategic Direction to the AUASB, *inter alia*, provides that the AUASB develop Standards that:

- (a) have a clear public interest focus and are of the highest quality;
- (b) use the standards of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- (c) conform with the Australian regulatory environment; and
- (d) are capable of enforcement.

Consultation Process prior to issuing ASSA 2025-3

The AUASB has consulted publicly as part of its due process in developing ASSA 2025-3, by issuing an exposure draft of the proposed standard along with an associated Explanatory Memorandum. The exposure period was 30 days.

Submissions were received by the AUASB and these were considered as part of the development and finalisation of ASSA 2025-3.

Impact Analysis

A Preliminary Assessment form has been prepared in connection with the preparation of ASSA 2025-3 and lodged with the Office of Impact Analysis (OIA). The OIA advised that an Impact Analysis is not required in relation to these standards.

Exemption from Sunsetting

Auditing Standards promulgated by the AUASB that are legislative instruments are exempt from the sunset provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemption and Other Matters) Regulation 2015* (Item 18(a)).

The AUASB's Standards incorporate Standards set by the IAASB. The AUASB's Standards are exempt from sunset because a more stringent review process than sunset applies to the Standards. This review process ensures Australia's Auditing Standards regime remains consistent with international standards. Typically, the AUASB Standards are revised at least once within a ten-year period, with most of the Standards subject to revisions much more frequently than that. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AUASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunset regime would have very limited practical application to AUASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

Commencement of ASSA 2025-3

ASSA 2025-3 was made on 23 May 2025. ASSA 2025-3 is effective for the same dates as ASSA 5000 which it amends. ASSA 2025-3 is effective for assurance engagements on sustainability information reported as follows:

- (a) For information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* - For periods beginning on or after 1 January 2025 and as at the end of that period; and
- (b) For all other engagements - As at a specific date on or after 31 December 2025 and for periods ending on that date, except where the period commenced before 1 January 2025.

The first assurance engagements on sustainability information covered by ASSA 5000 will be for annual reporting periods ending 31 December 2025, and the majority of the assurance work will commence in the second half of the 2025 calendar year.

Moreover, ASSA 2025-3 provides relief from aspects of the requirements contained in ASSA 5000 by:

- (a) Delaying the start date for applying ASSA 5000 for many assurance engagements to provide more time for assurance practitioners to update their assurance methodologies;
- (b) Delaying new independence requirements to provide more time for assurance providers to update their independence systems and processes; and
- (c) Delaying specific new independence requirements relating to the provision of non-assurance services and the use of external experts.

ASSA 2025-3 also clarifies that pre-existing assurance requirements apply for assurance over information reported to the Clean Energy Regulator rather than ASSA 5000.

Therefore, the commencement dates for ASSA 2025-3 are not expected to disadvantage any person.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Legislative Instrument: **Australian Sustainability Assurance Standard ASSA 2025-3 Amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Background

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended. Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These standards are legislative instruments under the *Legislative Instruments Act 2003*.

Purpose of ASSA 2025-3

The purpose of ASSA 2025-3 is to address some possible practical matters arising on the introduction of ASSA 5000 *General Requirements for Sustainability Assurance Engagements*.

Main Features

ASSA 2025-3 amends ASSA 5000 in connection with the application of Part 5 of the IESBA *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* and the effective dates for non-*Corporations Act 2001* assurance engagements. Minor amendments are also made to ASSA 5000 for clarity.

Human Rights Implications

ASSA 2025-3 was issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standard does not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.