

Mr Doug Niven
The Chair of the Australian Auditing Standards Board
PO Box 204, Collins Street West
Melbourne Victoria 8007

Date 24 November 2025

Sub 5 ED02-25

Submitted via email: dniven@auasb.gov.au; cc: awaters@auasb.gov.au

Dear Mr Niven,

Submission to the Australian Auditing Standards Board (AUASB) in relation to ED 02/25

I welcome the opportunity to provide a formal submission to the AUASB in relation to:

ED 02/25 of proposed Standard ASSA 2025-10 *Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (ASSA 5010)

ED 02/25

(a) **Directors Declaration**

It is my strong view that the directors declaration should only be subject to assurance after 1 January 2028, when the directors' declaration in the sustainability report must state whether, in the directors' opinion, the disclosures in the sustainability report are in accordance with the Corporations Act 2001 (the act).

There is significant debate about whether a directors declaration that refers only to "reasonable steps" is actually a disclosure as it is not definitive or defined under that act, notwithstanding s1707C of the act makes reference to the concept for financial years commencing from 1 January 2025 to 31 December 2027.

ASIC to date have not clearly articulated what is meant by "reasonable steps", there are some very high-level references in RG 280, the AICD have issued some high-level references. In my view this is not sufficient for either the director community or the assurance community.

Given the subjective nature of what "reasonable steps" could be assessed as, in the period 1 January 2025 to 31 December 2027 there is likely to be considerable diversity in how directors will assess "reasonable steps" and then if required how assurance practitioners will also assess reasonable steps. One of the likely outcomes is significant divergence in reporting and mixed understanding by stakeholders when looking at various sustainability reports.

This in my view leaves both the director community and the assurance community potentially legally exposed, not necessarily to ASIC but to stakeholders who may take a different view on the meaning of "reasonable steps".

(b) **Voluntary Reporting**

The voluntary reporting guidance is very helpful for preparers that report under the act. I however, have two observations.

- (i) From what I am hearing it is highly unlikely that an entity would volunteer in year 1 or even in year 2 given the enormity of what is required to be achieved to produce the relevant disclosures, and the general lack of preparedness by entities for assurance. There has been much publicity surrounding ASIC's actions on greenwashing, that I believe has had an effect on potential voluntary preparers.
- (ii) There needs to be some reference in the guidance as to Not-for-profit voluntary preparers who report under the ACNC, so that it is very clear that there are likely to be two camps of voluntary preparers each having different pathways.

I would welcome the opportunity to discuss these issues further or clarify any element of this submission. For further contact, please reach out to Liz Giust on (+61) 400 309 081 or via email at lizgiust@qualitasconsultants.net

Yours sincerely

A handwritten signature in black ink, appearing to read 'lizgiust', is written over a light blue circular background.

Liz Giust FCA, FCPA, GAICD, FGIA
Managing Director
Qualitas Consultants Pty Ltd