

Sub 4 - ASSA5010



15 November 2024

The Chair
Auditing and Assurance Standards Board (AUASB)
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Dear Sir/Madam,

RE: Proposed Australian Standard on Sustainability Assurance ASSA 5010, *Timeline for Auditors and Reviews of Information in Sustainability Reports under the Corporations Act 2001 (ED 02/24)*

Aware Super welcomes the opportunity to provide feedback on the invitation to comment from the Auditing and Assurance Standards Board (AUASB) on the 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)* ('the exposure draft (**ED**)').

Under Chapter 2M of the *Corporations Act 2001* (the **Act**), Aware Super as a Registrable Superannuation Entity (**RSE**), would be considered a Group 2 reporting entity. This means the first year of mandatory sustainability reporting and the assurance requirements proposed in this AASA 5010 standard, are effective from the financial year commencing 1 July 2026.

We recognise the importance of the legislative mandate requiring audited sustainability reports for financial years starting on or after 1 July 2030 to ensure quality and confidence in the information.

Regarding AUASB's role in determining the extent to which information in the sustainability report must be audited and/or reviewed, and the appropriate assurance phasing, we encourage AUASB to balance the benefits of assurance with the costs of the proposed requirements.

End-state assurance (the audit scope)

The Act requires the sustainability report to be audited¹. However, the legislation does not specify the scope of the information within the sustainability report subject to assurance requirements, nor the level of assurance required. This is consistent with the Explanatory Memorandum on the legislative amendments², that clarified the extent and level of assurance required will be set out in the Australian Assurance standards for climate disclosures, as issued by the AUASB.

¹ [section 301A of the Corporations Act 2001](#)

² [Federal Register of Legislation - Treasury Laws Amendment \(Financial Market Infrastructure and Other Measures\) Act 2024](#)

We note this proposed standard, ASSA 5010, is focused on the assurance requirements for annual financial reporting periods commencing from 1 January 2025 to 30 June 2030 – with an assumed end-state assurance over the entire sustainability report and the level of assurance taken to be reasonable assurance. This assumed end-state assurance requirements, do not appear to reflect the policy intent of the Treasury.

The Treasury's Policy position statement³ on mandatory climate reporting also aims for an *"internationally aligned and credible climate disclosure regime"*. In other comparable international jurisdictions (e.g. United States, United Kingdom, and New Zealand), the end-state assurance requirements are either voluntary or limited to the scope of emissions reporting and quantitative metrics / targets only. Therefore, a broader assurance scope may likely result in Australian reporting entities incurring greater assurance costs and exposed to more challenges than reporting entities of other comparable jurisdictions that only require assurance over quantitative data (e.g. Scope 1, 2, and 3 emissions reporting).

Sustainability reporting encompasses prospective metrics and targets, unlike financial reporting which is on retrospective actual metrics. This can lead to complexities in the assurance process, if both quantitative and qualitative financial information and non-financial information in the sustainability report are to be at 'reasonable assurance' level for end-state assurance.

Our view is that an additional consultation would be beneficial to determine the appropriate end-state assurance, in particular the extent to which information in the sustainability report must be audited (i.e. the audit scope), taking into consideration the value for users of sustainability reports.

Assurance phasing model

Whilst Aware Super is generally supportive of assurance phasing from limited to reasonable for financial years commencing from 1 January 2025 to 30 June 2030, we have concerns regarding the proposed scope of end-state reasonable assurance over the entire sustainability report, particularly the inclusion of assurance requirements over qualitative information such as governance, strategy-risks and opportunities, climate resilience assessments/scenario analysis, transition plans, etc.

In our view, the optimal phasing approach should be designed to support the appropriate end-state assurance scope requirements, taking into consideration the readiness of reporting entities' systems and processes, the availability of data from the value chains, limitations of auditor skills and capabilities.

The following recommendations are proposed for the assurance requirements over Sustainability Reporting:

1. Additional consultation to be undertaken in the first instance, to establish the appropriate end-state assurance requirements, taking into account the alignment to international jurisdictions.
2. Scope of end-state reasonable assurance to capture quantitative information only (Scope 1,2 and 3 emissions reporting, climate-related metrics and targets), implemented through a phased-in approach to the required end-state level of assurance.

³ [Mandatory climate-related financial disclosures - Policy position statement](#)

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Should you require further information, please do not hesitate to contact Liza McDonald, Head of Responsible Investments (email: liza.mcdonald@aware.com.au) and/or James Osborn, Chief Financial Officer (email: james.osborn@aware.com.au).

Yours faithfully,

James Osborn
Chief Financial Officer

About Aware Super

We're Aware Super – Chant West's Super Fund and Pension Fund of the Year* for 2024. We're here to help you grow your savings, whether retirement is 2 or 20 years away. As one of Australia's largest profit-for-members funds, we always remember whose money it is and whose future we're looking after. Along with super returns of 8.97% p.a.** (over ten years, for our High Growth option), and expert super advice and guidance for right now, it's what makes us super helpful.

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