



Sub 4 ED03-2025

Mr Doug Niven  
The Chair, Auditing and Assurance Standards Board  
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2 December 2025

Dear Mr Niven,

**Re: Submission on ED 03/25 – Proposed Australian Standard on Sustainability Assurance ASSA 2025-11 Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements (ED 03/25).**

Thank you for the opportunity to comment on ED 03/25. We are very supportive of the AUASB's initiative to provide specific illustrative sustainability assurance reports to promote clarity and consistency in auditor reporting. Given the immediate implementation needs, we encourage prioritising the Year 1 assurance report template to support reporting entities and assurance practitioners with upcoming 31 December 2025 year ends.

Set out below are our responses to the questions raised in ED 03/25.

- Do you agree that the wording of the auditor's conclusion / opinion should combine wording from the Corporations Act and paragraph 190(c)(vi) of ASSA 5000 as proposed in the Exposure Draft?

Yes, we agree. While the Corporations Act wording must be included in the assurance report, incorporating paragraph 190(c)(vi) of ASSA 5000 clarifies the level of assurance and materiality, ensures consistency with ASSA 5000, and helps users understand the basis of the assurance. We also support the AUASB's points in the 'For change' column, row 1 of the table in paragraph 18.
- Do you agree with the proposal that in Year 2 onwards, the review / audit is based on a fair presentation framework rather than a compliance framework?

Yes, we agree. With AASB S2 being a 'fair presentation' framework, we believe it is appropriate for the assurance conclusion to reflect this.
- Do you agree with the proposal that in Year 1, where only specified disclosures are subject to assurance, the review is based on a compliance framework rather than a fair presentation framework?

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Yes, we agree. In Year 1, assurance is limited to specified disclosures, so a compliance framework conclusion aligns with the scope and avoids implying fair presentation of the entire sustainability report when not all disclosures are subject to assurance.

4. Should the conclusion / opinion refer specifically to AASB S2 in addition to referring to compliance with the Act?

Yes, we support including an explicit reference to AASB S2 where it improves clarity for users.

5. Should the audit opinion refer to disclosure provisions under the Act where there are no current requirements (e.g. any Ministerial legislative instrument)?

We recommend avoiding references to requirements that do not currently exist in the conclusion / opinion. If the AUASB wishes to retain this wording, we suggest using [square brackets] around the following word: '*and any Ministerial legislative instrument*'. This allows for inclusion if required in the future.

6. Do you consider that in Year 4 onwards, the opinion should omit the words from 'including' onward in s309A(1) of the Act?

We consider that the word '*including*' should be retained to mirror the requirements of s309A(1) of the Act.

7. Do you agree that the auditor's report should use the same terminology as the Act rather than the terminology used in ASSA 5000 (for example, 'review' instead of 'limited assurance engagement')?

While we acknowledge that the auditor's report must include specific wording mandated by the Act, we believe it is equally important that these reports align with ASSA 5000, a standard designed to ensure global consistency in sustainability assurance reporting, and thus reflect its principles and concepts, including limited assurance procedures and materiality.

Reconciling the terminology to ASSA 5000 in the Basis for Conclusion / Opinion (e.g. noting that a review is a limited assurance engagement, and an audit is a reasonable assurance engagement), as reflected in the AUASB's approach, is a practical way to maintain alignment with ASSA 5000 while meeting the Act expectations.

8. Do you support the inclusion of the example inherent limitation paragraph in the Illustrative Reports? Do you agree with the example provided? Please provide your reasons.

Yes, we support inclusion of the example inherent limitation paragraphs. Sustainability reporting involves uncertainties that will likely be common to a wide range of entities (e.g. forward-looking information, greenhouse gas estimation) that benefit from transparent communication. The examples will encourage consistent treatment across firms and improve user understanding. We recommend emphasising that such paragraphs must be tailored to the entity's circumstances to avoid boilerplate and ensure relevance.

9. Do you agree with the approach taken to auditor reporting in the narrow circumstance where an auditor gives early reasonable assurance on Scope 1 and 2 emissions in Year 1 (i.e. treatment as an opinion under the Act)? Do you believe that this situation will arise more than rarely in practice? Do you consider that a similar approach could be applied to information reported under the Act for which no assurance is required in Year 1 but the auditor gives assurance?

We agree with the proposed approach of providing an illustrative example where early reasonable assurance on Scope 1 and 2 emissions under the Act, is performed. We expect this to arise occasionally rather than rarely, particularly for entities with mature emissions processes who may have already been obtaining reasonable assurance prior to mandatory sustainability reporting.

We caution against generalising the approach to other information that is not required to be assured under the Act in accordance with ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*, and believe this information should be separately assured as 'voluntary information'.

10. Should the AUASB consider how to better distinguish the auditor's reports on the financial report and sustainability report? If so, how?

We are supportive of the AUASB's consideration to better distinguish between these two reports and consider the following practical steps to be relevant in supporting clearer communication of the assurance reports: using distinct, prominent headings that reference the subject matter (e.g. "Independent Auditor's Review Report on the Sustainability Report") and encouraging clear placement adjacent to the relevant subject matter in combined annual reports.

11. Should the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 or in a separate document?

We recommend issuing them initially as a separate document. This will facilitate prompt updates in response to emerging issues during implementation, given the urgency around Year 1 and the likelihood of lessons being learned during the first wave of reporting. The separate document can be cross-referenced in ASSA 5000. Once practice stabilises, incorporating them into an appendix to ASSA 5000 could be considered.

12. Are there other matters not addressed by this exposure draft that should be considered by the AUASB for the proposed illustrative reports?

#### **(i) References to Independence**

We would like to highlight the following points concerning the wording used in the Independence paragraphs of the illustrative report examples:

- The inclusion of dates for APES 110 - The illustrative reports include dated APES 110 versions for selection, which may create confusion for users of the report. For example, the reference to a June 2024 version of APES 110 could indicate that the changes in the version of APES 110 issued January

2025 and operative 1 July 2025, have not been followed. We therefore suggest a general reference to APES 110, noting that applicable part of APES 110 Code can be determined based on the reporting period. This would be consistent with how APES 110 is referenced for other assurance reports, including reports issued under Auditing Standard ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement* where the part of APES 110 to be applied (Part 4A v's part 4B) is determined by the type of financial statement information being reported on.

- Clarification of Corporations Act requirements - The Corporations Act requirements are more accurately described as “Auditor independence” rather than “ethical” requirements and, unlike APES 110, apply uniformly regardless of public interest entity status.
- Public disclosure of PIE classification - As the public disclosure requirement regarding the application of independence requirements for public interest entities applies by virtue of APES 110 Part 5, we suggest clarifying that it is therefore applicable only for periods commencing on or after 1 January 2026.

We have outlined these changes in Appendix 1. In addition, we consider that these amendments would apply to existing illustrative report examples in ASSA 5000 (July 2025), for ASSA 5000 engagements that are not being performed under the Corporations Act.

## **(ii) Illustrative Drafts wording amendments.**

We suggest the following revisions to the Illustrative Drafts in ED03/25 be considered to enhance their clarity and effectiveness.

### ***Illustrative 1***

#### Current draft wording:

The “Auditor’s Responsibilities” section states: “*Our objectives are to plan and perform the review to obtain limited assurance about whether the Sustainability Climate Information, defined in the Review Conclusion...*”.

#### Our comment:

The term ‘Sustainability Climate Information’ is not defined in the Review Conclusion section of the report. We consider the term ‘*Sustainability Disclosures*’ be used.

### ***Illustrative 2***

#### Current draft wording:

The heading of this report reads: ‘*INDEPENDENT AUDITOR’S REPORT ON SPECIFIED SUSTAINABILITY DISCLOSURES OF ABC COMPANY LIMITED’S*’.

#### Our comment:

We consider that the possessive ‘S’ at the end of this sentence should be removed.



Current draft wording:

Section title '*Basis for Opinion and Conclusion*'

Our comment:

We believe this title should align with the order of the conclusion and opinion presented at the beginning of the report. We suggest revising it to: '*Basis for Conclusion and Opinion*'.

Current draft wording:

The line '*We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion*'.

Our comment:

Given this is a limited and reasonable assurance report, we believe this should read 'basis for our conclusion and opinion'.

Thank you for considering our comments. We would be pleased to discuss any aspect of this submission or to participate in further consultations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Horlin'.

Sue Horlin

Managing Partner, Assurance



## Appendix 1 – Proposed changes to Independence paragraphs in illustrative report examples

### A. Illustrative reports in ED03/25

We propose the following paragraph in the illustrative report examples in ED03/25, is amended as follows.

*We are independent of the Company in accordance with the applicable requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board Limited (~~November 2018 incorporating all amendments to [insert 'June 2024' or 'July 2025', as applicable]~~) (the Code), ~~that are relevant to public interest entities in Australia~~(1), together with the Auditor independence ~~ethical~~ requirements in the Corporations Act 2001, ~~that are relevant to public interest entities in Australia~~. We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements and~~ the Code.*

*(1) ~~Applicable for periods commencing on or after 1 January 2026~~. Omit reference to public interest entities if not applicable*

### B. Illustrative reports in ASSA 5000 (July 2025), Appendix 3,

We suggest that equivalent amendments regarding the dating of APES 110 above would apply to the illustrative report examples in ASSA 5000 (July 2025), Appendix 3.

In addition, Illustration 1 of Appendix 3 would be more appropriate if it were to reflect reports of a “Public Interest” Entity and Other than a “Public Interest” Entity, rather than that of a “Listed” Entity and Other than a “Listed” Entity.

*Illustration 1 – Unmodified Reasonable Assurance Report on Sustainability Information of a ~~Listed~~ Public Interest Entity Prepared in Accordance with Fair Presentation Criteria*

*We are independent of the Company in accordance with the applicable requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board Limited (~~November 2018 incorporating all amendments to [insert 'June 2024' or 'July 2025', as applicable]~~) (the Code), as applicable to sustainability assurance engagements of public interest entities (2), together with the ethical requirements that are relevant to assurance engagements ~~of public interest entities~~ in [title/identification of requirements, name of appropriate authority and jurisdiction]. We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements and~~ the Code.*

*(2) ~~Applicable for periods commencing on or after 1 January 2026~~.*