

Sub 6 - ED02-25

24 November 2025

Mr Doug Niven  
Chair  
Australian Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West VICTORIA 8007

Lodged online via: <https://auasb.gov.au/projects/open-for-comment/submit-comment-letter/>

Dear Doug

**AUASB Exposure Draft (ED) 02/25: Proposed Australian Standard on Sustainability Assurance  
ASSA 2025-10 – Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in  
Sustainability Reports under the Corporations Act 2001***

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on ED 02/25. Our responses to the specific questions in the ED are below.

***Directors' declaration***

**1. Do you agree that the directors' declaration should be subject to assurance for Years 2 and 3?**

IPA agrees that the directors' declaration should be subject to assurance for Years 2 and 3, as this aligns with the phasing timeline of assuring all disclosures in Years 2 and 3 onwards. This contrasts with Year 1, where the assurance of only the disclosure of certain topics is required.

**2. Would there be any significant challenges for auditors in obtaining sufficient appropriate evidence that the entity has taken 'reasonable steps' to ensure that the sustainability report complies with the Act for periods commencing 1 July 2026 to 31 December 2027?**

IPA does not think there will be significant challenges in obtaining sufficient appropriate evidence that the entity has taken 'reasonable steps' for the reasons provided in the ED. In particular that:

"...The auditor is required by ASSA 5000 to obtain an understanding of the components of the system of internal control relevant to the preparation of the sustainability report. This will assist in forming their review conclusion as to whether they have reasons to believe that the entity has not taken reasonable steps." (ED 02/25, paragraph 8)

- 3. Should guidance be developed to assist auditors on how to approach the ‘reasonable steps’ criterion in the directors’ declaration for years commencing 1 July 2026 to 31 December 2027, bearing in mind that the meaning of the ‘reasonable steps’ criterion for entities is not within the remit of the AUASB?**

IPA is of the view that what constitute “reasonable steps” is a matter of judgment for each entity to determine based on the entity’s specific circumstance and complexity. This in conjunction that the meaning of the ‘reasonable steps’ criterion for entities is not within the remit of the AUASB, reinforces IPA’s view this is not an area for which the AUASB should provide authoritative guidance. However, we recommend that AUASB assess its application by Group 1 entities in Year 1 and determine if guidance in the form of FAQs is warranted for Groups 2 and 3 entities.

***Voluntary reporting***

- 4. Do you agree with the proposed amendments to clarify how the phasing in of assurance applies to entities that choose to comply with the sustainability report requirements under the Act voluntarily, should the Bill be enacted.**
- 5. In particular, do you have any views on adopting the proposal to reset the phasing in of assurance where entities that voluntarily report under the Act subsequently opt out? Do you have any views on the alternative of not allowing a reset of the phasing in? Do you have any information on the likelihood that an entity would opt in and out of voluntary reporting under the Act?**

IPA supports the proposed amendments to clarify the phasing in of assurance to entities that choose to comply with the sustainability report requirements under the proposed *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025* (the Bill) to allow voluntary sustainability reporting to be made along with use of the modified liability regime by directors and auditors. We prefer the proposed approach in paragraph 13 of ED 02/25 that amends ASSA 5010 to state that an entity that prepares a voluntary sustainability report is subject to the same phasing in of assurance as Group 1, 2 and 3 entities and is based on the first year of the voluntary reporting. Accordingly, we do not support the alternative “start and stop” voluntary reporting approach, as it is unnecessarily complex.

For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at [vicki.stylianou@publicaccountants.org.au](mailto:vicki.stylianou@publicaccountants.org.au).

Yours sincerely

[signed V Stylianou]

Vicki Stylianou

Group Executive, Advocacy & Professional Standards

Institute of Public Accountants