

21 November 2024

Auditing and Assurance Standards Board

E: enquiries@auasb.gov.au

To whom it may concern,

Re: Proposed Australian Standard on Sustainability Assurance

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to provide feedback to the Auditing and Assurance Standards Board (AUASB) on the Exposure Draft of the Proposed Australian Standard on Sustainability Assurance ASSA 5010: *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

Representing Australia's \$140 billion food, beverage, and grocery manufacturing sector, AFGC's membership includes over 200 businesses, ranging from large multinationals to small and medium-sized enterprises. While our sector is committed to reducing greenhouse gas (GHG) emissions, the complexity of our supply chains—particularly Scope 3 emissions—presents significant challenges in the new sustainability reporting regime.

The AFGC recommends:

- **Extend limited assurance requirements for Scope 1, 2 and 3 reporting.**
- **Reevaluate the appropriateness of reasonable assurance for quantitative sustainability reporting elements.**
- **Clarify GHG baseline assurance requirements.**

The proposed phased approach to assurance for Scope 1, 2, and 3 emissions overlooks the practical burden on businesses. Transitioning from limited to reasonable assurance will significantly increase the costs, resources and time required to meet reporting requirements. A transition after one year of reporting for Scope 1 and 2 does not allow entities time to address challenges and adjust their approach to emissions reporting. Given the complexity of Scope 3 reporting, entities also need an additional year to refine and adapt their processes and systems required for this reporting.

The assumption that most entities, particularly smaller businesses in Group 3, have already addressed Scope 1 and 2 emissions is unrealistic, as their reporting obligations do not commence until their designated compliance years.¹ Thus, assuming when they should begin preparing contradicts the intent of the assurance framework.

The transition to reasonable assurance for all sustainability reporting elements by 2030 raises significant concerns about entities' preparedness to report and the availability of qualified auditors to meet the demand driven by assurance requirements. Treasury's timeframe is too ambitious.

Considering these challenges with emissions reporting and the impact across other elements of sustainability reporting, the AFGC recommends that the timeline for limited assurance for Scope 1, 2 and 3 be extended for all groups.

In addition to GHG emissions, other elements of sustainability reporting, such as Governance, Risks and Opportunities, face challenges due to the lack of standardised quantifiable methodologies. This raises concerns about the subjectivity of assessments. As sustainability reports expand to include additional environmental issues, such as biodiversity or pollution, the absence of uniform measurement frameworks will make it difficult to draw meaningful comparisons across businesses.

The AFGC would also like to note the lack of clarity regarding the assurance of baselines. Without clear guidance, businesses risk making unsupported claims against these baselines.

We urge the AUASB to consider these challenges and recommendations as it refines the standards and provides clearer, more practical guidance for businesses. Should any assistance be required from us, please contact me on 0424 087 185 or via sarah.collier@afgc.org.au to make further arrangements.

¹ [AUASB consultation document](#): "Commencing with limited assurance only over scope 1 and scope 2 emissions in the first reporting year would reflect the existing experience in assurance over such emissions under the National Greenhouse and Energy Reporting Scheme and would be consistent with policy outlined in the Government's Policy Position Statement."

Yours sincerely,



Sarah Collier
Acting Director, Sustainability