

The Chair
Auditing and Assurance Standards Board
PO Box 204, Collins Street West
Melbourne VIC 8007

via email: enquiries@auasb.gov.au

24 November 2025

Dear Mr Niven,

KPMG response: Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

KPMG Australia (KPMG) welcomes the opportunity to comment on the proposed amendments set out in the Exposure Draft.

KPMG has been actively involved in recent consultation processes on the topic of climate and sustainability disclosures, including the December 2024 submission to ASIC on *Consultation Paper 380*, November 2024 submissions to the AUASB on the *Proposed Australian Standard on Sustainability Assurance* and *Prohibiting Sustainability Assurance Practitioners from using Direct Assistance by Internal Auditors*, May 2024 submission to the AUASB on *Assurance over Climate and Other Sustainability Information*, and 2023 submissions to Treasury on *Climate-related financial disclosure*.

In these responses KPMG has consistently supported the adoption of a globally consistent disclosure of sustainability-related information, accompanied by a robust assurance regime. In respect of the proposed amendments to ASSA 5010, KPMG has responded directly to the exposure draft questions below.

Directors' declaration

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

Yes, KPMG is comfortable with the approach outlined in the Exposure Draft.

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?

While we do not anticipate significant issues, auditors may encounter challenges where the 'reasonable steps' have not been adequately defined, documented and substantiated.

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?

KPMG considers that guidance would be beneficial for auditors in order to facilitate a consistent approach to the 'reasonable steps' criterion. Noting that the meaning of the 'reasonable steps' criterion for entities is not within the remit of the AUASB, guidance on the steps directors should be taking should be developed by ASIC.

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.

KPMG agrees with the comments in the Exposure Draft that there may not be many entities that voluntarily report under the Act one year and don't report under the Act in the following year.

We note that the additional cost and effort involved in obtaining independent assurance may discourage some entities from voluntary reporting. As a result, some entities may choose to publish sustainability information without asserting compliance with the Act in order to avoid the associated obligations.

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?

KPMG supports allowing a reset of the phasing in requirements for entities that voluntarily report, as we believe this is in the best interests of supporting early adoption. In our view, not allowing a reset would act as a disincentive to voluntary reporting. Regardless, we believe this scenario would be rare.

If you would like to discuss this submission further, please don't hesitate to contact us.

Yours sincerely

Shaun Kendrigan

Partner, Audit & Assurance

KPMG Australia