



Agenda

Subject:	Agenda for the 179th meeting of the AUASB
Venue:	Virtual meeting by Zoom
Time:	Wednesday, 28 October 2026, 1:00 pm – 5:00 pm

Time	No.	Item	Responsibility
<i>PUBLIC SESSION [Open to Members of the Public for Virtual Attendance]</i>			
1:00 pm	1	Welcome and Chair Update 1.1 Declaration of interests 1.2 Minutes of meeting 178 on 7 October 2026	Doug Niven
1:15pm	2	Sustainability information from an information provider	Arti Naidu
2:00 pm	3	Update on audit work on valuation of indirectly held externally managed unlisted investments *	Arti Naidu
2:15 pm <i>Break</i>			
<i>PRIVATE SESSION [Board members and staff only]</i>			

The timing of Agenda items is subject to change on the day of the meeting.

****These items are verbal updates only and there are no associated board papers.***



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AUASB DECLARATION OF INTERESTS

As at 28 October 2026

AUASB Meeting 179
Agenda Paper 1.1

AUASB Member	Professional/Organisational Affiliations	Employment/Other Positions Held	Other Relevant Interests
Mr Doug Niven (Chair)	Fellow, Chartered Accountants Australia and New Zealand	- Chair of the Auditing and Assurance Standards Board - Chair and CEO of AUASB Statutory Authority and Office of the AUASB - Member, New Zealand Auditing and Assurance Standards Board	- Member, IAASB/IESBA Stakeholder Advisory Council - Member, IAASB Jurisdictional Standard Setters Group
Ms Merilyn Gwan	Fellow, Chartered Accountants Australia and New Zealand	Partner, Grant Thornton Australia	- Member of Australian Institute of Company Directors Reporting Committee - Member of the Australian Accounting and Assurance Public Policy Committee – Audit Quality Working Group - Member of the Australian Accounting and Assurance Public Policy Committee – ESG Working Group - Director and Shareholder, Family Trust Company(s) - Trustee – personal family trusts
Dr Noel Harding	Member, CPA Australia	Professor and Head of School of Accounting, Auditing and Taxation, UNSW Sydney	- Editor, International Journal of Auditing - Deputy Editor, Accounting and Finance - Co-chair of AFAANZ Auditing and Assurance Standards Committee



AUASB Member	Professional/Organisational Affiliations	Employment/Other Positions Held	Other Relevant Interests
Mr Terence L Jeyaretnam AM	- Degree in Environmental Engineering (UWA) - Chartered Professional Engineer - Fellow and Engineering Executive of the Institute of Engineers, Australia	- Director, Foresight Consulting Group Pty Ltd - Clean Energy Regulator Accredited Category 2 Auditor - Professor of Practice at Monash University's Department of Accounting, Faculty of Business and Economics - Formerly APAC Leader and Partner, Climate Change and Sustainability Services, Ernst & Young in Melbourne	- Board member, Australian Conservation Foundation - Chair, Amnesty International Australia - Chair, Global Citizen, Australia - Board member, ProVeg Ltd - Councillor, Royal Society of Victoria
Ms Joanne Lonergan	Member, Chartered Accountants Australia and New Zealand	Partner, Ernst & Young	Director & Shareholder, Family Trust Company
Mr Graeme Pinfold	Fellow, Chartered Accountants Australia and New Zealand	Chair, New Zealand Auditing and Assurance Standards Board	- Board Member and Treasurer, Okawa Rotoiti Timeshare Owners Association - Chair, Sustaining the Audit Profession Working Group - Director, The Auckland Theatre Company
Mr Andrew Porter OAM	- Fellow, Institute of Chartered Accountants in England and Wales - Member, Australian Institute of Company Directors - Fellow, Chartered Accountants Australia and New Zealand	- Chief Financial Officer, Australian Foundation Investment Company Limited - CFO for Djerriwarrh Investments, Mirrabooka Investments and AMCIL Limited	- Director of Australian Investment Company Services Ltd. - Director of a Family Trust Company - Director of the Melbourne Anglican Foundation and trustee of related entities



AUASB Member	Professional/Organisational Affiliations	Employment/Other Positions Held	Other Relevant Interests
Ms Jennifer Travers	• Member, Chartered Accountants in Australia and New Zealand	• Partner, KPMG	• Member of the Australian Accounting and Assurance Public Policy Committee – Audit Quality Working Group • Member of the Australian Accounting and Assurance Public Policy Committee – ESG Working Group • Chair of the Trans-Tasman Audit and Advisory Committee (CA ANZ) • Director and Shareholder, Family Trust Company(s) • Trustee, personal family trusts
Mr Jason Thorne	• Fellow, Institute of Chartered Accountants in England and Wales • Member, Chartered Accountants in Australia and New Zealand • Registered Company Auditor	• Partner, Deloitte Touche Tohmatsu	• Director and Shareholder, family trust company
Mr Chi Mun Woo	• Member, Chartered Accountants Australia and New Zealand • Member, Institute of Chartered Accountants in England and Wales	• Director, Huxley Commons Pty Ltd • Retired Partner, Deloitte Touche Tohmatsu	• -



Minutes

7 October 2026 Meeting

Subject: Minutes of the 178th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Virtual meeting via Zoom
Date: Wednesday, 7 October 2026, 1:00 pm – 5:14 pm

Attendance:

AUASB Members:	Doug Niven (Chair) Meryl Gwan Prof Noel Harding Prof Terence Jeyaretnam OA Joanne Lonergan	Andrew Porter OAM Jennifer Travers Jason Thorne Chi Mun Woo
Observers:	Brenton Newlands	Rebecca Palmer (NZAuASB Deputy Chair)
Apologies	Graeme Pinfold (NZAuASB Chair)	
Office of the AUASB staff:	Anne Waters Rene Herman Johanna Foyster Jeff Muir	Tim Austin Arti Naidu See Wen Ewe Dr Sheryl Huang
Guests:	Andrew Mills (FRC Chair) Winchin Yung (FRC Secretariat) Athan Kallos (FRC Secretariat)	Duncan Paterson (IGCC) Amir Ghandar (CA ANZ) Misha Pieters (NZ XRB) Thinus Peyper (NZ XRB)

Minutes

(Agenda Item 1 – Minute 1859) Private Session

(Agenda Item 2 – Minute 1860) Private Session

(Agenda Item 3 – Minute 1861) Private Session

(Agenda Item 4 – Minute 1862) Sustainability information from an information provider

At the 12 August 2026 Board meeting, members asked that the draft Information Sheet *Sustainability Assurance: Financed Emissions Data Sourced from an External Data Provider* be expanded to cover all sustainability information sourced from information providers.

The Board considered a draft expanded guide and an updated financed emissions guide. Presentations were heard from IGCC and CA ANZ on the need to issue the financed emissions guidance urgently, as well as feedback from Treasury following a recent roundtable on Scope 3 emissions. Most members supported the recommendation not to delay the financed emissions guidance given that the expanded guidance would require extensive consultation and further development. Members recognised that assurance on financed emissions is coming soon and that there is already voluntary assurance and 'dry runs'.

Members were asked for any fatal flaw comments on the financed emissions draft. Suggestions from some members included:

- Giving more prominence to limited assurance requirements and amending the text thereon, while recognising that what is required for limited assurance may not yet be clear; and
- Focus on the guidance for user auditors.

(Agenda Item 5 – Minute 1863) Update on audit work on valuation of unlisted investments in externally-managed Managed Investment Schemes

Members considered an update to the project plan for developing guidance on audit work on the valuation of unlisted investments in externally-managed Managed Investment Schemes. Members agreed that the Australian and New Zealand projects remain aligned. Members also acknowledged that finalising guidance in December 2026 is tight and might not be achieved.

One member expressed the view that the NZ XRB staff draft could be adopted as is in Australia, subject to addressing concerns of the Australian regulators.

(Agenda Item 6 – Minute 1864) Proposed amendments to ASSA 5010 – Sustainability assurance phasing

AUASB Members considered two recommendations for a proposed exposure draft on amendments to ASSA 5010 being:

- (a) whether the auditor's conclusion/opinion should cover the directors' declaration during the period that it refers to the 'entity's reasonable steps' to ensure compliance with the reporting requirements; and
- (b) to clarify the phasing in of assurance for entities that move between reporting Groups.

In relation to (a), most members considered that assurance should not be required, having regard to the absence of guidance on the meaning of an entity's 'reasonable steps'. Auditors may still provide assurance voluntarily.

In relation to (b), most members supported:

- an entity moving to a higher reporting Group could continue to apply the assurance phasing requirements of its old Group; and
- an entity moving to a lower reporting Group could apply the assurance phasing requirements of its new Group.

A draft exposure draft will be provided to AUASB Members for consideration and approval at an additional Board meeting in October 2026 or at the 11 November 2026 Board Meeting.

Close of the Meeting

The Chair closed the meeting at 5:14 pm.

Next Meeting

The AUASB will hold its next meeting virtually on a date in late October 2026 to be determined.

Approval

Signed as a true and correct record.

Douglas Niven
Chair

Date: ** October 2026



AUASB Agenda Paper

Title:	Financed emissions data sourced from an external data provider	Date: 28 October 2026
Office of the AUASB:	Arti Naidu	Agenda Item: 2.0

Objective of Agenda Item

1. This Agenda Item seeks any fatal flaw comments from AUASB Board members on the revised draft Information Sheet *Financed Emissions Data Sourced from an External Data Provider* (Financed Emissions Guidance) (see Agenda Paper 2.1).

Question for AUASB members

No.	Questions
1	Do AUASB members have any fatal flaw comments on the draft Financed Emissions Guidance (see agenda paper 2.1 for clean version and agenda paper 2.2 for a version marked up against the draft presented to the 7 October 2026 Board Meeting)?

Background

2. At the 7 October 2026 AUASB Board meeting, AUASB members agreed not to delay the publication of the non-authoritative Financed Emissions Guidance while expanded guidance was developed and consulted upon.
3. The draft Financed Emissions Guidance was developed to meet industry demand for guidance for user auditors and data provider auditors, particularly from the Investor Group on Climate Change (IGCC) and its members. IGCC members are RSE, MISs and data providers. Consultation with industry and large audit firm has been undertaken.
4. We have attempted to address comments raised by AUASB members at the 7 October 2026 in the latest draft (Agenda Paper 2.1). The latest draft also covers feedback provided on a revised draft by IGCC and CA ANZ.

Next steps

5. Subject to any fatal flaw comments from members, the Information Sheet will be published as a webpage on the AUASB website.

Materials presented

Agenda Paper	Description
2.1	Draft Information Sheet – Financed emissions data sourced from a data provider – Clean
2.2	Draft Information Sheet – Financed emissions data sourced from a data provider – Marked up against 7 October 2026 version



While Treasury has issued a consultation paper at [Improving the efficiency of climate-related financial disclosures](#) which includes consideration of whether to defer reasonable assurance or not require reasonable assurance, this guidance will remain relevant until any decisions are made and for voluntary reasonable assurance.

Information Sheet

Sustainability assurance – Financed emissions and data sourced from an external data provider

Issued: XX 2026

See [Sustainability Assurance Homepage](#) for background and copyright information.

This guidance will develop over time as we receive feedback from further experience in assurance covering financed emission data sourced from external data providers.

The AUASB plans to develop broader guidance on the audit work on scope 3 emissions and on other types of sustainability information sourced from external information providers for release in 2027.

Objective

The objective of this Information Sheet is to provide guidance on the audit/review work by auditors (user auditors) on data from an external data provider that supports financed emissions disclosed in the sustainability report of an entity under ASSA 5000.

This guidance outlines how user auditors may avoid duplicating assurance procedures by evaluating whether a data provider's assurance report (where available) provides sufficient appropriate audit evidence about the reliability and suitability of financed emissions data supporting user entity disclosures under AASB S2 (one-to-many reporting).

While undue cost and pressures should be avoided, obtaining sufficient appropriate assurance over financed emissions data may involve additional work effort and associated cost. Alternative or additional work would be required if a data provider's report doesn't provide sufficient appropriate audit evidence.

Assurance level, risk and materiality

The nature and extent of the user auditor's procedures will vary depending upon matters including whether the engagement involves limited or reasonable assurance, the assessment of risk and materiality considerations.

See the AUASB's [Sustainability Assurance homepage](#) and ASSA 5010 for the phasing in of assurance over information in the sustainability reports of entities with mandatory climate reporting obligations under the *Corporations Act 2001* (the Act).

Limited assurance may involve non-substantive analytical procedures, inquiry, a controls report from the data provider auditor and possibly substantive testing.

Background

Investment portfolios of investor entities such as managed investment schemes and registrable superannuation entities (user entities) often include investments in a large number of investee companies and assets. User entities typically rely on Scope 1, 2 and 3 emissions data for the entities in which they invest that is purchased from external data providers to calculate the emissions associated with their investments ('financed emissions').

Data providers may make information available on the Scope 1, 2 and 3 emissions of entities through subscription services. This information may be obtained or estimated as follows:

- (a) From audited or unaudited information disclosed in the entity's most recent annual report;
- (b) Estimates developed using other data points relevant to an entity;
- (c) Estimates developed from other sources such as industry or peer emissions, sales data or other proxies.

A data provider may provide information on the relative reliability of the estimates for an entity in (c).

Scope

Guidance is provided for user auditors where an entity uses information from a data provider for financed emissions.

This Information Sheet also refers to circumstances where:

- (a) the entity does not use a data provider;
- (b) some or all of the information obtained from a data provider is not relevant, timely or reliable; or
- (c) the user auditor cannot use the work of the data provider's auditor (for example, the data provider auditor's report is unavailable or the work performed is not adequate for the user auditor's purposes) and needs to perform alternative or additional procedures.

However, the actual work that the user auditor needs to perform in these circumstances is outside the scope of this guidance.

Not in scope

Matters that are not within the scope of this guidance include:

- (a) Assurance on emission information that a user entity:
 - (i) estimates without using information from external data provider;
 - (ii) obtains directly from investee annual reports; and
 - (iii) obtains directly from investees;
- (b) Information other than financed emissions that user entities are required to disclose in their sustainability report in relation to entities in their value chain, whether material individually or in aggregate (e.g. emissions by industry for entities in different sectors; risks and opportunities; strategies; forward looking information for the short, medium and long term; scenario analysis; prospects; impact on future performance; and information supporting voluntary disclosures);
- (c) Cross-border considerations (e.g. different measurement methods due to jurisdictional requirements); and
- (d) Scope 3 emissions other than financed emissions.

Background - Materiality and precision

Climate-related risks and opportunities and an entity's strategy to address those risks and opportunities may be more important to the primary users of the annual report of a user entity than having very precise emission information.

Financed emissions are often derived using a mix of reported data, models, proxies and assumptions, hence a high degree of precision may not be achievable.

Management and the user auditor may consider whether the level of imprecision could affect users' understanding of the entity's climate-related risks and opportunities and an entity's strategy.

Background - Evaluating information

Management remains responsible for the financed emissions information disclosed and for applying appropriate judgement including selecting any data provider and using externally sourced emissions data. Management should consider whether the information from a data provider is sufficiently relevant, reliable and timely. Management may need to consider alternatives for some or all of the data such as making its own estimates or obtaining information directly from investees/borrowers.

User auditors will need to appropriately evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures. The user auditor may consider:

- (a) The adequacy of the design, implementation and effective operation of the relevant data provider systems, processes and controls. However, given the number of user entities and the nature of the relationship between the data provider and the user, rather than carry out procedures directly the user auditor may seek an assurance report from the data provider's auditor; and
- (b) Where substantive testing cannot be performed at the user entity, such testing may be required at the data provider.

A data provider auditor's report on relevant controls and substantive testing may support the user auditor's work but doesn't replace the user auditor's responsibility to obtain sufficient appropriate evidence.

Background - Use of AI

Some considerations for auditors in relation to information generated using AI can be found at [Impact of AI on Auditors](#). Subject to materiality, the user auditor will need to understand the inputs, process and outputs used by AI. There should be appropriate testing and consideration of reliability.

Background - Standards applying to users and their auditors

Provisions of the Sustainability Reporting Standards and ASSA 5000 of particular relevance appear in Table 1 below.

Table 1: Relevant provisions of reporting and assurance standards

Standards	Some relevant provisions
AASB S2 <i>Climate-related Disclosures</i>	Financed emissions – paragraphs B58 to B61
ASSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>	Using the Work of Another Practitioner - paragraphs 50 to 55

Guidance for user auditors

User auditors need to evaluate the relevance and reliability of emissions data used for financed emissions data that is sourced from an external data provider.

Table 2 below provides guidance for the user auditor. It provides a high-level overview of an approach. It is not intended to be detailed or comprehensive nor to be used as a work programme or checklist for specific assurance engagements.

Table 2: Guidance for user auditors

Area	User auditor
Systems, processes and approach to identify data from data providers to be used	1. Pre-acceptance review of: (a) User process and approach, including which emissions information: (i) Can be obtained from a data provider and whether it is consistent with the calculation basis required by AASB S2; (ii) would be appropriate to estimate; and (iii) Will need to be obtained directly from an investee's audited or unaudited annual report or directly from the investee/borrower; (b) Data provider processes and approach, key systems and controls (including data ownership, accountability, independent testing, supervision and review) relevant in capturing or estimating data from various sources or processes, and whether sufficient information is provided by the data provider, including on sources of data and timeliness: (i) From audited or unaudited information in the most recent annual report; (ii) Estimates from other data points relevant to an entity; and (iii) Estimates from other sources such as peer emissions and sales data; (c) Relevance, timeliness, reliability and completeness of information; (d) With regard to information already available to the user entity, whether the emissions database clearly identifies: (i) The sources of the data and can be tested against those sources; (ii) The nature and extent of independent assurance, and the competence and capability of the assurance provider; (iii) The date of the information (e.g. balance date for an annual report and information in that report on timing), including when the information was published or amended; (iv) How frequently the information is updated; and (v) Internal review and verification processes. 2. Examples of circumstances indicating limitations in available emissions information from data providers are: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, the entity's annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable (for example, where it is derived from unaudited sources); (d) Estimation is not appropriate, including where: (i) there is insufficient information to make an estimate; or (ii) the available information for an estimate is not sufficiently relevant, reliable or timely; or (e) The information available for an entity from the data provider or the entity's annual report is determined on a basis that can give significantly different results than the basis applied by the user under AASB S2.
Data from data provider	1. Identify data from data provider used by the user entity, and consider its relevance, timeliness, reliability, completeness, etc. 2. Evaluate the competency, experience, objectivity and expertise of the data provider auditor and any ethical considerations. 3. Obtain report from data provider auditor that includes: (a) Whether the data provider auditor complies with the equivalent of: (i) <i>ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i>; and (ii) relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent; (b) The information covered, period and boundary;

Area	User auditor
	(c) The calculation methods, and compliance with standards (e.g. AASB S2) and any deviations from the standards, organisational and operational boundaries and emission factors applied; (d) The procedures performed; (e) A sufficiently detailed description of the relevant systems, processes and key controls of the data provider, including how the data provider ensures data integrity; (f) The relevant entity controls; (g) The adequacy of controls and processes; (h) Assurance on the design, implementation and effective operation of the data provider's internal controls; (i) Any control deficiencies; (j) Any limitations in the information, models, assumptions or evidence available; (k) Details of the nature and extent of substantive testing of information made available at a point in time, including data sources and calculation basis, assumptions and outputs; and (l) The means of identifying the data available at the point in time when the reliability and completeness of data was assessed. The user auditor might be able to use a report similar to a SOC 1 Type 2 report¹ but adapted to cover data provided by the data provider to support the user entity's financed emission disclosure. The report should cover at least the matters detailed above. 4. Evaluate: (a) User processes, approach, and design and effective operation of internal controls; (b) Information from data provider, its sources, timeliness, relevance, reliability and reasonableness; (c) Assumptions and calculations by user entity; (d) Reports by data provider auditor covering design and effective operation of controls; (e) The adequacy of substantive testing by the data provider auditor, including changes to the nature and extent of testing to address risks; and (f) The adequacy of the work of the information provider auditor for any gap period (e.g. between the end of the period covered by the last control report from the data provider auditor and the date to which data is used by the user entity), or appropriate work is undertaken directly by the user auditor. 5. Consider the need to disclose any duplication in Scope 3 emissions. 6. Seek additional information, explanations on controls related work from data provider auditor, as necessary. 7. Obtain information directly from data provider, where possible. 8. Consider obtaining information from another data provider or another source to test selected information to address the risk of potential bias in emissions data/factor calculations. 9. Consider requesting data provider auditor to perform additional substantive testing on selected information used by the user entity. 10. Where necessary, obtain a report from the data provider auditor covering any 'gap' period and any additional procedures and substantive testing.
Alternative procedures	1. Where entity uses its own estimates:

¹ A SOC 1 type 2 report covers controls at a data provider that are likely to be relevant to user entities' internal control over financial reporting. It covers the design, implementation and effective operation of controls and is specifically intended to meet the needs of user entities and user auditors in evaluating the effect of the controls at the service organization on the user entities' financial statements (see US AICPA [SOC 1 - SOC for Service Organizations: ICFR](#)).). The report would need to be adapted to cover a data provider's internal controls over the data provided to support a user entity's financed emissions disclosure.

Area	User auditor
and use of entity developed estimates	(a) Determine whether to rely on relevant controls and assess whether the controls are operating effectively; (b) Evaluate the appropriateness of the estimation model including whether it produces estimates on a basis consistent with the reporting requirements; (c) Test the relevance, reliability and reasonableness of the data and assumptions used in the model; (d) Consider whether the estimates are sufficiently precise, having regard to materiality and the information needs of intended users; 2. Under specific circumstances consider requesting the user entity to obtain information directly from an investee where: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable; (d) Estimation is not appropriate, including where: (i) There is insufficient information to make an estimate; (ii) The available information for an estimate is not sufficiently relevant or reliable or timely such as industry averages; or (iii) The information available for an entity from the data provider or an annual report is determined on a basis that can give significantly different results than the basis required by AASB S2; and (e) Where the user auditor is not able to use the work of the data provider auditor, consideration should be given to whether the user auditor can perform the necessary work itself. 3. Where no data provider auditor's report is available, the user auditor will need to perform alternative procedures, such as: (a) obtaining an enhanced understanding the provider's data sources, estimation methods, update cycle and limitations; (b) testing the user entity's extraction and use of the data; and (c) considering available corroborating information. Alternative sources should be used with caution, as differences in methodology, coverage and timing may indicate inconsistency but do not necessarily provide more reliable evidence. The user auditor should also assess whether the data is sufficiently timely. If sufficient appropriate evidence cannot be obtained, the user auditor should consider the engagement implications, including whether a scope limitation exists and impact on their conclusion or opinion on the sustainability information.
Documentation	The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.

Other sustainability information

The underlying principles in this Information Sheet might apply by way of analogy for other circumstances where climate and sustainability information are sourced using an information provider.

Important note

The material on this webpage is intended to assist practitioners in preparing for assurance engagements under ASSA 5000. This webpage is not an authoritative publication of the AUASB and practitioners should use their own professional judgement when conducting an assurance engagement. This webpage does not establish new principles or amend existing AUASB standards. It is not intended to be a substitute for compliance with relevant AUASB standards.



~~This draft Information Sheet is not settled guidance. It is subject to consultation with reporting entities, information providers and auditors. This draft is provided to you on the condition that neither it nor its contents are provided to any third parties or others in your organisation.~~

While Treasury has issued a consultation paper at [*Improving the efficiency of climate-related financial disclosures*](#) which includes consideration of whether to defer reasonable assurance or not require reasonable assurance, this guidance will remain relevant until any decisions are made and for voluntary reasonable assurance.

Information Sheet

Sustainability assurance – Financed emissions and data sourced from an external data provider

Issued: XX 2026

See [Sustainability Assurance Homepage](#) for background and copyright information.

This guidance will develop over time as we receive feedback from further experience in assurance covering financed emission data sourced from external data providers.

The AUASB plans to develop broader guidance on the audit work on [scope 3 emissions and on other all](#) types of sustainability information sourced from external information providers for release in 2027.

Objective

The objective of this Information Sheet is to ~~provide guidance on the audit/review work by auditors (user auditors) on support assurance practitioners in evaluating and using externally sourced financed emissions data from an external data provider that supports financed emissions disclosed in the sustainability report of an entity under ASSA 5000 and covered by data provider assurance reports, for engagements under ASSA 5000. Guidance is also provided for data provider auditors in relation to the preparation of assurance reports intended for use by user auditors.~~

~~This guidance outlines how user auditors may avoid duplicating assurance procedures by evaluating whether a data provider's assurance report (where available) provides sufficient appropriate audit evidence about the reliability and suitability of financed emissions data supporting user entity disclosures under AASB S2 (one-to-many reporting).~~

~~While undue cost and pressures should be avoided, obtaining sufficient appropriate assurance over financed emissions data may involve additional work effort and associated cost. Alternative or additional work would be required if a data provider's report doesn't provide sufficient appropriate audit evidence.~~

~~This guidance outlines the responsibilities of both the user auditor and the data provider auditor in taking necessary steps to ensure the financed emissions data is comparable, verifiable, timely and understandable in the sustainability reports of the user entities.~~ **Assurance level, risk and materiality**

The nature and extent of the user auditor's procedures will vary depending upon matters including whether the engagement involves limited or reasonable assurance, the assessment of risk and materiality considerations.

See the AUASB's Sustainability Assurance homepage and ASSA 5010 for the phasing in of assurance over information in the sustainability reports of entities with mandatory climate reporting obligations under the *Corporations Act 2001* (the Act).

Limited assurance may involve non-substantive analytical procedures, inquiry, a controls report from the data provider auditor and possibly substantive testing.

Background

Investment portfolios of investor entities such as managed investment schemes and registrable superannuation entities (user entities) often include investments in a large number of investee companies and assets. User entities typically rely on Scope 1, 2 and 3 emissions data for the entities in which they invest that is purchased from external data providers to calculate the emissions associated with their investments ('financed emissions').

User entities may use external data providers to obtain information about the Scope 1, 2 and 3 emissions of the entities in which they invest. This emissions information is used to calculate financed emissions for user entities.

Data providers may make information available on the Scope 1, 2 and 3 emissions of an entity/ies through subscription services. This information may be obtained or estimated as follows:

- (a) From audited or unaudited information disclosed in the entity's most recent annual report;
- (b) Estimates developed using other data points relevant to an entity;
- (c) Estimates developed from other sources such as industry or peer emissions, sales data or other proxies.

AThe data provider may provide information on the relative reliability of the estimates for an entity in (c).

Overview

This Information Sheet provides guidance on applying ASSA 5000 to financed emissions reported and related disclosures where emissions data is sourced from external data providers. This guidance is non-authoritative and does not establish new requirements. This guidance is intended for assurance practitioners performing sustainability assurance engagements under ASSA 5000 on user entities such as managed investment schemes and registrable superannuation entities (user auditors). This guidance should also assist data provider auditors.

As user entity investment portfolios often include investments in a large number of investee companies and assets, user entities typically rely on emissions data purchased from data providers to calculate the emissions associated with their investments ('financed emissions').

This guidance outlines how user auditors may avoid duplicating assurance procedures by evaluating whether a data provider's assurance report on controls and substantive testing (where available) provides sufficient appropriate audit evidence about the reliability and suitability of financed emissions data supporting user entity disclosures under AASB S2.

While undue cost and pressures should be avoided, obtaining sufficient appropriate assurance over financed emissions data may involve additional work effort and associated cost. Alternative or additional work would be required if a data provider's report doesn't provide sufficient appropriate audit evidence.

Scope

Guidance is provided for user auditors where an entity uses information from a data provider for financed emissions.

~~This Information Sheet~~ ~~It also refers addresses to the extent relevant to the use or non-use of data provider information in~~ circumstances where:

- (a) the entity does not use a data provider;
- (b) some or all of the information obtained from a data provider is not relevant, timely or reliable; or
- (c) ~~the user auditor cannot use the work of the data provider's auditor (for example, the data provider auditor's report is unavailable or the work performed is not adequate for the user auditor's purposes) and needs to perform alternative or additional procedures.~~

~~However, the actual work that the user auditor needs to perform in these circumstances is outside the scope of this guidance.~~

Background

~~User entities may use external data providers to obtain information about the Scope 1, 2 and 3 emissions of the entities in which they invest. This emissions information is used to calculate financed emissions for user entities.~~

~~Data providers may make information available on the Scope 1, 2 and 3 emissions of an entity/ies through subscription services. This information may be obtained or estimated as follows:~~

- ~~(a) From audited or unaudited information disclosed in the entity's most recent annual report;~~
- ~~(b)(a) Estimates developed using other data points relevant to an entity;~~
- ~~(c)(a) Estimates developed from other sources such as industry or peer emissions, sales data or other proxies.~~

~~The data provider may provide information on the relative reliability of the estimates for an entity in (c).~~

Not in scope

Matters that are not within the scope of this guidance include:

- (a) Assurance on emission information that a user entity:
 - (i) estimates without using information from external data provider;
 - (ii) obtains directly from investee annual reports; and
 - (iii) obtains directly from investees;
- (b) Information other than financed emissions that user entities are required to disclose in their sustainability report in relation to entities in their value chain, whether material individually or in aggregate (e.g. emissions by industry for entities in different sectors; risks and opportunities; strategies; forward looking information for the short, medium and long term; scenario analysis; prospects; impact on future performance; and information supporting voluntary disclosures);
- (c) Cross-border considerations (e.g. different measurement methods due to jurisdictional requirements); and
- (d) Scope 3 emissions other than financed emissions.

Background – Phasing in of assurance

~~See the AUASB's Sustainability Assurance homepage and ASSA 5010 for the phasing in of assurance over information in the sustainability reports of entities with mandatory climate reporting obligations under the Corporations Act 2001 (the Act).~~

Background - Materiality and precision

Climate-related risks and opportunities and an entity's strategy to address those risks and opportunities may be more important to the primary users of the annual report of a user entity than having very precise emission information.

Financed emissions are often derived using a mix of reported data, models, proxies and assumptions, hence a high degree of precision may not be achievable.

Management and the user auditor may consider whether the level of imprecision could affect users' understanding of the entity's climate-related risks and opportunities and an entity's strategy.

Background - Evaluating information

~~In evaluating the relevance and reliability of the information from a data provider, management of the user entity and the user auditor should understand the source of the data, including how the data provider obtained the information, the data provider's controls and processes, any models and assumptions used, and any substantive testing by the data provider auditor.~~

Management remains responsible for the financed emissions information disclosed and for applying appropriate judgement including selecting any data provider and using externally sourced emissions data. Management should consider whether the information from a data provider is sufficiently relevant, reliable and timely. Management may need to consider alternatives for some or all of the data such as making its own estimates or obtaining information directly from investees/borrowers.

~~The underlying dataset from the data provider may be used by multiple user entities in preparing their financed emissions disclosures.~~ User auditors will need to appropriately evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures.

The user auditor may consider:

~~(a) May consider~~ the adequacy of the design, implementation and effective operation of the relevant data provider systems, processes and controls. However, given the number of user entities and the nature of the relationship between the data provider and the user, rather than

~~(b)(a) May consider whether it is practical for the user auditor to carry out procedures directly on the design and operation of controls at the data provider level. Instead, the user auditor may would seek an assurance report from the data provider's auditor covering relevant systems, controls; and~~

~~(c)(b) Should perform substantive testing.~~ Where substantive testing cannot be performed at the user entity, such testing may be required at the data provider.

A data provider auditor's report on relevant controls and substantive testing may support the user auditor's work but doesn't replace the user auditor's responsibility to obtain sufficient appropriate evidence.

Background - Limited vs reasonable assurance

~~The nature and extent of assurance procedures can vary depending on whether the assurance engagement is designed to obtain reasonable or limited assurance.~~

~~When Scope 3 financed emissions are assured for the first time, only limited assurance may be mandated by ASSA 5010 and the Act. However, auditors should consider the information needs of intended users. In some circumstances, the potential consequences of an inappropriate conclusion may be so great that obtaining reasonable assurance is necessary to provide assurance that is meaningful in the circumstances (see ASSA 5000. A211).~~

~~For limited assurance engagements, ASSA 5000 requires user auditors to evaluate whether sufficient appropriate audit evidence has been obtained, including circumstances in which~~

~~alternative procedures or procedures typically associated with reasonable assurance may be necessary (see ASSA 5000.50(c), 51-52).~~

~~Given the differing needs of user auditors, data provider auditors may need to perform procedures on a reasonable assurance basis (also see [Sustainability Assurance – Key Messages – Limited assurance](#)). A user auditor cannot obtain a higher level of assurance than that supported by the data provider auditor’s report (subject to additional testing). The guidance for user auditors in Table 2 below is premised on reasonable assurance. For requirements and guidance on limited assurance under ASSA 5000, see [line 2.13 in the table at Sustainability Assurance – Education materials](#).~~

Background - Use of AI

Some considerations for auditors in relation to information generated using AI can be found at [Impact of AI on Auditors](#). Subject to materiality, ~~both~~ the user auditor ~~and the data provider auditor~~ will need to understand the inputs, process and outputs used by AI. There should be appropriate testing and consideration of reliability.

Background - Standards applying to users and their auditors

Provisions of the Sustainability Reporting Standards and ASSA 5000 of particular relevance appear in Table 1 below.

Table 1: Relevant provisions of reporting and assurance standards

Standards	Some relevant provisions
AASB S2 <i>Climate-related Disclosures</i>	Financed emissions – paragraphs B58 to B61
ASSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>	Using the Work of Another Practitioner - paragraphs 50 to 55

Guidance for user auditors

~~Both User auditors and data provider auditors~~ need to evaluate the relevance and reliability of emissions data used for financed emissions data that is sourced from an external data provider.

Table 2 below provides guidance for the user auditor ~~and data provider auditor~~. ~~The work of both the user auditor and data provider auditor should be adequately documented so that another professional can understand the work performed and the basis for the conclusions reached.~~ It provides a high-level overview of an approach. It is not intended to be detailed or comprehensive nor to be used as a work programme or checklist for specific assurance engagements.

~~Table 2 also refers to work that may be undertaken when:~~

- ~~(a) the entity does not use a data provider;~~
- ~~(b) some or all of the information available from a data provider is not relevant, timely or reliable; or~~
- ~~(c) the user auditor cannot use the work of the data provider’s auditor.~~

~~However, the actual work in these areas is outside the scope of this guidance.~~

Table 2: Guidance for user ~~and data provider~~ auditors

Area	User auditor	~~Data provider auditor~~
Systems, processes and approach to identify data from data	1. Pre-acceptance review of: (a) User process and approach, including which emissions information:	~~1. Understand the key systems and controls (including data ownership, accountability, independent testing, supervision and review)~~

Area	User auditor	Data provider auditor
providers to be used	(i) Can be obtained from a data provider and whether it is consistent with the calculation basis required by AASB S2; (ii) would be appropriate to estimate; and (iii) Will need to be obtained directly from an investee's audited or unaudited annual report or directly from the investee/borrower; <u>(b) ~~(b)~~ — Data provider processes and approach, <u>key systems and controls (including data ownership, accountability, independent testing, supervision and review) relevant in capturing or estimating data from various sources or processes, and whether sufficient information is provided by the data provider, including (e.g. on sources of data and timeliness):</u></u> <u>(i) From audited or unaudited information in the most recent annual report;</u> <u>(ii) Estimates from other data points relevant to an entity; and</u> <u>(iii) Estimates from other sources such as peer emissions and sales data;</u> ~~(d) ; and~~ (c) Relevance, timeliness, reliability and completeness of information;- <u>(d) With regard to information already available to the user entity, whether the emissions database clearly identifies:</u> <u>(i) The sources of the data and can be tested against those sources;</u> <u>(ii) The nature and extent of independent assurance, and the competence and capability of the assurance provider;</u> <u>(iii) The date of the information (e.g. balance date for an annual report and information in that report on timing), including when the information was published or amended;</u> <u>(iv) How frequently the information is updated; and</u> <u>~~(i)~~(v) Internal review and verification processes.</u> 2. Examples of circumstances indicating limitations in available emissions information from data providers are: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, the entity's annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable (for	~~relevant in capturing or estimating data from various sources or processes, including:~~ ~~(a) From audited or unaudited information in the most recent annual report;~~ ~~(b) Estimates from other data points relevant to an entity; and~~ ~~(c) Estimates from other sources such as peer emissions and sales data.~~ ~~2. Whether the source of the data is clearly identified in the emissions database and can be tested against those sources.~~ ~~3. Whether the emissions database clearly identifies:~~ ~~(a) The nature and extent of independent assurance, and the competence and capability of the assurance provider;~~ ~~(b) The date of the information (e.g. balance date for an annual report and information in that report on timing), including when the information was published or amended;~~ ~~(c) How frequently the information is updated; and~~ ~~(d) Internal review and verification processes.~~

Area	User auditor	~~Data provider auditor~~
	example, where it is derived from unaudited sources); (d) Estimation is not appropriate, including where: (i) there is insufficient information to make an estimate; or (ii) the available information for an estimate is not sufficiently relevant, reliable or timely; or (e) The information available for an entity from the data provider or the entity's annual report is determined on a basis that can give significantly different results than the basis applied by the user under AASB S2.	
Data from data provider	- Identify data from data provider used by the user entity, and consider its relevance, timeliness, reliability, completeness, etc. - Evaluate the competency, experience, objectivity and expertise of the data provider auditor and any ethical considerations. - Obtain report from data provider auditor (see item 2 in 'Data provider auditor' column that includes:- <u>Whether the data provider auditor complies with the equivalent of:</u> <u>ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements; and</u> <u>relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent;</u> <u>The information covered, period and boundary;</u> <u>The calculation methods, and compliance with standards (e.g. AASB S2) and any deviations from the standards, organisational and operational boundaries and emission factors applied;</u> <u>The procedures performed;</u> <u>A sufficiently detailed description of the relevant systems, processes and key controls of the data provider, including how the data provider ensures data integrity;</u> <u>The relevant entity controls;</u> <u>The adequacy of controls and processes;</u> <u>Assurance on the design, implementation and effective operation of the data provider's internal controls;</u> <u>Any control deficiencies;</u>	~~The data provider auditor should:~~ ~~Review the design, implementation and operating effectiveness of the data provider's internal controls;~~ ~~Document their understanding of how the data provider ensures data integrity; and~~ ~~Perform substantive testing on the emissions, including data sources and calculation basis, assumptions and outputs.~~ ~~The data provider auditor should provide a report annually, half-yearly or quarterly that:~~ ~~Includes a sufficiently detailed description of the relevant systems, processes and key controls of the data provider;~~ ~~Covers the calculation methods, and compliance with standards (e.g. AASB S2) and any deviations from the standards, organisational and operational boundaries and emission factors applied;~~ ~~Provides assurance on the design and effective operation of the data provider's internal controls;~~ ~~Details the nature and extent of substantive testing of information made available at a point in time;~~

Area	User auditor	Data provider auditor
	~~(j) Any limitations in the information, models, assumptions or evidence available;~~ ~~(k) Details of the nature and extent of substantive testing of information made available at a point in time, including data sources and calculation basis, assumptions and outputs; and~~ ~~(l) The means of identifying the data available at the point in time when the reliability and completeness of data was assessed.~~ <u>The user auditor might be able to use a report similar to a SOC 1 Type 2 report¹ but adapted to cover data provided by the data provider to support the user entity's financed emission disclosure. The report should cover at least the matters detailed above.</u> 4. Evaluate: (a) User processes, approach, and design and effective operation of internal controls; (b) Information from data provider, its sources, timeliness, relevance, reliability and reasonableness; (c) Assumptions and calculations by user entity; (d) Reports by data provider auditor covering design and effective operation of controls; (e) The adequacy of substantive testing by the data provider auditor, including changes to the nature and extent of testing to address risks; and (f) The adequacy of the work of the information provider auditor for any gap period (e.g. between the end of the period covered by the last control report from the data provider auditor and the date to which data is used by the user entity), or appropriate work is undertaken directly by the user auditor. 5. Consider the need to disclose any duplication in Scope 3 emissions ~~(e.g. where an insurer is also an investor and disclose both financed emissions and insurance-associated emissions).~~ 6. Seek additional information, explanations on controls related work from data provider auditor, as necessary.	~~(e) Addresses the means of identifying the data available at the point in time when assessing the reliability and completeness of data; and~~ ~~(f) Compliance with:~~ ~~(i) ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements (including appropriate allocation of suitably experienced resources to the assurance engagement); and~~ ~~(ii) relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent.~~ ~~(f) The data provider auditor may provide a supplementary report covering any 'gap' period and any additional procedures and substantive testing.~~

¹ A SOC 1 type 2 report covers controls at a data provider that are likely to be relevant to user entities' internal control over financial reporting. It covers the design, implementation and effective operation of controls and is specifically intended to meet the needs of user entities and user auditors in evaluating the effect of the controls at the service organization on the user entities' financial statements (see US AICPA SOC 1 - SOC for Service Organizations: ICFR). The report would need to be adapted to cover a data provider's internal controls over the data provided to support a user entity's financed emissions disclosure.

Area	User auditor	Data provider auditor
	6. Obtain information directly from data provider, <u>where possible</u>. 7. Consider obtaining information from another data provider or another source to test selected information to address the risk of potential bias in emissions data/factor calculations. 8. Consider requesting data provider auditor to perform additional substantive testing on selected information used by the user entity. 9. <u>Where necessary, obtain a report from the data provider auditor covering any 'gap' period and any additional procedures and substantive testing.</u>	
Alternative procedures and use of entity developed estimates	1. Where entity uses its own estimates: (a) Determine whether to rely on relevant controls and assess whether the controls are operating effectively; (b) Evaluate the appropriateness of the estimation model including whether it produces estimates on a basis consistent with the reporting requirements; (c) Test the relevance, reliability and reasonableness of the data and assumptions used in the model; (d) Consider whether the estimates are sufficiently precise, having regard to materiality and the information needs of intended users; 2. Under specific circumstances consider requesting the user entity to obtain information directly from an investee where: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable; (d) Estimation is not appropriate, including where: (i) There is insufficient information to make an estimate; (ii) The available information for an estimate is not sufficiently relevant or reliable or timely such as industry averages; or (iii) The information available for an entity from the data provider or an annual report is determined on a basis that can give significantly different results than the basis required by AASB S2; and (e) Where the user auditor is not able to use the work of the data provider auditor, consideration should be given to whether the user auditor can perform the necessary work itself.	~~1. Where the data provider auditor is requested to perform additional or alternative procedures, their report on the additional work done should identify:~~ ~~(a) the information covered;~~ ~~(b) the period and boundary;~~ ~~(c) the procedures performed;~~ ~~(d) the relevant entity controls;~~ ~~(e) the adequacy of controls and processes;~~ ~~(f) any control deficiencies; and~~ ~~(f) any limitations in the information, models, assumptions or evidence available.~~

Area	User auditor	~~Data provider auditor~~
	3. Where no data provider auditor's report is available, the user auditor will need to perform alternative procedures, such as: (a) obtaining an enhanced understanding the provider's data sources, estimation methods, update cycle and limitations; (b) testing the user entity's extraction and use of the data; and (c) considering available corroborating information. Alternative sources should be used with caution, as differences in methodology, coverage and timing may indicate inconsistency but do not necessarily provide more reliable evidence. The user auditor should also assess whether the data is sufficiently timely. If sufficient appropriate evidence cannot be obtained, the user auditor should consider the engagement implications, including whether a scope limitation exists and impact on their conclusion or opinion on the sustainability information.	
Documentation	The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.	~~The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.~~

Other sustainability information

The underlying principles in this Information Sheet might apply by way of analogy for other circumstances where climate and sustainability information are sourced using an information provider.

Important note

The material on this webpage is intended to assist practitioners in preparing for assurance engagements under ASSA 5000. This webpage is not an authoritative publication of the AUASB and practitioners should use their own professional judgement when conducting an assurance engagement. This webpage does not establish new principles or amend existing AUASB standards. It is not intended to be a substitute for compliance with relevant AUASB standards.