



AUASB Agenda Paper

Title:	Sustainability information sourced from external information providers	Date: 7 October 2026
Office of the AUASB:	Arti Naidu	Agenda Item: 4.0

Objectives of Agenda Item

1. This Agenda Item seeks AUASB Board member:
 - (a) Comments on whether to delay release of the Information Sheet *Financed Emissions Data Sourced from an External Data Provider* (Financed Emissions Guidance) while expanded guidance on all sustainability information sourced from information providers (Expanded Guidance) is finalised;
 - (b) Any fatal flaw comments on a revised project plan to develop non-authoritative AUASB assurance guidance relating to obtaining and use of sustainability information sourced from external information providers to support climate related disclosure requirements in AASB S2, and direction on the proposed scope, process and timing for the project; and
 - (c) Preliminary feedback (if any) on the draft Expanded Guidance.

Questions for AUASB members

No.	Questions
1	Do AUASB members support publishing the Financed Emissions Guidance without delay? This would not negatively affect the timing for developing and issuing the Expanded Guidance.
2	Do AUASB members have any fatal flaw comments on the draft Financed Emissions Guidance (see agenda paper 4.2 for clean version and agenda paper 4.3 for a version marked up against the 12 August version.)?
3	Do AUASB member have any objection for the clean version of the draft Expanded Guidance being subject to targeted consultation with industry and auditors (see Agenda Paper 4.3 for clean version and Agenda Paper 4.4 for mark up against draft Financed Emissions Guidance)?

Background

2. At the 12 August 2026 AUASB Board meeting, AUASB members were asked for fatal flaw comments on draft non-authoritative Financed Emissions Guidance (see Agenda Paper 6.0 starting on page 316 in the [Combined Meeting Papers](#)).
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.
4. Consultation with industry and large audit firm was undertaken before the 12 August 2026 AUASB meeting indicated broad overall support for the Draft Financed Emissions Guidance. Comments raised on the draft were addressed in the version included in the 12 August 2026 Board papers.

5. AUASB members did not identify fatal flaws in the draft Financed Emissions Guidance draft but suggested that the guidance be expanded to all types of sustainability information sourced from external information providers. A draft of the Expanded Guidance would be presented to the 7 October 2026 AUASB meeting.

Expanded Guidance

6. Minor amendments have been made to the Finance Emissions Guidance as shown in Agenda Paper 4.2. This amended version has been used as the base for a preliminary draft of the Expanded Guidance (see revision marks in Agenda Paper 4.4).
7. The draft Expanded Guidance has been developed without any consultation on matters such as:
 - (a) the information provided and used;
 - (b) how the information is used;
 - (c) the assurance that may be available on different information; and
 - (d) any experiences from voluntary assurance to date.
8. There are also difficult questions as to the definition of an 'information provider' for the purposes of the guidance and other matters. The draft Expanded Guidance may require improvement after consultation with a range of information providers and assurance providers.
9. The 21 possible consultation questions in the Attachment to this Agenda Paper areas where we could be better informed in developing the Expanded Guidance. There may also be questions that we haven't considered that could affect the Expanded Guidance.
10. Having regard to these matters, it would take more time to consult and develop the Expanded Guidance.

Timing of guidance

11. The Office of the AUASB has received strong feedback from industry that the Financed Emissions Guidance is needed urgently to support planning for mandatory assurance at 30 June 2027 as follows:
 - (a) From IGCC and its members; and
 - (b) At the Treasury Roundtables on the *Improving the efficiency of climate-related financial disclosures* consultation paper.
12. Issuing the Financed Emissions Guidance would not delay finalisation of the Expanded Guidance.
13. Table 1 below outlines pros of issuing the Finance Emissions Guidance first ('two stage Table release) and only issuing eh Expanded Guide ('one release').

Table 1: Pros of two stage release vs one release

No.	Pros of two stage release	Pros of one release
1	Meets demand for guidance for financed emissions using an external data provider. Consultation on the Financed Emissions Guidance is complete and subject to AUASB member fatal flaw comments the draft is ready for publication.	Despite stating that the Expanded Guidance is under development, other industries may perceive the Financed Emissions Guidance as too narrow or finance-sector focused.

No.	Pros of two stage release	Pros of one release
	Releasing the Financed Emissions Guidance will not delay the Expanded Guidance.	
2	Key messages in the Financed Emissions Guidance for user entities and auditors may be lost in the Expanded Guidance.	Some material in the Financed Emissions Guidance may need to be revised following the development of the Expanded Guidance.
3	Significant consultation and further work on the Expanded Guidance is required. The possible consultation questions in the Attachment to this Agenda Paper cover some complex matters that are likely to take time to resolve. The Expanded Guidance would not be ready before 2027, substantially delaying guidance covering financed emissions.	-

14. Having regard to the matters outlined in Table 1, it is proposed to proceed with a two-stage release.

Next steps

15. Subject to any comments from AUASB members, the Office of the AUASB will:
- (a) Finalise the draft financed emissions guidance for publication; and
 - (b) Continue to develop the Expanded Guidance for release in 2027.

Materials presented

Agenda Paper	Description
4.1	Draft Information Sheet – Financed emissions data sourced from a data provider – Clean
4.2	Draft Information Sheet – Financed emissions data sourced from a data provider – Marked up against 12 August 2026 version
4.3	Draft Information Sheet - Sustainability information sourced from an information provider – Clean
4.4	Draft Information Sheet - Sustainability information sourced from an information provider – Marked up against draft financed emissions guidance

ATTACHMENT: POSSIBLE CONSULTATION QUESTIONS

Additional questions arising from extending the scope to non-emissions information from a data provider may include:

1. *Information* - Should all climate-related sustainability information be in scope?
2. *Information providers* - What should be considered 'information providers' for the purposes of the guidance:
 - (a) Are the proposed inclusions and exclusions appropriate?
 - (b) What is the dividing line between information providers and internal/external experts used by an entity?
 - (c) Should matters such as predictions on the effects of climate change on different geographical locations, products and services, and supporting scientific analysis also be considered?
3. *Demand for information* - What information is likely to be sought from information providers and what is likely to be developed internally or be obtained from other sources?
4. *Available information* - What information is currently available from information providers? Are there significant data gaps for foreign and domestic entities not reporting, and for Australian entities not yet reporting? Is information available to cover downstream (customer side) information?
5. *Types of information* - Does the draft guidance adequately address the types of information that may be sourced from an information provider, the use of that information and assurance over the information?
6. *Different industries* - Does the draft guidance adequately cover different industries (e.g. manufacturers) where more information is required than for financed emissions (e.g. emissions per unit of production for each product (rather than an entity as a whole), transport and shipping, etc)?
7. *Downstream information* - Does the draft guidance adequately cover downstream (customer side) information?
8. *Quantitative and qualitative information* – Does the draft guidance adequately cover information for qualitative and quantitative disclosures?
9. *Use of information* - Does the draft guidance adequately address how different information is used by user entities (e.g. in informing the entity's own strategy)?
10. *Materiality and precision* - How do materiality and precision apply for the different types of sustainability information?
11. *Timeliness* - Does the draft guidance adequately address information (other than Scope 3 information) that is not for the same reporting period?
12. *Reliability, etc* - How to assess whether information is sufficiently reliable, particularly where direct information is not available to the data provider and alternatives such as AI models to scrape the internet are used?
13. *Need for assurance* - What is the need for assurance on controls and substantive testing by the data provider auditor for different information and in different industries?
14. *User entity obligations* - What are the obligations of, and what to expect from, the user entity in obtaining information and assurance over controls and substantive testing?

15. *Assurance required* - For each type of information, what ability do user entities have to require assurance from information provider auditors through contractual arrangements?
16. *Assurance currently obtained* - Do information providers already obtain assurance over controls and reports covering substantive testing?
17. *Assurance on information from government providers* - Should assurance be required for metrics from an Australian or foreign government information provider (e.g. DCCEEW)? What are your reasons/criteria?
18. *Assurance procedures* – Are the assurance procedures outlined in the draft guidance appropriate?
19. *Completeness* – Does the draft guidance adequately address the auditor’s work on completeness of information disclosed and completeness of inputs?
20. *Alternative procedures* - What alternative procedures should be performed where assurance from an information provider auditor is not available or not sufficient?
21. *Limitations and reporting* - What is the likelihood of limitations on scope and modified conclusions/opinions?



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 all types of sustainability information sourced from external information providers for release in 2027.

Objective

The objective of this Information Sheet is to support assurance practitioners in evaluating and using externally sourced financed emissions data 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 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.

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.

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

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) 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.

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 evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures.

The user auditor:

- (a) May consider the adequacy of the design, 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,
- (b) 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 would seek an assurance report from the data provider's auditor covering relevant systems, controls; and
- (c) 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 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 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, and whether sufficient information is provided by the data provider (e.g. on sources of data and timeliness); and (c) Relevance, timeliness, reliability and completeness of information. 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; (d) Available information is not sufficiently timely, relevant or reliable (for example, where it is derived from unaudited sources); (e) 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 (f) 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.	1. Understand the key systems and controls (including data ownership, accountability, independent testing, supervision and review) 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.
Data from data provider	1. Identify data from data provider used by the user entity, and consider its relevance, timeliness, reliability, completeness, etc.	1. The data provider auditor should: (a) Review the design, implementation and operating

Area	User auditor	Data provider auditor
	2. Evaluate the competency, experience, objectivity and expertise of the data provider auditor and any ethical considerations. 3. Obtain report from data provider auditor (see item 2 in 'Data provider auditor' column). 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. 6. Obtain information directly from data provider. 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.	effectiveness of the data provider's internal controls; (b) Document their understanding of how the data provider ensures data integrity; and (c) Perform substantive testing on the emissions, including data sources and calculation basis, assumptions and outputs. 2. The data provider auditor should provide a report annually, half-yearly or quarterly that: (a) Includes a sufficiently detailed description of the relevant systems, processes and key controls of the data provider; (b) 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; (c) Provides assurance on the design and effective operation of the data provider's internal controls; (d) Details the nature and extent of substantive testing of information made available at a point in time; (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 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (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. 3. The data provider auditor may provide a supplementary report covering any 'gap' period and any additional procedures and substantive testing.
Alternative procedures	1. Where entity uses its own estimates:	1. Where the data provider auditor is requested to perform additional or

Area	User auditor	Data provider 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 (ii) 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;	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 (g) any limitations in the information, models, assumptions or evidence available.

Area	User auditor	Data provider auditor
	(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.

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.



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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

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

~~The AUASB plans to develop broader guidance on the audit work on all types of sustainability information sourced from external information providers for release in 2027.~~

Objective

~~The objective of this Information Sheet is to~~ support assurance practitioners in evaluating and using externally sourced financed emissions data ~~and covered by, including~~ data provider assurance reports, ~~when performing sustainability assurance 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 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.

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 ~~and commercial banks~~ (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 ~~also~~ 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.

Guidance is provided for user auditors where an entity uses information from a data provider for financed emissions. It also addresses to the extent relevant to the use or non-use of data provider information in circumstances where:

- (a) ~~(i)~~ the entity does not use a data provider;
- (b) ~~(ii)~~ some or all of the information obtained from a data provider is not relevant, timely or reliable; or
- (c) ~~(iii)~~ 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 ~~will~~ needs to perform alternative or additional procedures.

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) 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.

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

~~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').~~

~~In evaluating the relevance and reliability of this information, management and the user auditor should understand the source of the data, including how the data provider obtained and processed the information, the data provider's controls and processes, any models and assumptions used, whether any assurance was obtained over the underlying source data, and any substantive testing by the data provider auditor.~~

~~Management remains responsible for the financed emissions information and for applying appropriate judgement including selecting any external 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 developing its own estimates or obtaining information directly from investees/borrowers. A data provider auditor's report may support the user auditor's work but does not replace the user auditor's responsibility to obtain sufficient appropriate evidence.~~

~~The underlying dataset from the data provider may be used by multiple user entities in preparing their financed emissions disclosures. For entities with mandatory climate reporting obligations under the Corporations Act 2001, these disclosures must be assured from Year 2 of reporting (see ASSA 5010). As such, user auditors will need to evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures.~~

~~The user auditor should perform substantive procedures on the data from an external provider and consider the reliability and integrity of the information generated by the data provider's systems, processes and controls. However, given the number of user entities and the nature of the relationship between the data provider and the user, it may be impractical 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 would seek an assurance report from the data provider's auditor covering relevant systems, controls and/or substantive testing. Where substantive testing cannot be performed at the user entity, such testing may be required at the data provider.~~

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.

~~In assessing materiality and precision, m~~Management and the user auditor may consider ~~factors such as the significance of the exposure, the sensitivity of the disclosure to changes in assumptions, the extent of estimation used, estimation uncertainty, and~~ whether the level of imprecision could affect users' understanding of the entity's climate-related risks and opportunities and an entity's strategy.

~~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).~~ **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 and processed the information, the data provider's controls and processes, any models and assumptions used, whether any assurance was obtained over the underlying source data, 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 external 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 developing its own estimates or obtaining information directly from investees/borrowers. A data provider auditor's report may support the user auditor's work but does not replace the user auditor's responsibility to obtain sufficient appropriate evidence.

The underlying dataset from the data provider may be used by multiple user entities in preparing their financed emissions disclosures. For entities with mandatory climate reporting obligations under the Corporations Act 2001, these disclosures must be assured from Year 2 of reporting (see ASSA 5010). As such, user auditors will need to evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures.

The user auditor: should perform substantive procedures on the data from an external provider and

- (a) May consider the reliability and integrity adequacy of the design, and effective operation of the relevant information generated by the data provider's systems, processes and controls. However, given the number of user entities and the nature of the relationship between the data provider and the user,
- (b) It may consider whether it is be impractical 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 would seek an assurance report from the data provider's auditor covering relevant systems, controls; and/or
- (c) 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, a~~ 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, in addition, the requirements in~~ ASSA 5000 ~~relating to the use of the work of another practitioner~~ requires ~~the~~ 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~~ 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 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) – (i)~~ the entity does not use a data provider;

~~(b) (ii)~~ some or all of the information available from a data provider is not relevant, timely or reliable; or

~~(c) (iii)~~ 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 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, and whether sufficient information is provided by the data provider (e.g. on sources of data and timeliness); and (c) Relevance, timeliness, reliability and completeness of information. 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; (d) Available information is not sufficiently timely, relevant or reliable (fFor example, where it is derived from unaudited sources); (e) 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 (f) The information available for an entity from the data provider or the entity's annual report is	1. Understand the key systems and controls (including data ownership, accountability, independent testing, supervision and review) 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; information used and its source; (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; and (c) How frequently the information is updated; and (d) Internal review and verification processes.

Area	User auditor	Data provider auditor
	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). - Evaluate: - User processes, approach, and design and effective operation of internal controls; - Information from data provider, its sources, timeliness, relevance, reliability and reasonableness; - Assumptions and calculations by user entity; - Reports by data provider auditor covering design and effective operation of controls; and The adequacy of substantive testing by the data provider auditor, including changes to the nature and extent of substantive testing; To address risks; and 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). - Seek additional information, explanations on controls related work from data provider auditor, as necessary. - Obtain information directly from data provider. - Consider obtaining information from another data provider or another source to test selected information to address the risk of potential bias	- 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; - Addresses the means of identifying the data available at the point in time when assessing the reliability and completeness of data; and - Compliance with: - ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (including appropriate allocation of suitably experienced resources to the assurance engagement); and - relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent.

Area	User auditor	Data provider auditor
	in emissions data/factor calculations. 8. Consider requesting data provider auditor to perform additional substantive testing on selected information used by the user <u>entity</u>.	3. The data provider auditor may<u>should</u> provide a supplementary report covering any 'gap' period and any additional procedures <u>and substantive testing or audit work performed</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)<u>(ii)</u> 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	1. <u>Where the data provider auditor is requested to perform additional or alternative procedures, their report on the additional work done should identify:</u> <u>(a) the information covered;</u> <u>(b) the period and boundary;</u> <u>(c) the procedures performed;</u> <u>(d) the relevant entity controls;</u> <u>(e) the adequacy of controls and processes;</u> <u>(f) any control deficiencies; and</u> <u>(g) any limitations in the information, models, assumptions or evidence available.</u>

Area	User auditor	Data provider 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 <u>and impact on their conclusion or opinion on the sustainability information</u>.	
<u>Documentation</u>	<u>The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.</u>	<u>The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.</u>

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 – Information sourced from an external information provider

Issued: XX 2027

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 sustainability information sourced from external information providers.

Objective

The objective of this Information Sheet is to support assurance practitioners in evaluating and using information from an external provider and covered by information provider assurance reports for engagements under ASSA 5000. Guidance is also provided for information provider auditors in relation to the preparation of assurance reports intended for use by user auditors.

This guidance outlines the responsibilities of both the user auditor and the information provider auditor in taking necessary steps to ensure externally sourced information is comparable, verifiable, timely and understandable for the purposes of the sustainability reports of the user entities.

Overview

This Information Sheet provides guidance on applying ASSA 5000 to sustainability information sourced from external third-party information providers ('information 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 operating in all industries (e.g. investors, lenders, insurers, manufacturers, miners, wholesalers, retailers and service providers) (user auditors). This guidance should also assist information provider auditors.

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

While undue cost and pressures should be avoided, obtaining sufficient appropriate assurance over externally sourced information may involve additional work effort and associated cost.

Alternative or additional work would be required if an information provider's report doesn't provide sufficient appropriate audit evidence.

Guidance is provided for user auditors where an entity uses information from an information provider. This guidance also refers to circumstances where:

- (a) the entity does not use an information provider;
- (b) some or all of the information obtained from an information provider is not relevant, timely or reliable; or
- (c) the user auditor cannot use the work of the information provider's auditor (for example, the information 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.

What information is covered by this guidance?

User entities may use information providers to source any type of information that supports climate-related disclosures under AASB S2.

This guidance covers information supporting all disclosures under AASB S2, including but not limited to:

- (a) Financed emissions. User entity investment portfolios often include investments in a large number of investee companies and assets, and user entities typically rely on emissions data purchased from information providers to calculate the emissions associated with their investments;
- (b) Emissions information for user entities in other industries, including insurance-associated emissions and emissions reported by manufacturers;
- (c) Emissions information and models for electricity use, passenger airline flights, internet usage, cloud services, vehicle fuel consumption, etc;
- (d) Information from entities in supply chains (both upstream and downstream) on:
 - (i) risks and opportunities;
 - (ii) strategies;
 - (iii) scenario analysis;
 - (iv) transition plans;
 - (v) forward looking information for the short, medium and long terms;
 - (vi) impacts on future performance;
 - (vii) information supporting voluntary disclosures; etc

Together with other information, this information may inform the user entity in assessing its own risks and opportunities, strategies, etc; and

- (e) Information supporting the determination of quantitative and qualitative information, including emissions directly generated by the user entity itself and any related disclosures.

Only one relevant piece of information might be available from an information provider. For example, a manufacturer of equipment used by the entity might provide some relevant information but other considerations may include the way in which the equipment is used, the type of fuel used, operating hours, the level of maintenance, the use of added air filtering, etc.

A user entity may consider it impractical to source information from an information provider where only one of several pieces of information needed in relation to another entity is available from the information provider. The user entity may decide to go directly to an entity in their value chain for all of the necessary information relating to that entity (e.g. emissions per unit of production for a particular product, climate related risks, strategies, scenario analysis and resilience). Similarly, an entity may choose to model emissions for a large number of relatively homogeneous retail customers.

Information providers may make information such as the Scope 1, 2 and 3 emissions of other entities available through subscription services. For example, emission 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.

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

What information providers are covered by this guidance?

For the purposes of this Information Sheet, information providers:

- (a) are third parties external to the user entity that provide value chain and other climate-related information supporting mandatory sustainability reports;
- (b) may provide sustainability information to a number of user entities;
- (c) may include entities that provide information to the third-party entities in (a); and
- (d) despite (a) and (b) above generally don't include:
 - (i) the entity itself, or entities wholly owned and controlled by the user entity;
 - (ii) experts engaged to develop sustainability information solely for the entity's purposes (except that information used by such experts may be sourced from a party that is an information provider for the purposes of this Information Sheet);
 - (iii) entities in the user entity's value chains themselves when providing information on their own operations or activities unless they:
 - a. provide large numbers of user entities in their value chain with similar models and/or metrics for determining sustainability information (e.g. emissions); or
 - b. are an outsourcer (e.g. manage a portfolio of investments on behalf of the user entity, or administer activities on behalf of the user entity).

Some examples of information providers may include:

- (a) Providers of sustainability information (e.g. emissions information) relating to large numbers of domestic and/or foreign entities extracted from financial reports, or estimated using industry data and other information (including the use of AI to 'scrape' the internet);
- (b) Providers of models and data for specific purposes such as electricity use, passenger flights internet services, cloud computing services. The models and data may be provided by electricity retailers, airlines, etc;
- (c) Retailers that provide models to assist their suppliers to determine their own emissions information;
- (d) Manufacturers of equipment used by user entities; and
- (e) Providers of industry emissions factors, such as the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Whether a user entity chooses to use an information provider may depend upon factors such as the availability of information from information providers, the materiality of the information, the ability of the user entity to develop models and data internally, and the practicality of obtaining information directly from entities in the user entity's value chain.

Not in scope

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

- (a) Assurance on information that a user entity:
 - (i) estimates or develops without using information from an information provider;

- (ii) obtains directly from the annual report of an entity in their value chain; and
- (iii) obtains directly from an entity in one of their value chains;
- (b) Considerations when the entity and/or auditor uses internal or external experts;
- (c) Cross-border considerations (e.g. different measurement methods or disclosure requirements in different jurisdictions); and
- (d) Minimum control objectives to be considered by the information provider auditor when preparing their report on relevant information provider controls.

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

Materiality and precision required need to be considered for the relevant information that may be sourced from an information provider. The provisions of AASB S2 *Climate-related Disclosures* apply in this regard.

For example, 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 Scope 3 emission information for a user entity whose primary business is investing in and/or lending to external parties.

Scope 3 emissions may be derived using a mix of reported data, models, proxies and assumptions. Hence, a high degree of precision may not be achievable.

Similarly, information on the risk and opportunities, strategies, impacts on future financial performance for value chain entities might inform a user entity in developing its own assessments and approach. For example, an investment or lending entity may not require highly detailed and precise information on individual investees and borrowers in particular industries in forming its own investment strategy and the impact on its future financial performance.

Management of the user entity and the user auditor may consider whether the level of imprecision could affect users' understanding of the information presented in the entity's sustainability report.

User auditors should have particular regard to FAQs 2 and 3 in the AUASB's [Sustainability Assurance - FAQs](#).

Background - Evaluating information

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

Management remains responsible for the sustainability information disclosed, and for applying appropriate judgement including selecting any information provider and using externally sourced information. Management should consider whether the information from an information provider is sufficiently relevant, reliable and timely. Information may not be available from information providers (e.g. for a large population of end user retail customers purchasing low value items manufactured by an entity that differ in a significant respect from the items produced and sold by competitors). Management may need to consider alternatives for some or all of the information such as making its own estimates of quantitative information,

developing its own assessment of qualitative information, or obtaining information directly from entities in its value chain.

User auditors will need to evaluate the appropriateness, sufficiency and reliability of the information from an information provider in forming their conclusions or opinions on the disclosures.

The user auditor:

- (a) May consider the adequacy of the design and effective operation of the relevant information provider systems, processes and controls, and relevant user entity controls on the reliability and use of the information;
- (b) May consider whether it is practical for the user auditor to carry out procedures directly on the design and operation of controls at the information provider level. The underlying information from the information provider may be used by multiple user entities in preparing sustainability disclosures. Accordingly, the user auditor may seek an assurance report from the information provider's auditor covering the relevant systems and controls; and
- (c) Should perform substantive testing. Where substantive testing cannot be performed at the user entity, such testing may be required at the information provider.

An information 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.

Initially, only limited assurance is 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 when using the work of another auditor, 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, information 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 information 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 information 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>	Given the scope of information covered by this guidance, user entities and their auditors should refer to the relevant provisions.
ASSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>	Using the Work of Another Practitioner - paragraphs 50 to 55 .

Guidance for auditors

Both user auditors and information provider auditors need to evaluate the relevance and reliability of the information from an information provider that is used to support information disclosed in sustainability reports. The user auditor also needs to consider:

- (a) The completeness of the information that is required to be disclosed in a sustainability report; and
- (b) The completeness of the information that is used in estimating quantitative information or developing qualitative information for disclosure.

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

Table 2 refers to work that may be undertaken when:

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

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

Table 2: Guidance for user and information provider auditors

Area	User auditor	Information provider auditor
Systems, processes and approach to identify data from information providers to be used	1. Pre-acceptance review of: (a) User process and approach, including: (i) how the information that is required to be disclosed is identified; (ii) what sustainability information is material or likely to be material individual or in aggregate with other information to meet the needs of users of the information in the sustainability report that is subject to assurance; (iii) for information that is material or likely to be material, identify any key inputs and assumptions as	1. Understand the key systems and controls (including information ownership, accountability, independent testing, supervision and review) relevant in capturing, estimating data or developing information from various sources or processes, including: (a) From audited or unaudited information in the most recent annual report; (b) Directly from the relevant entity and subject to any appropriate assurance; (c) Estimates from other information sources relevant to an entity; and

Area	User auditor	Information provider auditor
	well as the sources of each of these; (iv) for information, inputs or assumptions sourced from an information provider, whether it is: • Consistent with the requirements of AASB S2, including for quantitative information any calculation basis required by AASB S2 (e.g. for emissions); • For both qualitative and quantitative information, consistent with other relevant requirements of AASB S2; • Consistent with other required information from the information provider or another source; and • Relevant to the circumstances of the entity (e.g. the environment and circumstances in which equipment is operated and how it is operated, or the relevance of a borrower's strategy to the lender's strategy for its portfolio as well as the individual loan); and • Will be sufficiently precise to meet the information needs of users of the sustainability report; (v) for quantitative information, would it be appropriate to estimate; (vi) for qualitative information, would it be appropriate to develop the information; (vii) how value chain information is used with other information in relation to the entity's own strategy, sensitivity analysis, impact on future performance, etc, including the weight given to different information; (viii) the use of internal and external experts by the entity; and/or (ix) for information that will need to be obtained directly from a value chain entity's audited or unaudited annual report, directly from the value	(d) Estimates from other sources (e.g. peer information and sales data). 2. Whether the information used and its sources are clearly identified in the information provider's database and can be tested against those sources, and are subject to independent assurance where appropriate. 3. Whether the information provider's 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	Information provider auditor
	chain entity or from another source, the availability of the information and its suitability; (b) Information provider processes and approach, and whether sufficient information is provided by each information provider (e.g. on sources of information and timeliness); and (c) Relevance, timeliness, reliability and completeness of information. 2. Examples of circumstances indicating limitations in available information from information providers are: (a) The information relates to a significant exposure (e.g. a large exposure to a high emitter); (b) Information is not available from an information 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 or determination is not appropriate, including where: (i) there is insufficient information to make an estimate or determination; or (ii) the available information for an estimate or determination is not sufficiently relevant, reliable or timely; or (e) The information available for an entity from the information provider or the entity's annual report is determined on a basis that can give significantly different results than any basis applied by the user under AASB S2; or (f) Circumstances indicate that the information provider otherwise won't be suitable – for example: (i) the user entity manufactures products that are individually low value, are significantly different from competitor products, and where the end users are large numbers of individual retail customers); or (ii) industry factors or averages are not appropriate for the entity or an entity in its value chain, including	

Area	User auditor	Information provider auditor
	where there is a large exposure to an entity in the value chain.	
Information from each information provider	1. Identify information from each information provider used by the user entity, and consider its relevance, timeliness, reliability, completeness, etc. 2. Evaluate the competency, experience, objectivity, reliability and expertise of each information provider, its auditor and any ethical considerations. 3. Obtain confirmation of the information directly from each information provider. 4. Obtain report from each information provider auditor (see item 2 in 'Information provider auditor' column). 5. Evaluate: (a) User processes, approach, and design and effective operation of internal controls; (b) Information from each information provider, its sources, timeliness, relevance, reliability, completeness and reasonableness; (c) Consistency of information from each information provider with other information from the information provider or another source; (d) Other than for certain information supporting Scope 3 emissions, the information from each information provider is materially for the current reporting period; (e) For information supporting Scope 3 emissions, the information from each information provider is sufficiently timely for the purposes of AASB S2; (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 and substantive testing to the balance date of the user entity), or appropriate work is undertaken directly by the user auditor; (g) The appropriateness of each information provider's data, models, proxies, assumptions, categorisations, including whether there is sufficient transparent for the user auditor's purposes;	1. The information provider auditor should: (a) Review the design, implementation and operating effectiveness of the information provider's internal controls; (b) Document their understanding of how the information provider ensures information integrity; and (c) Perform substantive testing on the emissions, including information sources and any calculation or development basis, assumptions and outputs. 2. The information provider auditor should provide a report annually, half-yearly or quarterly that: (a) Includes a sufficiently detailed description of the relevant systems, processes and key controls of the information provider; (b) Covers the calculation and development methods, and compliance with standards (i.e. AASB S2), any deviations from the standards, organisational and operational boundaries, and any entity or industry metrics or other information applied; (c) Provides assurance on the design and effective operation of the information provider's internal controls; (d) Details the nature and extent of substantive testing of information made available at a point in time; (e) Addresses the means of identifying the information available at the point in time when assessing the reliability and completeness of information; and (f) Compliance with: (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> (including appropriate allocation of suitably experienced resources to

Area	User auditor	Information provider auditor
	(h) Appropriateness of assumptions and calculations or determinations by the user entity; (i) How the entity uses value chain and other information in developing its own strategy, targets, sensitivity analysis, impact on future performance, etc, including the weight given to different information; (j) Reports by each information provider auditor covering design and effective operation of controls; and (k) Adequacy of substantive testing by each information provider auditor, including changes to the nature and extent of testing to address risks. 5. Consider the need to disclose any duplication in Scope 3 emissions (e.g. where an insurer is also an investor and disclose both finance emissions and insurance-associated emissions). 6. Seek additional information, explanations on controls related work from each information provider auditor, as necessary. 7. Obtain additional information directly from each information provider, as necessary. 8. Consider obtaining information from another information provider or another source to test selected information to address the risk of potential bias in information (e.g. in emissions data/factors, calculations or determinations). 9. Consider requesting each information provider auditor to perform additional substantive testing on selected information used by the user entity.	the assurance engagement); and (ii) relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent. 3. The information provider auditor may provide a supplementary report covering any 'gap' period and any additional procedures on the design and effectiveness of controls and substantive testing.
Alternative procedures and use of entity developed estimates	1. Where entity uses its own estimates of quantitative information or develops qualitative information: (a) Determine whether to rely on relevant controls and assess whether the controls are operating effectively; (b) Evaluate the appropriateness of the estimation or other model, including whether it produces estimates and other information on a basis consistent with the reporting requirements; (c) Test the relevance, reliability and reasonableness of the information and assumptions used in the model;	1. Where the information 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 (g) any limitations in the information, models, assumptions or evidence available.

Area	User auditor	Information provider auditor
	(d) Consider whether the estimates or other information developed 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 an information provider, annual report or other public sources; (c) Available information is not for the entity's reporting period, sufficiently timely, relevant or reliable; (d) Estimation of qualitative information or developing quantitative information is not appropriate, including where: (i) There is insufficient information to make an estimate or develop information; (ii) The available information for an estimate of quantitative information or to develop qualitative information is not sufficiently relevant, reliable or timely (e.g. industry averages for a large exposure); or (ii) The information available for an entity from each information 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 an information provider auditor, consideration should be given to whether the user auditor can perform the necessary work itself (including using its own expert). 3. Where no information provider auditor's report is available, the user auditor may need to perform alternative procedures, such as: (a) obtaining an enhanced understanding the provider's information sources, estimation or development methods, update cycle and limitations; (b) testing the user entity's extraction and use of the information; and	

Area	User auditor	Information provider auditor
	(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 information 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.

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~~Information sourced from an external ~~data~~information provider

Issued: XX ~~2026~~2027

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~~[sustainability information](#) sourced from external ~~data~~information providers.

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

Objective

The objective of this Information Sheet is to support assurance practitioners in evaluating and using ~~externally sourced financed emissions data~~[information from an external provider](#) and covered by ~~data~~information provider assurance reports; for engagements under ASSA 5000. Guidance is also provided for ~~data~~information provider auditors in relation to the preparation of assurance reports intended for use by user auditors.

This guidance outlines the responsibilities of both the user auditor and the ~~data~~information provider auditor in taking necessary steps to ensure ~~the financed emissions data~~[externally sourced information](#) is comparable, verifiable, timely and understandable ~~infor the purposes of~~ the sustainability reports of the user entities.

Overview

This Information Sheet provides guidance on applying ASSA 5000 to ~~financed emissions reported and related disclosures where emissions data is~~[sustainability information](#) sourced from external ~~data~~[third-party information](#) providers- ([‘information 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 operating in all industries (e.g. investors, lenders, insurers, manufacturers, miners, wholesalers, retailers and registrable superannuation entities~~[service providers](#)) (user auditors). This guidance should also assist ~~data~~information 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 also outlines how user auditors may avoid duplicating assurance procedures by evaluating whether a data-an information 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-information supporting user entity disclosures under AASB S2.

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

Guidance is provided for user auditors where an entity uses information from a data-an information provider ~~for financed-emissions. It. This guidance~~ also ~~addresses~~ refers 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-an information provider;
- (b) some or all of the information obtained from a data-an information provider is not relevant, timely or reliable; or
- (c) the user auditor cannot use the work of the data-information provider's auditor (for example, the data-information 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.

Background

What information is covered by this guidance?

User entities may use external data-information providers to ~~obtain~~source any type of information ~~about the~~that supports climate-related disclosures under AASB S2.

~~This guidance covers information supporting all disclosures under AASB S2, including Scope 1, 2 and 3 emissions of the entities in which they invest. This emissions information is used but not limited to:~~

- ~~(a) Financed emissions. User entity investment portfolios often include investments in a large number of investee companies and assets, and user entities typically rely on emissions data purchased from information providers to calculate financedthe emissions associated with their investments;~~
- ~~(b) Emissions information for user entities– in other industries, including insurance-associated emissions and emissions reported by manufacturers;~~
- ~~(c) Emissions information and models for electricity use, passenger airline flights, internet usage, cloud services, vehicle fuel consumption, etc;~~
- ~~(d) Information from entities in supply chains (both upstream and downstream) on:~~
 - ~~(i) risks and opportunities;~~
 - ~~(ii) strategies;~~
 - ~~(iii) scenario analysis; Data~~
 - ~~(iv) transition plans;~~
 - ~~(v) forward looking information for the short, medium and long terms;~~
 - ~~(vi) impacts on future performance;~~
 - ~~(vii) information supporting voluntary disclosures; etc~~

Together with other information, this information may inform the user entity in assessing its own risks and opportunities, strategies, etc; and

- (e) Information supporting the determination of quantitative and qualitative information, including emissions directly generated by the user entity itself and any related disclosures.

Only one relevant piece of information might be available from an information provider. For example, a manufacturer of equipment used by the entity might provide some relevant information but other considerations may include the way in which the equipment is used, the type of fuel used, operating hours, the level of maintenance, the use of added air filtering, etc.

A user entity may consider it impractical to source information from an information provider where only one of several pieces of information needed in relation to another entity is available from the information provider. The user entity may decide to go directly to an entity in their value chain for all of the necessary information relating to that entity (e.g. emissions per unit of production for a particular product, climate related risks, strategies, scenario analysis and resilience). Similarly, an entity may choose to model emissions for a large number of relatively homogeneous retail customers.

Information providers may make information available on such as the Scope 1, 2 and 3 emissions of an entity/ies other entities available through subscription services. This For example, emission 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.

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

What information providers are covered by this guidance?

For the purposes of this Information Sheet, information providers:

- (a) are third parties external to the user entity that provide value chain and other climate-related information supporting mandatory sustainability reports;
- (b) may provide sustainability information to a number of user entities;
- (c) may include entities that provide information to the third-party entities in (a); and
- (d) despite (a) and (b) above generally don't include:
 - (i) the entity itself, or entities wholly owned and controlled by the user entity;
 - (ii) experts engaged to develop sustainability information solely for the entity's purposes (except that information used by such experts may be sourced from a party that is an information provider for the purposes of this Information Sheet);
 - (iii) entities in the user entity's value chains themselves when providing information on their own operations or activities unless they:
 - a. provide large numbers of user entities in their value chain with similar models and/or metrics for determining sustainability information (e.g. emissions); or
 - b. are an outsourcer (e.g. manage a portfolio of investments on behalf of the user entity, or administer activities on behalf of the user entity).

Some examples of information providers may include:

- (a) Providers of sustainability information (e.g. emissions information) relating to large numbers of domestic and/or foreign entities extracted from financial reports, or estimated using industry data and other information (including the use of AI to 'scrape' the internet);
- (b) Providers of models and data for specific purposes such as electricity use, passenger flights internet services, cloud computing services. The models and data may be provided by electricity retailers, airlines, etc;

- (c) Retailers that provide models to assist their suppliers to determine their own emissions information;
- (d) Manufacturers of equipment used by user entities; and
- (e) Providers of industry emissions factors, such as the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Whether a user entity chooses to use an information provider may depend upon factors such as the availability of information from information providers, the materiality of the information, the ability of the user entity to develop models and data internally, and the practicality of obtaining information directly from entities in the user entity's value chain.

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 or develops without using information from ~~external data~~ an information provider;
 - ~~(ii)—obtains directly from investee~~ the annual reports; and
 - ~~(iii)—obtains directly from investees;~~
 - ~~(b)(ii) Information other than financed emissions that user entities are required to disclose in their sustainability report in relation to entities of an entity in their value chain, whether material individually or in aggregate (e.g. emissions by industry for entities in different sectors; risks and opportunities; ; and strategies; forward looking information for the short, medium and long term; scenario analysis; prospects; impact on future performance; and information supporting voluntary disclosures);~~
 - (iii) obtains directly from an entity in one of their value chains;
- (b) Considerations when the entity and/or auditor uses internal or external experts;
- (c) Cross-border considerations (e.g. different measurement methods ~~due to jurisdiction~~ or disclosure requirements in different jurisdictions); and
- ~~(d) Scope 3 emissions other than financed emissions.~~
- (d) Minimum control objectives to be considered by the information provider auditor when preparing their report on relevant information provider controls.

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

ClimateMateriality and precision required need to be considered for the relevant information that may be sourced from an information provider. The provisions of AASB S2 Climate-related Disclosures apply in this regard.

For example, 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 Scope 3 emission information for a user entity whose primary business is investing in and/or lending to external parties.

FinancedScope 3 emissions are oftenmay be derived using a mix of reported data, models, proxies and assumptions, hence. Hence, a high degree of precision may not be achievable.

Similarly, information on the risk and opportunities, strategies, impacts on future financial performance for value chain entities might inform a user entity in developing its own assessments and approach. For example, an investment or lending entity may not require highly detailed and precise information on individual investees and borrowers in particular industries in forming its own investment strategy and the impact on its future financial performance.

Management of the user entity 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 information presented in the entity's sustainability report.

User auditors should have particular regard to FAQs 2 and 3 in the AUASB's Sustainability Assurance - FAQs.

Background - Evaluating information

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

Management remains responsible for the financed emissions sustainability information disclosed, and for applying appropriate judgement including selecting any data information provider and using externally sourced emissions data information. Management should consider whether the information from a data information provider is sufficiently relevant, reliable and timely. Information may not be available from information providers (e.g. for a large population of end user retail customers purchasing low value items manufactured by an entity that differ in a significant respect from the items produced and sold by competitors). Management may need to consider alternatives for some or all of the data information such as making its own estimates of quantitative information, developing its own assessment of qualitative information, 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, its value chain.

User auditors will need to evaluate the appropriateness, sufficiency and reliability of the emissions data information from an information provider in forming their conclusions or opinions on the disclosures.

The user auditor:

- (a) May consider the adequacy of the design, and effective operation of the relevant data information provider systems, processes and controls. However, given, and relevant user entity controls on the number reliability and use of user entities and the nature of the relationship between the data provider and the user, information;
- (b) 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 information provider level. Instead The underlying information from the information provider may be used by multiple user entities in preparing sustainability disclosures. Accordingly, the user auditor would may seek an assurance report from the data information provider's auditor covering the relevant systems, and controls; and
- (c) Should perform substantive testing. Where substantive testing cannot be performed at the user entity, such testing may be required at the data information provider.

~~A data~~An information 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~~Initially, only limited assurance ~~may be~~is 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 ~~when using the work of another auditor~~, 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~~information 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~~information 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~~information 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 —Given the scope of information covered by this guidance, user entities and their auditors should refer to the relevant provisions. 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 auditors

Both user auditors and ~~data~~information provider auditors need to evaluate the relevance and reliability of ~~emissions data used for financed emissions data that is sourced~~the information

from an ~~external data~~information provider- that is used to support information disclosed in sustainability reports. The user auditor also needs to consider:

- (a) ~~The completeness of the information that is required to be disclosed in a sustainability report; and~~
- (b) ~~The completeness of the information that is used in estimating quantitative information or developing qualitative information for disclosure.~~

Table 2 below provides guidance ~~and a high-level overview of an approach~~ for the user auditor and ~~data~~information 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~~Table 2 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~~an information provider;
- (b) some or all of the information available from ~~a data~~an information provider is not relevant, timely or reliable; or
- (c) the user auditor cannot use the work of the ~~data~~information provider's auditor.

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

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

Area	User auditor	Data information provider auditor
Systems, processes and approach to identify data from data information providers to be used	1. Pre-acceptance review of: (a) User process and approach, including which emissions- (i) how the information: Can that is required to be obtained from a data disclosed is identified; (ii) what sustainability information is material or likely to be material individual or in aggregate with other information to meet the needs of users of the information in the sustainability report that is subject to assurance; (iii) for information that is material or likely to be material, identify any key inputs and assumptions as well as the sources of each of these; (iv) for information, inputs or assumptions sourced from an information provider and, whether it is consistent with the- (i) Consistent with the requirements of AASB S2, including for quantitative information any calculation basis	1. Understand the key systems and controls (including datainformation ownership, accountability, independent testing, supervision and review) relevant in capturing or, estimating data or developing information from various sources or processes, including: (a) From audited or unaudited information in the most recent annual report; (b) Directly from the relevant entity and subject to any appropriate assurance; (b)(c) Estimates from other data points information sources relevant to an entity; and (c)(d) Estimates from other sources such as (e.g. peer emissions information and sales data-). 2. Whether the source of the data is information used and its sources are clearly identified in the emissions information provider's database and can be tested against those sources, and are subject to independent assurance where appropriate.

Area	User auditor	Data Information provider auditor
	required by AASB S2; (e.g. for emissions); - For both qualitative and quantitative information, consistent with other relevant requirements of AASB S2; - Consistent with other required information from the information provider or another source; and - Relevant to the circumstances of the entity (e.g. the environment and circumstances in which equipment is operated and how it is operated, or the relevance of a borrower's strategy to the lender's strategy for its portfolio as well as the individual loan); and - Will be sufficiently precise to meet the information needs of users of the sustainability report; (ii)(v) for quantitative information, would it be appropriate to estimate; and With (vi) for qualitative information, would it be appropriate to develop the information; (vii) how value chain information is used with other information in relation to the entity's own strategy, sensitivity analysis, impact on future performance, etc, including the weight given to different information; (viii) the use of internal and external experts by the entity; and/or (iii)(ix) for information that will need to be obtained directly from an investee's value chain entity's audited or unaudited annual report or, directly from the investee/borrower value chain entity or from another source, the availability of the information and its suitability; (b) Data Information provider processes and approach, and whether sufficient information is provided by the data each information provider (e.g. on	3. Whether the emissionsinformation provider's database clearly identifies: - The nature and extent of independent assurance, and the competence and capability of the assurance provider; - 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; - How frequently the information is updated; and - Internal review and verification processes.

Area	User auditor	Data Information provider auditor
	sources of datainformation and timeliness); and (c) Relevance, timeliness, reliability and completeness of information. 2. Examples of circumstances indicating limitations in available emissions information from datainformation providers are: (a) There isThe information relates to a significant exposure (e.g. a large exposure to a high emitter); (b) Information is not available from a dataan information provider, the entity's annual report or other public sources; (d)(c) Available information is not sufficiently timely, relevant or reliable (for example, where it is derived from unaudited sources); (e)(d) Estimation or determination is not appropriate, including where: (i) there is insufficient information to make an estimate; or determination; or (ii) the available information for an estimate or determination is not sufficiently relevant, reliable or timely; or (e) The information available for an entity from the datainformation provider or the entity's annual report is determined on a basis that can give significantly different results than theany basis applied by the user under AASB S2; or (f) Circumstances indicate that the information provider otherwise won't be suitable – for example: (i) the user entity manufactures products that are individually low value, are significantly different from competitor products, and where the end users are large numbers of individual retail customers); or (f)(ii) industry factors or averages are not appropriate for the entity or an entity in its value chain, including where there is a large exposure to an entity in the value chain.	
Data Information from data each	1. Identify data information from data each information provider used by the user entity, and consider its	1. The data information provider auditor should:

Area	User auditor	DataInformation provider auditor
information provider	relevance, timeliness, reliability, completeness, etc. 2. Evaluate the competency, experience, objectivity, reliability and expertise of the dataeach information provider, its auditor and any ethical considerations. 3. Obtain confirmation of the information directly from each information provider. 3.4. Obtain report from dataeach information provider auditor (see item 2 in 'DataInformation provider auditor' column-). 4.5. Evaluate: (a) User processes, approach, and design and effective operation of internal controls; (b) Information from dataeach information provider, its sources, timeliness, relevance, reliability, completeness and reasonableness; (c) Assumptions and calculations by user entity; (d) Reports by dataConsistency of information from each information provider auditor covering design and effective operation of controls; (e)(c) The adequacy of substantive testing bywith other information from the datainformation provider auditor, including changes to the nature and extent of testing to address risks; and/or another source; (d) Other than for certain information supporting Scope 3 emissions, the information from each information provider is materially for the current reporting period; (e) For information supporting Scope 3 emissions, the information from each information provider is sufficiently timely for the purposes of AASB S2; (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 substantive testing to the balance date to which data is used by of the user entity), or appropriate work is undertaken directly by the user auditor-; (g) The appropriateness of each information provider's data, models, proxies, assumptions,	(a) Review the design, implementation and operating effectiveness of the datainformation provider's internal controls; (b) Document their understanding of how the datainformation provider ensures datainformation integrity; and (c) Perform substantive testing on the emissions, including datainformation sources and any calculation or development basis, assumptions and outputs. 2. The datainformation provider auditor should provide a report annually, half-yearly or quarterly that: (a) Includes a sufficiently detailed description of the relevant systems, processes and key controls of the datainformation provider; (b) Covers the calculation and development methods, and compliance with standards (i.e.g. AASB S2) and, any deviations from the standards, organisational and operational boundaries, and emission factorsany entity or industry metrics or other information applied; (c) Provides assurance on the design and effective operation of the datainformation provider's internal controls; (d) Details the nature and extent of substantive testing of information made available at a point in time; (e) Addresses the means of identifying the datainformation available at the point in time when assessing the reliability and completeness of datainformation; and (f) Compliance with: (i) ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (including appropriate allocation of suitably experienced resources to the assurance engagement); and

Area	User auditor	Data Information provider auditor
	<u>categorisations, including whether there is sufficient transparent for the user auditor's purposes;</u> <u>(h) Appropriateness of assumptions and calculations or determinations by the user entity;</u> <u>(i) How the entity uses value chain and other information in developing its own strategy, targets, sensitivity analysis, impact on future performance, etc, including the weight given to different information;</u> <u>(j) Reports by each information provider auditor covering design and effective operation of controls; and</u> <u>(k) Adequacy of substantive testing by each information provider auditor, including changes to the nature and extent of testing to address risks.</u> 5. Consider the need to disclose any duplication in Scope 3 emissions (e.g. where an insurer is also an investor and disclose both financedfinance emissions and insurance-associated emissions). 6. Seek additional information, explanations on controls related work from dataeach information provider auditor, as necessary. 67. Obtain <u>additional</u> information directly from dataeach information provider, <u>as necessary</u>. 78. Consider obtaining information from another datainformation provider or another source to test selected information to address the risk of potential bias in <u>information (e.g. in emissions data/</u>factor<u>factors, calculations: or determinations).</u> 89. Consider requesting dataeach <u>information</u> provider auditor to perform additional substantive testing on selected information used by the user entity.	(ii) relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent. 3. The datainformation provider auditor may provide a supplementary report covering any 'gap' period and any additional procedures <u>on the design and effectiveness of controls</u> and substantive testing.
Alternative procedures and use of entity developed estimates	1. Where entity uses its own estimates <u>of quantitative information or develops qualitative information:</u> (a) Determine whether to rely on relevant controls and assess whether the controls are operating effectively; (b) Evaluate the appropriateness of the estimation <u>or other</u> model, including whether it produces estimates <u>and other information</u> on a basis consistent with the reporting requirements;	1. Where the datainformation 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

Area	User auditor	Data Information provider auditor
	(c) Test the relevance, reliability and reasonableness of the datainformation and assumptions used in the model; (d) Consider whether the estimates or other information developed 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 dataan information provider, annual report or other public sources; (c) Available information is not for the entity's reporting period, sufficiently timely, relevant or reliable; (d) Estimation of qualitative information or developing quantitative information is not appropriate, including where: (i) There is insufficient information to make an estimate or develop information; (ii) The available information for an estimate of quantitative information or to develop qualitative information is not sufficiently relevant or, reliable or timely such as(e.g. industry averages; for a large exposure); or (ii) The information available for an entity from the dataeach information 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 dataan information provider auditor, consideration should be given to whether the user auditor can perform the necessary work itself- (including using its own expert). 3. Where no datainformation provider auditor's report is available, the user auditor willmay need to perform alternative procedures, such as: (a) obtaining an enhanced understanding the provider's	(g) any limitations in the information, models, assumptions or evidence available.

Area	User auditor	DataInformation provider auditor
	datainformation sources, estimation or development methods, update cycle and limitations; (b) testing the user entity's extraction and use of the datainformation; 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 datainformation 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.

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.



AUASB Agenda Paper

Title:	Audit work on the valuation unlisted investments in externally-managed Managed Investment Schemes	Date:	7 October 2026
Office of the AUASB:	Arti Naidu	Agenda Item:	5.0

Objective

1. The objective of this agenda item is to seek AUASB member approval of a revised project plan for developing guidance on audit work on the valuation of unlisted investments in externally-managed Managed Investment Schemes (investee funds).

Question for AUASB members

No.	Question
1	Do AUASB members approve the revised project plan?

Background

1. The need for guidance was formally agreed at the 1 June 2026 AUASB meeting (see [Agenda Paper 3.0 on the GS 007 project](#)). The NZAuASB also agreed to develop guidance jointly with the AUASB at its June 2026 meeting
2. At its 12 August 2026 meeting, the AUASB approved the joint project plan. The project will focus on circumstances where access to direct, reliable and timely evidence about fair value may be constrained by the investment structure or information available from the investee fund or its manager (see [Agenda Paper 5.0 on the joint valuation project in the 12 August 2026 Board papers](#)).
3. The Office of the AUASB has since met individually with Project Advisory Group (PAG) members from the largest four audit firms to better understand key issues, their views and approaches, including access constraints to underlying valuation information. This will assist in developing a first draft of the guidance for the PAG.
4. On 18 August 2026, the Office of the AUASB and NZ XRB agreed to progress the development of the guidance in parallel, rather than as a joint project. This reflected:
 - (a) The limited exposure of KiwiSaver products to unlisted investments in externally-managed managed investment schemes in New Zealand. It may not be necessary to address the question of the work that should be performed in the absence of audited financial statements of an investee fund or other evidence without procedures on underlying investee fund assets and records in New Zealand;
 - (b) The NZ XRB's need to issue guidance before the March 2027 reporting cycle and its target to publish guidance by mid-December 2026;
 - (c) Different regulatory environments in Australia and New Zealand;
 - (d) Different processes in Australia and New Zealand before consulting with stakeholders on draft guidance; and

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- (e) The further consultation required in New Zealand in response to industry feedback on the potential cost of the updated control objectives in draft GS 007/EG Au 8.

Changes to Project Plan

5. The main changes to the draft project plan are:
- (a) To recognise that there are parallel projects in Australia and New Zealand rather than a joint project;
 - (b) Updated PAG membership;
 - (c) Removing references to recommendations of the AAA-PPC RSE Taskforce; and
 - (d) Removing the fair value hierarchy from scope as agreed at the 12 August 2026 AUASB meeting.

Other matters

6. Further consideration will be given to whether to engage with industry through the PAG or separately. The PAG will cease on 1 December 2026 when the AASB/AUASB/FRC 'merger' takes effect. Governing Council approval will be required for any PAGs from 1 December 2026.
7. Separate FAQs may still be developed on other matters raised on the audit of RSEs, such as audit materiality. These matters remain outside the scope of the project.
8. The project timeline remains ambitious.

Next steps

9. The Office of the AUASB will continue developing the first draft of the guidance and consult with the PAG on 15 and 29 October 2026. A draft is expected to be provided to Board members for two business days in early November 2026 for any concerns with consulting with industry and regulators.

Materials presented

Agenda Paper	Description
5.1	Draft revised project plan



Joint AUASB + XRB Project Plan (revised October 2026)

Project Title: Guidance – Auditing the fair value of a fund's investments in investee funds

Date Prepared: ~~20 July~~ 7 October 2026

Date Approved: ~~23 July~~ 7 October 2026

Prepared by: Arti Naidu ~~+Thinus Peyper~~

Reviewed by: Doug Niven ~~+Misha Pieters~~

Overview of the Project

Background

ASIC published its surveillance report [816 Accounting for your super: ASIC's review into the financial reporting and audit of super funds](#) in September 2025. The report highlights areas where the quality of financial reporting and audits of registrable superannuation entities (RSE) can be improved. The report highlighted possible challenges relating to audit evidence supporting the fair value of investments held in unlisted Managed Investment Schemes and similar investee funds (investee funds) that are externally managed. These concerns are relevant where the evidence supporting the valuation may be needed in relation to the underlying assets of the investee fund and there may be limitations on obtaining information from the investee fund or its manager, and assurance from its auditor.

The project was informed by discussions with the GS 007 PAG members, the RSE Taskforce of the AAA-PPC Audit Quality Working Group (including Australian audit firms, RSE licensees and fund managers, [with ASIC and APRA observing](#)), [the NZ FMA](#) and [New Zealand](#) audit firms.

~~The is work identified the need for AUASB guidance on obtaining sufficient appropriate audit evidence relating to the valuation of a fund's investment in an investee fund was identified. The AUASB and NZAuASB considered the need for guidance in April and June 2026 and each agreed that guidance should be developed.~~

[The Office of the AUASB will develop Australian guidance in parallel with the NZ XRB, rather than as a single joint project, reflecting different circumstances, timing pressures and regulatory environments in Australia and New Zealand. The Office of the AUASB will meet regularly with the NZ XRB on progress and to share information.](#)

Consistent with the Principles of harmonisation of New Zealand and Australian Standards, XRB staff and ~~representatives of~~ the Office of the AUASB will continue to work [jointly closely in sharing knowledge](#) on developing guidance to achieve consistency where appropriate across jurisdictions.

¹ Reference made to "fund" includes any form of collective investment vehicle, for example, RSEs, Managed Investment Schemes, [KiwiSavers](#), Unit Trusts, etc.

Stakeholder engagement

Key stakeholders impacted by the ~~joint~~ project are:

- Auditors providing audit and assurance services in the superannuation and investment management services industry; and
- Indirectly:
 - The funds being audited; and
 - The regulators of auditors and funds ~~in Australia and New Zealand~~.

Objective and Scope

~~Joint~~ Project Objective

Regulators have identified concerns that auditors may not always obtain sufficient appropriate audit evidence to support the fair value of investee funds. In these circumstances, auditors may have limited direct access to reliable information about the investee fund's valuation processes, underlying investments, assumptions and supporting data.

The objective of the project is to develop guidance to assist auditors in determining the audit evidence that is needed and the procedure that may be appropriate when auditing the fair value of a fund's investment in an investee fund.

~~Joint~~ Project Scope

The guidance will address the audit evidence implications where a fund's financial statements include investments in unlisted investee funds that are externally managed. The scope focuses on circumstances where access to direct, reliable and timely evidence about fair value may be constrained by the investment structure or information available from the investee fund or its manager.

Investments within scope	Audit evidence implications
The fund holds an investment in an unlisted investee fund;	Unlisted investee funds are not publicly traded and may be valued periodically, rather than daily, without transparency as to the internal calculation of unit prices and units on issue. This can limit observable pricing information and increases the need for audit procedures focused on the reliability of the investment value. Where the investee fund is externally managed, information about valuation processes, controls assumptions and supporting data may be held by the manager or other third parties, which affects the accessibility of such information.
The investee fund is externally managed; and	
The auditor's access to direct, reliable or timely valuation evidence may be constrained.	
Characteristic affecting audit evidence	Audit evidence implications
The investee fund may or may not prepare financial statements.	The availability and reliability of financial information, and whether it has been audited, may affect the nature and extent of audit evidence available to the fund auditor.
Any financial statements prepared by the investee fund may be audited or unaudited.	
The investee fund's reporting date may differ from that of the fund.	Different reporting dates may require evidence about the movements in fair value between the investee fund's reporting date and the fund's reporting date.
The investee fund may hold underlying investments across domestic and/or foreign,	The nature of the underlying investments may affect the transparency, frequency and reliability of pricing information.

listed and unlisted investment classes.	
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Other Scope-related Matter—Financial Statement Disclosures (including the fair value hierarchy)

The guidance will include audit considerations for financial statement disclosures about investments in investee funds, including the fair value hierarchy disclosures, where those disclosures are affected by the audit evidence implications described above. This will focus on the auditor's assessment of whether the disclosures are consistent with the applicable financial reporting framework and supported by sufficient appropriate audit evidence.

This project will require coordination with the AASB and NZASB as it interrelates to reporting and the preparer.

Matters that are Out of Scope

The joint project is limited to audit guidance for the auditor of a fund's financial report. It will not address financial reporting guidance for the preparer of a fund's financial report. The project scope may be refined through the PAG process. Any proposed change that would materially affect the project scope or timing of the project will be discussed with the Boards before being pursued.

Project Governance

Project Advisory Group (PAG)

To assist both Boards the AUASB with the joint project, a PAG will advise on the development of the joint Australian guidance. The PAG comprises member representatives from Australia and New Zealand with relevant experience and is chaired by the AUASB board Chair. Members highlighted in blue agreed to participate and may nominate a firm representative with experience in the joint project scope.

Member		Jurisdiction
Doug Niven (Chair)	AUASB	Australia
Chris Barber	PwC	New Zealand
Donna Berry	KPMG	New Zealand
Carley Bryce Simon Cuthbert	PwC	Australia
Emma Gilchrist	EY	Australia
Kelsey Johnson	Grant Thornton	Australia
Brett Kallio	EY	Australia
Tari Makanda	Grant Thornton	Australia
Rebecca Palmer	NZAASB	New Zealand
Vincent Sita Nick Rosario	Deloitte	Australia
Nhung Southwell Chris Wooden	KPMG	Australia
James Sheperd	Deloitte	New Zealand
Emma Winsloe	EY	New Zealand

[The blue highlighting indicates members of the GS 007 PAG whose membership of this new PAG is still to be confirmed. An industry participant may also be invited for Australia.]

Risks/Issues

Risk/Issue to meeting project objective	Planned Mitigation Activities
The project scope expands beyond the approved objective, including matters	Maintain a clear scope statement and out-of-scope section in the project plan. Use the PAG to test whether emerging

Risk/Issue to meeting project objective	Planned Mitigation Activities
more appropriately addressed through financial reporting guidance or standard-setting activity.	matters are within scope and escalate any material scope change or timing impact to both Boards before progressing.
The joint guidance does not sufficiently address the practical audit evidence challenges auditors face when access to investee fund valuation information is constrained.	Discuss the scope with all stakeholders, taking into account the proportionality, cost implications and the value the guidance is expected to add. Draw on regulator findings, PAG input, audit firm experience and industry consultation to identify common evidence constraints and practical responses. Test draft guidance against realistic scenarios involving limited access to valuation processes, assumptions and supporting data.
The guidance is perceived as too prescriptive or as creating requirements beyond the auditing standards.	Frame the guidance as principles-based and anchored to existing auditing standards. During guidance development actively consider whether information included goes beyond the existing standards' requirements. Obtain PAG input, Board views and feedback from industry and regulators before consultation and approval.
Australian and New Zealand stakeholder expectations differ, reducing the ability to produce useful joint guidance that is appropriate across both jurisdictions.	Use the joint project team and PAG membership to identify jurisdiction-specific considerations early. Maintain common guidance where appropriate and clearly identify any jurisdictional context that affects application.
The merger of the AUASB into the new standard-setting body established under the financial reporting system reform legislation may affect the composition, availability or continuity of Australian board members involved in the project. New members joining the relevant board or governance structure during the project may require additional onboarding and may seek further context or reconsideration of decisions already made, which could affect the project timetable and due process.	Build sufficient time into the project plan for briefing new members and, where necessary, confirm or re-confirm key project decisions to support an effective and transparent due process. Escalate any material impact on project timing, consultation or approval steps to both Boards before progressing.
Timing of the AAA PPC RSE Taskforce recommendations may affect the timing of the project team's consideration of the recommendation and the extent to which it can be reflected in the initial scoping and drafting of the guidance.	Continue to progress the project plan based on the matters already identified and agreed through RSE Taskforce, regulator engagement and stakeholder feedback. When the RSE Taskforce recommendation is received, assess whether it raises other significant matters, incorporate relevant points into the project scope or draft guidance where practicable, and escalate any material impact on scope, timing or due process to both Boards before progressing.

Targeted Completion Date

We plan to provide a final draft of the guidance to the new both Boards AUASB for review and approval at their 15 December 2026 board meetings (refer timetable action plan below). In New Zealand, most affected entities have March year ends, while in Australia most affected entities have June year ends. These different reporting periods create different timing pressures: New Zealand stakeholders are seeking earlier guidance, while Australian stakeholders may accept a later project deadline. It is important that the guidance is issued before the annual audits commence to enable auditors to use the guidance during the 2027 reporting periods. The timeline reflects the need to be responsive to stakeholder calls for timely guidance. An inclusive due process that includes the input from regulators, practitioners and industry will be critical to meet the deadline.

This timeline should closely follow both Australian and New Zealand regulator inspection findings reports that are expected in the 3rd or 4th quarter of 2026.

Action Plan

Action plan steps are outlined in the table below.

Date	Action
5 August 2026	NZAuASB approval of the joint project plan and approval for the project team to discuss the key project scope topics, to inform development of the 1st draft, for soft consultation with industry bodies, regulators and practitioners, subject to AUASB approval.
12 August 2026	Update the AUASB on NZAuASB approval of the joint project plan (and any amendments they recommended). Seek AUASB approval of the joint project plan.
W/E 14 August 2026	Monitor the status of the draft AAA PPC RSE Taskforce recommendations
W/C 17 <u>31</u> August 2026	The project team to discuss the key project scope topics to inform development of the 1st draft with the PAG Discussion with the largest audit firms to better understand the issues and possible approaches
W/C 17 August <u>September</u> 2026	Update and complete <u>Office of the AUASB commences scoping work on the</u> 1 st draft internally <u>of the guidance</u>
W/C 31 August 2026	PAG meeting on the 1st draft of the joint guidance
W/C 31 August 2026	Commence work on the 2nd draft internally
W/C 14 September 2026	PAG meeting on the 2nd draft of the joint guidance
<u>Fortnightly (ongoing)</u>	<u>Update meetings with NZ XRB.</u>
79 <u>9</u> October 2026	Discuss the draft of the valuation guidance at AUASB meeting and seek approval to consult with industry subject to NZAuASB approval
14 October 2026	Update the NZAuASB <u>will be updated on AUASB work to date.</u> approval of the draft guidance for consultation with industry (and any amendments they recommended) Discuss the draft guidance at NZAuASB meeting and seek approval to consult
<u>15 October 2026</u>	<u>PAG meeting to discuss the 1st draft of the guidance</u>
<u>29 October 2026</u>	<u>PAG meeting to discuss the 2nd draft of the guidance</u>
19 October to 13 <u>11</u> November 2026	Consult AUASB members asked at Board meeting if there are any concerns with consulting with industry bodies and regulators and PAG member audit firms
<u>13 November 2026</u>	<u>Send draft to industry and regulators</u>
<u>27 November 2026</u>	<u>Feedback due from industry and regulators</u>
W/C 16 November 2026	Review and finalise the joint guidance internally
20 November 2026	PAG meeting on the final draft

26 November 2026	Review and finalise the joint guidance internally in preparation of December Board meeting packs which will be a late submission
3 December 2026	Seek NZAuASB seeks approval of the <u>their</u> guidance <u>and revised EG Au 8</u> subject to AUASB approval
4 December 2026	Update the AUASB on NZAuASB approval of the <u>joint</u> guidance (and any amendments they recommended) <u>and its scope</u> Seek AUASB approval of the guidance
<u>15 December 2026</u>	<u>Seek new AUASB Board approval of guidance.</u>
7-11 December 2026	Finalise the joint guidance for publishing
11 December 2026	Publish the joint guidance

DRAFT



AUASB Agenda Paper

Title:	Possible amendments to ASSA 5010	Date:	7 October 2026
Office of the AUASB:	Tim Austin	Agenda Item:	6.0

Objective of Agenda Item

1. The objective of this agenda item is to seek AUASB members views on possible amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* for two matters:
 - (a) Matter 1 – Assurance of the directors’ declaration; and
 - (b) Matter 2 – How the phasing in of assurance should apply to an entity when moving between reporting Groups.
2. Member views will inform the development of a possible exposure draft on amendments to ASSA 5010 for consideration at the 11 November 2026 AUASB meeting.
3. While Treasury has been consulting on proposed changes to the assurance model (see [Improving the efficiency of climate-related financial disclosures](#)), any changes flowing from the consultation would take time. Preparers and auditors need certainty on the above two matters in the meantime.

Questions for AUASB members

No.	Question
1	Do AUASB Members have an updated view/insights on assurance covering the director’s declaration during the transitional period when the directors can state whether the entity has taken ‘reasonable steps’ to comply with the sustainability reporting requirements (financial years commencing 1 January 2025 to 31 December 2027)? See paragraphs 4 to 9 of this Agenda Paper.
2	Do AUASB Members consider that a draft exposure draft for consideration at the 11 November 2026 AUASB meeting should be prepared on the basis that entities that increase or decrease in size should be subject to the assurance requirements for entities in their old or their new reporting Group? See paragraphs 10 to 16 of this Agenda Paper.

Matter 1 – Directors’ Declaration

Background

4. At its 17 December 2025 AUASB Meeting 170, the AUASB was presented with a paper summarising the feedback to [ED 02/25 Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001](#). ED 02/25 proposed amendments to ASSA 5010 for ‘voluntary sustainability reports’ and to clarify whether ASSA 5010 required assurance to cover the directors’ declaration.
5. Amendments related to voluntary sustainability reporting were approved and ASSA 5010 has been amended. However, it was decided to defer any amendments related to assurance covering the

directors' declaration to allow the Office of the AUASB to engage with relevant stakeholders on possible guidance on the entity's 'reasonable steps'.

6. The majority of stakeholders who responded to ED 02/25 supported requiring assurance to cover the directors' declaration during the transitional period but were of the view that guidance was needed from organisations other than the AUASB to assist preparers and auditors in understanding what is meant by the entity's 'reasonable steps'. A majority of AUASB Members at the time also supported assurance of the directors' declaration from the 'Second Year of Reporting' subject to the development of guidance.
7. While there is guidance from the AICD and ASIC on the directors' reasonable steps on an ongoing basis, no guidance has been issued on the entity's 'reasonable steps' during the transition period.

Matters for Discussion

8. Assurance is not required to cover the directors' declaration for Year 1 providing clarity as soon as possible will assist the market on the scope of engagements for the 'Second Year of Reporting' which commences from years ending 30 June 2027.
9. The Office of the AUASB is seeking direction from AUASB Members on whether they are still supportive of the proposal to require assurance covering of the directors' declaration during the transition period even though specific guidance on the entity's 'reasonable steps' has not been issued by any party.

Matter 2 – Assurance requirements for entities that move between Groups

Background

10. The Office of the AUASB has received a question from stakeholders regarding the assurance requirements in ASSA 5010 applicable to an entity moving reporting Groups. For example, a Group 1 entity has a significant divestment between reporting periods which makes it a Group 2 entity for the subsequent reporting period, does the entity continue with the Group 1 assurance phasing or does the entity adopt the Group 2 assurance phasing?
11. This matter does not impact on entities reporting during the '*first transitional period*' (financial years commencing 1 January 2025 to 30 June 2026) as:
 - (a) Moving into Group 1 – Such entities are subject to the Year 1 assurance phasing requirements; and
 - (b) Moving out of Group 1 – Such entities are not required by the Act to prepare a sustainability report and obtain assurance over that report.
12. Otherwise, the question is whether entities moving between Groups should continue with their current phasing in requirements for their previous reporting Group or adopt the assurance that applies to other entities in their new reporting Group. This may have regard to the time available to transition to higher levels of assurance versus the resources expected to be available to entities of their size to support assurance.
13. For entities preparing a 'voluntary sustainability report' under the *Corporations Act 2001* (the Act), ASSA 5010 requires the assurance phasing to apply based on the reporting Group that they commenced with unless they have a gap in reporting in which case they are allowed to reset the phasing in.

Options

14. An entity may increase in size (e.g. due to an acquisition of a business) and move from, say, a Group 2 entity to a Group 1 entity. Should they retain their Group 2 phasing in (Option 1) or be required to have the same assurance as other Group 1 entities (Option 2). The arguments supporting each option are outlined in the table below.

Pros of Option 1 (entities that increase in size apply the phasing for their old Group)	Pros of Option 2 (entities that increase in size apply the phasing for their new Group)
This may be a less complex option to understand because assurance phasing is based on the year an	Investors and other users can expect consistent assurance based on the entity's size.

Pros of Option 1 (entities that increase in size apply the phasing for their old Group)	Pros of Option 2 (entities that increase in size apply the phasing for their new Group)
entity started to report under the Act and the pathway doesn't change from year to year.	
Does not require an entity to catch-up in moving to a higher group. Allowing entities to build capacity through phased assurance regardless of changes in size.	Entities with increased size may have the resources to support a higher level of assurance.
Entities can voluntarily choose to apply the higher level of assurance applying to their new Group.	-

15. An entity may decrease in size (e.g. due to disposal of a business) and move from, say, a Group 1 entity to a Group 2 entity. Should the entity retain their Group 1 phasing in (Option 1) or only be required to have the same assurance as other Group 2 entities (Option 2)? The arguments supporting each option are outlined in the table below.

Pros of Option 1 (entities that decrease in size apply the phasing for their old Group)	Pros of Option 2 (entities that decrease in size apply the phasing for their new Group)
This may be a less complex option to understand because assurance phasing is based on the year an entity started to report under the Act and the pathway doesn't change from year to year.	Investors and other users can expect consistent assurance based on the entity's size.
Entities with reduced size may not have the resources to support moving to higher levels of assurance earlier.	Entities can voluntarily choose to apply the higher level of assurance applying to their new Group.

16. The exposure draft would also contain proposals for entities that have a financial year longer or shorter than 12 months, particularly where that results in a temporary change of reporting Group due to the impact on group revenue.

Next steps/Way Forward

17. Based on AUASB member views on Questions 1 and 2, the Office of the AUASB will draft an Exposure Draft on proposed amendments to ASSA 5010 for consideration at the AUASB meeting on 11 November 2026.
18. While proposed amendments to ASSA 5010 for assurance of the directors' declaration during the transition period have been previously exposed in ED 02/25, re-exposure will assist in understanding whether stakeholders are still supportive of requiring assurance even though no guidance has been issued.