EXPOSURE DRAFT

ED 01/26
(November 2026)

Proposed Australian Standard on Sustainability Assurance ASSA 2027-1 Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

Issued for Comment by the **Auditing and Assurance Standards Board**



Australian Government
Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be received by no later than 10 February 2027. Comments should be addressed to:

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Formal Submissions

Submissions should be lodged online via the "Projects-Open for Comment" page of the Auditing and Assurance Standards Board (AUASB) website (auasb.gov.au/projects/Open-for-comment) as a PDF document and Word document.

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au

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PREFACE

Reasons for Issuing ED 01/26

The AUASB issues exposure draft ED 01/26 of ASSA 2027-1 Proposed Amendments to *ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB was established under section 227A of the *Australian Securities and Investments Commission Act 2001*. Under section 336 of the *Corporations Act 2001*, the AUASB may make Standards for the purposes of the corporations legislation. These Standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council the AUASB is required, inter alia, to develop standards that have a clear public interest focus and are of the highest quality.

Proposals

It is proposed to amend ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* by:

(a) Clarifying that the directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028;

(b) For entities that move between reporting Groups 1, 2 and 3 due to a change in size:

  (i) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size; and

  (ii) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group; and

(c) Correcting a drafting error which results in entities moving between Groups 1, 2 and 3 for the purposes of the phasing in of assurance despite no change in their actual reporting Group.

Proposed Operative Date

It is intended that this proposed Standard will be operative for financial reporting periods ending on or after 30 June 2027 but commencing before 1 July 2030.

Request for Comments

Comments are invited on this Exposure Draft of the proposed issuance of ASSA 2027-1 by no later than 10 February 2027.

Important Note and Disclaimer

This Exposure Draft, in itself, does not establish or extend the requirements under existing AUASB Standards and is not intended to be a substitute for compliance with the relevant AUASB Standards with which auditors are required to comply when conducting an audit. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

EXPLANATORY MEMORANDUM

Overview

1. The purpose of this exposure draft is to obtain stakeholder feedback on possible amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* for four matters:

   (a) Clarifying that the directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028;

   (b) For entities that move between reporting Groups 1, 2 and 3 due to a change in size:

      (i) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size; and

      (ii) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group;

   (c) Correcting a drafting error which results in entities moving between Groups 1, 2 and 3 for the purposes of the phasing in of assurance despite no change in their actual reporting Group; and

   (d) The approach where there are changes to comparative information from the information reported in the prior year.

Directors' declaration

2. The sustainability report for an entity includes a directors' declaration (see s296A of the *Corporations Act 2001* (the Act).

3. For years commencing 1 January 2025 to 31 December 2027, section 1707C allows directors to declare simply that the entity has taken reasonable steps to ensure the substantive provisions of the sustainability report are in accordance with the Act.

4. Section 1707E requires the AUASB to make standards specifying the extent to which a sustainability report must be audited or reviewed for financial years commencing on or before 30 June 2030.

5. In October 2025, the AUASB issued for public comment Exposure Draft ED 02/25 Proposed Australian Standard on Sustainability Assurance ASSA 2025-10 *Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* to obtain feedback from stakeholders on, among other matters, proposed amendments to ASSA 5010 to require assurance covering the directors' declaration for years commencing 1 July 2026 to 31 December 2027 (other than Year 1). ASSA 5010 does not require assurance on the directors' declaration for Year 1.

6. The majority of stakeholders who responded to ED 02/25 supported this proposal but were of the view that guidance was needed from organisations other than the AUASB to assist preparers in understanding what is meant by the entity's 'reasonable steps' and then AUASB guidance for auditors.

7. On 17 December 2025, the AUASB deferred consideration of amendments related to the directors' declaration to allow the Office of the AUASB to discuss with other parties whether they would develop guidance for preparers on the entity's 'reasonable steps' criterion. On 7 October 2026, the AUASB decided to issue an exposure draft proposing not to require assurance covering the directors' declaration before years commencing 1 January 2028 in the absence of such guidance. This would not prevent voluntary assurance covering the directors' declaration.

Entities that move between Groups

8. Some stakeholders have sought clarification as to the phasing in of assurance for an entity moving reporting Groups due to a change in size.

9. The AUASB proposes for entities that move between reporting Groups 1, 2 and 3 due to a change in size (i.e. consolidated revenue, consolidated assets, number of employees, emissions and/or assets under management, as applicable):

   (a) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size. This would allow entities and their auditors reasonable time to build capacity and prepare for assurance; and

   (b) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group. This would not require entities to be subject to higher levels of assurance than entities of similar size and resources.

Drafting error in ASSA 5010

10. The AUASB proposes to correct a drafting error in ASSA 5010. As a result of this error, from years commencing on or after 1 July 2026, entities would move between Groups 1, 2 and 3 for the purposes of the phasing in of assurance when there is no change in the actual reporting Group.

Comparative information

11. Paragraphs 207 to 211 of ASSA 5000 *General Requirements for Sustainability Assurance Engagements* require the auditor to determine whether comparative information in a Corporations Act sustainability report is consistent with the disclosures presented in the prior period, and if not, whether any changes are in accordance with AASB S2 *Climate-related disclosures*. The auditor is not required to form a separate conclusion or opinion on the comparative information because assurance under the Corporations Act applies to the sustainability report for the financial year.

12. Some stakeholders have questioned how ASSA 5010 and ASSA 5000 apply and should apply to changes to comparative information made pursuant to paragraphs B49 to B59 in Appendix D to AASB S2. In particular, should changes to comparative information be subject to:

   (a) assurance if no assurance was required on relevant information in the prior year; and

   (b) a higher level of assurance than applied to relevant information in the prior year?

13. This would not be consistent with the approach to comparative information in paragraph 11 of ASSA 5010.Changes to comparative information can arise from errors, new information on the circumstances applying in the prior period, changes in approach, or a decision to disclose a new metric. It would be envisaged all would require an assurance response in order to form a conclusion or opinion.

14. The proposed standard to amend ASSA 5010 appearing in this exposure draft does not reflect any possible changes in connection with comparative information. Stakeholder feedback will assist in identifying any possible amendments.

Other amendments

15. Minor changes are proposed to the assurance phasing diagram in the Appendix to ASSA 5010.

Request for comments

16. The AUASB requests comments on the matters covered in ED 01/26, but specifically on the questions in the 'Exposure draft questions' section below. In this regard:

   (a) Comments should be sufficiently detailed and include whether or not stakeholders agree with the proposed amendments.

   (b) Stakeholders may address only specific questions relevant to them or raise matters not specifically addressed by a question.

   (c) The AUASB regards both supportive and critical comments as essential to a balanced review of the proposed amending standards.

   (d) Comments will be most helpful when they refer to specific paragraphs, include the reasons for the comments and, when appropriate, make specific suggestions for any proposed changes to wording.

Exposure draft questions

17. The AUASB is seeking comments from stakeholders on the following questions:

Directors' declaration

1. Do you agree with the proposal that the directors' declaration on a sustainability report should only be subject to mandatory assurance from 1 January 2028 (except for Year 1)?

Entities moving between reporting Groups

2. Do you agree with the proposal to allow an entity that moves to a lower Group should be able to adopt the assurance phasing for its new Group?
3. Do you agree with the proposal to allow an entity that moves to a higher Group not to change its phasing in of assurance by adopting the phasing for its new Group?

Comparative information

4. Should (or shouldn't) changes to comparative information be subject to:
   (a) assurance where no assurance was required on relevant information in the prior year; and
   (b) a higher level of assurance where a lower level of assurance was required on relevant information in the prior year?

   What are your reasons?

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PROPOSED AUSTRALIAN STANDARD ON SUSTAINABILITY ASSURANCE ASSA 2027-1 AMENDMENTS TO ASSA 5010 *TIMELINE FOR AUDITS AND REVIEWS OF INFORMATION IN SUSTAINABILITY REPORTS UNDER THE CORPORATIONS ACT 2001*

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Standard on Sustainability Assurance ASSA 2027-1 *Proposed amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability under the Corporations Act 2001* pursuant to section 227B(1)(a) of the *Australian Securities and Investments Commission Act 2001* and subsection 1707E(2) of the *Corporations Act 2001* for the purposes of section 336 of the *Corporations Act 2001*.

Conformity with International Standards on Sustainability Assurance

This Australian Standard on Sustainability Assurance has been made for Australian legislative purposes and accordingly there is no equivalent International Standard on Sustainability Assurance issued by the International Auditing and Assurance Standards Board, an independent standard-setting board of the International Foundation for Ethics and Auditing.

AUSTRALIAN STANDARD ON SUSTAINABILITY ASSURANCE ASSA 2027-1 AMENDMENTS TO ASSA 5010 *TIMELINE FOR AUDITS AND REVIEWS OF INFORMATION IN SUSTAINABILITY REPORTS UNDER THE CORPORATIONS ACT 2001*

Application

1. This Australian Standard on Sustainability Assurance applies to assurance engagements on sustainability information in a sustainability report for a financial year under Chapter 2M of the Corporations Act 2001.

Operative Date

2. This Standard is operative for financial years ending on or after 30 June 2027 but commencing before 1 July 2030.

Introduction

3. This Standard amends ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* to clarify that assurance of the directors' declaration is not required during the reasonable steps transitional period, clarify the assurance requirements applicable to entities moving between Groups and other necessary amendments to correct drafting errors.

Objective

4. The objective of this Standard is to amend ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (Issued 28 January 2025 and amended to 17 December 2025).

Definition

5. For the purposes of this Standard on Sustainability Assurance, the meanings of terms are set out in each Standard on Sustainability Assurance. This Standard on Sustainability Assurance does not introduce new definitions.

Amendments to ASSA 5010

6. Where relevant, this Standard uses underlining, striking out and other typographical material to identify the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

7. Where this amending standard inserts or deletes a paragraph, sub-paragraph or footnote, as a result of that insertion or deletion relevant paragraph numbers, sub-paragraph numbers, cross-references and footnotes are updated.

8. Existing subparagraphs 9(c) to (e) are amended to read as follows:

   (c) Group 1 entities – in this standard:

      (i) entities <u>first</u> <u>required to prepare a sustainability report by</u> ~~to which~~ paragraph 1707B(1)(a) of the Act ~~applies~~<u>, and to which either s1707B(2) or s1707B(4) applies for the relevant financial year</u>; and

      (ii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 January 2025 but on or before 30 June 2026.

(d) Group 2 entities – in this standard:

(i) entities first required to prepare a sustainability report by ~~to which~~ paragraph 1707B(1)(b) of the Act ~~applies (other than an entity to which the definition of 'Group 1 entities' in this standard applies)~~, and to which s296B(2), (4) or (5) applies for the relevant financial year;

(ii) entities that met paragraph (i) of the definition of 'Group 1 entities' for a previous financial year and no longer do so, but to which s296B(2), (4) or (5) applies;

(iii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 July 2026 but on or before 30 June 2027; and

(~~iii~~iv) entities that applied 1707DA(1) for a financial year and did not report under the Act for the following financial year that commenced before 1 July 2027.

(e) Group 3 entities – in this standard:

(i) entities to which s292A~~paragraph 1707B(1)(c)~~ of the Act applies (other than an entity to which the definition of 'Group 1 entities' or 'Group 2 entities' in this standard applies);

(ii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 July 2027 but on or before 31 December 2027; and

(iii) entities that applied s1707DA(1) for a financial year but not for a following financial year and recommenced reporting under the Act for a year that commenced before 1 January 2028, other than an entity that meets the definition of a Group 2 entity in paragraph (d).

9. After subparagraph 9(i) insert the following:

(j) Relevant Financial Year - means the current financial year to which this standard is being applied.

10. Existing subparagraphs 9(j) and 9(k) are amended to read as follows:

(~~j~~k) Sustainability Report – A sustainability report required under section 292A of the Act (see section 9 of the Act).

(~~k~~l) Sustainability Standards – those standards made for the purposes of the Act pursuant to section 336A of the Act.

11. Existing subparagraphs 10(b) and (c) are amended to read as follows:

(b) For the Second and Third Years of Reporting, the auditor shall conduct a review of all information ~~disclosures~~ in the sustainability report, other than the directors' declaration for financial years commencing before 1 January 2028~~related general disclosures in Appendix D to AASB S2)~~.

(c) From the Fourth Year of Reporting onwards the auditor shall conduct an audit over all information ~~disclosures~~ in the sustainability report, including the directors' declaration.

12. In the table in the Appendix to ASSA 5010, replace the text 'Risks and opportunities (AASB S2 subparas 9(a), 10(a) and 10(b))' with 'Strategy - Risks and opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))'.

13. Notes 3 and 4 in the Appendix to ASSA 5010 are amended to read as follows:

3. For years commencing o~~f~~n or after ~~from~~ 1/7/30 the Act requires reasonable assurance for all mandatory climate disclosures.
4. The phasing for assurance on statements that there are no material climate-related risks and opportunities is the same as for 'Strategy – Risks and Opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))'.

14. The following notes are added to the notes in the Appendix to ASSA 5010:

6. Where an entity first meets the criteria as a Group 1, 2 or 3 entity for the second or third year of reporting for the group (Year 2 or 3) and does not make disclosures on Scope 3 emissions using the exemption in AASB S2 for the first year of reporting, the auditor is not required to give limited assurance on those disclosures for that year.
7. The directors' declaration on a sustainability report is not required to be subject to assurance for Year 1 and otherwise until years commencing on or after 1 January 2028.
8. Entities that move between reporting Groups 1, 2 and 3:
   (a) Are not required to be subject to a faster phasing in of assurance due to an increase in size; and
   (b) Are allowed to apply the same phasing in of assurance as other entities in their new reporting Group where they decrease in size.

ATTACHMENT: PROPOSED UPDATED ASSURANCE PHASING DIAGRAM

This Attachment is not part of the proposed amending standard and is provided for information only.

For convenience, a proposed updated assurance phasing diagram (incorporating the changes in paragraphs 12 to 14 of the proposed amending standard) appears below.

Years commencing	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
Group 1	**1/1/25 to 30/6/26**	**1/7/26 to 30/6/27**	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**	**1/7/29 to 30/6/30**	**1/7/30 to 30/6/31**
Group 2	**1/7/26 to 30/6/27**	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**	**1/7/29 to 30/6/30**	**1/7/30 to 30/6/31**	**1/7/31 to 30/6/32**
Group 3	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**	**1/7/29 to 30/6/30**	**1/7/30 to 30/6/31**	**1/7/31 to 30/6/32**	**1/7/32 to 30/6/33**
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Risks and opportunities (AASB S2 subparas 9(a), 10(a) and 10(b))	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and opportunities	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate resilience assessments / Scenario analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 emissions	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 3 emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Other climate-related metrics and targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

Notes:

1. For the purposes of ASSA 5010:
   (a) Group 1 entities include entities that voluntarily report under the *Corporations Act 2001* (the Act) from years commencing 1/1/25 to 30/6/26.
   (b) Group 2 entities include:
      (i) Entities that voluntarily report under the Act from years commencing 1/7/26 to 30/6/27; and
      (ii) Entities that voluntarily reported under the Act for one year but did not report under the Act for the following year that commenced before 1 July 2027.
   (c) Group 3 entities include:
      (i) Entities that voluntarily report under the Act from years commencing 1/7/27 to 31/12/27; and
      (ii) Entities that reported voluntarily under the Act for a year but did not report under the Act for a following year that commenced before 1/1/28, other than entities that meet the definition of a Group 2 entity under ASSA 5010.
2. Group 1 entities with years commencing 1/1 to 30/6 will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing on or after 1/1/26 for Group 1 entities.
3. For years commencing on or after 1/7/30 the Act requires reasonable assurance for all mandatory climate disclosures.
4. The phasing for assurance on statements that there are no material climate-related risks and opportunities is the same as for 'Strategy – Risks and Opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b)).
5. Where the entity does not intend to disclose a transition plan or target, assurance work in the first instance concerns whether the entity has a transition plan or target to be disclosed.
6. Where an entity first meets the criteria as a Group 1, 2 or 3 entity for the second or third year of reporting for the group (Year 2 or 3) and does not make disclosures on Scope 3 emissions using the exemption in AASB S2 for the first year of reporting, the auditor is not required to give limited assurance on those disclosures for that year.
7. The directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028 (except for Year 1).
8. Entities that move between reporting Groups 1, 2 and 3:
   (a) Are not required to be subject to a faster phasing in of assurance due to an increase in size; and
   (b) Are allowed to apply the same phasing in of assurance as other entities in their new reporting Group where they decrease in size.