



Public Agenda

Subject: Agenda for the 150th meeting of the AUASB
Venue: Dexus Place, Level 6, 80 Collins Street, Melbourne
Time: Wednesday, 17 July 2024, 9:00 am – 4:30 pm

Public gallery attendance will be by videoconference only. Members of the public wishing to join the public sessions must register their interest by COB Tuesday 16 July 2024, by emailing enquiries@auasb.gov.au, detailing:

- Name
- Entity
- Email address and
- The Agenda Number for the sessions they wish to observe.

Only attendees that have pre-registered will be provided with registration details to join the Zoom videoconference.

Time	Agenda Item No.	Responsibility
PRIVATE SESSION [Board Members and Staff Only]		
9:00 am	1. Private Discussion	Doug Niven
9:10 am	2. Private Discussion	Doug Niven
11:00 am	<i>Morning Tea</i>	
11.15 am	Private Discussion	Doug Niven
PUBLIC SESSION [Open to Members of the Public for Virtual Attendance]		
12:00 pm	3. Welcome and AUASB Chair Update*	Doug Niven
12:10 pm	4. Action Items from previous meetings	Doug Niven
12.15 pm	5. NZAuASB Update*	Marje Russ
12.20 pm	6. Audit Implications of the Consolidated Entity Disclosure Statement	Doug Niven
1:00 pm	<i>Lunch</i>	
1:45 pm	7. ISSA 5000 - Update from June 2024 IAASB meeting *	Rene Herman
2.00 pm	8. Exposure Draft on Assurance over Australian Sustainability Information	
	8.1 Draft Exposure Draft	Anne Waters
2:30 pm	8.2 Other Possible Matters	Marina Michaelides
4:30 pm	9. Close	Doug Niven

Note - The order and timing of all Agenda items is subject to change on the day of the meeting.

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



AUASB Agenda Paper

AUASB Action list - From previous meetings

Action	Target Meeting	Comments
The Office of the AUASB to send outstanding minutes to AUASB members for comment and approval.	Out of session	In progress
The Office of the AUASB to prepare exposure draft on assurance over sustainability information, including the proposed assurance phasing model and local material to supplement ISSA 5000 under the local reporting framework. The Office of the AUASB to prepare an analysis of the basis for standards and/or guidance the matters under the requirements of the <i>AUASB Due Process Framework</i> .	17 July 2024	In progress
The Office of the AUASB will prepare a paper on whether to re-expose the final ISSA 5000 <i>General Requirements for Sustainability Assurance Engagement</i> , subject to seeing the final ISSA 5000.	September 2024	To be developed
The Office of the AUASB to prepare environmental scan for future full day Board meetings.	From September 2024 meeting	To be developed
Dates to be set for possible one-hour virtual meetings.	N/A	Meetings scheduled for 21 June and 27 June 2024. Further meetings to be considered.
The Office of the AUASB to work with NZAuASB on suggested wording to be proposed to the IAASB on the competency of experts in ISSA 5000.	N/A	To be completed before IAASB June 2024 Meeting
AUASB to discuss draft AUASB Bulletin Audit Implications of the Consolidated Entity Disclosure Statement.	20 June 2024 and 10 July 2024	In progress



AUASB Agenda Paper

Title:	AUASB Bulletin – Audit Implications of the Consolidated Entity Disclosure Statement	Date:	17 July 2024
Office of the AUASB:	Doug Niven	Agenda Paper:	6.1

Objective of this Agenda Paper

1. The objective of this Agenda Item is to ascertain whether AUASB members have any fatal flaw comments on the revised draft Bulletin on the *Audit Implications of the Consolidated Entity Disclosure Statement* (CEDS) (Agenda Paper 6.2).

Question for AUASB members

Do AUASB members have any fatal flaw comments on the revised draft Bulletin – *Audit Implications of the Consolidated Entity Disclosure Statement* (Agenda Paper 6.2)?

Background

2. All public companies (listed and unlisted) are required by the *Corporations Act 2001* (Corps Act) to include a CEDS in their annual financial reports from years ended 30 June 2024. The amendments were given Royal Assent on 8 April 2024.
3. There has been strong demand from audit firms (other than some larger firms) for urgent AUASB guidance on the audit implications of the CEDS. AUASB guidance will assist practitioners and support consistent audit approaches and reporting.
4. Further background can be found in agenda papers for the 13 June, 20 June and 10 July 2024 AUASB meetings.

Publications by Minister and ASIC

5. The following documents state that materiality **does not apply** for reporting of the CEDS or its audit:
 - (a) Media Release from the Hon Andrew Leigh MP Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment [A Fairer and More Transparent Tax System](#) (5 July 2024); and
 - (b) ASIC Information Sheet 184 [ASIC Information Sheet 284 Public companies to include a consolidated entity disclosure statement in their annual financial report](#) (9 July 2024).

Reporting materiality for audit purposes

6. The papers for the 10 July 2024 meeting suggested that the auditor should work on the basis of reasonable assurance that the CEDS was not misstated.
7. At the meeting, most AUASB members were of the view that the auditor should work on the basis of reasonable assurance that the financial report (including the CEDS) as a whole is not materially misstated. Materiality would be assessed from the perspective of investors.
8. These members were of the view that this would be in accordance with the objective of the audit of a financial report under ASA 200. These members were also concerned that the audit work

required under the basis of reasonable assurance that the financial report is not misstated would be unclear or similar to absolute assurance.

Possible solution

9. The Chair undertook to consider possible solutions.
10. Ideally a solution would:
 - (a) Adhere to the existing auditing standards framework;
 - (b) Provide clarity on the work effort required; and
 - (c) Be consistent with the Minister's release and ASIC Information Sheet.
10. A possible solution may be:
 - (a) Treat the CEDS as part of the financial report and subject to reasonable assurance that the financial report as a whole is not materially misstated;
 - (b) Treat the CEDS disclosures as qualitatively material, being a tax transparency measure. Precedents may include the approach to the disclosure of directors' remuneration and director-related transactions in the notes to the financial statements; and
 - (c) Indicate that treating the CEDS disclosures as qualitatively material and reasonable assurance that the CEDS is not misstated would involve similar work.
11. A comparison of three approaches appears in Table 1 below.

Table 1: Three approaches to audit implications of the CEDS

Option	1	2	3
Assurance level	Reasonable assurance	Reasonable assurance	Reasonable assurance
Materiality	Material in the context of the financial report as a whole – by reference to investors	Qualitatively material - Tax transparency measure	No materiality - Tax transparency measure
Materiality consistent with reporting framework for CEDS (i.e. no materiality)	No	Yes - Treating disclosures as qualitatively material is similar to treating the disclosures as material (i.e. no materiality).	Yes - Treating disclosures as material is similar to treating them as qualitatively material.
Materiality consistent with audit framework	Yes – Focus is on primary users of financial report	Yes – Focus is on a tax transparency measure	Yes – Focus is on a tax transparency measure
Precedents	N/A	Directors' remuneration and related party disclosures in the notes to the financial statements	AAS 22 <i>Related Party Disclosures</i> (1992 to 2005) paragraph 10 – '... Director-related disclosures required by the Standard are deemed material regardless of the quantum of the amounts involved.' AASB 1017 <i>Related Party Disclosures</i> (1997 to 2005) paragraph 1.3 – 'This Standard deems the director-related disclosures required by Section 4 to be material because of their nature.'
Consistent with Explanatory Memorandum (EM) to Bill: 1.3 '...part of the Government's broader regulatory mix to improve corporate disclosures. Ensuring this	No	Yes	Yes

AUASB Agenda Paper

Option	1	2	3
<p>information is in the public domain will facilitate an informed discussion on tax compliance ...'</p> <p>1.4 '... From a tax perspective, the expectation is that more information in the public domain ...'</p> <p>1.14 '...Directors, chief executive officers and chief financial officers must also declare that the consolidated entity disclosure statement is in their opinion 'true and correct' at the end of that financial year...'</p> <p>1.16' ... the policy intention is to ensure complete and accurate disclosures ...'</p>			
<p>Consistent with EM:</p> <p>1.17 '... as the consolidated entity disclosure statement forms part of an entity's annual financial report, it is also subject to the existing audit framework under the Corporations Act. Specifically, section 307 requires an auditor to form an opinion about whether the financial report (which includes the consolidated entity disclosure statement) is in accordance with the Corporations Act generally, as well as on specific matters...'</p>	Yes – assuming the EM is referring to the auditing standards	Yes – on either interpretation - assuming the EM is referring to either: <ul style="list-style-type: none"> the auditing standards; or the legislative framework 	Yes – on either interpretation - assuming the EM is referring to either: <ul style="list-style-type: none"> the auditing standards; or the legislative framework
Consistent with Minister's release	No	Yes	Yes
Consistent with ASIC Information Sheet 184	No	Yes	Yes
Does not create precedent for auditor to use different materiality from company in other circumstances	No	Yes	Yes
These two options would give similar levels of work.			

Other materials presented

Agenda Paper	Description
6.2	Revised draft AUASB Bulletin <i>Audit Implications of the Consolidated Entity Disclosure Statement</i>

AUASB Board Mtg 150
Agenda Item 6.2

July 2024

AUASB Bulletin

Audit Implications of the Consolidated Entity Disclosure Statement

**ISSUED BY
THE OFFICE OF THE AUDITING AND ASSURANCE
STANDARDS BOARD**



Australian Government
Auditing and Assurance Standards Board

About the AUASB

The Auditing and Assurance Standards Board (AUASB) is an independent, non-corporate Commonwealth entity of the Australian Government, responsible for developing, issuing and maintaining auditing and assurance standards. The Office of the Auditing and Assurance Standards Board provides technical and administrative services to the AUASB.

For more information about the AUASB see the AUASB Website.

Disclaimer

This publication has been prepared by the Office of Auditing and Assurance Standards Board.

The views expressed in this publication are those of the authors and those views do not necessarily coincide with the views of the members of the Auditing and Assurance Standards Board. Any errors or omissions remain the responsibility of the author.

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Table of contents

Background	4
Responsibilities	4
Reporting requirements	4
Reporting where consolidated financial statements are required	4
Reporting where consolidated financial statements are not required.....	5
True and correct	5
Audit requirements	6
Assurance level, etc.....	6
Audit procedures.....	7
Auditor's Report.....	9
Appendix 1.....	10

Draft

Background

As part of its broader reforms in relation to multinational tax, the Federal Government has made legislative changes to the *Corporations Act 2001* (the Act) to require all public companies (listed and unlisted, and regardless of their size) to include a 'consolidated entity disclosure statement' (CEDS) in their annual financial reports¹. The changes are effective for annual reporting periods beginning on or after 1 July 2023 and so will apply for the first time at 30 June 2024.

The requirement does not apply to companies limited by guarantee that prepare financial reports under the *Australian Charities and Not-for-profits Commission Act 2012*.

Where accounting standards require the public company to prepare consolidated financial statements, the CEDS must include details of all entities that were part of the consolidated entity as at the end of the financial year, including names, ownership interests, place of incorporation or formation and, for foreign resident entities, tax residency. Where consolidated financial statements are not required to be prepared, the CEDS will only contain a statement to that effect.

The auditor's report must contain an opinion as to whether the CEDS is in accordance with the Act (s307(a) of the Act).

Responsibilities

The company, its directors and management are responsible for the preparation and content of the CEDS. They should have appropriate systems and processes to ensure completeness and accuracy of the CEDS. They cannot not rely on the auditor.

The role of the auditor is to obtain independent assurance, form an opinion and report their opinion in the auditor's report.

Reporting requirements

Reporting where consolidated financial statements are required

Where a public company is required to prepare consolidated financial statements under accounting standards, the CEDS must include the following information about each entity that is part of the consolidated entity at the end of the financial year (s295(3A)(a) of the Act):

- The entity's name;
- Whether the entity is a body corporate, partnership or trust;
- Whether the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity;
- Where the entity was incorporated or formed (if the entity is a body corporate);

¹ See [Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share—Integrity and Transparency\) Act 2024](#) which was given Royal Assent on 8 April 2024.

- Where the entity is a body corporate with share capital, the percentage of the entity's issued share capital held directly or indirectly, by the public company;
- Whether the entity was an Australian resident or a foreign resident within the meaning of the *Income Tax Assessment Act 1997*; and
- If the entity is a foreign resident, a list of each foreign jurisdiction in which the entity was a resident for the purposes of the law of the foreign jurisdiction.

The CEDS is a separate statement and does not form part of the notes to the financial statements (s295(1)(ba)). The CEDS cannot be combined with the note on controlled entities required by Australian accounting standards.

Tax Residence

Tax residence is a principle that is determined under the domestic tax rules of a country. It is relevant when considering how business income is taxed. The ATO has provided guidance on tax residency which can be found on their website at: [Australian Taxation Office](#).

We understand that entities that determine tax residency in good faith and in accordance with the Commissioner of Taxation's public guidance, may declare that the tax residency status of a subsidiary is true and correct for the purposes of the CEDS.

Reporting where consolidated financial statements are not required

Where a public company is not required to prepare consolidated financial statements, the CEDS is only required to contain a statement to that effect (rather than including information about controlled entities).

True and correct

The directors' declaration is required to include a statement about whether, in the directors' opinion, the CEDS is true and correct. For listed public companies, the chief executive officer and chief financial officer are required to include a statement in their declaration to the directors that the CEDS is true and correct (s295A(2)(ca)).

Paragraph 1.16 of the Explanatory Memorandum to the Treasury Laws Amendment (Making Multinationals Pay Their Fair Share – Integrity and Transparency) Bill 2023 (the EM) says:

'As 'true and correct' is not defined in the legislation, the words take on their ordinary meaning in the context of the amendments. For the purposes of the consolidated entity disclosure statement, the policy intention is to ensure complete and accurate disclosures under subsection 295(3A).'

True and correct is a higher reporting requirement than would be the case under a true and fair view or fair presentation framework. Further, the materiality provisions in the accounting standards do not apply². That is, all entities in the consolidated entity at year end must be disclosed with the information required by s295(3A) and cannot be excluded on the basis of materiality. Entities must be listed even if they are newly acquired 'shelf'

² See Media Release from the Hon Andrew Leigh MP Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment [A Fairer and More Transparent Tax System](#) (5 July 2024) and ~~Guidance from ASIC Information Sheet 284 Consolidated Entity Disclosure Statement (9 July 2024)~~~~Hyperlink to final ASIC guidance to be added~~.

companies, dormant or excluded from the company's process to prepare consolidated financial statements on the basis of materiality.

This Bulletin does not express a view on whether the CEDS for a public company that prepares consolidated financial statements is required to list controlled entities that are not consolidated because of the 'investment entity exemption' in Accounting Standard AASB 10 *Consolidated Financial Statements*. An investment entity is required to consolidate a controlled entity that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities.

The reporting requirement for a CEDS is intended to be a higher requirement than for the listing of material controlled entities in a note to the financial statements pursuant to accounting standards. The CEDS is a tax transparency measure. More information on the group structure in the public domain is intended to encourage companies with structures that minimise tax to reconsider their corporate tax structures. The CEDS is not a part of the financial statements and notes for which the primary users are investors, creditors, and potential investors and creditors.

Audit requirements

Assurance level, etc

The CEDS disclosures are required whether they are quantitatively material or not. The Minister and ASIC have stated that the CEDS is not subject to materiality and the auditor cannot apply materiality³.

If the CEDS is treated as part of the financial report and subject to reasonable assurance that the financial report as a whole is not materially misstated, the auditor should regard the CEDS disclosures as qualitatively material on the basis that they are a tax transparency measure.

Paragraph 1.17 of the EM says:

'Further, as the consolidated entity disclosure statement forms part of an entity's annual financial report, it is also subject to the existing audit framework under the Corporations Act. Specifically, section 307 requires an auditor to form an opinion about whether the financial report (which includes the consolidated entity disclosure statement) is in accordance with the Corporations Act generally, as well as on specific matters. This general obligation is also consistent with the requirements of the auditor's report under section 308.'

Obtaining reasonable assurance that the CEDS is not misstated is similar. While the auditing standards were not designed with the CEDS in mind, obtaining 'reasonable assurance' may be implicit in the use of the word 'audit'. The CEDS and the director's declaration are part of the annual financial report under s295(1) of the Act. They are not part of the financial statements and notes to the financial statements that the accounting standards and the auditing standards were developed to cover.

The objective of audit work in relation to a financial report under the auditing standards is to obtain reasonable assurance that the financial report as a whole is free of material

³ See Media Release from the Hon Andrew Leigh MP Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment A Fairer and More Transparent Tax System (5 July 2024) and Guidance from ASIC Information Sheet 284 *Consolidated Entity Disclosure Statement* (9 July 2024)

~~misstatement. The CEDS is not subject to materiality and the auditor cannot apply materiality⁴.~~

~~Under both approaches, Obtaining reasonable assurance the in relation to the CEDS may be implicit in s307 of the Act which requires the auditor to form an opinion on whether the financial report (including the CEDS) complies with the Act. Paragraph 1.17 of the EM also says that the CEDS is 'subject to the existing audit framework under the Act'.~~

~~It follows that the objective of the audit work on the CEDS is to obtain reasonable assurance that the following are not misstated:~~

- ~~• The CEDS; and~~
- ~~• The opinion of the directors in the directors' declaration that the CEDS is true and correct.~~

~~The audit work effort is similar and is higher than would be the case if similar disclosures were not material or qualitatively material required to made in a note to the financial statements pursuant to accounting standards because:~~

- ~~a) the CEDS is intended to encourage companies with structures that minimise tax to reconsider their corporate tax structures, whereas the primary users of the financial statements and notes are investors and creditors making decisions about the allocation of scarce resources;~~
- ~~b) the disclosures are required whether they are material or not; and~~
- ~~c) the true and correct criterion applies rather than a true and fair view or present fairly criterion.~~

~~While the AUASB could consider narrow scope amendments to the auditing standards consistent with the above, any such amendments would be unlikely to be available for the 30 June 2024 reporting season.~~

~~The AUASB cannot make auditing standards that are inconsistent with the requirements of the Act (s336 of the Act). That is, the auditing standards cannot reduce the obligations of auditors by replacing the true and correct criterion with materiality and true and fair view criteria.~~

Audit procedures – where consolidated financial statements are required

Where a public company is required to prepare consolidated financial statements, the auditor's work ~~on CEDS to obtain assurance that the CEDS is not misstated~~ may include:

1. Enhancing the auditor's understanding of the business and operations of the public company and other entities in the consolidated entity for the purposes of the disclosures required in the CEDS;
2. Applying knowledge from the audit of the financial statements and notes and the enhanced understanding of the business in identifying and assessing risks and performing work on the completeness and accuracy of the information disclosed;

⁴ See Media Release from the Hon Andrew Leigh MP Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment *A Fairer and More Transparent Tax System* (5 July 2024) and Guidance from ASICASIC Information Sheet 284 *Consolidated Entity Disclosure Statement* (9 July 2024) ~~[Hyperlink to final ASIC guidance to be added].~~

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3. Understand the control environment of the public company and those other entities in the consolidated entity that have significant operations or are known sub-holding companies for parts of the business and the processes used to identify entities in the consolidated entity;
4. Identify and assess the risks of misstatement in the CEDS, including with regard to matters such as:
 - a) the complexity and size of the businesses and operations of the consolidated entity and the locations in which it operates;
 - b) any concerns with the integrity of management; and
 - c) any past use of tax minimisation arrangements, particularly involving foreign controlled entities;
5. Plan the nature and extent of audit procedures including responses to identified risks;
6. Perform procedures to obtain **reasonable** assurance that the entities listed in the CEDS and the information disclosed for each entity at the end of the year is complete and accurate, such as:
 - a) Reviewing the processes and work undertaken within the consolidated entity to support the completeness and accuracy of the disclosures, and confirming whether controls to be relied upon by the auditor are appropriately designed, implemented and operating effectively;
 - b) Reviewing board minutes and papers to identify matters such as:
 - acquisitions or arrangements that may involve the creation of new controlled entities;
 - new operations in foreign jurisdictions; and
 - disposals or discontinuance of operations in foreign jurisdictions;
 - c) Other than for the first year in which a public company prepares a CEDS, obtaining audit evidence supporting the reasons why any entities disclosed in the CEDS as at the end of the previous financial year are no longer part of the consolidated entity at the end of the current financial year;
 - d) Checking completeness of the entities listed in the CEDS by reference to the entities in the company's consolidation records;
 - e) Considering entities identified by the auditor or international affiliate firms for the purposes of independence and conflict checking;
 - f) Reviewing the impact of business acquisitions during the financial year;
 - g) Searching ASIC's company register for companies that might be controlled entities because they have similar names or common directors with the public company and other entities in the consolidated entity;
 - h) Searching company registers in other jurisdictions in which the consolidated entity operates for any controlled entities (where that is possible);
 - i) Obtaining audit evidence necessary to assess the tax residency of entities in the consolidated entity in the jurisdictions where those entities are formed or carry on business such as where the management and control of the entity is located;

- j) Obtaining audit evidence on the completeness and accuracy of the other information required to be disclosed for entities in the consolidated entity;
- k) Obtaining written representations from directors and management on the completeness and accuracy of the information disclosed in the CEDS;
- l) Obtaining representations from the public company's solicitors and tax advisers;
- m) Specifically instructing component auditors, reviewing their work as appropriate and ensuring that any issues identified by component auditors have been properly resolved; and
- n) Where any audit work is performed on the completeness and accuracy of the CEDS prior to the end of the financial year, obtaining assurance as to the completeness and accuracy of the CEDS at the end of the financial year. This may include work to identify in connection business acquisitions immediately before year end.

Audit procedures – where consolidated financial statements are not required

Where a public company is not required to prepare consolidated financial statements, the CEDS is only required to contain a statement to that effect. The auditor does not need to perform additional work to that which is required in the audit of the financial statements and the notes to the financial statements.

Auditor's report

The auditor may not need to modify their opinion where there are no significant inherent risks in connection with the completeness of information in the CEDS that are not adequately addressed by internal controls and there no significant limitations on scope affecting the adequacy of the audit procedures outlined above.

The auditor may need to modify their opinion due to significant inherent risks in connection with the completeness of information in the CEDS. A significant inherent limitation on scope may exist in relation to the completeness of the entities listed in the CEDS and completeness of the jurisdictions in which they are tax residents. Such significant limitations are more likely to arise where there is an inherent risk that is not adequately addressed by internal controls and the audit procedures above.

The auditor should consider whether the auditor's report for a listed public company should include a key audit matter paragraph in relation to the CEDS, particularly in the first year that the CEDS is presented.

The Appendix provides examples of an unmodified auditor's report and an auditor's report containing a modified opinion on the completeness of the information in the CEDS.

Appendix: Example Auditor's Reports

Example 1: Unmodified auditor's report (both where consolidated financial statements are prepared and where they are not prepared)

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Report

[Appropriate Addressee]

Opinion

We have audited the financial report of ABC Company Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 20X1, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 20X1 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

[Refer ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.]

[Note: Key audit matters are not required for unlisted public companies.]

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- ii) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- iii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether:

- a) the financial report as a whole is free from material misstatement, whether due to fraud or error (~~other than the consolidated entity disclosure statement~~); and
- b) the information in the consolidated entity disclosure statement, which is qualitatively material is not misstated, whether due to fraud or error, and

to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.]

Report on the Remuneration Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in ASA 700.]

[Auditor's name and signature]

[Name of Firm]

[Date of the auditor's report]

[Auditor's address]

Example 2: Modified auditor's report

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of ABC Company Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 20X1, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report [*Use the preceding words for a Qualified Opinion where the modification arises from an inability to obtain sufficient appropriate audit evidence. The auditor may also need to consider and Adverse Opinion depending upon the significance of the matter or a Disclaimer of Opinion.*], the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 20X1 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

[Include appropriate text to describe the nature of, and reason for, the qualified opinion. This text should be specific to the circumstances.]

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

[Refer ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report.]

[Note: Key audit matters are not required for unlisted public companies.]

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (**other than the consolidated entity disclosure statement**) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether:

- a) the financial report as a whole is free from material misstatement, whether due to fraud or error (~~other than the consolidated entity disclosure statement~~); and
- b) the information in the consolidated entity disclosure statement, which is qualitatively material, is not misstated, whether due to fraud or error, and

to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.]

Report on the Remuneration Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in ASA 700.]

[Auditor's name and signature]

[Name of Firm]

[Date of the auditor's report]

[Auditor's address]



AUASB Agenda Paper

Title:	Draft Exposure Draft on Assurance over Australian Sustainability Information	Date:	17 July 2024
Office of the AUASB:	Anne Waters See Wen Ewe Rebecca Mattocks	Agenda Item:	8.1

Objectives of this Agenda Paper

1. The objectives of this Agenda Paper are to:
 - (a) Seek comments from AUASB members on a draft of an Exposure Draft of an Australian Assurance Standard on *Assurance over Australian Sustainability Information* (ASSA 5010).
 - (b) Seek input from AUASB members on the proposed timeline and next steps.
 - (c) Seek input from AUASB members on including a compelling reason amendment to ISSA 5000 in the ASSA 5010 exposure draft.

Questions for AUASB members

No.	Question
1	Do AUASB members have any comments on the Draft Exposure Draft at Agenda Item 8.1.1?
2	Do AUASB members agree that the ASSA 5010 exposure draft should include a proposal to prohibit a practitioner from using direct assistance from an internal auditor (see paragraphs 12 to 15 of this Agenda Paper)?
3	Do AUASB members agree with the proposed next steps outlined in paragraph 16 of this Agenda Paper?

Background and previous discussions on topic

2. Schedule 4 of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth)* (the Bill) proposes a new mandatory climate disclosure framework for larger entities that prepare financial reports under Chapter 2M of the *Corporations Act 2001* (the Act). The Bill is yet to be passed.
3. The draft Bill would make the AUASB responsible for specifying the extent to which sustainability reports prepared in accordance with the *Corporations Act 2001* for financial years commencing on or before 30 June 2030 must be audited and/or reviewed (assurance phasing). In addition, the AUASB may provide standards or guidance for assurance under the local sustainability reporting framework.
4. Some extracts from the draft Bill on assurance reporting appear in the Appendix to this paper.
5. At its meeting on 23 May 2024, the AUASB tentatively agreed on a proposed assurance phasing model for inclusion in an exposure draft having regard to feedback received on a consultation paper (see table overleaf).

AUASB Agenda Paper

Reporting Year ->	1st*	2nd	3rd	4th	5th	6th**
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and Opportunities***	Limited	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	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable
Scope 3 Emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

- * Group 1 – Years commencing 1 January 2025. Group 2 – Years commencing 1 July 2026. Group 3 – Years commencing 1 July 2027.
- ** Group 3 is to be subject to reasonable assurance across all disclosures by years commencing 1 July 2030.
- *** The phasing for assurance on Statements that there are no material climate-related risks and opportunities would be the same as for ‘Strategy – Risks and Opportunities’.

6. Some members were of the view that limited assurance should not be required over disclosures on Governance and ‘Strategy – Risks and Opportunities’ in the first two years of reporting. A specific consultation question will be asked in the exposure draft seeking views on this matter.

Draft pronouncement

7. The Office of the AUASB has developed an early draft of Australian Standard on Sustainability Assurance ASSA 5010 *Assurance over Australian Sustainability Information* (Agenda Item 8.1.1) that will cover:
- (a) assurance over the Sustainability Report prepared in accordance with the Act;
 - (b) assurance over reporting of other sustainability information (not yet in the draft ASSA 5010); and
 - (c) the extent to which the Sustainability Report for financial years commencing before 30 June 2030 will be subject to reasonable or limited assurance (assurance phasing).
8. The draft exposure draft does not yet include the following:
- (a) Material covered in Agenda Paper 8.2;
 - (b) Explanatory material;
 - (c) Consultation questions; and
 - (d) Application material;
 - (e) Examples of modified audit/assurance reports.
9. Draft ASSA 5010 has been prepared based on the following and may need to be revised based on final versions:
- (a) The Bill currently before Parliament;
 - (b) The AASB’s Sustainability Standards; and
 - (c) The draft of ISSA 5000 included in the papers for the IAASB June 2024 Board meeting.
10. Draft ASSA 5010 also includes the following example reports:
- 1: Unmodified auditor’s report on a sustainability report of a single company prepared in accordance with the *Corporations Act 2001*
 - 2: Unmodified review report on a sustainability report of a single company prepared in accordance with the *Corporations Act 2001*

- 3: Unmodified combined reasonable and limited assurance report on parts of the sustainability report of a single company prepared in accordance with the *Corporations Act 2001*
- 4: Unmodified reasonable assurance report on other sustainability information of a single company not prepared in accordance with the *Corporations Act 2001*
- 5: Unmodified limited assurance report on other sustainability information of a single company not prepared in accordance with the *Corporations Act 2001*
- 6: Unmodified combined reasonable and limited assurance report on other sustainability information of a single company not prepared in accordance with the *Corporations Act 2001*

11. Features of the draft ASSA 5010 include:

- (a) Practitioners will be required to comply with the final ASSA 5000 and ASSA 5010 when performing an assurance engagement to report on an entity's sustainability report and other sustainability information. ASSA 5010 will supplement ASSA 5000; and
- (b) The Act uses the terms audit and review, whilst the draft ISSA 5000 uses reasonable and limited assurance. Where appropriate the draft uses terminology consistent with the draft ISSA 5000.

Direct assistance by internal auditor

12. Consistent with the local amendments to ISA 610 *Using the Work of Internal Auditors*, it is recommended to expose a proposed change to ISSA 5000 such that the auditor cannot use direct assistance from an audited entity's internal auditor (i.e. perform procedures under the direction, supervision and review of the practitioner).
13. ASA 610 includes an Australian paragraph prohibiting external auditors from using direct assistance from an audited entity's internal auditor (i.e. to perform procedures under the direction, supervision and review of the practitioner). This AU paragraph is a long-held Australian amendment, and recognises that internal auditors are not independent of the entity.
14. Draft ISSA 5000 allows practitioners to use direct assistance from an internal auditor in the audit of sustainability information. Paragraph A22A of draft ISSA 5000 also recognises that 'In some jurisdictions, the practitioners may be prohibited, or restricted to some extent, by law or regulation from using the work of the internal audit function or using internal auditors to provide direct assistance.'
15. It is recommended that the ASSA 5010 exposure draft also includes a proposal to amend ISSA 5000 in Australia, based on the compelling reason test, to prohibit practitioners from relying on direct assistance from internal auditors.

Next steps

16. Having regard to member feedback on draft ASSA 5010 and Agenda Paper 8.2, the Office of the AUASB will continue to develop an exposure draft of ED ASSA 5010 for consideration by the AUASB at its meeting on 6 August 2024.

Other materials

Agenda paper no.	Description
8.1.1	Draft ASSA 5010

ATTACHMENT - Some extracts from Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 on assurance reporting

309A Auditor's report on sustainability report

Audit of sustainability report

- (1) An auditor who audits the sustainability report for a financial year must report to members in accordance with subsections (2), (3), (4) and (5) on whether the auditor is of the opinion that the sustainability report is in accordance with this Act, including:
 - (a) subsection 296A(2) or 296B(1) (contents of climate statements); and
 - (b) section 296C (compliance with sustainability standards etc.); and
 - (c) section 296D (climate statement disclosures).If the auditor is not of that opinion, the auditor's report must say why.
- (2) The auditor's report must describe:
 - (a) any defect or irregularity in the sustainability report; and
 - (b) any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 307AA(b).

Requirements for report

- (3) The auditor's report must include any statements or disclosures required by the auditing standards.
- (4) If the sustainability report includes additional information under paragraph 296A(3)(c), the auditor's report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to make the disclosures required by section 296D.
- (5) The auditor's report must specify the date on which it is made.

Offences

- (6) An offence based on subsection (1) is an offence of strict liability.
Note: For strict liability, see section 6.1 of the Criminal Code.

Division 3—Audit and review

1707E Accounting standards must deal with audit and review of sustainability reports before 1 July 2030

- (1) This section applies in relation to a sustainability report for a financial year commencing on or before 30 June 2030.

AUASB must make standards to specify the extent of, and provide for, audit and review of sustainability reports

- (2) The AUASB must make auditing standards under section 336 that:
 - (a) specify:
 - (i) the extent to which the sustainability report must be audited; or
 - (ii) that the sustainability report is not required to be audited to any extent; and
 - (b) specify:
 - (i) the extent to which the sustainability report must be reviewed; or
 - (ii) that the sustainability report is not required to be reviewed to any extent; and
 - (c) if a sustainability report must be audited or reviewed to any extent—provide standards for such audits or reviews.

Modified references to audit and review

- (3) Paragraph 301A(a) or 715(2A)(b) has effect as if the reference to audited in that paragraph were a reference to:
 - (a) audited to the extent (if any) required by the auditing standards; and
 - (b) reviewed to the extent (if any) required by the auditing standards.
- (4) If the AUASB makes auditing standards for the purposes of subsection (2) of this section that require a sustainability report to be reviewed to any extent, references in this Act and the ASIC Act (other than in sections 307AA and 309A of this Act and this section):
 - (a) to audit include a reference to a review of a sustainability report; and
 - (b) to an auditor's report include a reference to an auditor's report under section 1707F(2).
- (5) Section 307AA has effect as if:

- (a) the reference in paragraph 307AA(a) to the sustainability report were a reference to the sustainability report to the extent (if any) that it is required to be audited by the auditing standards; and
 - (b) the reference in paragraph 307AA(c) to audited were a reference to audited to the extent (if any) required to by the auditing standards.
- (6) Subsection 309A(1) has effect as if the reference in that subsection to whether the auditor is of the opinion that the sustainability report is in accordance with this Act were a reference to whether the auditor is of the opinion that the sustainability report, to the extent (if any) that it is required to be audited by the auditing standards, is in accordance with this Act.

1707F Review of sustainability report before 1 July 2030

- (1) This section applies in relation to a sustainability report for a financial year if the AUASB makes auditing standards for the purposes of subsection 1707E(2) that require the sustainability report to be reviewed to any extent.
- (2) An auditor who reviews the sustainability report must report to members in accordance with subsections (3), (4) and (5) of this section on whether the auditor became aware of any matter in the course of the review that makes the auditor believe that the sustainability report, to the extent that it is required to be reviewed by the auditing standards, does not comply with Division 1 of Part 2M.3.
- (3) A report under subsection (2) must:
 - (a) describe any matter referred to in subsection (2); and
 - (b) say why that matter makes the auditor believe that the sustainability report, to the extent that it is required to be reviewed by the auditing standards, does not comply with Division 1 of Part 2M.3.

Requirements for report

- (4) The auditor's report must include any statements or disclosures required by the auditing standards for the purposes of this section.
- (5) The auditor's report must specify the date on which it is made.

Offences

- (6) An offence based on subsection (2) is an offence of strict liability.
Note: For strict liability, see section 6.1 of the Criminal Code.

AGENDA PAPER 8.1.1: DRAFT EXPOSURE DRAFT ON ASSURANCE OVER AUSTRALIAN SUSTAINABILITY INFORMATION

Proposed Australian Standard on Sustainability Assurance ASSA 5010 *Assurance over Australian Sustainability Information*

PREFACE

Reasons for Issuing ED 02/24

The AUASB issues Exposure Draft ED 02/24 of the proposed Standard on Sustainability Assurance ASSA 5010 *Assurance over Australian Sustainability Information* pursuant to the requirements of Chapter 2M of the *Corporations Act 2001* (the Act).

The AUASB is an independent non-corporate Commonwealth entity of the Australian Government, established under section 227A of the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

Main Proposals

This Australian Standard on Sustainability Assurance (ASSA) establishes requirements and provides application and other explanatory material regarding the audit/review of information in a Sustainability Report for a financial year prepared in accordance with the Act, and assurance on sustainability information in an Annual Report for any other purpose.

This Standard supplements ASSA 5000 *General Requirements for Sustainability Assurance Engagements* issued in XX 2024. The Standard sets out the extent to which sustainability reports prepared in accordance with the *Corporations Act 2001* for periods commencing on or before 30 June 2030 must be audited and/or reviewed.

Request for Comments

Comments are invited on this Exposure Draft by no later than XX 2024.

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) made Australian Standard on Sustainability Assurance ASSA 5010 *Assurance over Australian Sustainability Information* as:

- (i) an auditing standard pursuant to s227B(1)(a) of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) and s1707E(4) of the *Corporations Act 2001* (the Act) for the purposes of s336 of the Act; and
- (ii) a sustainability assurance standard for other purposes under s227B(1)(b) of the ASIC Act.

Application

- 1. This Standard applies to:
 - (a) an audit and/or review of information in a Sustainability Report for a financial year in accordance with the *Corporations Act 2001* (the Act); and
 - (b) assurance of other sustainability information in an Annual Report for any other purpose.

Operative Date

- 2. This Standard is operative for financial reporting periods commencing on or after 1 January 2025.

Introduction

Reporting of Sustainability Information

- 3. The Act requires certain entities that prepare annual financial reports under Chapter 2M of the Act to also prepare an annual Sustainability Report to accompany the financial report.
- 4. The Sustainability Report for a financial year consists of:
 - (a) the climate statement for the year required by the Sustainability Standards;
 - (b) any notes to the climate statements required by the Sustainability Standards or a legislative instrument made by the Minister under subsection 296A(4);
 - (c) any statements and notes relating to other financial matters concerning environmental sustainability required by a legislative instrument made by the Minister under subsection 296A(5); and
 - (d) the directors' declaration about the statements and the notes.¹
- 5. In addition, entities may elect to report other types of sustainability information applying other sustainability reporting frameworks as suitable criteria.

Assurance over Sustainability Information

- 6. This Standard covers specific matters relating to assurance over information in the Sustainability Report required by the Act and assurance over other sustainability information. This Standard supplements ASSA 5000.
- 7. The Act requires:
 - (a) Sustainability Reports for reporting periods ending on or after 30 June 2030 to be audited².

¹ subsection 296A(1) of the Act

² section 301A of the Act

- (b) For financial years commencing before 30 June 2030 the AUASB to make auditing standards that specify:
 - (i) The extent to which the Sustainability Report must be audited, or
 - (ii) The extent to which the Sustainability Report must be reviewed³.
- 8. The Act uses the terminology auditor, audit and review. ASSA 5000 uses the terminology practitioner, reasonable assurance and limited assurance. This Standard uses the terminology consistent with ISSA 5000 except where the matter relates to an audit/review under the Act. In this Standard the terms practitioner, assurance, reasonable assurance and limited assurance are equivalent to auditor, audit and review.
- 9. The auditor (whether a firm, audit company or individual auditor) appointed under Division 6 of Part 2M.4 of the Act both audits the Financial Report for a financial year and performs any audit and/or review of the Sustainability Report. In the case of an audit firm or audit company, the individual lead auditor signing the auditor's report on the Financial Report need not be the lead auditor signing the assurance report on the Sustainability Report. However, both lead auditors must both be registered company auditors and partners of the audit firm or directors of the audit company (see s324AF(1) of the Act).
- 10. A practitioner other than the auditor appointed under the Act can provide assurance over sustainability information not required by Chapter 2M of the Act and not included in the Sustainability Report.

Scope of this Standard

- 11. This Standard establishes requirements and provides application and other explanatory material for assurance engagements on:
 - (a) the Sustainability Report prepared in accordance with the Act;
 - (b) the extent to which information in the Sustainability Report must have reasonable or limited assurance, for financial years commencing before 30 June 2030 (assurance phasing); and
 - (c) other sustainability information in annual reports.

Relationship with ASSA 5000

- 12. The practitioner is required to comply with ASSA 5000, this Standard and other relevant ASSAs when performing assurance over the Sustainability Report and other sustainability information. This Standard supplements but does not replace ASSA 5000.
- 13. ASSA 5000 is an overarching standard that includes requirements and application material applicable to all elements of an assurance engagement over sustainability information. If there is an inconsistency between this Standard and requirements of ASSA 5000, ASSA 5000 prevails to the extent of the inconsistency unless the inconsistency arises because of a legislative or accounting standard requirement. Where the practitioner is engaged to provide assurance on the Sustainability Report and other sustainability information in the annual report, the practitioner will need to form separate opinions/conclusions on the Sustainability Report and the other sustainability information. Reasons include:
 - (a) The Sustainability Report consists of the mandatory climate disclosures and does not include the other sustainability information (s296A(1) of the Act);
 - (b) The sustainability information required by the sustainability reporting standards must be clearly identifiable and not obscured by other information (paragraph 62 of AASB ASRS 1); and
 - (c) A separate opinion is required on whether the sustainability report complies with the Act (s307AA of the Act).

Objectives

³ section 1707E of the Act

14. In conducting a sustainability assurance engagement under the Act, the objectives of the auditor are:
- (a) To obtain reasonable assurance and/or limited assurance, as applicable, about whether information in the Sustainability Report is free from material misstatement; and
 - (b) To express an opinion on the sustainability information through a written report on a reasonable assurance and/or limited assurance basis, as applicable, and describes the basis for the conclusion.

Definitions

15. The definitions in ASSA 5000 apply in this Standard. The following additional terms have the meanings attributed below:
- (a) Auditor, the practitioner that is:
 - (i) The audit firm, audit company or individual auditor of the entity under Chapter 2M of the Act; and
 - (ii) In paragraphs 14 and 19, the lead auditor for the Sustainability Report.
 - (b) Group of Entities – entities to which one of the relevant respect provisions below applies:
 - (i) Paragraph 1707B(1)(a) of the Act (Group 1 entities);
 - (ii) Paragraph 1707B(1)(b) of the Act (Group 2 entities); or
 - (iii) Paragraph 1707B(1)(c) of the Act (Group 3 entities).
 - (c) First year of reporting – means:
 - (i) For Group 1 entities – the first financial year commencing on or after 1 January 2025;
 - (ii) For Group 2 entities – the first financial year commencing on or after 1 July 2026;
 - (iii) For Group 3 entities – the first financial year commencing on or after 1 July 2027.
 - (d) Second year of reporting – means:
 - (i) For Group 1 entities – the second financial year commencing on or after 1 January 2025;
 - (ii) For Group 2 entities – the second financial year commencing on or after 1 July 2026;
 - (iii) For Group 3 entities – the second financial year commencing on or after 1 July 2027.
 - (e) Third year of reporting – means:
 - (i) For Group 1 entities – the third financial year commencing on or after 1 January 2025;
 - (ii) For Group 2 entities – the third financial year commencing on or after 1 July 2026;
 - (iii) For Group 3 entities – the third financial year commencing on or after 1 July 2027.
 - (f) Other Sustainability Information – sustainability information other than the information required by the Act.
 - (g) Sustainability Report – A sustainability report required under section 292A of the Act (see section 9 of the Act).
 - (h) Sustainability Standards – those standards made for the purposes of the Act pursuant to section 336A of the Act; and
 - (i) The Act – the *Corporations Act 2001*.

Requirements

Conduct of Assurance Engagement in Accordance with the ISSAs

Complying with Standards that are Relevant to the Engagement

16. The practitioner shall comply with ASSA 5000, this ASSA and other relevant ASSAs, when performing an assurance engagement to report on an entity's Sustainability Report and other sustainability information.
17. The practitioner shall not represent compliance with this ASSA unless the practitioner has complied with the requirements of ASSA 5000.

Complying with Relevant Requirements

18. The practitioner (including the auditor) shall comply with each requirement of this Standard and ASSA 5000 unless, in the circumstances of the assurance engagement, the requirement is not relevant because it is conditional, and the condition does not exist.

Assurance Phasing

19. The information required to be disclosed in the Sustainability Report shall be subject to assurance as follows:
 - (a) For the First Year of Reporting for a group of entities that includes the entity, the auditor shall obtain limited assurance or reasonable assurance over the following disclosures:
 - (i) Governance (paragraphs 5 to Aus7.1 of Sustainability Standard ASRS 2 *Climate-related Financial Disclosures* (ASRS 2));
 - (ii) Strategy (risks and opportunities) (paragraphs 8 to Aus9.1 of ASRS 2);
 - (iii) Any statement that there are no material climate-related financial risks or opportunities (paragraph Aus4.2 of ASRS 2); and
 - (iv) Scope 1 and Scope 2 greenhouse gas emissions (paragraph Aus31.1 of ASRS 2).
 - (b) For the Second and Third Year of Reporting, the auditor shall obtain reasonable assurance over the Scope 1 and Scope 2 emissions disclosures, and limited assurance or reasonable assurance over all other disclosures required to be made in the sustainability report.
 - (c) Other than as stated in (a) or (b), the auditor shall obtain reasonable assurance over all disclosures in the Sustainability Report.
 - (d) The auditor is not prevented by (a) and (b) from obtaining assurance for any information in the Sustainability Report for a reporting year in which assurance is not required.
20. This Standard and ASSA 5000 are to be applied consistent with paragraph 19.

Audit and Assurance Reports

21. For engagements conducted in accordance with the *Corporations Act 2001* the practitioner shall title the report as follows:
 - (a) Where no information is subject to limited assurance - audit report; and
 - (b) Where information is subject to limited assurance - assurance report.
22. Audit and assurance reports shall state that the engagement was conducted in accordance with Australian Standards on Sustainability Assurance.
23. When expressing an unmodified conclusion over Sustainability Reports prepared in accordance with the Act:
 - (a) For an audit engagement the auditor shall state the following (see subsection 309A of the Act):

We have conducted an audit of [specify the disclosures] in the Sustainability Report of [Name of entity] for the year ended [date], which comprises the climate statement, the

notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion, the specified disclosures are in accordance with the *Corporations Act 2001*, including:

- (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
- (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
- (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
- (iv) The climate statement disclosure requirements in section 296D of the Act.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

- (b) For a review engagement the auditor states the following:

We have conducted a review of [specify the disclosures] in the Sustainability Report of [Name of entity] for the year ended [date], which comprises the climate statement, the notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion, we have not become aware of any matters in the course of the review that makes us believe that the specified disclosures do not comply with the *Corporations Act 2001*, including

- (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
- (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
- (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
- (iv) The climate statement disclosure requirements in section 296D of the Act.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

- (c) For an engagement involving the audit of some information and review of other information, the auditor states the following:

We have conducted an audit of [specify the audited disclosures] and a review of [specify the reviewed disclosures] in the Sustainability Report of [Name of entity] for the year ended [date], which comprises the climate statement, the notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion:

- (a) the specified disclosures audited are in accordance with the *Corporations Act 2001* (the Act), including:

- (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
- (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
- (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
- (iv) The climate statement disclosure requirements in section 296D of the Act.

- (b) we have not become aware of any matters in the course of the review that makes us believe that the specified disclosures reviewed do not comply with the requirements specified in (i) to (iv) above.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

24. The name of the engagement partner and the name of the firm or the name of the audit company shall be included in the auditor's practitioner's report.
25. When expressing an unmodified conclusion over Sustainability Information not prepared in accordance with the Act:
- (a) For a reasonable assurance engagement, the practitioner shall state the following:
- We have conducted an audit of [specify the disclosures] in the Sustainability Information of [Name of entity] for the year ended [date].
- In our opinion, the specified disclosures are fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].
- (b) For a limited assurance engagement, the practitioner states the following:
- We have conducted a review of [specify the disclosures] in the Sustainability Information of [Name of entity] for the year ended [date].
- In our opinion, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the specified disclosures are not fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].
- (c) For an engagement involving reasonable assurance over some information and limited assurance over other information, the practitioner states the following:
- We have conducted an audit of [specify the audited disclosures] and a review of [specify the reviewed disclosures] in the Sustainability Information of [Name of entity] for the year ended [date].
- In our opinion the specified disclosures audited are presented fairly in accordance with the are not presented fairly, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].
- Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the specified disclosures reviewed are not fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].

Application Material

[NOT YET DRAFTED]

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Example Assurance Reports on Sustainability Information

- 1: Unmodified auditor's report on a sustainability report of a single company prepared in accordance with the *Corporations Act 2001*
- 2: Unmodified auditor's review report on a sustainability report of a single company prepared in accordance with the *Corporations Act 2001*
- 3: Unmodified combined auditor's report and review report on parts of the sustainability report of a single company prepared in accordance with the *Corporations Act 2001*
- 4: Unmodified reasonable assurance report on sustainability information of a single entity not prepared in accordance with the *Corporations Act 2001*
- 5: Unmodified limited assurance report on sustainability information of a single entity not prepared in accordance with the *Corporations Act 2001*
- 6: Unmodified combined reasonable and limited assurance report of a single entity on other sustainability information not prepared in accordance with the *Corporations Act 2001*

NOTE: EXAMPLE REPORTS WILL BE DEVELOPED AND INCLUDED COVERING:

1. MORE THAN ONE REPORTING FRAMEWORK;
2. CORPORATIONS ACT AND NON-CORPORATIONS ACT REPORTING; AND
3. MODIFIED OPINIONS.

Example Auditor's Report
Single unlisted company—Corporations Act 2001

Illustration 1 – Unmodified auditor's report on a sustainability report prepared in accordance with the *Corporations Act 2001*:

For purposes of this illustrative audit report, the following circumstances are assumed:

- An audit of the sustainability report of ABC Company Limited, an unlisted company, for the year ended 30 June 20X1.
- The sustainability report is prepared by the directors of the entity in accordance with Australian Sustainability Standards (fair presentation framework) and under the *Corporations Act 2001*.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the audit engagement reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The auditor has concluded that an unmodified (i.e. "clean") opinion is appropriate.
- The relevant ethical requirements that apply to the audit are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the auditor is a member applies 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*.
- The sustainability report and the auditor's report thereon have been included in the entity's annual report. The auditor has obtained the annual report prior to the date of the audit report and has not identified any material inconsistencies in the other information in the annual report.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The audit report needs to be tailored to the engagement circumstances.

INDEPENDENT AUDITOR'S REPORT ON ABC'S SUSTAINABILITY REPORT

To the Members of ABC

Report on the Audit of the Sustainability Report[#]

Opinion

We have conducted an audit of [specify the disclosures] in the Sustainability Report of ABC Company Limited for the year ended 30 June 20X1, which comprises the climate statement, the notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion, the specified disclosures are in accordance with the *Corporations Act 2001*, including:

- (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
- (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
- (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
- (iv) The climate statement disclosure requirements in section 296D of the Act.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

Basis for Opinion

We conducted our audit in accordance with Australian Standards on Sustainability Assurance issued by the Australian Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.

We are independent of the Company in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our audit of the sustainability report in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter⁴

We draw attention to [identify the specific disclosure in the sustainability report], which describes [...]. Our opinion is not modified in respect of this matter.

[#] The sub-title "Report on the Audit of the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

⁴ Include if the auditor considers it necessary in the engagement circumstances.

Other Information⁵

Management of the Company is responsible for the other information. The other information comprises the [information included in the Company's Annual report]⁶, but does not include the Sustainability Report and our audit report thereon.

Our opinion on the Sustainability Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Sustainability Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Sustainability Report

Management of the Company is responsible for:

- The preparation and fair presentation of the Sustainability Report in accordance with the *Corporations Act 2001* and Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Report, in accordance with the *Corporations Act 2001* and Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Report⁷

As discussed in [*identify the specific disclosure in the sustainability report*], [*provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria*].

Auditor's Responsibilities

Our objectives are to plan and perform the audit to obtain reasonable assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report.

As part of an audit in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.⁸
- Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures in the Sustainability Report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

⁵ Another appropriate heading may be used, such as "Information Other than the Sustainability Information and Auditor's Report Thereon".

⁶ A more specific description of the other information, such as "the financial report and notes thereto and chairman's statement," may be used to identify the other information.

⁷ Include paragraph if relevant to the engagement circumstances.

⁸ Remove the words "but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control" if the audit includes an opinion on the effectiveness of internal control.

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

*[Auditor's name and signature]*⁹

[Name of Firm]

[Auditor's address]

[Date of the auditor's report]

DRAFT

⁹ The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Example Auditor's Review Report
Single unlisted company—Corporations Act 2001

Illustration 2 – Unmodified auditor's review report on a sustainability report prepared in accordance with the *Corporations Act 2001*:

For purposes of this illustrative review report, the following circumstances are assumed:

- A review of the sustainability report of ABC Company Limited, a single unlisted company, for the year ended 30 June 20X1.
- The sustainability report is prepared by the management of the entity in accordance with Australian Sustainability Reporting Standards (fair presentation framework) and under the *Corporations Act 2001*.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the review reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The practitioner has concluded that an unmodified (i.e. "clean") opinion is appropriate.
- The relevant ethical requirements that apply to the review are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the auditor is a member applies 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*.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The review report needs to be tailored to the engagement circumstances.

INDEPENDENT AUDITOR'S REVIEW REPORT ON ABC'S SUSTAINABILITY REPORT

To the Members of ABC

Report on the Review of the Sustainability Report[#]

Opinion

We have reviewed [specify the disclosures] in the Sustainability Report of ABC Company Limited for the year ended 30 June 20X1, which comprises the climate statement, the notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion, we have not become aware of any matters in the course of the review that makes us believe that the specified disclosures do not comply with the *Corporations Act 2001*, including:

- (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
- (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
- (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
- (iv) The climate statement disclosure requirements in section 296D of the Act.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

Basis for Opinion

We conducted our review in accordance with Australian Standards on Sustainability Assurance issued by the Australian Auditing and Assurance Standards Board. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed.

Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.

We are independent of the Company in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our review in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter¹⁰

We draw attention to [identify the specific disclosure in the sustainability report], which describes [...]. Our review is not modified in respect of this matter.

[#] The sub-title "Report on the Review of the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

¹⁰ Include if the auditor considers it necessary in the engagement circumstances.

Responsibilities for the Sustainability Report

Management of the Company is responsible for:

- The preparation and fair presentation of the Sustainability Report in accordance with the *Corporations Act 2001* and Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Report, in accordance with the *Corporations Act 2001* and Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Report¹¹

As discussed in *[identify the specific disclosure in the sustainability report]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report.

As part of a review in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.¹²
- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosures level in the Sustainability Report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review involves performing procedures to obtain evidence about the Sustainability Report. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error, in the Sustainability Report.

In conducting our review, we:

[Insert a summary of the nature and extent of procedures performed that, in the auditor's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the auditor's conclusion and the level of assurance obtained.]¹³

¹¹ Include paragraph if relevant to the engagement circumstances.

¹² Remove "but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control" if the review includes a conclusion on the effectiveness of internal control.

¹³ The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the auditor with management and in most cases will not detail the entire work plan.

[Auditor's name and signature]¹⁴

[Name of Firm]

[Auditor's address]

[Date of the auditor's review report]

DRAFT

¹⁴ The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Example Auditor's Report and Review Report
Single unlisted company—Corporations Act 2001

Illustration 3 – Unmodified combined auditor's report and review report on parts of the sustainability report prepared in accordance with the *Corporations Act 2001*, comprising:

- (a) Audit of the selected disclosures, [identified by ...],¹⁵ from the sustainability report ("Information RA")
- (b) Review of the selected disclosures, [identified by ...],¹⁶ from the sustainability report ("Information LA")

For purposes of this illustrative report, the following circumstances are assumed:

- An audit of Information RA and a review of Information LA of the Sustainability Report of ABC Company Limited, a single unlisted company, for the year ended 30 June 20X1
- The sustainability report represents the sustainability information reported by the entity and Information RA and Information LA represent the sustainability information subject to the audit and review respectively.
- The sustainability report is prepared by the management of the entity in accordance with Australian Sustainability Reporting Standards (fair presentation framework) and under the *Corporations Act 2001*.
- The sustainability report includes comparative information that is not covered by the auditor's conclusion. With respect to the comparative information: comparative Information RA was subject to an audit, and comparative Information LA was subject to a review, in the prior period, and the auditor's respective conclusions were unmodified.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the audit and review reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The auditor has concluded that, based on the evidence obtained, an unmodified (i.e., "clean") audit opinion and review conclusion are appropriate with respect to Information RA and Information LA, respectively.
- The relevant ethical requirements that apply to the audit and review engagement are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the auditor is a member applies 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*.
- Information LA and Information RA, and the auditor's report thereon, have been included in the Company's Annual Report. The auditor has obtained the Annual Report prior to the date of the audit and review report and has not identified a material misstatement of the other information in the Annual Report.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The report needs to be tailored to the engagement circumstances.

¹⁵ Provide a specific identification and location of the information that is subject to an audit, which should be distinct from the information subject to a review (e.g. by tagging the specific disclosures in the Sustainability Report, Title of Section of the Sustainability Report, an Appendix to Auditor's Report, etc.).

¹⁶ Provide a specific identification and location of the information that is subject to a review conclusion, which should be distinct from the information subject to an audit opinion (e.g. by tagging the specific disclosures in the Sustainability Report, Title of Section of the Sustainability Report, an Appendix to Auditor's Report, etc.).

INDEPENDENT AUDITOR'S REPORT AND REVIEW REPORT ON ABC'S SUSTAINABILITY REPORT

To the Members of ABC

Report on the Audit and Review of the Sustainability Report[#]

Audit and Review Opinion

We have conducted an audit of [specify the audited disclosures] and a review of [specify the reviewed disclosures] in the Sustainability Report of [Name of entity] for the year ended [date], which comprises the climate statement, the notes to the climate statement, the statement and notes concerning other financial matters relating to environmental sustainability, and the directors' declaration about the statements and the notes.

In our opinion:

- (a) the specified disclosures audited are in accordance with the *Corporations Act 2001* (the Act), including:
 - (i) Applicable Australian Sustainability Reporting Standards and any legislative instrument made under subsection 296C(2) of the Act;
 - (ii) Any legislative instrument on disclosures in the climate statement and notes made under subsection 296A(4) of the Act;
 - (iii) Any legislative instrument on financial matters concerning environmental sustainability made under subsection 296A(5) of the Act; and
 - (iv) The climate statement disclosure requirements in section 296D of the Act.
- (b) we have not become aware of any matters in the course of the review that makes us believe that the specified disclosures reviewed do not comply with the requirements specified in (i) to (iv) above.

[Where a Group 3 entity has no material financial risks relating to climate and no material opportunities relating to climate, replace (i), (ii) and (iv) with a statement to that effect with an explanation of how there are no such risks or opportunities.]

Basis for Audit and Review Opinion

We conducted our audit and review in accordance with Australian Standards on Sustainability Assurance, issued by the Australian Auditing and Assurance Standards Board. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed.

Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.

We are independent of the Company in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our audit and review in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and review conclusion.

[#] The sub-title "Report on the Audit and Review of the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

Emphasis of Matter¹⁷

We draw attention to [identify the specific disclosure in the sustainability report] from the Information LA of the Sustainability Report, which describes [...]. Our review conclusion is not modified in respect of this matter.

Other Information¹⁸

Management of the Company is responsible for the other information. The other information comprises the [information included in the Company's Annual Report], but does not include the Information RA and Information LA subject to this engagement and our audit and review report thereon.

Our audit opinion and review conclusion on Information RA and Information LA, respectively, do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit and review of the Information RA and Information LA, respectively, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Information RA and Information LA, respectively, or our knowledge obtained in the audit and review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Sustainability Report

Management of the Company is responsible for:

- The preparation and fair presentation of the Information RA and Information LA in accordance with the *Corporations Act 2001* and Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Information RA and Information LA, in accordance with the *Corporations Act 2001* and Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Report¹⁹

As discussed in [identify the specific disclosure in the sustainability report], [provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria].

Auditor's Responsibilities

Our objectives are to:

- (a) Plan and perform the audit to obtain reasonable assurance about whether the Information RA is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.²⁰
- (b) Plan and perform the review to obtain limited assurance about whether the Information LA is free from material misstatement, whether due to fraud or error and to issue a review report that includes our conclusion.

¹⁷ Include if the auditor considers it necessary in the engagement circumstances.

¹⁸ Another appropriate heading may be used, such as "Information Other than the Sustainability Report and Audit and Review Report Thereon".

¹⁹ Include paragraph if relevant to the engagement circumstances.

²⁰ Remove "but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control" if the audit includes an opinion on the effectiveness of internal control.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Information RA and Information LA.

As part of both audit and review in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- (a) For an audit:
 - Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.²¹
 - Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures in the Information RA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) For a review:
 - Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
 - Design and perform procedures responsive to the assessed risks of material misstatement at the disclosures level in the Information LA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed for a Review

A review involves performing procedures to obtain evidence about the Information LA. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error, in the Information LA.

In conducting our review, we:

[Insert a summary of the nature and extent of procedures performed that, in the auditor's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the auditor's conclusion and the level of assurance obtained.]²²

[Auditor's name and signature]²³

[Name of Firm]

[Auditor's address]

[Date of the auditor's report]

²¹ Remove "but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control " if the review includes a conclusion on the effectiveness of internal control.

²² The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the auditor with management and in most cases will not detail the entire work plan.

²³ The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Example Practitioner's Reasonable Assurance Report
Single unlisted entity

Illustration 4 – Unmodified reasonable assurance report on sustainability report of an unlisted entity prepared in accordance with fair presentation criteria:

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A reasonable assurance engagement relating to the entirety of the sustainability report of ABC Entity, a single unlisted entity, for the year ended 30 June 20X1.
- The sustainability information is prepared by the management of the entity in accordance with Australian Sustainability Standards (fair presentation criteria).
- The sustainability information includes comparative information that is not referred to in the practitioner's conclusion. The comparative information was subject to a reasonable assurance engagement by the same practitioner in the prior period and the practitioner's conclusion was unmodified.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the assurance engagement reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The practitioner has concluded that an unmodified (i.e. "clean") opinion is appropriate.
- The relevant ethical requirements that apply to the assurance engagement are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the practitioner is a member applies 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*.
- The sustainability report and the practitioner's report thereon have been included in the entity's annual report. The practitioner has obtained the annual report prior to the date of the assurance report and has not identified any material inconsistencies in the other information in the annual report.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON ABC'S
SUSTAINABILITY INFORMATION

To Appropriate Addressee

Reasonable Assurance Report on the Sustainability Information[#]

Reasonable Assurance Opinion

We have conducted an audit of [specify the disclosures] in the Sustainability Information of ABC Entity (the "entity") for the year ended 30 June 20X1.

In our opinion, the specified disclosures are fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].

Basis for Opinion

We conducted our reasonable assurance engagement in accordance with Australian Standards on Sustainability Assurance issued by the Australian Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the Practitioner's Responsibilities section of our report.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our assurance engagement in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter²⁴

We draw attention to [identify the specific disclosure in the sustainability report], which describes [...]. Our opinion is not modified in respect of this matter.

Other Information²⁵

Management of the Entity is responsible for the other information. The other information comprises the [information included in the Entity's Annual report]²⁶, but does not include the Sustainability Report and our assurance report thereon.

Our opinion on the Sustainability Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

[#] The sub-title "Reasonable Assurance Report on the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

²⁴ Include if the practitioner considers it necessary in the engagement circumstances.

²⁵ Another appropriate heading may be used, such as "Information Other than the Sustainability Information and Reasonable Assurance Report Thereon".

²⁶ A more specific description of the other information, such as "the financial report and notes thereto and chairman's statement," may be used to identify the other information.

Responsibilities for the Sustainability Report

Management of the Entity is responsible for:

- The preparation and fair presentation of the Sustainability Information in accordance with the Australian Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Information, in accordance with the Australian Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Information²⁷

As discussed in *[identify the specific disclosure in the sustainability report]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain reasonable assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report.

As part of a reasonable assurance engagement in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.²⁸
- Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures in the Sustainability Report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate]

[Practitioner's address]

[Date of the assurance report]

²⁷ Include paragraph if relevant to the engagement circumstances.

²⁸ Remove the words "but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control " if the reasonable assurance engagement includes an opinion on the effectiveness of internal control.

Example Practitioner's Limited Assurance Report
Single unlisted entity

Illustration 5 – Unmodified limited assurance report on sustainability report of an entity other than a listed entity prepared in accordance with fair presentation criteria:

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A limited assurance engagement relating to the entirety of the sustainability information of ABC Entity, a single unlisted entity, for the year ended 30 June 20X1.
- The sustainability information is prepared by the management of the entity in accordance with Australian Sustainability Reporting Standards (fair presentation criteria).
- The sustainability information includes comparative information that is not referred to in the practitioner's conclusion. The comparative information was subject to a limited assurance engagement by the same practitioner in the prior period and the practitioner's conclusion was unmodified.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the assurance engagement reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The practitioner has concluded that an unmodified (i.e. "clean") opinion is appropriate.
- The relevant ethical requirements that apply to the assurance engagement are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the practitioner is a member applies 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*.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON ABC'S
SUSTAINABILITY INFORMATION

To Appropriate Addressee

Limited Assurance Report on the Sustainability Information[#]

Limited Assurance Conclusion

We have conducted a review of [specify the disclosures] in the Sustainability Information of ABC Entity (the "Entity") for the year ended 30 June 20X1.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the specified disclosures are not fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Australian Standards on Sustainability Assurance issued by the Australian Auditing and Assurance Standards Board. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Practitioner's Responsibilities section of our report.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our assurance engagement in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter²⁹

We draw attention to [identify the specific disclosure in the sustainability information], which describes [...]. Our limited assurance conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Information

Management of the Entity is responsible for:

- The preparation and fair presentation of the Sustainability Information in accordance with the Australian Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Information, in accordance with the Australian Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

[#] The sub-title "Reasonable Assurance Report on the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

²⁹ Include if the practitioner considers it necessary in the engagement circumstances.

Those charged with governance are responsible for overseeing the Entity's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Information³⁰

As discussed in *[identify the specific disclosure in the sustainability information]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report.

As part of a limited assurance engagement in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.³¹
- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosures level in the Sustainability Information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error, in the Sustainability Report.

In conducting our limited assurance engagement, we:

*[Insert a summary of the nature and extent of procedures performed that, in the practitioner's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the practitioner's conclusion and the level of assurance obtained.]*³²

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate]

[Practitioner's address]

[Date of the limited assurance report]

³⁰ Include paragraph if relevant to the engagement circumstances.

³¹ Remove "but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control" if the limited assurance engagement includes a conclusion on the effectiveness of internal control.

³² The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the assurance practitioner with management and in most cases will not detail the entire work plan.

Example Practitioner's Reasonable and Limited Assurance Report **Single unlisted entity**

Illustration 6 – Unmodified combined reasonable and limited assurance report on sustainability report of an entity other than a listed entity prepared in accordance with fair presentation criteria

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A reasonable assurance engagement relating to Information RA and a limited assurance engagement relating to Information LA of the Sustainability Information of ABC Entity, a single unlisted entity, for the year ended 30 June 20X1
- The Sustainability Information represents the sustainability information reported by the entity and Information RA and Information LA represent the sustainability information subject to the assurance engagement.
- The sustainability information is prepared by the management of the entity in accordance with Australian Sustainability Reporting Standards (fair presentation criteria).
- The sustainability report includes comparative information that is not covered by the practitioner's conclusion. With respect to the comparative information: comparative Information RA was subject to a reasonable assurance engagement, and comparative Information LA was subject to a limited assurance engagement, in the prior period, and the practitioner's respective conclusions were unmodified.
- Those charged with governance are responsible for oversight of the entity's sustainability reporting process.
- The terms of the assurance engagement reflect the description of the management's responsibility for the sustainability report in ASSA 5000.
- The practitioner has concluded that, based on the evidence obtained, an unmodified (i.e., "clean") reasonable assurance opinion and limited assurance conclusion are appropriate with respect to Information RA and Information LA, respectively.
- The relevant ethical requirements that apply to the assurance engagement are the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
- The firm of which the practitioner is a member applies 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*.
- Information LA and Information RA, and the practitioner's report thereon, have been included in the Entity's Annual Report. The practitioner has obtained the Annual Report prior to the date of the assurance report and has not identified a material misstatement of the other information in the Annual Report.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER'S REASONABLE AND LIMITED ASSURANCE REPORT ON
ABC'S SUSTAINABILITY INFORMATION

To the Appropriate Addressee

Reasonable and Limited Assurance Report on the Sustainability Information[#]

Reasonable Assurance Opinion and Limited Assurance Conclusion

We have conducted an audit of [specify the audited disclosures] and a review of [specify the reviewed disclosures] in the Sustainability Information of ABC Entity for the year ended 30 June 20X1.

In our opinion the specified disclosures audited are presented fairly in accordance with the are not presented fairly, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the specified disclosures reviewed are not fairly presented, in all material respects, in accordance with the Australian Sustainability Reporting Standards [or other applicable criteria].

Basis for Reasonable Assurance Opinion and Limited Assurance Conclusion

We conducted our assurance engagement in accordance with Australian Standards on Sustainability Assurance issued by the Australian Auditing and Assurance Standards Board. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Practitioner's Responsibilities section of our report.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our assurance engagement in Australia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Emphasis of Matter³³

We draw attention to [identify the specific disclosure in the sustainability report] from the Information LA of the Sustainability Report, which describes [...]. Our limited assurance conclusion is not modified in respect of this matter.

Other Information³⁴

Management of the Entity is responsible for the other information. The other information comprises the [information included in the Entity's Annual Report], but does not include the Information RA and Information LA subject to this engagement and our assurance report thereon.

[#] The sub-title "Reasonable Assurance Report on the Sustainability Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

³³ Include if the practitioner considers it necessary in the engagement circumstances.

³⁴ Another appropriate heading may be used, such as "Information Other than the Sustainability Report and Reasonable and Limited Assurance Report Thereon".

Our reasonable assurance opinion and limited assurance conclusion on Information RA and Information LA, respectively, do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited and reasonable assurance engagements on the Information RA and Information LA, respectively, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Information RA and Information LA, respectively, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Sustainability Information

Management of the Entity is responsible for:

- The preparation and fair presentation of the Information RA and Information LA in accordance with the Australian Sustainability Standards.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Information RA and Information LA, in accordance with the Australian Sustainability Standards, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Information³⁵

As discussed in *[identify the specific disclosure in the sustainability report]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Practitioner's Responsibilities

Our objectives are to:

- (a) Plan and perform the assurance engagement to obtain reasonable assurance about whether the Information RA is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our opinion.³⁶
- (b) Plan and perform the assurance engagement to obtain limited assurance about whether the Information LA is free from material misstatement, whether due to fraud or error and to issue an assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Information RA and Information LA.

As part of both limited and reasonable assurance engagements in accordance with ASSA 5010, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- (a) For a reasonable assurance engagement:
 - Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but

³⁵ Include paragraph if relevant to the engagement circumstances.

³⁶ Remove "but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control" if the reasonable assurance engagement includes an opinion on the effectiveness of internal control.

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³⁷

- Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures in the Information RA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) For a limited assurance engagement:
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
 - Design and perform procedures responsive to the assessed risks of material misstatement at the disclosures level in the Information LA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed for Limited Assurance Conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Information LA. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error, in the Information LA.

In conducting our limited assurance engagement, we:

*[Insert a summary of the nature and extent of procedures performed that, in the practitioner's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the practitioner's conclusion and the level of assurance obtained.]*³⁸

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate]

[Practitioner's address]

[Date of the combined assurance report]

³⁷ Remove "but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control " if the limited assurance engagement includes a conclusion on the effectiveness of internal control.

³⁸ The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the assurance practitioner with management and in most cases will not detail the entire work plan.

Diagrammatic representation of assurance phasing

Reporting Year ->	1st*	2nd	3rd	4th	5th	6th**
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and Opportunities ***	Limited	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	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable
Scope 3 Emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

* Group 1 – Years commencing 1 January 2025. Group 2 – Years commencing 1 July 2026. Group 3 – Years commencing 1 July 2027.

** Group 3 is to be subject to reasonable assurance across all disclosures by years commencing 1 July 2030.

*** The phasing for assurance on Statements that there are no material climate-related risks and opportunities would be the same as for ‘Strategy – Risks and Opportunities’.



AUASB Agenda Paper

Title:	Exposure Draft <i>Assurance on Australian Sustainability Information – Other Matters</i>	Date:	17 July 2024
Office of the AUASB:	Marina Michaelides	Agenda Item:	8.2

Objective of this Agenda Paper

1. The objectives of this Agenda Paper are to seek comments from AUASB members on the following aspects of matters proposed to be covered in an exposure draft of a local assurance pronouncement under the local sustainability reporting framework:
 - (a) the appropriateness of including the matters in the exposure draft; and
 - (b) whether aspects proposed to be covered in standards paragraphs are consistent with the AUASB Due Process Framework.

Questions for AUASB members

No.	Question
1	Do AUASB members have any comments on the appropriateness of covering the matters listed in the table in the Attachment to this paper in an exposure draft of a local pronouncement?
2	Do AUASB members have any comments on the application of the AUASB Due Process Framework in determining whether the matters in the table in the Attachment to this paper are to be covered in standards paragraphs?

Background and previous discussion on topic

2. At the May 2024 Board meeting the AUASB were provided with the detailed analysis of feedback from consultation on the need for a local pronouncement and the matters that may be covered in such a pronouncement. We received 29 written submissions.
3. The feedback was overwhelmingly supportive of developing a pronouncement to supplement the final ISSA 5000 dealing with assurance matters under the Australian climate and sustainability reporting framework.
4. Nineteen of the 20 respondents to Question 8 agreed that the AUASB should develop and issue a local pronouncement to supplement the final ISSA 5000 dealing with assurance matters under the Australian climate and sustainability reporting framework. Respondents were also supportive of covering the matters detailed in the consultation paper and provided some additional suggestions.

Further analysis of matters

5. The table in the Attachment provides details of the initial matters considered for a local pronouncement. Further matters already identified or still to be identified may be added to the table or exposure draft for consideration at the 6 August 2024 meeting.

6. Matters previously identified that have been adequately covered in the latest draft of ISSA 5000 have been excluded from the table.

Monitoring developments

7. The table in the Attachment has been prepared based on the following and may need to be revised based on final versions:
- (a) The Bill currently before Parliament;
 - (b) The AASB's Sustainability Standards; and
 - (c) The draft of ISSA 5000 included in the papers for the IAASB June 2024 Board meeting.
8. We will also monitor the implementation guidance that the IAASB will develop for issue alongside the final ISSA 5000 standard in December 2024. Areas that may be tentatively covered in the implementation guidance are shown in the diagram below. No further details are available at this time.

Implementation Guidance



Conduct of an Assurance Engagement in Accordance with ISSA 5000	<ul style="list-style-type: none"> Quality management Ethics 	<ul style="list-style-type: none"> Resources, competence and capabilities Fraud 	<ul style="list-style-type: none"> Documentation Communication
Acceptance and continuance	<ul style="list-style-type: none"> Preconditions 	<ul style="list-style-type: none"> Terms of engagement 	
Using the work of Others	<ul style="list-style-type: none"> Another practitioner 	<ul style="list-style-type: none"> Groups 	<ul style="list-style-type: none"> Value chain
Planning	<ul style="list-style-type: none"> Evidence 	<ul style="list-style-type: none"> Strategy and plan 	<ul style="list-style-type: none"> Materiality
Risk Assessment	<ul style="list-style-type: none"> Designing and performing procedures 	<ul style="list-style-type: none"> Understanding: Sustainability matters, sustainability information, criteria, entity and its environment, components of internal control 	
Risk Response	<ul style="list-style-type: none"> Designing procedures Overall responses Tests of controls 	<ul style="list-style-type: none"> Substantive procedures Analytical procedures Sampling 	<ul style="list-style-type: none"> Estimates Forward-looking information
Concluding	<ul style="list-style-type: none"> Accumulation and consideration of identified misstatements Evaluating the description of applicable criteria 	<ul style="list-style-type: none"> Subsequent events Written representations 	<ul style="list-style-type: none"> Other information Forming the assurance conclusion
Reporting	<ul style="list-style-type: none"> Other reporting responsibilities Unmodified/ EOM, OM, modified conclusions 	<ul style="list-style-type: none"> Other information Comparatives 	
Supplements	<ul style="list-style-type: none"> GHG guidance and examples 		

Due process framework criteria

9. The criteria from the [*Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications*](#) have been applied in determining whether an aspect of a matter listed in the table in the Attachment should be addressed all or in part through a standards paragraph. The relevant criteria in the Due Process Framework appear in the table below.

AUASB Agenda Paper

Type	Authority	Criteria
Standard	Authoritative can be legally binding or non-legally binding	<p>In determining whether a standard-setting solution will be the appropriate response in the circumstances, the AUASB considers whether one or more of the following factors are relevant:</p> <ul style="list-style-type: none"> (a) a permanent solution is needed to address an ongoing auditing and/or assurance issue; (b) a change is necessary to comply or align with a legal requirement; (c) the desired outcome of the new or revised standard will address relevant compliance obligations and/or promote significant improvements in audit/assurance quality in the Australian environment; (d) it will create significant additional benefits in the public interest and the anticipated benefits of the change or new material will outweigh the costs; (e) the risk to the public interest of not acting is significant; and (f) issue being addressed has general application and the impact is considered systemically important to the Australian economy and aligned with stakeholders needs. <p>[Paragraphs 27 and 28]</p>
Guidance Statement	Authoritative and non-legally binding	<ul style="list-style-type: none"> (a) it is only necessary to provide clarification, explanation or interpretation of a standard; (b) existing material is sufficient to lead practitioners to the right outcome provided it is applied appropriately; (c) there is a need to issue a swift response to a development in the market; and (d) a non-regulatory response is viable and offers a potentially effective response. <p>[Paragraph 32]</p>
Bulletin/FAQ	Non-authoritative materials	<ul style="list-style-type: none"> (a) urgent guidance is necessary to address a significant issue or support the implementation of a new/revised standard, and this can be developed and issued more promptly than the development/revision of an authoritative Guidance Statement; or (b) further guidance is desired to clarify, explain or interpret the requirements of a new/revised Standard or Guidance Statement for a particular industry or sub-sector. <p>[Paragraph 33]</p>

Next Steps

10. Having regard to the comments from AUASB members, the Office of the AUASB will continue to develop 'other matters' for inclusion in the ASSA 5010 exposure draft for consideration at the 6 August 2024 Board meeting.
11. Comments will be sought from the nominated advisory contacts by email on appropriate matters in the table before the 6 August 2024 Board meeting.

ATTACHMENT – OTHER MATTERS FOR LOCAL PRONOUNCEMENT

[Note: The wording in the table below would be refined for inclusion in the exposure draft.]

No.	Topic	Introduction paragraphs	Standard paragraphs (Reasonable assurance only)	Application material	Other	Reason for standard under due process framework
1	Disclosures under local reporting requirements: (a) Identification of required disclosures; and (b) Whether to assess effectiveness of governance, appropriateness for metrics, etc	-	For disclosures required by the AASB Sustainability Standards, the auditor shall: (a) identify and assess the risks of material omission of disclosures or material inaccuracy of disclosure; and (b) having regard to identified risks, determine the nature, timing and extent of substantive procedures on the completeness and accuracy of the disclosures. The auditor must consider the appropriateness of the following chosen for disclosure by the entity: (a) Metrics; and (b) Scenarios.	The auditor is not required to consider the effectiveness of governance but would consider the likely effectiveness of the entity's strategy for the entity's scenario analysis, resilience disclosures and transition plans. In considering the appropriateness of metrics, the auditor may consider: (a) their understanding of the business; (b) for example, any metrics used internally by the entity, published by other entities in the same industry, and example metrics published by the ISSB; (c) the appropriateness of changes to metrics from prior years; and (d) whether the nature and calculation of the metrics has been adequately disclosed. The financial report auditor is only required to apply ASA 720 in relation to information in the Operating and Financial Review of a listed entity, as well as any voluntary sustainability information that is not subject to assurance by the auditor.	Continued education on preparedness and upskilling for entities and auditors.	A permanent solution is needed to address an ongoing auditing/or assurance issue.
2	Can two different partners within a firm sign off on the financial report and the sustainability report under the Act? What are some practical considerations?	The auditor (whether a firm, audit company or individual auditor) appointed under Division 6 of Part 2M.4 of the Act both audits the Financial Report for a financial year and performs any audit and/or review of the Sustainability Report. In the case of an audit firm or audit company, the individual lead auditor signing the auditor's report on the Financial Report need not be the lead auditor signing the assurance report on the Sustainability Report. However, both lead auditors must both be registered company auditors and partners of the audit firm or directors of the audit company (see s324AF(1) of the Act).	Where there are different lead auditors for the financial report and sustainability report, they must: (a) communicate at appropriate times in their audits to identify any material inconsistencies and misstatements; and (b) Consider consistency of financial report assumptions and sustainability report disclosures where inconsistencies could have a material impact. Consequential amendments to ASA 720 to clarify that ASA 720 must be applied by the lead auditor of the financial report in relation to the sustainability report where there is another lead auditor.	Practical considerations in having different lead auditors for the financial report and sustainability report may include: (a) The lead auditor for the sustainability report may have the expertise to directly cover particular disclosures without using another expert; (b) The lead auditor for the financial report may be better placed than the lead auditor for the sustainability report to audit/ review certain disclosures in the sustainability report, such as impacts on future performance; (c) If the financial report auditor were to cover the sustainability report, they may be able to use the other partner as an expert; (d) Both lead auditors must be registered company auditors; (e) Each lead auditor will need to provide the directors with separate auditor's independence declaration for inclusion in the directors' report; (f) The rotation requirements for lead and review auditors of listed entities would apply to all lead and review auditors; (g) Both partners may need to report the same suspected contraventions of the Act to ASIC; and (h) Given that no one partner oversees both assurance engagements, there is increased importance of communications and other means to identify	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.

No.	Topic	Introduction paragraphs	Standard paragraphs (Reasonable assurance only)	Application material	Other	Reason for standard under due process framework
				material inconsistencies and misstatements (see proposed standards paragraphs).		
3	<p>Implications of:</p> <ul style="list-style-type: none"> Reporting both mandatory and voluntary climate/ sustainability information; and Mandatory assurance over some information and voluntary assurance over other information. <p>Reporting may include the financial report, climate statements under AASB standards, Operating and Financial Review (OFR) and voluntary GRI/European reporting.</p>	<p>Where the practitioner is engaged to provide assurance on the Sustainability Report and other sustainability information in the annual report, the practitioner is required to form separate opinions/conclusions on the Sustainability Report and the other sustainability information. Reasons include:</p> <p>(a) The Sustainability Report consists of the mandatory climate disclosures and does not include the other sustainability information (s296A(1) of the Act);</p> <p>(b) The sustainability information required by the sustainability reporting standards must be clearly identifiable and not obscured by other information (paragraph 62 of AASB ASRS 1); and</p> <p>(c) A separate opinion is required on whether the sustainability report complies with the Act (s307AA of the Act).</p>	<p>Where there is reporting under different frameworks (e.g. AASB and GRI), the auditor/practitioner must consider whether:</p> <p>(a) Any non-AASB information can be included in the sustainability report under the Act;</p> <p>(b) Whether material AASB information has been obscured, the information needs to be separated and whether assurance can be given only over information requiring assurance;</p> <p>(c) Different frameworks may provide the same information but for different users and the lower materiality must be applied;</p> <p>(d) It is clearly disclosed as to the information under each framework; and</p> <p>(e) The need to identify information in the assurance report that is subject to assurance, not subject to assurance, subject to different levels of assurance, or otherwise subject to different opinions.</p> <p>The auditor should consider a modified opinion where material information on which they are to opine is obscured.</p>	-	Provide an example assurance report.	A permanent solution is needed to address an ongoing auditing/or assurance issue.
4	The current IAASB position is to require a sustainability assurance practitioner to communicate with the financial report auditor or another sustainability assurance practitioner only where a material misstatement has been identified.	-	<p>The sustainability assurance practitioner shall communicate with the other sustainability assurance practitioner and the financial report auditor to identify material inconsistencies and misstatements (unless they are the same individual).</p> <p>[Note: Members supported seeking a change to the draft ISSA 5000. A local requirement would be ISSA 5000 plus.]</p>	-	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.
5	Competency of engagement partner	-	-	<p>Application material, guidance, education material:</p> <p>(a) The engagement partner needs to appropriately identify and engage experts, challenge experts, etc.</p> <p>(b) This requires enhanced competency specific to entity's circumstances (e.g. businesses, geographical locations, laws and regulations).</p>	-	-
6	Use of practitioner's own experts (internal and external)	-	<p>Consider exposing:</p> <p>(a) whether for a particularly significant use of an expert, the quality management systems and ethical requirements for external experts need to be assessed;</p> <p>(b) requiring the practitioner to understand whether the expert has sufficient understanding of the assurance process; and</p> <p>(c) whether quality management requirements should apply for specialist areas other than those 'at least as demanding as' ASQM 1.</p> <p>[Note: Any local requirements would be ISSA 5000 plus.]</p>	<p>Application material, guidance, education material or FAQs:</p> <p>(a) Given the partner who signs off on the financial report may also sign off on the sustainability report, there may be a heightened need to use experts;</p> <p>(b) Possibly encourage transparency on use (not name) of experts to promote use, being clear that the auditor takes responsibility; and</p> <p>(c) Not over relying on qualifications and competency of experts.</p> <p>An example in relation to (c) in the standards proposed to be exposed is:</p> <ul style="list-style-type: none"> Assurance over the entity's assessment of soil quality requires an understanding of chemical and other properties relevant to the current and future use of soil by the entity or entities in its value chain, 	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.

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				and the use and replacement of minerals consumed in use of the land and current levels and expected trends in salinity. The approaches to review and re-testing are not contemplated by ASQM 1 while some elements of ASQM 1 may not be as important or relevant.		
7	Forward looking information (e.g. resilience, scenario analysis, transition plans, impact on future performance)	-	The auditor shall: (a) Understand how the entity has undertaken its climate resilience approach and modelling impacts using scenario analysis; (b) Undertake procedures as to whether assumptions are reasonable, realistic, supportable, consistent with management plans, consistent with the auditor's knowledge of the entity, its business model and value chains; and (c) Assess the adequacy of disclosure of assumptions, uncertainties, scenarios and ranges.	Application material, guidance, education material or FAQs: (a) An unmodified opinion may be assisted by reporting materiality being in the context of overall GPFR (albeit that might not be the case under ISSA 5000); (b) While there might be some limitations on scope or significant uncertainties in the early reporting, this should not be considered the default and auditors should work to obtain sufficient evidence, etc.; and (c) The use of carbon credits and offsets.	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.
8	Information and assurance through value chains	-	-	Application material, guidance or education materials about: (a) Practical challenges for assurance by others on entities outside of the entity's organisational boundaries in areas such as: (i) determining whether the work is adequate for the practitioner's purposes, particularly when the there are no contractual rights to access information; (ii) knowledge of sustainability subject matters and underlying context; (iii) unaligned reporting timeframes of entities up/down stream; and (iv) challenges in obtaining reliable information in early years may represent limitations on scope. (b) Encourage audited entities to consider information and assurance requirements when entering into arrangements with significant new suppliers and customers.	-	-
9	Strategy (risks and opportunities)	-	The auditor shall test the completeness and accuracy of climate-related financial risks, including: (a) obtaining an understanding of the processes and controls implemented by the entity/Group to identify, assess, prioritise and monitor climate-related risks and opportunities; (b) obtaining an understanding of risks and opportunities for businesses throughout the value chain; (c) assessing the appropriateness of the entity's definitions of 'short term', 'medium term' and 'long term' and how they link to planning horizons, and whether they are adequately disclosed; and (d) assessing whether all material risks and opportunities have been completely and accurately disclosed, and how they could be reasonably expected to affect the entity's business model,	-	-	-

No.	Topic	Introduction paragraphs	Standard paragraphs (Reasonable assurance only)	Application material	Other	Reason for standard under due process framework
			prospects, financial position, performance, cash flows (in the short, medium and long term), strategy and decision-making, and value chain.			
10	Entity states climate risks and opportunities are not material.	-	Consider the matters under item 9 above.	-	Clarify that an example assurance report would be similar to a report where there are material risks and opportunities .	A permanent solution is needed to address an ongoing auditing/or assurance issue.
11	Prior period errors vs change in assumptions or strategy	-	The practitioner shall consider whether there was an error and challenge the appropriateness of using the impracticality exemption (i.e. comparatives are restated unless it is impracticable to do so).	-	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.
12	Disclosure exemptions <ul style="list-style-type: none"> Exemption from quantification of financial impact of strategy where current or anticipated effects not separately identifiable or measurement uncertainty so high that information not useful. Exemption based on the skills, capabilities and resources available to the entity. Proportionality exemption based on ‘shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort’. 	-	The practitioner shall apply professional scepticism when considering the appropriateness of using disclosure exemptions.	The practitioner should consider factors that may be relevant to the use of the exemptions from an understanding of the entity and considering matters such as its size and resources, and practices of comparable entities.	-	A permanent solution is needed to address an ongoing auditing/or assurance issue.
13	Assurance report	-	-	-	Still to develop example modified reports.	-
14	Limited assurance	-	-	-	Education: (a) Still modified opinion if issue identified and not addressed; and (b) May not be less effort and cost (vs reasonable assurance) if	--
15	‘Greenwashing’ and ‘green hushing’	-	-	-	Education: (a) Auditor obligations – false and misleading; and (b) Non-compliance with laws and regulations	-