



*Promoting and enhancing  
confidence in the Australian  
multidisciplinary accounting and  
assurance profession recognising  
our public interest responsibility*

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Via email

The AAA-PPC wishes to provide comments in connection with the following standards and consultations:

- AUASB Exposure Draft ED 01/25 'Proposed amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements and ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements'
- APESB Exposure Draft ED 01/25 'Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting'

Key points:

- Paragraph 6 of ASSA 5000 was modified from the international standard to include reference to Part 5 of the IESBA Code without due process, including appropriate consultation with interested and affected parties.
- The retrospective effective date of 1 January 2025 of ASSA 5000 has presented a number of challenges. The AAA-PPC recommends that future changes or new standards are issued with appropriate consultation and lead time, and in alignment with international best practice.
- We understand that the AUASB will consider updates to ASSA 5000 at their upcoming Board meeting including deferral of Part 5 and AAA-PPC members strongly support this amendment.
- The AAA-PPC notes that the Value Chain Component Scope 3 emissions independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA. The AAA-PPC recommends that the effective date of the independence requirements for work performed at a Value Chain Component be aligned with the effective date in the IESSA.

The Australian Accounting and Assurance Public Policy Committee (AAA-PPC) appreciates the opportunity to comment on the proposed revisions set out in the Exposure Drafts. AAA-PPC members support the AUASB and APESB's intent to clarify the independence requirements for sustainability assurance engagements.

## About the AAA-PPC

The AAA-PPC at present comprises of the six large accounting and assurance professional services firms and seeks to promote and enhance confidence in the Australian multidisciplinary accounting and assurance profession recognising our public interest responsibility. For more information, please see our website [linked here](#). The AAA-PPC members provide assurance services to over 95% of Australia's 200 largest ASX listed companies and are the largest employers of external auditors in Australia.

We are passionate about the role of assurance in ensuring investment grade information, both for financial and non-financial disclosures. This is critical to support the integrity of capital markets and enable investors and stakeholders to rely on non-financial information for their decision making in the same way they do financial information.

## AAA-PPC Comments

The AAA-PPC supports the adoption of a globally consistent disclosure of sustainability-related information, accompanied by a robust assurance regime. Given the need for consistency between the assurance and independence standards, the AAA-PPC has provided feedback about the independence requirements in one consolidated letter.

### Adoption of Part 5 of the IESBA Code in ASSA 5000

Paragraph 6 of ASSA 5000 was modified from the international standard to include reference to Part 5 of the IESBA Code without due process, including appropriate consultation with interested and affected parties. Had the AAA-PPC members been consulted on this modification to international standards, the view would have been provided that ASSA 5000 should not refer to Part 5 of the IESBA Code, and that the proposed start date of the independence requirements should have aligned with the IESBA effective date, or, the effective date of any revised APES 110 resulting from the adoption of Part 5 of the IESBA Code in Australia.

### Retrospective effective date

The retrospective effective date of 1 January 2025 of ASSA 5000 has presented a number of challenges. This backdating, effectively requiring compliance with a new standard before it was issued or even adopted in Australia, is inconsistent with best practice standard-setting and has created uncertainty for practitioners and assurance providers during a critical transitional period.

Typically, there are two years between the issuing of new independence requirements and the effective date, plus transitional provisions, and the effective dates for both ISSA 5000 and Part 5 of the IESBA Code provided sufficient time for implementation. The AAA-PPC recommends that future changes or new standards are issued with appropriate consultation and lead time, and in alignment with international best practice.

We understand that the AUASB will consider updates to ASSA 5000 at their upcoming Board meeting including deferral of Part 5 and AAA-PPC members strongly support this amendment.

### Independence requirements for Value Chain Components (VCC)

The AAA-PPC also notes that the VCC Scope 3 emissions independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA and that recent updates to the European Union's (EU) sustainability regulations create further challenges.

The AAA-PPC recommends that the effective date of independence requirements for work performed at a VCC be aligned with the effective date in the IESSA. Global consultations continue to occur on the operability of these provisions, and additional challenges will arise from implementing the VCC requirements prior to relevant implementation guidance being developed by the IESBA.

Thank you for the opportunity to provide our views. Should you have any further questions on our comments, please do not hesitate to reach out.

**Marisa Orbea**

Chair of the AAA-PPC Independence Working Group