



ISSA (UK) 5000 CONSULTATION

Issued 31 July 2025

ICAEW welcomes the opportunity to comment on the ISSA (UK) 5000 Consultation published by the Financial Reporting Council (FRC) on 29 May 2025, a copy of which is available from this [link](#).

ICAEW recognises the vital role a robust UK sustainability assurance market plays in building trust in sustainability reporting and in supporting the transition to a more sustainable economy, which is essential for long-term economic growth. We welcome the FRC's proposal to issue a UK version of the International Standard on Sustainability Assurance (ISSA) for use by UK assurance providers. We believe alignment with international practice is critical to establish a global baseline to underpin the provision of consistent, comparable and credible reporting.

Assurance is necessary to strengthen the credibility of UK sustainability reporting, and it is critical that the UK has a sustainability assurance market that functions effectively and provides assurance that helps ensure that companies' sustainability information is high quality, trusted, and of value to its users. However, for any assurance standard to be effective, it needs to be part of and supported by a robust regulatory framework - ensuring the consistent application of professional standards, ethics, training, and quality management, with appropriate monitoring and oversight.

We recognise that this requires input and commitment from multiple stakeholders, including government, regulators, standard-setters, preparers, assurance providers, users of sustainability assurance for decision-making purposes, and professional bodies, including ICAEW. We consider the recent publication by the UK government of the following consultations as significant in that they cover critical components needed to establish an effective UK sustainability reporting ecosystem:

- draft [UK Sustainability Reporting Standards \(UK SRS\)](#), based on the International Sustainability Standards Board's (ISSB) IFRS S1 and S2;
- proposals for [greater regulatory oversight](#) for assurance of sustainability-related financial-disclosures; and
- climate-related [transition plan](#) requirements.

Our goal is to ensure that the UK market is well-positioned to allow sustainability assurance providers to deliver high-quality, credible assurance that meets the expectations of investors, regulators, and the public. We would be pleased to continue to engage with the FRC and convene further discussions with our members to help inform next steps.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 172,000 chartered accountant members in over 150 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

This response of 31 July 2025 has been prepared by the ICAEW Audit and Assurance Faculty. Recognised internationally as a leading authority and source of expertise on audit and assurance issues, the faculty is responsible for audit and assurance submissions on behalf of ICAEW. The faculty has over 28,000 members drawn from practising firms and organisations of all sizes in the private and public sectors.

© ICAEW 2025

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

For more information, please contact: Audit and Assurance – tdaf@icaew.com

KEY POINTS

SUPPORT FOR THE CONSULTATION

1. We welcome the FRC's continued focus on the sustainability assurance market, following on from publication of the [final report and recommendations from the UK sustainability assurance market study](#). The market study provided valuable insight, including data analysis, to inform policy making and planning in relation to the UK's sustainability reporting and assurance landscape.
2. It is important that momentum is maintained in this area and that the regulatory focus continues to be the provision of comparable and decision-useful sustainability information, the overriding objective of sustainability reporting. Obtaining high quality assurance is essential to help to ensure it is reliable, comparable and of value to users. In turn this allows investors and other users to assess a company's preparedness and progress with confidence, building trust. This is what is needed to drive capital flows and for companies and sectors to take action in support of the transition to net zero and a more sustainable economy, which is essential for long-term economic growth.
3. We strongly support the adoption of this International Auditing and Assurance Standards Board (IAASB) standard and believe alignment with international practice is critical to establish a global baseline to underpin the provision of consistent and comparable reporting and assurance, avoiding unnecessary fragmentation.
4. We therefore commend the FRC's proposal to issue a UK version of IAASB's International Standard on Sustainability Assurance (ISSA) 5000 for use by UK assurance providers. We do however believe that its use should be made mandatory for all sustainability assurance engagements (whether undertaken on a voluntary basis or mandated) as soon as feasible. We agree that alignment with ISSA 5000 should minimise burdens for firms carrying out assurance engagements across multiple jurisdictions and contribute to greater international alignment of sustainability assurance engagements.
5. We believe a holistic approach is needed to develop and improve the sustainability reporting and assurance eco-system with input and commitment from multiple stakeholders, including government, regulators, standard-setters, preparers, assurance providers, users of sustainability assurance for decision-making purposes, and professional bodies including ICAEW. We look forward to continued engagement with the FRC as it progresses with the consultation and stand ready to convene discussions with our members and others to obtain further feedback.

THE CURRENT UK MARKET

6. The UK sustainability assurance market is evolving quickly. In addition to the current consultation on draft UK SRS, many UK entities are or will be impacted by mandatory assurance required by the European Union's Corporate Sustainability Reporting Directive (CSRD). How UK firms can engage with this market remains a challenge. We urge the FRC to address this as a priority and, alongside the UK government, to encourage the EU to align its assurance requirements with ISSA 5000.
7. While competition in the sustainability assurance market is to be welcomed, not least for the broad range of expertise that is required, there should be a level-playing field for market participants, across all tiers of firms, with all providers of sustainability assurance services subject to comparable standards of quality management, ethics, training, monitoring, and oversight.
8. With this in mind, we believe that ISSA (UK) 5000 should be made mandatory for all assurance engagements undertaken in accordance with reporting frameworks (e.g., ISSB / UK SRS, CSRD, and TCFD) as soon as feasible. Without mandating the use of a common assurance standard – with appropriate regulatory oversight – there will continue to be a diverse, unregulated and fragmented voluntary assurance market with assurance supplied with reference to a range of standards. As such, it will continue to be difficult to compare the

quality of assurance provided and leaves the UK open to increased risk of greenwashing and consequential loss of trust.

RELEVANT ETHICAL REQUIREMENTS – IESBA CODE

9. We support the profession agnostic approach proposed by the IAASB and the International Ethics Standards Board for Accountants (IESBA) and continue to highlight the need for all sustainability assurance providers to be held to the same high bar, not least in relation to ethical standards, including independence requirements. This is important to maintain the integrity of sustainability assurance as a service to provide trust and confidence to a range of stakeholders.
10. We support referencing the IESBA Code for sustainability assurance. However, we note there are existing stakeholder concerns regarding:
 - The complexity and length of the Code.
 - The need for clearer enforceability across professions.
 - The lack of proportionality for smaller firms.
11. We agree that the FRC should continue to monitor the suitability of the IESBA Code and consider future revisions to the UK Ethical Standard to ensure consistency and enforceability. We recommend the FRC continue to engage with a range of stakeholders throughout the implementation phase and consider whether clarification or non-authoritative guidance specific to the UK may be needed in addition to materials produced by the IAASB and IESBA.

BROADER SUSTAINABILITY ASSURANCE REGULATORY FRAMEWORK

12. As noted above, a voluntary standard without an effective oversight regime or accreditation mechanism risks inconsistent application. Clarity is needed on the UK's regulatory position, which should be addressed as a matter of urgency. An effective regulatory regime with clear and consistent requirements is essential for market confidence, and to drive investment decisions needed in technology, data, people and training.
13. It is important that the UK has a robust regulatory framework consisting of high-quality and consistent reporting, robust assurance standards, ethical and independence requirements, and oversight by an empowered regulatory authority. This includes addressing the pressing matter of how UK firms are registered to perform a sustainability assurance engagement in line with the CSRD and ensuring that the UK can effectively engage with discussions and developments across Europe and globally. The UK should identify and apply lessons from other jurisdictions.
14. Clear messaging is also needed on timelines, to help all participants navigate the evolving landscape and provide the confidence required for corporates, assurance providers and a broad range of stakeholders, to act and make the necessary investment decisions over the short, medium, and long-term to ensure that the needs of the market are met.
15. The UK government's current consultation seeking views on a proposal [for greater regulatory oversight of third-party assurance services](#), is fundamentally important to the sustainability assurance market, strengthening the credibility of UK sustainability reporting to provide trusted decision useful information about the sustainability-related risks and opportunities that a company faces. This in turn should enhance the ability of UK companies' to raise capital, support growth in the UK economy as it transitions to net zero, and help deliver of the [UK's Modern Industrial Strategy](#). ICAEW stands ready to support and work together with UK Government, the FRC, and others, to achieve these goals.

ANSWERS TO SPECIFIC QUESTIONS***Question 1. Do you agree that the FRC should issue ISSA (UK) 5000 for voluntary use in the UK?***

16. No. While we strongly support adoption of ISSA 5000 for the UK market, we do not believe that its use should be voluntary. We acknowledge mandating ISSA (UK) 5000 is a matter for the UK government, and that voluntary adoption may be a pragmatic first step, but we would ultimately like to see the use of ISSA (UK) 5000 mandated in the UK for all assurance engagements undertaken both on a voluntary basis or mandated.
17. The market continues to evolve at pace, largely due to growing demand from a range of stakeholders for assurance of sustainability information, including the requirement for mandatory limited assurance under CSRD, which has an extra-territorial reach, and impacts UK entities.
18. We believe signalling the intention to mandate use of ISSA (UK) 5000 will provide much needed clarity and certainty to the market on what will be required and when, giving companies and assurance providers the confidence needed to act and make the necessary investment decisions over the short, medium, and long-term.
19. A voluntary framework risks continued fragmentation, inconsistent application, and reduced trust in sustainability reporting and assurance. Mandating ISSA (UK) 5000 would:
 - help establish a level playing field across assurance providers.
 - promote consistency and comparability in sustainability assurance engagements.
 - avoid a scenario where sustainability reports are produced but not trusted or used, undermining the objectives of sustainability reporting.
20. A clear timetable, with transitional arrangements for the phasing-in of mandatory use of ISSA (UK) 5000 should be established, allowing the range of impacted stakeholders, including preparers, assurance providers, and regulators, to adapt to new requirements, minimising disruption and ensuring a smoother transition.
21. It is also important to acknowledge that the education and upskilling challenge across all key actors cannot be underestimated. The emergence of a potential expectation gap, particularly in relation to Limited Assurance, needs to be tackled, bearing in mind the wider group of likely users of sustainability reports. Ultimately, stakeholders want relevant and reliable information on companies' targets, action plans and ambitions. They will need to be able to understand from the assurance report what work has been done, what conclusions have been reached and why.

Question 2. Do you agree with the proposed modification to ISSA 5000? If not, what material would you suggest we include?

22. Overall, we are pleased ISSA (UK) 5000 includes only one proposed modification, as we support the drive for a widely applied, internationally recognised assurance standard, that avoids unnecessary fragmentation.
23. We have heard a range of views from members on the proposed modification to prohibit direct assistance from internal audit. Overall, while we understand the intent for consistency with audits of financial statements, we do have reservations about the application of this prohibition and potential for unintended consequences. This is important in the context of sustainability assurance, which is a market that is still developing, and to acknowledge that sustainability assurance engagements are not the same as financial statement audits, especially those which provide Limited Assurance.
24. We recommend the FRC revisit the need for this modification, and if proceeding, provide a rationale as to why they believe it is needed, and develop guidance on what this prohibition means in practice and the principles that underpin it, recognising that many practitioners will not be familiar with the concept. We suggest the FRC:
 - clarifies the distinction between direct assistance and preparatory or advisory roles played by internal audit;

- provides examples of acceptable and non-acceptable involvement; and
- addresses how this prohibition applies to non-audit assurance providers, who may not be as familiar with ISA 610 or other relevant auditing standards.

Question 3. Do you believe any further adaptations should be made? If you do, please explain them.

25. No, we believe it is in the UK market's best interests to adopt the ISSA 5000 standard with no further adaptations.
26. We would however like to see the FRC confirm the status of ISAE 3000, and ISAE 3410 for UK use and whether this is consistent with ISSA 5000 ie,;:
 - ISAE 3000 will continue for assurance on other types of information but will not be available for use for sustainability information.
 - ISAE 3410, Greenhouse Gas Assurance engagements will be withdrawn upon the effective date of ISSA 5000, and no longer available for use.
27. We also suggest the FRC consider areas where additional guidance may be needed for the UK market, in addition to what has been produced by the IAASB and IESBA. This may include:
 - assurance over value chain information and forward-looking disclosures.
 - group-level engagements and multi-entity reporting.
 - addressing practical challenges for SMEs and SMPs, potentially through a phased implementation or proportionate application guidance.
28. We believe it may also be helpful for the FRC to provide additional guidance to clarify any read-across to ISA 720 *The Auditor's Responsibilities Relating to Other Information*, in the context of sustainability.

Question 4. Do you agree with the proposed effective date? If not, please explain what date would be appropriate.

29. Yes, we are supportive of the proposed effective date. We believe that the proposed date provides a reasonable timeframe for all involved parties to adapt to the new standard. Furthermore, it is helpful that the proposed date aligns with the implementation dates for both the IAASB ISSA 5000 standard, and the provisions of the IESBA Code related to sustainability assurance.
30. We note that "earlier application would be permitted" and would be pleased to see this extended to *encourage* earlier adoption, which is also in line with approaches from the IAASB and IESBA.