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## IAASB Public Consultation on Proposed Sustainability Assurance Standard to Begin in July

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In April, the International Auditing and Assurance Standards Board (IAASB) **announced** that the public consultation period for its proposed new sustainability assurance standard will begin in late July or early August 2023 rather than October 2023. This will allow for an extended period of consultation continuing to the end of December 2023.

Subject to the expected IAASB approval of the Exposure Draft in June, the extended consultation will allow early input into the development of the standard and help ensure the completion and publication of the final standard in 2024.

The proposed “International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements,” is intended as an overarching standard for assurance on sustainability-related reporting, which builds on the IAASB’s existing standards, including, for example, ISAE (International Standard on Assurance Engagements) 3000 (Revised) and ISAE 3410. ISSA 5000 will be principles-based and is intended for wide application “as a stand-alone, overarching standard suitable for both limited and reasonable assurance of sustainability information reported across any sustainability topics.” It will apply to sustainability information prepared under multiple reporting frameworks for a range of stakeholders. Given the broad application of the standard, it is also intended to be “profession-agnostic, supporting its use by both professional accountant and non-professional accountant assurance practitioners in performing sustainability assurance engagements.”

In developing the standard, the IAASB focused on **six priority areas**: 1) difference in work effort between limited and reasonable assurance; 2) suitability of reporting criteria; 3) scope of

the engagement; 4) obtaining and evaluating evidence; 5) the entity's system of internal control; and 6) materiality.

During the extended public consultation process, IAASB will coordinate closely with the International Ethics Standards Board for Accountants (IESBA) as IESBA advances its own project to develop ethics and independence standards for sustainability reporting and assurance. The coordination aims to ensure that the IAASB and IESBA's efforts provide an integrated package of ethics and assurance standards for sustainability by the end of 2024. The IAASB will also actively monitor, engage, and coordinate with other standard setters and organizations developing standards and guidance on sustainability reporting and assurance.

"The IAASB has prioritized the development of a high-quality, global sustainability assurance standard. In our recent outreach, stakeholders told us they are awaiting our proposals and urged us not to delay getting them into the market to benefit fully from diverse stakeholder opinion," said IAASB Chair Tom Seidenstein. "What will be critical now, as already encouraged by IOSCO, is for issuers, investors and other users, assurance providers, national standard setters, and others across the ecosystem to plan resources so that they can provide us their views during the consultation process. This is essential to ensure a final standard that is robust and drives high-quality assurance engagements, while meeting the needs of users and being profession-agnostic."

**Taking the Temperature: As we [noted earlier this year](#), one of IAASB's objectives set out in its 2024-2027 work plan is to establish globally accepted standards for assurance on sustainability reporting. In December, IESBA moved forward with [two new standard-setting initiatives](#) that will create broad ethics and independence standards for sustainability reporting as well as standards regarding the related topic of "use of experts" by organizations.**

**ISSA 5000 and IESBA's standards are part of the growing web of sustainability assurance standards and verification processes being developed against a backdrop of sustainability-related regulatory changes, complex sustainability-related disclosure requirements, increased demand from stakeholders and concerns over greenwashing. We have frequently commented on similar recent developments, including [here](#) and [here](#).**

**While the regulatory landscape is inconsistent with respect to mandatory and voluntary assurance, the need for high-quality assurance of sustainability-related information, ESG-integration and sustainability-related metrics is clear. The International Organization of Securities Commissions (IOSCO) cited the importance of the standards being developed by both the IAASB and IESBA in a March 28 [statement](#) announcing its report on [International Work to Develop a Global Assurance Framework for Sustainability-related Corporate Reporting](#).**

**As the standard setters work with the market to develop assurance standards for sustainability reporting and information, it is likely that issues relating to harmonization and alignment of standards will need to be addressed. These will need to take into account the varied approach to assurance across jurisdictions and regions but also in the context of sustainable products and investments.**