Mr. Ramana McConnon
Director, Audit & Assurance Policy
Financial Reporting Council (FRC)
1 Harbour Exchange Square
London, E14 9GE

30 July 2025

Dear Mr. McConnon,

Subject: Proposed UK version of International Standard on Sustainability Assurance 5000

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Financial Reporting Council's (FRC) proposed UK version of the 'International Standard on Sustainability Assurance (ISSA) 5000 – General Requirements for Sustainability Assurance Engagement'.

Led by investors responsible for assets under management of >US$90 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

Investors need high quality and comparable corporate sustainability disclosures to make informed investment, risk management, and stewardship decisions. Yet many investors are concerned that corporate sustainability disclosures may contain some unsupported claims. Investors expect sustainability reporting to be prepared by companies with the same rigor and ethical approach as financial statements, with sign-off from the board of directors. Moreover, to enhance trust in the quality and reliability of companies' sustainability reporting, assurance of this information by an independent third party plays a crucial role. We explained this in an *Investor Viewpoint on the Assurance of Sustainability Reporting*, published in July 2024.[1]

While several jurisdictions have promulgated mandatory assurance, there is currently no consistent approach to assurance engagements. In the journey towards better corporate sustainability reporting, the adoption of international standards for external assurance of this information by IAASB and IESBA has been an essential step, to ensure that all assurance providers follow a rigorous process and investors can trust corporate sustainability disclosures. Investors need the confidence that all assurance providers - whether they are professional accountants or not - follow a rigorous process, conduct assurance engagements of high quality, and apply high ethical and independence standards. Therefore, we welcome the FRC's proposal to adopt ISSA 5000 in the UK, with limited modifications. We also welcome the introduction of the provisions of the IESBA Code related to sustainability assurance engagement in the UK standard.

We understand the rationale for the only proposed modification to the international standard,

[1] ICGN Investor Viewpoint – The assurance of sustainability reporting, July 2024

which would prohibit the use of direct assistance by internal auditors in sustainability assurance engagements, in coherence with the existing prohibition for audits of financial statements in the UK.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact our Global Policy Director, Séverine Neervoort or Junior Policy Analyst, Thomas Stables (policy@icgn.org).

Yours faithfully,

Jen Sisson

Chief Executive Officer, ICGN