Peter Kyle MP
Secretary of State for Business and Trade
Department for Business and Trade
Old Admiralty Building
Admiralty Place
London SW1A 2DY

17 September 2025

Dear Secretary of State,

Subject: Developing an oversight regime for assurance of sustainability-related financial disclosures

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Department for Business and Trade's *Developing an oversight regime for assurance of sustainability-related financial disclosures*.

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*[1], 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.

We welcome the government's commitment to delivering material sustainability-related financial information to financial markets. Material corporate sustainability disclosures are key to support investment, risk management and stewardship decisions, and for investors' own reporting to their beneficiaries. To be useful, this information needs to be complete, comparable and verifiable.

High-quality external assurance plays a crucial role in enhancing trust and reliability in corporate sustainability reporting. While we acknowledge the emerging nature of this field, we believe robust oversight mechanisms are essential to prevent greenwashing and ensure the integrity of material sustainability-related financial disclosures that investors rely upon. We have responded to consultation questions we deem relevant to our work here at ICGN.

ICGN's response to Consultation Questions

Question 1: Do you agree or disagree with the government's core proposal to create a voluntary registration regime for sustainability assurance? Provide justification.

We agree with the proposal, provided that a voluntary regime is sufficient to ensure that quality assurance is provided. While ICGN advocates for mandatory assurance in the long term, we recognise the rationale for a voluntary registration regime as a pragmatic first step in this emerging field. We understand and support the Government's desire to have a well-

[1] https://www.icgn.org/principles

functioning and diverse market for the provision of this assurance; we agree that a range of providers will help to drive choice and competition. However, ensuring high-quality assurance provision must remain the paramount objective when fostering and encouraging a wider assurance market.

Question 2: In your view, what are the advantages and disadvantages of the opt-in approach?

The voluntary approach allows for market-driven adoption and provides flexibility during the early development phase of sustainability assurance. However, it may create inconsistencies in the quality control procedures at different assurance providers that may be hard to "see" for the users of the reporting. Ultimately, quality of assurance provision must be the goal, and while having a sufficient market for services is important, these services are only serving investor needs if the assurance they provide is high quality and can therefore build investor trust.

Question 3: Do you agree or disagree with the government taking a profession-agnostic approach to sustainability assurance? Provide justification.

We support a profession-agnostic approach, provided that the providers of assurance are all subject to the same quality standards. Our preference is that all providers of assurance comply with robust international quality standards, for example ISQM1.

Comprehensive sustainability assurance requires diverse expertise, and market provision should be open to all qualified providers. However, this approach must not compromise adherence to rigorous international standards or dilute assurance quality.

Question 4: Do you agree or disagree that both individuals and firms should be able to be registered as sustainability assurance providers? Provide justification and explain whether any specific requirements are needed to ensure appropriate accountability.

In principle, we support this approach provided both individuals and firms meet equivalent high standards. However, we believe that it may in some instances be challenging for an individual practitioners to meet international standards that typically require multi-level review processes and comprehensive quality control systems, without the provision of assurance expertise from others across their organisation. As such, either Firm-level registration or a combination of both registrations may be more practical for ensuring accountability and maintaining assurance quality.

Question 5: In broad terms, what are the main principles that ARGA should consider when developing a registration regime for sustainability assurance providers?

ARGA should prioritise the quality of assurance provision. For example, adherence to international standards established by IESBA, IAASB and equivalent bodies and the reliability of the resultant assurance. The strongest possible alignment with these standards will enable greater standardisation of information critical for investors to make informed decisions. Quality and consistency should take precedence over market access considerations.

Question 6: How should ARGA work with other organisations when developing a future registration regime?

ARGA should maintain the closest possible alignment with international standards and coordinate extensively with global standard-setting bodies. This approach will ensure UK requirements remain compatible with international frameworks and support comparability across jurisdictions.

Question 7: Do you agree or disagree that the UK's registration regime should recognise 'sustainability assurance providers' as being capable of providing high-quality assurance over multiple reporting standards (that is, TCFD, UK SRS, ESRS)? Provide justification.

We agree. ICGN members are global investors requiring access to high-quality, comparable information across jurisdictions. Many companies operate across multiple regulatory frameworks, and assurance providers should be capable of working with various standards to support efficient, consistent reporting processes.

Question 8: Do you agree or disagree that sustainability assurance providers must follow UK-equivalent standards to ISSA 5000? Provide justification and, if you disagree, indicate whether any other standards are considered appropriate.

We agree with requiring UK-equivalent standards to ISSA 5000. We believe these standards should be as close as possible to the international standards. This approach maintains alignment with international standards while allowing for necessary UK-specific adaptations. ISSA 5000 provides a robust foundation for high-quality assurance engagements across different types of practitioners.

Question 9: How should ARGA exercise its proposed functions in respect of sustainability assurance standard setting in the future?

UK Standards should evolve in line with international developments to preserve comparability and avoid fragmentation across jurisdictions. We encourage ARGA to continue to consult widely to ensure that assurance standards as applied in the UK meet the needs of the international investment community.

Question 10: What factors should ARGA consider when developing its approach to enforcement. Provide justification.

Quality should take precedence over competition concerns. While market competition is valuable, the fundamental objective must be establishing an effective, high-quality sustainability assurance regime. Enforcement should focus on maintaining quality of the assurance provided rather than increasing market participation for its own sake.

Question 11: Do you agree or disagree that assurance of UK SRS disclosures is desirable in the long term? Explain your view and also indicate whether there are any implementation approaches (for example, timelines for phasing-in requirements) or alternative measures to regulation that the government should consider.

We agree that mandatory assurance of UK SRS disclosures is desirable and necessary in the long term. Reasonable assurance should be the ultimate objective, particularly for financially material information. A phased approach beginning with limited assurance and expanding scope over time would allow companies and assurance providers to build capacity while maintaining quality standards.

Conclusion

ICGN supports the government's initiative to establish appropriate oversight for sustainability assurance providers. We emphasise that the success of this regime will depend on maintaining rigorous quality standards and ensuring alignment with international frameworks. Investors require reliable, comparable sustainability related financial information to make informed decisions and fulfil their own reporting obligations.

Thank you for the opportunity to share our perspective. We would be delighted to discuss this further should you be interested in a meeting. If you would like to follow up with questions or comments, please contact Thomas Stables, Junior Policy Analyst (policy@icgn.org).

Yours faithfully,

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