



AccountAbility

Setting the Standard for Sustainability

July 16th, 2025

Gareth Davies
Permanent Secretary of the Department for Business & Trade
Old Admiralty Building, Admiralty Place
London
SW1A 2DY
United Kingdom

AccountAbility's Response to the UK Department for Business & Trade's Consultation on Developing an Oversight Regime for Assurance of Sustainability-Related Financial Disclosures.

Dear Gareth Davies,

This letter provides AccountAbility's comments on the UK Department for Business & Trade's Consultation for Developing an Oversight Regime for Assurance of Sustainability-Related Financial Disclosures.

AccountAbility is a global standards-setter and consulting firm that works with businesses, investors, governments and multi-lateral organizations on ESG matters to realise opportunities, advance responsible business practices and transform their long-term performance. AccountAbility's AA1000 Series of Standards, which can be downloaded for free on the AccountAbility website, are principles-based frameworks used by global businesses, private enterprises, governments, and other public and private organizations to demonstrate leadership and performance in accountability, responsibility, and sustainability. For over 30 years, organizations have come to rely on AccountAbility's standards to guide their approach to sustainability strategy, governance, and operations. The AA1000 Assurance Standard (AA1000AS v3) is recognised globally, including in trusted, independent sustainability initiatives such as the Carbon Disclosure Project (CDP) and Global Real Estate Sustainability Benchmark (GRESB) and is often used by providers to ensure or challenge alignment with other sustainability disclosures such as the Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB). The AA1000AS v3, having been used for several years, is also widely accepted by both accountants and non-accountants as a satisfactory standard for providing assurance and is used across many different markets as highlighted by KPMG, GRI, UNEP and the Centre for Corporate Governance in Africa within their report titled ['Carrots and Sticks: Global Trends in Sustainability Reporting Regulation and Policy'](#).

Attached to this letter is a document which provides AccountAbility's submitted comments to the UK Department for Business & Trade's Public Consultation on Developing an Oversight Regime of Sustainability-Related Financial Disclosures.

Dubai

London

New York

Riyadh



AccountAbility would welcome the opportunity to discuss our responses with the UK Department of Business & Trade. We appreciate the opportunity to be part of the public consultation and hope you find our response helpful. Should you have any queries or feedback about this request, please contact standards@accountability.org and let us know your preferred time to set up a call to discuss this further.

We look forward to hearing from you soon.

Best regards,

Melanie O'Brien
Head of Standards



AccountAbility's Submitted Consultation Response to the UK Department of Business & Trade's Consultation on Developing an Oversight Regime for Assurance of Sustainability-Related Financial Disclosures

Q1.

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

AccountAbility, established in 1995 and formerly known as the Institute of Social and Ethical Accountability, currently operates with an office in London so has both a strong global perspective and local knowledge.

As a standard setting organization, AccountAbility takes pride in our global network of assurance partners who conduct assurance engagements using the AA1000AS v3. With a global network of over 550 assurance partners, we recognize the value of a voluntary registration scheme for sustainability assurance. Through this experience we support this approach, and our UK-based AccountAbility licensed and trusted providers will too.

We agree that the government should institute a voluntary registration regime for sustainability assurance and maintain documentation as to the certification of assurance providers. For companies, the registry can be used to identify qualified sustainability assurance providers, which addresses one of their concerns regarding the suitability and quality of work of sustainability assurance providers, especially when appointing a new provider. If ARGA determine the conditions that registered assurance providers must uphold, it can contribute towards strengthening the assurance market as a whole. In our experience, a mandated system, as our approach follows, helps monitor the adherence to the standard and maintain a quality level. To ensure inclusive practices, we allow our registration system to be easy and flexible and place the onus on ensuring individual engagements meet a high compliance level when using the AA1000AS v3. AccountAbility recognises the benefits, as seen first-hand, provided by assurance providers and the higher degree of confidence produced by a registration regime as is being proposed by ARGA.

Q2.

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

It is AccountAbility's view that registration should be a necessary legal requirement for those providing services to UK companies. AccountAbility would also support assurance as a legal requirement for entities that might be subject to future requirements to report information in accordance with UK SRS.

Q3.

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

Yes. We agree with the UK government's approach to taking a profession-agnostic approach to sustainability assurance. We believe that sustainability professionals are uniquely equipped to evaluate sustainability data and provide actionable insights



supporting both current needs and future progress whilst focussing on the reported material issues.

AccountAbility follows a similar approach which has been widely successful.

1. The AA1000 Assurance Standard v3 (AA1000AS v3) is the leading methodology used by sustainability professionals worldwide for sustainability-related assurance engagements. This has been widely recognized as exemplified in a report by KPMG, GRI, UNEP and the Centre for Corporate Governance in Africa titled '[Carrots and Sticks: Global Trends in Sustainability Reporting Regulation and Policy](#)' which refers to AccountAbility's Assurance Standard as a globally adopted standard for sustainability assurance. The AA1000AS v3 provides organizations with a globally recognized, flexible framework for ensuring the accuracy and credibility of their sustainability efforts, helping them build trust and maintain transparency with stakeholders. The AA1000AS v3 is administered through AccountAbility-licensed assurance providers, ensuring the assurance process is conducted by trained experts with in-depth knowledge of sustainability reporting and management to guarantee credibility and accuracy.
 - a. AccountAbility's license agreement for assurance providers and code of practice also ensure conformity with the technical abilities, independence and ethical practices of both assurance providers and individuals involved in sustainability assurance engagements.
 - b. AccountAbility has measures in place through our elicensing platform that require providers to submit pre-engagement checks and assurance statement pre-issue quality checks as appropriate testing methods to maintain this high compliance and quality of advice for reporting organizations.
2. AccountAbility has a required qualification for individuals carrying out assurance engagements, the Certified Sustainability Assurance Practitioners (CSAP) which has three levels: lead, practicing and associate (LCSAP, PCSAP, ACSAP). For more information on the requirements for each and how AccountAbility takes a profession-agnostic approach, please see our website - <https://www.accountability.org/standards/training/aa1000-individual-certification>. Key to note is that these individuals must have sustainability specific expertise and to keep the certification valid, show evidence of continued professional development in this field annually.

Further, as reporting frameworks such as the ESRS - which affect some UK companies, adopt a "double materiality" perspective, companies must report both on their impacts on people and the environment, not limited to how social and environmental issues create financial risks and opportunities for the company. This means that sustainability assurance providers need to be competent beyond the assurance of sustainability-related financial disclosure standards and financial effects related to sustainability risks (which finance professionals maybe better suited for).

Our clients request the AA1000AS v3 due to its forward-looking approach and focus on stakeholders both through a principles-based approach (The AA1000 AccountAbility



Principles of Inclusivity, Materiality, Responsiveness and Impact which govern the AA1000 Series of Standards).

Q4.

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.

We agree with the ability for individuals and firms to be registered sustainability assurance providers. However, we believe that even sole traders must be tied to some business account to carry out sustainability assurance. Our approach aligns with this. AccountAbility has a licensing model that requires assurance providers that meet eligibility criteria to conduct assurance engagements using the AA1000AS v3. AccountAbility certified individuals (ACSAP, PCSAP, LCSAP) are those entrusted to carry out the engagements. Therefore, regardless of whether the assurance provider is a firm or sole trader, only qualified individuals acting as, or on behalf of a licensed sustainability assurance provider can issue sustainability assurance statements. Lists of both certified practitioners and licensed assurance providers can be found on the AccountAbility website. Additionally, as mentioned earlier, AccountAbility has measures in place such as pre-engagement checks and assurance statement pre-issue quality checks as appropriate testing requirements, which are applicable regardless of whether it is an individual or multiple individuals functioning as an assurance provider.

We believe that the methodology currently used by AccountAbility would provide a strong role model for the registration currently being considered and would welcome a discussion on this with the UK Department for Business & Trade.

Q5.

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

In line with AccountAbility's values, we believe that a sustainability focused approach is the best suited to ensure that those registered sustainability assurance providers are trained and possess sufficient certifiable expertise to assess the disclosure of sustainability related information in line with key assurance standards. For example, AccountAbility adheres to this through the need for CSAPs to complete a training qualification with a provider that has been preapproved by AccountAbility or demonstrate suitable prior experience. Qualified individuals must also renew their qualification through demonstrating clear continual development in the sustainability and assurance field annually. ARGA should determine these eligibility criteria and the principles it should employ when establishing a registration regime, including but not limited to qualifications, competence, ethics and independence. AccountAbility has significant experience in supporting providers that offer sustainability assurance services for the AA1000 Series of Standards, and we would welcome the opportunity to contribute to ARGA's future work to develop the registration regime and the criteria and qualifications underpinning it.



We also believe that a principles-based framework is an important value of an overseeing body. AccountAbility has the AA1000 AccountAbility Principles (Inclusivity, Materiality, Responsiveness and Impact) all of which ground our work, the requirements of sustainability assurance providers and assurance practices in line with the AA1000AS v3. This approach has been successful in assuring sustainability disclosures and resulting in a consistent quality of assurance that is carried out by providers, thus making the assurance market more robust. The AA1000AS v3 also requires a more extensive assessment of an organization's strategy and program, making it especially beneficial for reporting organizations of all sizes (i.e. sustainability SMEs). This is because it offers a flexible, accessible, and user-friendly framework applicable to organizations of any size or sector, ensuring a comprehensive and forward-looking approach to sustainability management, performance and reporting.

ARGA ought to be mindful of setting guidance that may exclude assurance standards or impact sustainability expertise being involved in sustainability assurance. The sustainability assurance market benefits from having a varied involvement from the wider sector and ensuring that those who have expertise in setting sustainability agendas are the ones that are assessing them. AccountAbility, with its globally accepted AA1000AS v3, advocate for a fair and open sustainability assurance market and promotes the use of all relevant standards as they are meeting reporting organisations needs.

Q6.

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

When developing a future registration regime, ARGA will need to involve other organisations, without preference for those with significant financial and regulatory/advocacy influence, at all key stages to ensure an effective and equitable framework. These can include:

- a) Initial Consultation: Engage with key stakeholders, beyond professional accountancy bodies, and proactively invite comments from sustainability assurance standard setters, industry experts, and under-represented independent assurance practitioners, to gather input on the proposed registration regime and eligibility criteria.
- b) Drafting Proposals: Collaborate with these stakeholders to draft detailed proposals for the registration regime, to facilitate the alignment of criteria and processes with sustainability standards and best practices – not limited to future UK SRS disclosures.
- c) Public Consultation: Publish the draft proposals for public consultation, allowing a broader range of organisations and individuals to provide feedback. In addition to transparency of process, this stage is crucial for giving the opportunity to previously unheard voices to provide feedback and for identifying potential issues.
- d) Review and Revision: Analyse the feedback received during the public consultation and involve further discussions with key stakeholders to refine the criteria and processes to make necessary revisions to the proposals based on consensus.



- e) Implementation and Monitoring: Once the final proposals are approved, ARGA can work with professional bodies and integrate existing practices such as those used by AccountAbility's AA1000 Series to implement the registration regime.

AccountAbility would welcome the opportunity to contribute to any of these recommendation areas and allow ARGA to leverage our experience to inform their future work.

Q7.

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.

Yes, we agree. We welcome the government's intention that registered UK sustainability assurance providers would be sufficiently qualified to provide assurance over a range of disclosure frameworks, including the TCFD, UK SRS or ESRS. In fact, several AA1000AS v3 licensed assurance providers in the UK provide this service today.

However, we must stress to not create a new definition for 'sustainability assurance provider' that is too narrow in its use. Where the discussion paper suggests the potential creation of a legal concept of a 'sustainability assurance provider', we see a risk in that 'other disclosures intended for purposes other than financial decision-making (for example, company marketing) are out of scope of this proposal'. This is because this results in the exclusion of any sustainability disclosures and jurisdiction specific standards that are not intended for purposes other than financial decision making. By limiting assurance providers to operate within the scope of the new legal concept of 'sustainability assurance provider', there would be a strong limitation placed on their ability to perform wide-ranging sustainability assurance. This would narrow the scope of sustainability assurance in the UK market to assurance only over an entity's sustainability related financial disclosures.

Q8.

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 disagree with the obligation for assurance providers to solely follow the UK equivalent standards to ISSA 5000. We recognize the intended role that the ISSA 5000 (as a replacement to the ISAE 3000) will play in the sustainability assurance landscape. However, there is currently insufficient experience with the use of ISSA 5000 or the adequacy of the training requirements so we argue that there should be a broader landscape of assurance standards that UK providers can follow. The AA1000AS v3 for example is an alternative, globally adopted standard for sustainability assurance that has been applied successfully and internationally as highlighted through a report produced by KPMG, GRI, UNEP and the Centre for Corporate Governance in Africa titled '[Carrots and Sticks: Global Trends in Sustainability Reporting Regulation and Policy](#)' which highlights AccountAbility's Assurance Standard as one of the central standards for assurance used across many markets. ISSA 5000 and AA1000AS v3 slightly differ from one another with the ISSA 5000 focusing on using evidence-based assessments to



determine the accuracy of sustainability reporting whilst the AA1000AS v3 includes an evidence-based approach to determine the accuracy of information whilst also offering assurance that is more stakeholder centric and includes adherence to AccountAbility Principles, therefore more effectively managing and encouraging sustainability performance. It also has a strong system to monitor adherence to the AA1000AS v3 through independent quality checks including the pre-engagement check and the assurance statement pre-issue check by the standard setter, AccountAbility. Both the ISSA 5000 and the AA1000AS v3 are unique and can be utilized for different purposes as highlighted through AccountAbility's recent publication of the draft bridging document comparing the [two](#). For this reason, we believe that solely focusing on the UK equivalent standards to ISSA 5000 will place a strong limitation on the UK assurance market and restrict the flexibility that UK organizations have in their choice of preferred assurance.

Globally, the AA1000AS v3 is an internationally recognized assurance standard as highlighted through analysis conducted by the International Federation of Accountants who include the AA1000AS v3 as one of the main standards for sustainability assurance. Specifically considering the UK context, 29 UK-based assurance providers are currently licensed with AccountAbility showing how its inclusion will greatly impact the current UK assurance market. You can see our UK based assurance providers on our website here: <https://www.accountability.org/standards/aa1000-licensed-assurance-providers>. We would welcome the opportunity to convene a discussion with our UK-based partners to highlight why aligning to the ISSA 5000 only would compromise an open and fair market in the UK. The requirements set by IESBA in using ISSA 5000 can exclude sustainability professionals which could impact the overall quality of sustainability reporting and assurance in the UK thus likely limiting the assumed growth of the UK assurance market.

As noted by Farooq and DeVilliers in a research report titled '[The Shaping of Sustainability Assurance through the Competition between Accounting and Non-Accounting Providers](#)' **the AA1000AS v3 is a tool to promote sustainability within organizations as opposed to mere sustainability report verification.** Therefore, excluding its use in the UK assurance landscape poses a high risk that the broader UK sustainability market will be impacted.

Q9.

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

Our professional opinion is that ARGA should exercise its role as a body of oversight to the UK assurance market rather than providing stringent regulations. This entails their role as determining which providers can be accepted under their registration scheme. They ought to also determine a strong criterion for providers aligned with the values of ARGAs. We recommend this approach as at AccountAbility, we have a licensed list of providers, all of whom must meet AccountAbility's standards and requirements to be able to provide assurance engagements and reports using the AA1000AS v3.

We believe that there are currently enough requirements of auditors on the market such as those outlined by the European Commission in their FAQs on the Accounting Directive, Audit Directive, Audit Regulation, Transparency Directive, ESRS and

Sustainable Finance Disclosures Regulation. The European Commission includes the following requirements:

- Training and examination
- Continuing education
- Quality assurance systems
- Professional ethics, independence, objectivity, confidentiality and professional secrecy
- Appointment and dismissal
- Investigations and sanctions
- The organisation of the work of the independent assurance services provider, in terms of sufficient resources, personnel and maintenance of client records
- Reporting irregularities

This aligns well with the AA1000AS v3 requirements of:

- Code of practice which includes, but is not limited to, due care, diligence, objectivity, transparency, disclosure of competence, statements of independence and impartiality and ensure sufficient resource allocation.
- Licensing agreement which is between AccountAbility as the standard setter and the assurance provider
- Certified Sustainability Assurance Practitioner (CSAP) qualification including the training and renewal of certification requirements
- AccountAbility issue resolution process

This shows that ARGAs do not need to create new requirements but instead by creating a register they can include standards that are in alignment with the European Commission's approach and the AA1000AS v3, or equivalent. We argue this because in discussions with several regulators, it has been determined that the intention of all sustainability assurance practices is to maintain a fair and open market. Continued consultation with existing players should be a vital consideration for any regulator so that they do no harm to existing practitioners and businesses. AccountAbility welcomes the opportunity to have continued discussions with the UK Department of Business & Trade and recommends that they engage with AccountAbility's licensed UK providers.

Q10.

What factors should ARGAs consider when developing its approach to enforcement. Provide justification.

No comment. Please see Q9.

Q11.

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 support the assurance of sustainability disclosures, specifically the UK SRS disclosures, in the medium term. Our experience and research have shown that sustainability assurance shows better sustainability performance through enhanced decision making, continuous improvement and stronger stakeholder relationships. According to research by CSRHub, companies using the AA1000AS v3, were more likely to receive a higher ESG score/rating as a result.

Q12.

Provide evidence where assurance providers have been excluded from or where you anticipate future barriers to competing for CSRD assurance engagements, due to a lack of UK registration regime or other reasons. Where possible, include quantitative estimates of the scale of impact on UK companies.

At AccountAbility, we have observed that practitioners and providers prefer a streamlined process where there is a high level of simplicity, without compromising effectiveness. Therefore, we recommend aligning global standards to ensure the UK assurance market remains up to the same standard as other global benchmarks and not introducing any rules which may create a division in the market and exclude highly qualified established businesses from operating. Highlighting this is the fact that currently non-big four providers hold over 50% of the assurance market so it is better to align with them rather than turn it over to the finance profession.

AccountAbility's partners in the UK have direct experience working with UK and European organizations, and a member of the AccountAbility board noted that member states autonomy to approve of certified body's right to play has the potential to impact assurance in the EU market directly. The lack of a UK regime will impact this as non-EU companies operating within the EU are drawn into CSD reporting over time (potentially 2029). They noted that it is important that the UK regime takes a more inclusive approach focused on capability, as we have advocated for in our responses above.

Q13.

Provide evidence where the non-audit services cap has been a barrier to accessing or providing high-quality sustainability assurance. Where possible, include quantitative estimates of the scale of impact.

No comment.