

## Sustainability Assurance – Effective Date

This Agenda Item includes the analysis of comments received on Question 27 in the Explanatory Memorandum (EM) to ED-5000,<sup>1</sup> and the related SATF views and recommendations.

### Background

1. The Board acknowledged the urgent need for a global sustainability assurance standard to address the increasing number of jurisdictions with regulatory requirements being introduced for sustainability reporting, with assurance required on some or all of the sustainability information reported. There also is the need for national due process and translation, as applicable, relating to the adoption of the proposed standard, and incorporating the changes into firm methodologies, enablement tools and training materials.
2. To balance the need for urgency with allowing sufficient time to implement the standard, the Board proposed an implementation period of approximately 18 months after approval of the final standard.

### What We Asked

3. Question 27 asked respondents:

*As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?*

93 of 143 respondents<sup>2</sup> provided a response to Question 27. None of the Monitoring Group (MG) members commented on Question 27. See **Agenda Item 2-C.1** for further details on the overall responses and **Agenda Item 2-C.2** for comments received on Question 27.

### What We Heard

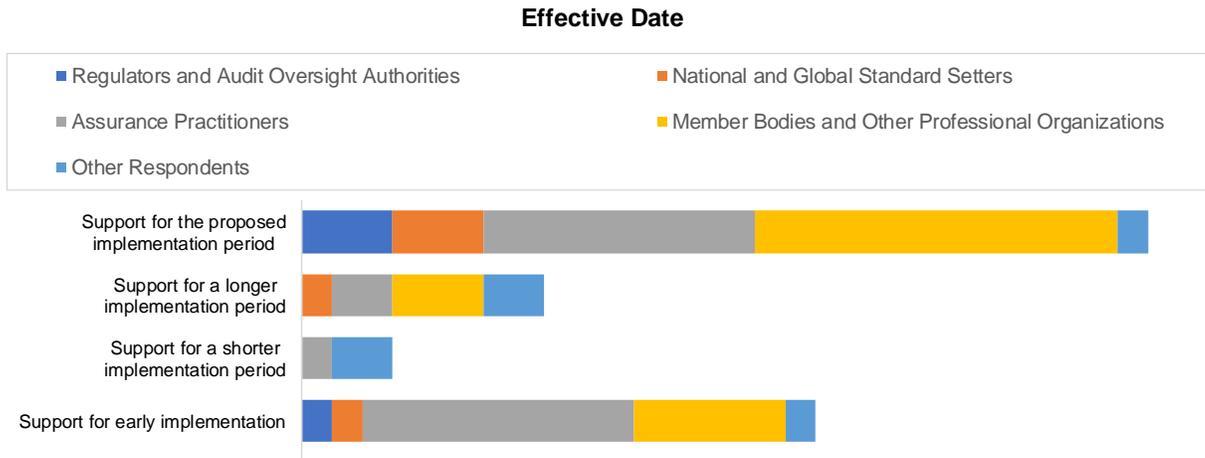
#### Highlights

- Strong support for the proposed implementation period of approximately 18 months after approval of the final standard.
- Strong support for early implementation to be allowed and encouraged.

<sup>1</sup> [Proposed International Standard on Sustainability Assurance \(ISSA\) 5000, General Requirements for Sustainability Assurance Engagements, and Proposed Conforming and Consequential Amendments to Other IAASB Standards](#) (ED-5000)

<sup>2</sup> The respondents to the EM to ED-5000 are listed in the [June 2024 Board papers](#) **Agenda Item 2** Sustainability Assurance – Cover Note, Appendix 2

4. The chart below shows a breakdown of the responses to Question 27 by theme and stakeholder group.



*Respondents' Comments*

5. The vast majority of respondents that answered Question 27 agreed with the proposed implementation period of approximately 18 months after approval of the standard and were of the view that the proposed implementation period would be sufficient to allow jurisdictions and practitioners to prepare for the implementation of ISSA 5000. Many of those respondents supported the IAASB to encourage early implementation.
6. Some respondents were of the view that the proposed implementation period should be at least 18 months and considered that, even though proposed ISSA 5000 is based on ISAE 3000 (Revised)<sup>3</sup> and ISAE 3410,<sup>4</sup> it is a significant new standard, and a 24-month period would be the most appropriate. These respondents also highlighted the lack of resources in some jurisdictions and the need for training for practitioners and regulators.
7. Other comments provided by respondents included the following:
- The IAASB should ensure that the effective date for ISSA 5000 aligns with the effective date of the sustainability provisions in the IESBA Code,<sup>5</sup> and that ISSA 5000 should recognize that early adoption is permitted.
  - The IAASB should clarify that ISAE 3000 (Revised) and the EER guidance<sup>6</sup> will remain applicable for sustainability assurance engagements until proposed ISSA 5000 becomes effective.

<sup>3</sup> ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

<sup>4</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

<sup>5</sup> International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)

<sup>6</sup> Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements

- Rather than for a period or a specific “as at” date of the sustainability information, the effective date should be based on the date of the assurance report (i.e., assurance reports dated on or after [Month] 15, [Year]).

### SATF Views and Recommendations

8. The SATF considered the support for the proposed implementation period of approximately 18 months after approval of the final standard, but also noted the views of some respondents that a longer implementation period (e.g., 24 months) would be appropriate given that ISSA 5000 is a significant new standard.
9. Regarding coordination of effective dates with IESBA for the proposed changes to the Code for sustainability assurance engagements, the SATF also noted that the key theme in the comments received by IESBA on ED-IESSA<sup>7</sup> effective date was the importance of aligning with the effective date of ISSA 5000.
10. The SATF noted that the IAASB’s effective date convention, as set out in the CUSP<sup>8</sup> guidelines, is to use periods “beginning on or after” for a performance standard and “ending on or after” for a reporting standard. As proposed ISSA 5000 is a performance standard, the effective date would be for periods “beginning on or after” a specified date. The SATF also notes that the length of the implementation period from the date of issuance of a final standard until planning commences for the largest engagements is an important consideration.
11. Assuming that PIOB<sup>9</sup> certification of proposed ISSA 5000 is provided by December 2024, and given the vast majority of respondents supported an implementation period of approximately 18 months, the SATF proposes that ISSA 5000 should:
  - Be effective for assurance engagements on sustainability information reported for periods beginning on or after December 15, 2026,
  - Be effective for assurance engagements on sustainability information reported as at a specific date on or after December 15, 2026,
  - Acknowledge that early application is permitted.

The charts in **Appendix 1** illustrate the impact on engagement timelines for these proposed effective dates.

12. The SATF considers this implementation period would be in the public interest because it would provide approximately 18 months before commencement of planning for engagements on reports “as at” a date and approximately 27 months before commencement of planning for engagements for reporting periods with December 31 year ends, but will not prevent jurisdictions or practitioners implementing sooner. The longer implementation period for period engagements also reflects input from stakeholders in the comment letters and outreach that sufficient time is needed to fully prepare for these engagements since many of the first engagements will be for larger group entities.

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<sup>7</sup> Proposed International Ethics Standards for Sustainability Assurance (*including International Independence Standards*) (IESSA)

<sup>8</sup> Complexity, Understandability, Scalability and Proportionality Drafting Principles and Guidelines

<sup>9</sup> Public Interest Oversight Board

13. As the year ends for financial statement reporting and sustainability information will be aligned under many regulatory requirements, and December 31 years ends are the most prevalent for financial reporting globally, using a December effective date would be aligned with entities reporting cycles.
14. The SATF is of the view that, if early adoption of ISSA 5000 is permitted, jurisdictions will have the flexibility to early implement ISSA 5000. Such flexibility may be particularly relevant in jurisdictions that are following an accelerated path to mandating assurance of sustainability information, for example, by adopting ISSA 5000 or using ISSA 5000 as the global baseline for their local equivalent standards. ISSA 5000 also may be adopted or may inform interim arrangements in jurisdictions where there is a timing difference between reporting periods for which sustainability assurance is required and when jurisdiction-specific standards may be finalized. The SATF agreed that this can be explained in the Basis for Conclusions.

**Matters for IAASB Consideration**

1. The IAASB is asked for its views on the SATF's recommendations as described above.
2. Does the IAASB agree with the SATF summary of respondents' feedback on Question 27 in the EM to ED-5000?
3. Are there any other significant issues raised by respondents that should be discussed?

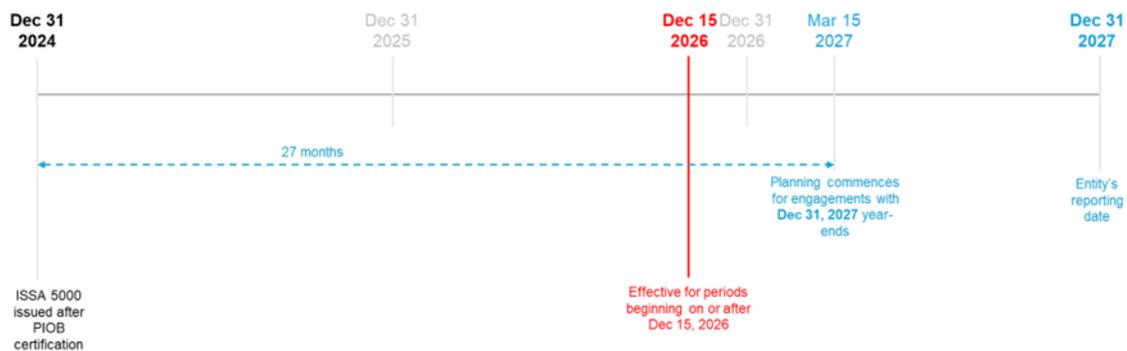
## Appendix 1

### Charts to illustrate the impacts on engagement timelines

#### Engagements for periods beginning on or after a date

1. An effective date for sustainability assurance engagements on sustainability information reported for periods beginning on or after December 15, 2026 (e.g., engagements with December 31, 2027 year-ends) would provide for an implementation period of about 27 months for calendar 2027 sustainability assurance engagements, assuming that engagement planning commences no more than nine months before the reporting year end.

Chart 1- ISSA 5000 effective for periods beginning on or after December 15, 2026



#### Engagements as at a date

2. An effective date for assurance engagements on sustainability information reported as at a date on or after December 15, 2026 would provide for an implementation period of at least 18 months, assuming that engagement planning commences no more than six months prior to the reporting date.

Chart 2- ISSA 5000 effective as at December 15, 2026

