Exposure Draft (ED) on Sustainability Assurance Standard (ISAS – 1)

ED issued by the Institute of Cost Accountants of India (ICMAI)

Comments from ACCA

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1.0 General comments

We welcome the opportunity to comment on the proposed Indian Sustainability Assurance (ISAS 1) issued by the Institute of Cost Accountants of India.

We recognise and support efforts to strengthen the quality, credibility and consistency of sustainability assurance in India. The growing importance of sustainability information to investors, regulators, businesses and other stakeholders reinforces the need for a robust and internationally aligned assurance framework that promotes confidence in reported information and serves the public interest.

ACCA is a strong supporter of the International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, issued by the International Auditing and Assurance Standards Board (IAASB), as the appropriate global baseline for sustainability assurance engagements.

Against this background, we wish to raise several overarching concerns regarding the proposed ISAS 1 and its interaction with ISSA 5000 and the recently issued SSA 5000 of the Institute of Chartered Accountants of India (ICAI).

2.0 Specific comments

2.1 The importance of international alignment and convergence

ACCA strongly believes that sustainability assurance standards should be developed based on internationally recognised principles and requirements, with ISSA 5000 serving as the global common baseline.

ISSA 5000 represents a significant international standard-setting achievement, designed to support high-quality and consistent sustainability assurance across different jurisdictions, sustainability reporting frameworks and professional disciplines.

We consider the development of separate national standards should not undermine this objective. Where jurisdiction-specific requirements are necessary, these should ideally supplement the international baseline rather than introduce alternative concepts, definitions or assurance methodologies.

In this respect, we encourage the Institute of Cost Accountants of India to consider how ISAS 1 can be more closely aligned with ISSA 5000, including through explicit incorporation of its fundamental principles and requirements.

2.2 Risk of fragmentation and market confusion

We are concerned that the introduction of a separate sustainability assurance standard alongside existing SSA 5000 issued by ICAI could result in fragmentation of the sustainability assurance framework in India.

The existence of multiple standards addressing substantially similar engagements, particularly where their requirements or underlying concepts differ, may create uncertainty to preparers, assurance practitioners, regulators and users of sustainability information. Such an approach could result in inconsistent assurance practices, different interpretations of the nature and extent of assurance obtained, and reduced comparability of assurance conclusions.

It may also introduce additional complexity for entities operating internationally, particularly where sustainability information is prepared for stakeholders across multiple jurisdictions. We therefore believe that greater convergence and coordination

between the relevant standard-setting bodies would be beneficial in supporting a coherent and trusted sustainability assurance ecosystem.

2.3 Implications for assurance quality and stakeholder confidence

The credibility of sustainability assurance depends not only on the existence of professional standards but also on consistent application and the ability of users to understand the level of assurance provided.

The adoption of different assurance frameworks for substantially similar sustainability information could make it more difficult for users to assess whether assurance engagements have been conducted to equivalent levels of rigour.

This could ultimately undermine the comparability, transparency and credibility that sustainability assurance standards are intended to promote.

We therefore encourage a framework that establishes clear and consistent expectations concerning practitioner responsibilities, ethical and independence requirements, quality management, evidence gathering and assurance reporting, drawing on the internationally recognised requirements of ISSA 5000.

2.4 Need for coordination and a common national approach

We recognise the important contributions that different professional bodies and disciplines can make to the development of sustainability assurance, including the specialist expertise of cost and management accountants.

However, we believe that this diversity of expertise should be supported through a common set of overarching assurance principles rather than through potentially divergent standards.

ISSA 5000 was designed to be profession agnostic and applicably by practitioners from different professional backgrounds, provided that the relevant ethical and quality management requirements are met.

Accordingly, we encourage the Institute of Cost Accountants of India to engage with ICAI and other relevant stakeholders to explore opportunities for greater convergence and coordinated national approach.

Such coordination could include the adoption of ISSA 5000 as a common baseline, the development of supplementary guidance addressing the specific needs of different professional disciplines, and the identification of genuinely necessary India specific requirements.

3.0 Conclusion

In conclusion, we support the objective of strengthening sustainability assurance in India and recognise the valuable role that the ICMAI can play in achieving this objective.

However, our strong preference is for a single, internationally aligned baseline for sustainability assurance, based on ISSA 5000, supplemented where necessary by clearly identified and justified jurisdiction specific guidance or requirements.

In our view, the development of a parallel sustainability assurance framework should only be contemplated where a clear and demonstrable public-interest need has been established that cannot adequately be addressed through the adoption of ISSA 5000 and the development of appropriate supplementary guidance.

In this context, we encourage the ICMAI to consider whether the proposed ISAS 1 could be repositioned as implementation guidance supporting the application of specific requirements of ISSA 5000, rather than as separate sustainability assurance standard.