

Public Consultative Paper No. 02/2025 on the Proposed Framework for Sustainability Assurance

A public consultation issued by the Advisory Committee on Sustainability Reporting (ACSR)

Comments from ACCA to ACSR
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Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 252,500 members and 526,000 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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Further information about ACCA's comments on the matters discussed here can be requested from:

Andrew Lim
Portfolio Head, ACCA Maritime
Southeast Asia
andrew.lim@accaglobal.com

Chiew Chun Wee
Policy and Insights Lead, ACCA
Asia Pacific
chunwee.chiew@accaglobal.com

ACCA Malaysia Sdn Bhd (473007-P)



1800 88 5051



myinfo@accaglobal.com



www.accaglobal.com



Level 27 Centrepont North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia

General Comments

ACCA commends the Advisory Committee on Sustainability Reporting (ACSR) on developing the Proposed Framework for Sustainability Assurance and for inviting public feedback on the proposed framework through a formal consultation process. This is critical towards fostering trust and transparency in the framework and to positively shaping the journey of sustainability reporting and related assurance in Malaysia.

ACCA welcomes the opportunity to respond to this consultation. In preparing our responses, we convened a focus group discussion with practitioners and selected stakeholders. Held under the Chatham House Rule, these discussions provided valuable validation and insight on several key issues raised in the consultation paper.

We support the ACSR's considered approach, including the adoption of international standards, ISSA 5000 and IESSA, and the establishment of an oversight regime for sustainability assurance providers. Our detailed responses offer additional considerations for ACSR's review.

Question 1

Do you agree with the proposals under Section 2.1? Please state the reasons for your views.

- We agree.
- ACCA has been a strong advocate for the International Auditing and Assurance Standards Board's (IAASB) accelerated development of the ISSA 5000 in response to the demand for high quality sustainability assurance. We are supportive of ACSR's proposal, as adopting ISSA 5000 in Malaysia will help drive globally consistent, high-quality assurance, thereby enhancing credibility and trust over sustainability information. This, in turn, will strengthen the impact of sustainability reporting and the quality of decisions made by users of that information.
- We are also strongly supportive of the direction that the IAASB has taken in developing an overarching, principles-based standard that can serve as the global baseline for sustainability assurance. We recognise that expectations will evolve, and the standard will need to be refined over time (e.g. further standards within the 5000 series may be required). Adoption of ISSA 5000 as the overarching standard will provide a solid foundation for Malaysia to adopt other IAASB assurance standards on sustainability information in the future.
- As noted in the consultation, ISSA 5000 is a profession-agnostic standard. We note that ACSR has also taken a profession-agnostic approach by allowing both professional and non-professional accountants to act as sustainability assurance engagement leaders, provided they register with the AOB. ACCA supports this approach.
- We are also supportive of IESBA's International Code of Ethics for Professional Accountants (IESBA) being adopted as the recognised ethical standard for all sustainability assurance practitioners in Malaysia.
- Both ISSA 5000 and IESSA have received strong endorsement from IOSCO, the international body of securities regulators, which is critical to driving adoption and achieving global consistency.
- In our focus group discussions, leaders of accounting practices highlighted the significant effort required to establish and maintain robust systems of quality management in accordance with ISQM 1, including requirements relating to ethics and independence. Even with prior experience under ISQC 1, the time and resources needed to implement ISQM 1 were considerable. It

will therefore be important to ensure that assurance engagements under ISSA 5000 performed by non-professional accountants are also underpinned by robust systems of quality management that comply with ISQM 1. To that end, and as noted in our response to Question 2, the proposed oversight regime under section 2.2 of the consultation paper must be designed to cover not only individuals but also firms providing sustainability assurance services in Malaysia. Non-professional accountants may require additional support in understanding and implementing ISQM 1.

- As explained in our response to Q5, ACCA recommends a phased approach to assurance, requiring limited assurance before mandating reasonable assurance. ISSA 5000 is designed to support the conduct of both levels of assurance, enabling a seamless transition and allowing practitioners and firms to use the same standard throughout.
- Both the IAASB and the IESBA have committed to providing ongoing support [“through webinars, implementation guidance, and continued implementation monitoring and feedback channels to ensure smooth and effective adoption”](#) of ISSA 5000 and IESSA. Helpful resources already made available include the ISSA 5000 Implementation Guide and a comparison document that outlines the key differences between the IESSA and the corresponding provisions of the IESBA Code applicable to audits of financial statement. Malaysian practitioners should keep track of and actively leverage on these support materials to ensure high-quality implementation.
- In addition, ACCA, in collaboration with Chartered Accountants Australia and New Zealand, have recently published a report titled [A case study: Demystifying materiality in accordance with ISSA 5000](#) as part of a planned series of publications relating to ISSA 5000 implementation. We would be pleased for the SC to make this resource available as part of any published stakeholder guidance. This is the first in the series and it focuses on materiality, providing guidance through a fictional assurance engagement and is structured around the application of materiality to Scope 1, 2 and 3 greenhouse gas (GHG) emissions. Among a number of other areas, the case study outlines applicable ISSA 5000 requirements and the various professional judgement points involved in considering or determining materiality for qualitative and quantitative disclosures respectively. It also explores an approach to grouping disclosures logically based on similarity in expression, user interest and user tolerance for misstatement. The follow-up report in the series aim to provide guidance on approaching estimates and forward-looking information in an ISSA 5000 engagement.

Question 2

Do you agree with the proposals under Section 2.2? Please state the reasons for your views.

- We agree. The importance of regulatory oversight over the work of sustainability assurance providers cannot be overstated. We are fully aligned with the proposal to task SC's AOB with the critical role, including registration and inspection of sustainability assurance providers, and to empower AOB to carry out enforcement actions proportionate to any significant non-compliance with prescribed professional standards. We recognise that AOB would have considered and planned for the capacity, capability, and competencies needed to carry out this important oversight role. Nonetheless, we wish to underscore the importance of ensuring that regulatory teams themselves are adequately resourced and upskilled to meet the demands of an expanded mandate in this fast-evolving field.
- 2.2.3. indicates that "sustainability assurance providers" will be subject to regulatory oversight. According to the Glossary of Terms, a "sustainability assurance provider" is "(a)n individual sustainability assurance engagement leader or firm who provides sustainability assurance services". We believe there is value in being more explicit and therefore leaving no doubt that the AOB's oversight powers extend to both engagement leaders (individual) and firms.
- In terms of scope, the consultation proposes that AOB regulates sustainability assurance providers of "applicable entities", which, as defined under the Glossary of Terms, currently align with entities that are covered by the National Sustainability Reporting Framework (NSRF). If the intent is for oversight responsibilities and powers to be limited to assurance engagements of entities required by the NSRF to report (and not, for example, those reporting and obtaining assurance voluntarily), it may be clearer to tie the scope of oversight explicitly to the NSRF, including future iterations of it, rather than spelling out specific entities. This approach would help future-proof the oversight regime, avoiding the need for updates each time the NSRF's coverage is expanded or adjusted. A safeguard could also be built in so that whenever the NSRF's scope is updated, the relevant regulators are prompted to review and decide whether the oversight regime should follow suit.



- It is important to clarify how sustainability assurance services not falling under the NSRF will be regulated. For financial audits, the AOB currently regulates auditors of public interest entities and scheduled funds, while auditors of other entities fall under the oversight of the Malaysian Institute of Accountants (MIA). In addition, many professional accountancy bodies such as ACCA also operate our own complaints and disciplinary procedures, which provide an additional safeguard to the public by addressing professional misconduct or breaches of standards among our members. To ensure the right balance is struck between delivering a consistent and reliable assurance product for the market and avoiding unnecessary costs and administrative burdens for small entities with limited public interest, it may be appropriate to hold a further public consultation or undertake a detailed study before finalising this aspect of the regime.

Question 3

Do you agree with the proposals under Section 2.3? Please state the reasons for your views.

(a) Do you agree with the proposed competency requirements for the sustainability engagement leader under paragraph 2.3.3? Please state the reasons for your views.

- We propose removing the phrase “deemed relevant to sustainability assurance work” from 2.3.3. Based on our focus group participants’ interpretation, (b) and (c) are the key requirements to ensure that an individual has the necessary technical competencies and experience, while (a) provides the baseline. Although we consider the proposed competency requirements overall to be sensible, concerns were raised about how “deemed relevant to sustainability assurance work” might be interpreted: for example, whether it applies only to professional qualifications or also to degrees and diplomas; whether there is a minimum threshold of relevance required; and whether, given the breadth of sustainability topics, relevance would need to be assessed on an engagement-by-engagement basis. We were not convinced that this phrase adds meaningful rigour and believe its removal would simplify the requirements without weakening them.
- In the medium to longer term, it is expected that the curricula of certain professional qualifications and degree or master’s programmes may more fully integrate sustainability reporting and assurance content (including the

knowledge areas outlined in 2.3.4). This means that individuals qualifying or graduating from such programmes may already acquire the necessary technical knowledge without needing to complete a separate certification. It would be helpful for the competency framework to anticipate and accommodate this development as it is finalised.

(b) Do you agree with the proposed certification and training-related requirements under paragraph 2.3.4 and 2.3.5? Please state the reasons for your views.

- In 2.3.4(c), the use of "such as" suggests that "ISQM 1, ISSA 5000 and IESSA" are illustrative and may be replaced by others. If the proposals in the earlier parts of the consultation are accepted, a more precise connector such as "including" or even "specifically" may be more appropriate.
- Our focus group participants highlighted that the basis for requiring 20 hours of training annually is unclear. It is also uncertain whether part of these hours may be fulfilled through unstructured (informal, self-directed) learning.
- The International Education Standard (IES) 7: Continuing Professional Development maintained by IFAC requires professional accountants to undertake CPD to ensure they maintain competence throughout their careers, while obliging membership bodies to enforce and monitor compliance in the public interest. As an illustration, IES 7 notes that "an IFAC member body may set a requirement of at least 120 hours (or equivalent learning units) of relevant CPD in each rolling three-year period, of which 60 hours (or equivalent learning units) would be verifiable; and a minimum of 20 hours (or equivalent learning units) of relevant professional development activity in each year."
- Given that sustainability is a dynamic and fast-evolving field, it appears appropriate to benchmark annual training requirements for certified individuals against the minimum hours suggested by IES 7, a standard already adopted by professional membership bodies globally, including ACCA and the MIA. Consistent with IES 7, it should also be clarified that a portion of these hours can be satisfied through unstructured learning, providing flexibility and recognising the value of informal and self-directed development.
- It is possible that some international or cross-border training programmes will cover most elements of 2.3.4, but not the Malaysia-specific requirement relating to "legal and regulatory requirements" in 2.3.4(e). It would be helpful to recognise that such gaps could be addressed through supplementary

training programmes, provided that, overall, practitioners meet the knowledge expectations set by the AOB.

(c) Are there any other competency or certification and training-related requirements that should be considered? If so, please support your response with justifications.

- It is expected that some assurance engagements for sustainability information will involve greater use of experts. At our focus group discussion, reference was made to the process of reviewing property valuation by SC, which has driven some market consistency and quality in the market. There was discussion on whether a similar mechanism may be appropriate for sustainability assurance. Recognising that sustainability expertise is both more diverse and rapidly evolving, the relevant regulatory body could consider publishing a list of recognised competency frameworks and professional certification schemes for selected specialist areas, such as environmental science and engineering. However, it should be made unequivocally clear that the responsibility for evaluating the competence, capabilities, objectivity, and adequacy of an expert's work rests with the assurance engagement leader.

Question 4

Do you agree with the proposed timeline for external reasonable assurance on Scope 1 and Scope 2 GHG emissions under paragraph 2.4.2.(a)? If not, when? Please state the reasons for your views.

- We agree.

Question 5

(a) Do you agree with the proposal to extend mandatory external reasonable assurance to IFRS S1 core contents (Governance, Strategy, Risk Management and Metrics and Targets) and Scope 3 GHG emissions under paragraph 2.4.2 (b)? Please state the reasons of your views.

- We agree with the proposal to extend mandatory assurance to IFRS S1 core contents and Scope 3 GHG emissions. However, our focus group participants strongly advocate a phased approach, beginning with limited assurance for a

year or two, before progressing to reasonable assurance. This approach balances the delivery of credible, high-quality assurance with manageable implementation, allowing practitioners and entities to build experience, strengthen systems, and develop confidence before transitioning to a higher level of assurance. It also aligns with practices in leading jurisdictions including Australia and the EU. Note that in Singapore, for now, only limited assurance over Scope 1 and Scope 2 emission is covered in the current implementation roadmap.

- ISSA 5000 proposed for adoption by ACSR is designed to accommodate both limited and reasonable assurance. The IAASB, in developing the standard, invested considerable effort in clarifying the distinctions between these two levels of assurance. Accordingly, ISSA 5000 provides a robust foundation to support the phased approach we recommend.

(b) If you have responded 'Yes' to Question 5 (a) above, do you agree with the proposed timeline for external reasonable assurance on IFRS S1 core contents (Governance, Strategy, Risk Management and Metrics and Targets) and Scope 3 GHG emissions under paragraph 2.4.2.(b)? If not, when? Please state the reasons for your views.

- We agree with the timeline proposed in 2.4.2(b). However, consistent with our suggested phased approach to requiring assurance, we propose requiring limited assurance in the first one to two years, with reasonable assurance becoming mandatory thereafter.