ACCA

Accelerating jurisdictional implementation of sustainability disclosure and assurance standards.

Perspectives from the UK and China.

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About this report.

This report aims to equip policymakers and regulators[1] in the UK and China with recommendations for accelerating the development and implementation of high-quality sustainability disclosure and assurance standards.

By understanding the approaches, challenges and lessons learned in each other's jurisdiction, both countries can strengthen the coherence and credibility of their sustainability reporting – and ultimately enable smoother cross-border trade and investment.

The analysis draws on insights gathered during an ACCA-convened roundtable held in November 2025 which brought together participants from the UK and China, including policymakers, regulators, academia, accountancy and assurance professionals, financial institutions and corporates of different sizes, including both listed and unlisted entities. The roundtable participants shared their insights on the challenges they're seeing in the UK, China or internationally and made recommendations for policymakers and regulators on how these challenges could be overcome. These insights were supplemented by desk-based research.

The report outlines the key features of sustainability disclosure and assurance standards in the UK and China in relation to the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards (ISSB Standards) and the International Standard on Sustainability Assurance 5000 (ISSA 5000). It highlights shared challenges in the development and implementation of sustainability disclosure and assurance standards and offers specific recommendations for policymakers and regulators. It also includes examples of actions taken in both jurisdictions.[2]

1 The target audiences for this document are those involved in developing and implementing sustainability disclosure and assurance standards: they may be policymakers, regulators, standard setters or other relevant bodies. For the purpose of this report this group has been referred to as 'policymakers and regulators'.

2 The examples are intended to help illustrate the recommendations and should not be viewed as a fully comprehensive analysis of all the action being taken in the UK and China. Where helpful to illustrate a point, a few examples from Hong Kong SAR have been included. The fast-evolving nature of sustainability disclosure and assurance means that the examples should be read in the context of the work that was undertaken predominantly during November and December 2025.

Contents.

Executive summary.

The role of regulators and policymakers in overcoming challenges

Regulators and policymakers can accelerate the effective development of sustainability reporting and assurance by setting realistic, maturity-based expectations and adopting a phased implementation approach. Anchoring requirements in internationally recognised frameworks – such as the ISSB Standards and ISSA 5000 – with minimum jurisdictional amendments promotes coherence and consistency across disclosures.

A collaborative and consultative approach enables early identification of implementation challenges and supports learning both within and across jurisdictions. Providing clear guidance and practical implementation support, and promoting the use of digital tools, will further strengthen uptake. Setting out a transparent roadmap with defined milestones helps organisations plan, align and build capacity while reducing uncertainty and associated costs.

For sustainability assurance, regulators should ensure clarity of terminology, expectations and scope so as to build confidence in the market. Supporting a diverse and skilled assurance ecosystem, reflecting the breadth of sustainability topics, is essential. This market should operate under the supervision of an appropriate oversight body to enhance credibility and trust.

In a survey for ACCA's *Sustainability reporting: Track your progress to create decision-useful information* (Machado et al. 2025), 71% of respondents identified regulatory compliance and the corresponding licence to operate as a key driver for creating or using sustainability information.[3]

The report also identifies the top three common challenges in the UK and China in developing/implementing processes to create and use sustainability information:

1. lack of skills / capability to analyse data
2. large volume and diversity of sustainability matters for consideration
3. excessive difficulty in connecting sustainability and financial data.

The benefits of adopting the ISSB Standards and ISSA 5000

The ISSB Standards are increasingly being adopted by jurisdictions across the globe. Both the UK and China support the publication of the ISSB Standards and welcome each other's respective efforts to formulate national sustainability disclosure standards based on ISSB Standards.[4] Both the UK and China are also using ISSA 5000, published by the International Auditing and Assurance Standard Board (IAASB), as a basis for their sustainability assurance standard.

The adoption of the ISSB Standards and ISSA 5000 is critical for enhancing comparability and consistency of sustainability disclosures. Using the ISSB Standards and ISSA 5000 reduces the risk of fragmented local requirements, and enables more comparable, transparent, trust-worthy and decision-useful information across jurisdictions – thereby reducing costs for multinational entities, facilitating international trade and giving investors the information they need to allocate capital effectively.

Robust and consistent sustainability and assurance standards also support the goals of the UK's Modern Industrial Strategy 2025 by strengthening investor confidence, as well as the recommendations for formulating China's Five-Year Plan for National Economic and Social Development, including the recommendation to 'refine the systems for [...] information disclosure' (State Council of the PRC 2025).

The importance of collaboration

Collaboration across jurisdictions is essential for the successful development and implementation of sustainability disclosure and assurance standards – by working together, governments, regulators and standard setters can accelerate the development and implementation of robust standards, build trust and enable cross-border trade and investment. Initiatives such as the UK-China Economic and Financial Dialogue (EFD), and the UK-China Green Finance Taskforce demonstrate the value of cross-border cooperation, helping both nations to foster sustainable growth and shared prosperity. The two jurisdictions could collaborate via the

EFD on key areas, such as the development of an implementation roadmap for sustainability disclosure and assurance.

Following the success of the roundtable hosted in November 2025, ACCA is happy to facilitate similar interactions in future, creating a forum where individuals, from a range of different entities from the UK and China, can share their challenges and work together to develop recommendations.

3 The Track your progress report (Machado et al. 2025) surveyed over 1,000 respondents from 113 jurisdictions, conducted two interviews, and convened eight global roundtables to assess organisations' readiness to create and use sustainability information. 19% of respondents were from the UK and 23% from China. Of the respondents from China: 81% were from the Chinese Mainland, 18% from Hong Kong SAR of China and 1% from Macau SAR of China. Survey results (in Machado et al. 2025)

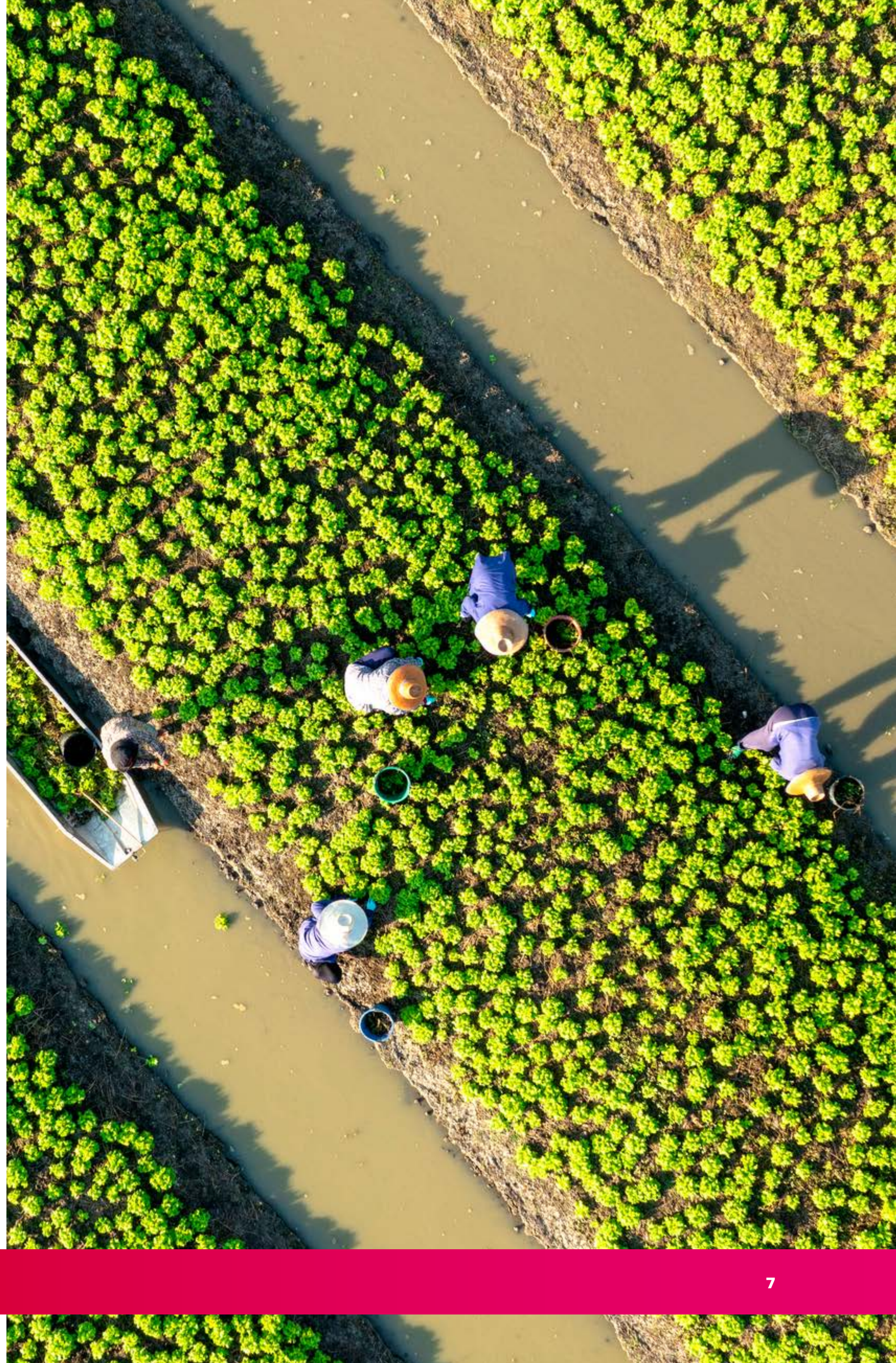
4 2025 UK-China Economic and Financial Dialogue: policy outcomes - GOV.UK (H.M. Treasury 2025: para 34)

A summary of key challenges and recommendations.

The table below summarises key recommendations for regulators and policymakers, along with the actions required to implement them. Each recommendation responds to a challenge identified by roundtable participants.

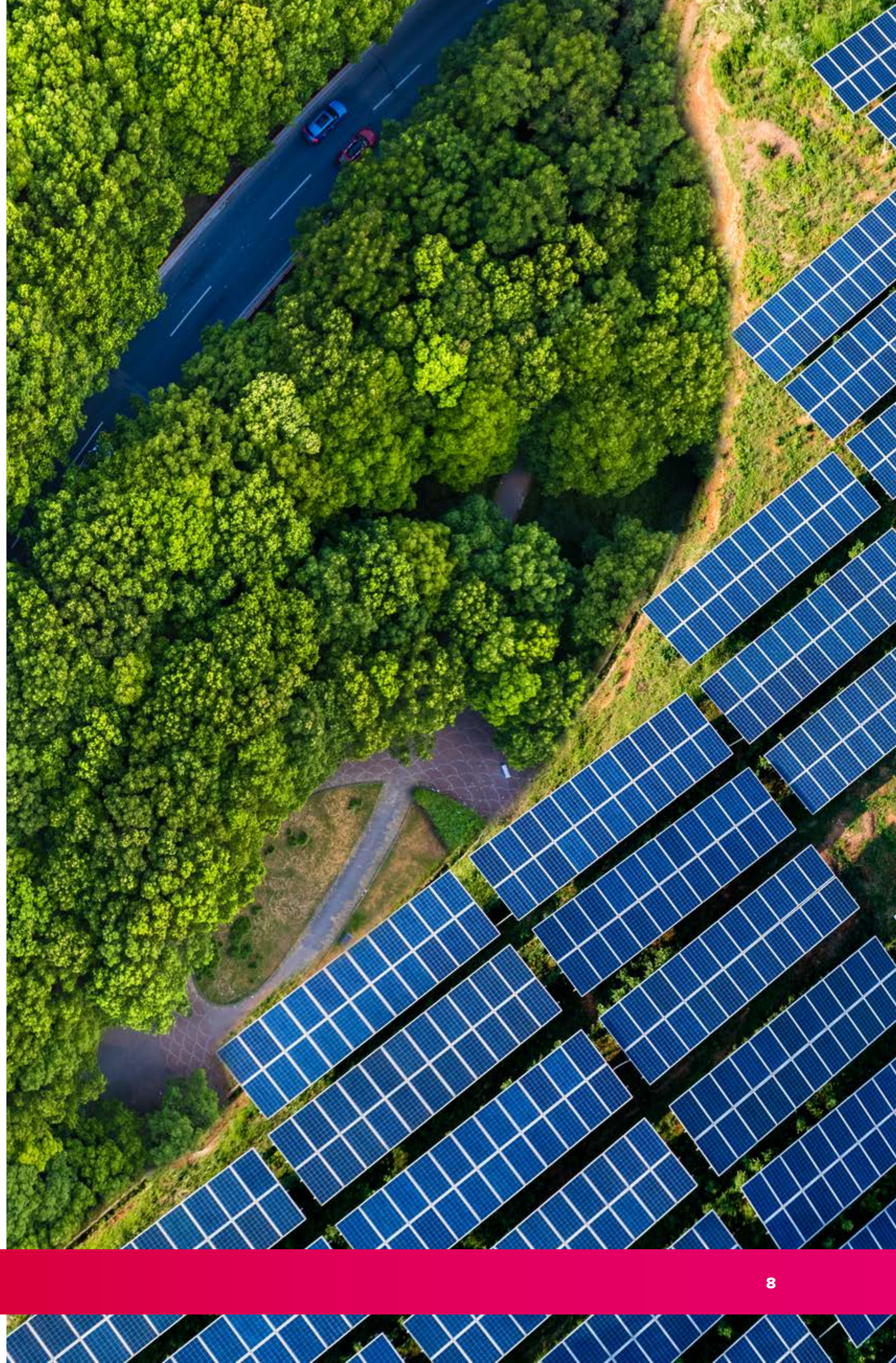
CHALLENGE	RECOMMENDATIONS
For both sustainability disclosure and assurance	
Unrealistic expectations lead to poor-quality disclosures and excessive administrative burdens.	1. Take a phased approach informed by market maturity ■ Evaluate market readiness ■ Take a phased implementation approach ■ Seek feedback ■ Be pragmatic
Lack of dialogue, within and across jurisdictions and with international standard setters, results in misaligned requirements and duplicated effort, reducing comparability and increasing compliance costs.	2. Engage proactively and learn ■ Collaborate with policymakers, standard setters and regulators ■ Engage actively in international standard setting ■ Promote coordinated supervision and governance ■ Leverage international experience ■ Seek feedback from stakeholders ■ Establish mechanisms for raising implementation issues

CHALLENGE	RECOMMENDATIONS
For both sustainability disclosure and assurance	
Insufficient guidance and support – magnified by a skills shortage – leads to poor-quality disclosures and assurance.	3. Build capacity and competency across the market ■ Provide guidance to support consistent implementation ■ Create a central information hub ■ Mandate structured training and certification ■ Strengthen capacity across the finance and accountancy profession
Using outdated or fragmented data tools increases the risk of errors, which undermines credibility and trust.	4. Leverage digital tools and enhance data quality ■ Harmonise digital collection and reporting of data ■ Promote digital tools and platforms ■ Support small and medium-sized enterprises (SMEs) with digital tools
A lack of clarity in defining timelines for mandatory requirements creates uncertainty for preparers and assurance providers, hindering their ability to plan, align and build capacity, thereby increasing costs.	5. Publish a clear roadmap with defined milestones ■ Publish a clear roadmap ■ Coordinate internationally where feasible
For disclosure	
Divergence from the ISSB Standards results in fragmented and inconsistent disclosure requirements, increasing administrative burdens and reducing transparency and comparability for investors.	1. Adopt the ISSB standards and amend only where necessary ■ Adopt and build on a global baseline ■ Be pragmatic ■ Ensure alignment of requirements within jurisdictions



CHALLENGE	RECOMMENDATIONS
For assurance	
Inconsistent terminology, unclear expectations and lack of clarity on scope can erode confidence in sustainability assurance and the underlying disclosures.	1. Clarify terminology, expectations and scope ■ Clarify sustainability assurance terminology ■ Protect key assurance terms ■ Bridge the expectation and understanding gap ■ Adopt a proportionate, risk-based approach ■ Use clear visual cues in disclosure
Misalignment with ISSA 5000 risks market fragmentation, uneven quality and confusion among providers and users, potentially leading to disputes over disclosure interpretation, which undermines trust and confidence.	2. Use ISSA 5000 and provide implementation support ■ Align national standards with ISSA 5000 ■ Ensure clarity and reliability in disclosure requirements ■ Draw on strong ethical and quality frameworks ■ Establish mechanisms to resolve interpretation queries
A market dominated by a narrow type of firm limits competition and diversity and doesn't reflect the breadth of sustainability areas that may need to be assured.	3. Facilitate a diverse and efficient market of assurance providers ■ Promote plurality and competition in the assurance market ■ Facilitate collaboration between statutory auditors and sustainability assurance practitioners[5] ■ Enable group-level assurance across jurisdictions
Without a robust oversight regime, sustainability assurance providers risk divergence in competence, ethics and independence, undermining credibility and trust.	4. Establish an oversight regime for sustainability assurance providers ■ Establish a robust oversight regime for sustainability assurance providers ■ Adopt a phased implementation approach ■ Communicate clearly and transparently

5 For the purposes of this report, 'practitioners' include anyone who provides sustainability assurance services; these may be accountants or non-accountants. ACCA advocates a profession-agnostic approach to sustainability assurance.



1. A comparison between standards in the UK and China, and the ISSB Standards and ISSA 5000.

1.1 Support for a global approach to sustainability disclosure and assurance standards

ACCA has long advocated a global approach to the development and application of principles-based reporting standards, supported by a robust due process and an inclusive approach that considers regional and economic differences. We support the role of the ISSB in setting a consistent and comparable global baseline for sustainability reporting around the world. We believe that the ISSB Standards provide a comprehensive global baseline of sustainability-related disclosures. Consistency in treatments and disclosures can give users information that is relevant for decision making; enables greater comparability of performance within and among reporting entities and reduced uncertainty; and improves their understanding of the entity's business model, strategies and performance.

[*ACCA's Principles of Good Corporate Reporting*](#) (Chow 2024) presents eight principles of good corporate reporting and calls on policymakers, standard setters and regulators, and those involved in the corporate reporting process, to work closely together on connectivity and coherence, standards and frameworks, data and information and communication.

ACCA also welcomes the work by global standard setters such as the IAASB and the International Ethics Standards Board for Accountants (IESBA) in developing a harmonised set of sustainability-related assurance and ethical requirements which complement existing assurance and ethical requirements applicable to financial reporting. Close collaboration with reporting standard setters aims to ensure that corporate reporting standards are developed after considering the verifiability of the information to be reported.

'ACCA believe that the ISSB Standards provide a comprehensive global baseline of sustainability-related disclosures.'

Global Adoption of the ISSB Standards

As of the end of September 2025, around 40 jurisdictions have adopted or otherwise used the ISSB Standards or are in the process of finalising steps towards their introduction into jurisdictional regulatory frameworks (IFRS Foundation 2025). The IFRS Foundation has published jurisdictional profiles and snapshots[6] to provide transparency to capital markets on the action taken on alignment with the ISSB Standards. Snapshots have been completed for the UK (IFRS 2025a) and China (IFRS 2025b).

Despite the widespread global adoption of the ISSB Standards, some countries are taking a different approach, including those in the European Union (EU) and the USA.

The EU has its own sustainability disclosure standards, the European Sustainability Reporting Standards (ESRS), which define what entities must report under the Corporate Sustainability Reporting Directive (CSRD). The European Financial Reporting Advisory Group (EFRAG) and IFRS Foundation have worked together to ensure a high degree of alignment between ESRS and ISSB Standards. The EU requirements have recently been amended in an attempt to reduce their administrative burden (ACCA 2025a).

In the USA, the Securities and Exchange Commission (SEC) has developed climate-related disclosure rules, the future of which is currently uncertain. Several states have taken their own initiative and proposed climate disclosure bills but these do not follow a uniform approach, including in relation to the use of the ISSB Standards. For example, California expressly permits the use of the ISSB Standards to satisfy climate-related disclosure requirements.

6 Profiles are prepared when a jurisdiction's approach to sustainability reporting is finalised and no longer subject to consultation. Snapshots are for those jurisdictions that have finalised their approach but whose profiles are still in development, or whose regulatory status is in progress.

1.2 A comparison of standards in the UK and China with the ISSB Standards and ISSA 5000

This section highlights the commonalities and differences between the sustainability disclosure and assurance standards in the UK and China, and those in the ISSB Standards and ISSA 5000.

ISSB Standards

China

The *Guidelines for Self-Regulation of Listed Companies - Sustainability Report (Trial) (issued by SSE, SZSE, and BSE)*[7] primarily draw on IFRS S1 and IFRS S2 and establish 21 specific topics across environmental, social and sustainability-related governance aspects. The key differences from IFRS S1 and IFRS S2 include specific topics with Chinese characteristics (eg rural revitalisation and anti-corruption), the adoption of the double materiality principle, and the non-mandatory disclosure of Scope 3 greenhouse gas (GHG) emissions.

The *Sustainability Disclosure Standards for Business Enterprises – Basic Standard (SDS-BS)* was issued by nine ministries and commissions, including the Ministry of Finance (MoF), in 2024 (PRC Government 2024). It was formulated mainly with reference to IFRS S1, and uses the same four elements underpinning the framework of sustainability-related disclosure: governance, strategy, risk management, and metrics and targets. Its core difference with IFRS S1 lies in SDS-BS's requirement of double materiality and to assess its significance over 'short, medium, and long-term' time frames.

The *Sustainability Disclosure Standards for Business Enterprises No. 1 – Climate (Trial)* (SDS-C) was issued jointly by the MoF and other ministries and departments in December 2025 (MoF PRC 2026) . SDS-C is highly convergent with IFRS S2 and adopts the four-pillar structure and is intended to produce functionally-equivalent results. There are, nonetheless, a number of deviations from IFRS S2 including double materiality, level of granularity and specificity, and unique Chinese characteristics.[8]

UK

The final *UK Sustainability Reporting Standards S1 and S2* (UK SRS S1 and S2) were published in February 2026 by the UK's Department of Business and Trade (DBT) (DBT 2026a). UK SRS S1 and S2 are based on IFRS S1 and S2 with minimal amendments, including changes to transition reliefs, removal of effective date clauses and specific time references, amendments regarding the statement of compliance and references to the Sustainability Account Standards Board (SASB) materials.

Timing about the application of the UK SRS will be set out in government regulations (Companies Act) or FCA rules (where relevant), or by any other relevant authority.

7 Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), and the Beijing Stock Exchange (BSE)

8 Further details of the sustainability disclosure landscape in Chinese Mainland and Hong Kong SAR can be found in Martin (2025: 17–18).

ISSA 5000

China

The Chinese Institute of Certified Public Accountants (CICPA) announced the release of China's sustainability assurance exposure draft in July 2025 (CICPA 2025a). The exposure draft was developed with consideration of ISSA 5000 (CICPA 2025b). In Jan 2026, the MoF released *the Sustainability Information Assurance Services Standard No. 6101–Basic Standard (Trial) (CICPA 2026)*, which is convergent with the international standards with some small modifications, such as structure of the standards and quality-management requirements for assurance providers. The assurance standard is positioned as a trial document and is available for voluntary use.

UK

The Financial Reporting Council (FRC) issued a UK version of ISSA 5000 for use on a voluntary basis in November 2025. ISSA (UK) 5000 has a modification from ISSA 5000 in relation to direct assistance by internal auditors[9] as well other amendments, such as explicitly including references to 'other practitioners' (for a fully marked-up copy see FRC 2025a).

'Both the UK and China support the publication of the ISSB Standards and welcome each other's respective efforts to formulate national sustainability disclosure standards based on ISSB Standards.'

ACCA's report on *Sustainability reporting in ASEAN* includes details of the key developments in sustainability reporting in the Chinese Mainland (Martin 2025: 17). It highlights specific considerations (pp. 33–39) and high-level recommendations (p.42) for policymakers, standard setters and regulators. We encourage readers to refer to Martin (2025) alongside this report. To avoid duplication, any common recommendations between the two are highlighted green in this report.

Key similarities and differences between China and the UK

The approach to sustainability disclosure standards in the UK and the Chinese Mainland differ in a few respects, including their alignment with ISSB Standards and the processes used to develop and implement the standards.

The UK SRS are closely aligned with the ISSB Standards, with only limited, targeted adaptations to reflect the UK's legal and market context. The final standards were published by the DBT in February 2026. The FCA and the UK government will be responsible, respectively, for the incorporation of UK SRS into FCA listing rules and the introduction of sustainability disclosure requirements through the Companies Act 2006.

In the Chinese Mainland, sustainability disclosure requirements are being established through state-led national standards. While these are informed by the ISSB Standards, they incorporate more substantive jurisdiction-specific adaptations. The Chinese Mainland has also used consultation processes to gather feedback on exposure drafts and has supplemented these with targeted pilot exercises.

Both jurisdictions are adopting phased implementation approaches, initially focusing on listed companies and larger entities.

Both jurisdictions have also considered ISSA 5000 in the development of sustainability assurance standards, although they differ in their stage of formalisation and oversight arrangements. In the UK, the FRC has issued the final version of ISSA (UK) 5000, which is available for voluntary use by assurance providers, and in June 2025 the UK government consulted on the development of an oversight regime for sustainability assurance. In January 2026, the Chinese MoF released the *Sustainability Information Assurance Services Standard No. 6101–Basic Standard (Trial Implementation)* (CICPA 2026), which is convergent with the international standards; it is a trial document available for voluntary use. No proposals have yet been published for an oversight regime for sustainability assurance providers in the Chinese Mainland.

9 This is the inclusion of a safeguard that prohibits the use of direct assistance by internal auditors in sustainability assurance engagements, consistent with an existing prohibition for audits of financial statements in the UK.

2. Challenges and recommendations.

This section highlights some of the challenges in developing and implementing sustainability disclosure or assurance standards. It provides specific recommendations for regulators and policymakers along with some practical examples.

2.1 Sustainability disclosure and assurance

i) Take a phased approach informed by market maturity

Challenge: Introducing mandatory sustainability disclosure and assurance too quickly can overwhelm preparers, reduce quality and create excessive administrative burdens. Poor-quality disclosures can lead to qualified assurance opinions, confuse investors and distort capital allocation. Unrealistic expectations may weaken trust and stall progress toward high-quality disclosures.

A phased, proportionate approach – beginning with voluntary disclosure and assurance, and expanding gradually – supports market stability, improves information quality, and mitigates unintended financial or legal consequences. Working alongside entities during a pilot phase can help identify potential implementation challenges and gives entities the time to build capacity.

Specific recommendations

- **Evaluate market readiness** before introducing new requirements. Use market studies, public consultations and engagement to assess preparers' and assurance providers' capability and skills as well as data availability and quality.
- **Take a phased implementation approach**, leveraging approaches such as:
  - **including a voluntary phase** before introducing mandatory requirements; separate mandatory (must-have) from voluntary (good-to-have) disclosures
  - **using transition reliefs** for sustainability disclosure requirements to give more time to preparers for disclosures that are likely to be challenging, or shorten times for disclosures for which preparers are ready
  - **beginning with limited assurance** and progressing to reasonable assurance only once methodologies, systems and market expertise have matured and consider the value that a move to reasonable assurance might provide relative to cost and risk. Allow assurance providers to apply pragmatic professional judgement during early implementation.
- **Seek feedback** when considering the phasing in of requirements.
  - **Implement a pilot phase:** allow entities to submit draft or partial disclosures confidentially before mandatory public disclosure. Regulators can provide guidance, incentives and training to a pilot group.
  - **Conduct targeted engagement** with specific entities to assess implementation readiness and support progress. This could include requesting that entities confidentially disclose clear milestones towards full disclosure compliance and through periodic updates holding entities accountable against their roadmaps, while providing targeted guidance and support to address challenges.
  - **Use regulatory sandboxes to gather insights**, collect feedback on proposed disclosures, identify capability gaps and refine guidance and expectations accordingly.
- **Be pragmatic**, avoid unrealistic expectations or excessive penalties, especially in the early years.
- **Ensure legal and practical feasibility**, consider potential legal implications and avoid unrealistic blanket requirements such as mandating full adherence with the ISSB Standards – particularly in immature areas such as nature.
  - Include disclosure requirements on a **'comply or explain' basis initially**.
  - **Prioritise guidance over penalties in early years**, take a supportive, corrective approach to non-compliance while market capability develops.

Practical examples

UK perspectives – evaluating assurance market readiness

The FRC conducted a market study on the assurance of sustainability reporting, the findings of which were published in February 2025 (FRC 2025b). The market study drew on evidence from engagement with a broad range of stakeholders. It presented evidence-backed key findings and suggested key remedies that could help ensure a well-functioning sustainability assurance market in the UK.

Chinese Mainland perspective – taking a phased approach

The implementation of corporate sustainable disclosure standards will not adopt a 'one-size-fits-all' mandatory requirement. Instead, it will follow a strategy that distinguishes priorities, pilots first, progresses gradually and advances step by step.

The scope of implementation will be expanded in the following order:

- from listed companies to non-listed companies
- from large enterprises to SMEs
- from qualitative requirements to quantitative requirements
- and from voluntary disclosures to mandatory disclosures.

During the transition period, before the formal implementation scope and requirements are finalised, companies may voluntarily adopt the standards.

Chinese Mainland perspective – including a voluntary phase

The Shanghai and Shenzhen Stock Exchanges have adopted a combination of mandatory and voluntary disclosure methods. For example, listed companies that are continuously included in the SSE 180, SSE STAR 50, SZSE 100 and ChiNext Index during the reporting period, as well as companies listed both domestically and overseas, are required to disclose a sustainable development report. Other listed companies are encouraged to disclose such information voluntarily. The Beijing Stock Exchange also encourages voluntary disclosures by listed companies.

UK perspective – using transition reliefs

The UK government's consultation on UK SRS S1 and S2 included suggested amendments to certain transition reliefs included in IFRS S1 and IFRS S2. Consulting on the transition relief proposals allowed feedback on whether they were reasonable and reflected the market maturity.

IFRS S1 contains a transition relief which permits reporting entities to publish disclosures made in accordance with ISSB Standards later than their financial statements, for the first year of applying the ISSB Standards. This relief has been removed from UK SRS S1. One of the reasons for this was that certain UK entities have been required to make climate-related financial disclosures (aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations) since 2022. This existing practice means that UK entities are likely to be well placed to report climate-related information in the same timescale as their financial statements.

Chinese Mainland perspective – implementing a pilot phase

In February 2025, the Beijing Municipal Finance Bureau, together with the Municipal Development and Reform Commission and the State-owned Assets Supervision and Administration Commission, launched a call for pilot enterprises to test SDS-BS. Over 30 representative companies were selected for initial trials. In early 2025, a first-batch pilot assessment was conducted for eight enterprises from a range of critical sectors, including energy, infrastructure, environmental protection, logistics, consumer goods, technology and cybersecurity. All companies achieved 100% coverage of required disclosure content with most metrics quantified. In late 2025, a second-batch pilot assessment was conducted with 16 enterprises, spanning finance, food, public services, IT and more diverse sectors. There were significant improvements in enhanced completeness, quantification, third-party assurance and climate scenario analysis. The pilot was intended to help companies understand and apply the standards better in practice, strengthen internal sustainability governance, develop supporting professional services and generate a practical model for wider national implementation.

Hong Kong Special Administrative Region (SAR) of China (Hong Kong SAR) perspective – Including disclosures on 'comply or explain' basis

For Main Board Issuers[10] the climate-related disclosure requirements (including Scope 3) are on a 'comply or explain' basis.

10 A market for more established companies that satisfy Hong Kong Exchanges and Clearing Ltd (HKEX) financial and track record requirements. Companies listed on the HKEX Main Board range from conglomerates, banks and property developers to internet companies and healthcare providers (HKEX 2017–26).

ii. Engage proactively and learn

Challenge: Fragmented or limited dialogue within and across jurisdictions and with international standard setters can result in misaligned disclosure requirements and duplicated effort, resulting in reduced comparability of sustainability information and higher compliance costs. Without structured, continuous engagement, regulators and policymakers risk overlooking practical challenges and producing requirements that are difficult to implement and inconsistent with other global requirements.

Proactive engagement – domestically, cross-border, and with bodies such as the ISSB and IAASB – builds trust, reflects real-world operational needs, leverages lessons from other jurisdictions and strengthens the global baseline, reducing the need for local deviations and enhancing long-term consistency and confidence in sustainability disclosure and assurance.

Specific recommendations

- **Collaborate with policymakers, standard setters and regulators** across global, regional and individual jurisdiction levels to encourage alignment. For the UK and the Chinese Mainland, this could be done by mechanisms such as the EFD and UK-China Green Finance Taskforce and an enhanced industry Leadership Council.

'Proactive engagement builds trust, reflects real-world operational needs, leverages lessons from other jurisdictions and strengthens the global baseline.'

- **Engage actively in international standard setting**, for example by responding to ISSB and International Accounting Standards Board (IASB) consultations and contributing technical input to help shape globally coherent requirements.
- **Promote coordinated supervision and governance:** facilitate collaboration across domestic and international regulatory agencies to align external oversight, assurance expectations and internal governance practices.
- **Leverage international experience:** systematically review lessons from other jurisdictions – such as the EU's CSRD and ESRS – to inform domestic policymaking and avoid repeating known challenges.
- **Seek feedback from stakeholders** such as preparers, investors, auditors and industry groups in your own as well as other jurisdictions, to understand implementation challenges as well as cross-border operational and trade implications.
- **Establish mechanisms for raising implementation issues:** host regular meetings or establish formal forums to highlight challenges, share insights and develop practical solutions. Following the success of the roundtable in November 2025, ACCA is happy to play a role in this.

Practical examples

China and UK perspective – engaging actively in international standard setting

Representatives from both the UK and China sit on the ISSB Jurisdictional Working Group (JWG) (IFRS 2025c) and the Sustainability Standards Advisory Forum (SSAF) (IFRS 2022).

China's MoF and the China Securities Regulatory Commission (CSRC) and the UK government provided feedback during ISSB's consultation on its Exposure Drafts of IFRS S1 and S2.

Chinese Mainland perspective – engaging actively in international standard setting

China Accounting Standards Committee (CASC) of the MoF is responsible for:

- monitoring and researching International Sustainability Reporting Standards, as well as drafting consultations
- conducting forward-looking studies on sustainability reporting standards and proposing policy recommendations
- tracking sustainability standard developments internationally and in other regions
- forming China's first Advisory Panel on Sustainability Disclosure Standards to provide expert input.

All relevant information is available on the Accounting Standards Committee's website (CASC n.d.).

UK perspective – engaging stakeholders

The UK has established the UK Sustainability Disclosure Technical Advisory Committee (TAC) and UK Sustainability Disclosure Policy and Implementation Committee (PIC), who have completed technical assessments of IFRS S1 and S2 to determine whether endorsing an ISSB Standard would be conducive to the long-term public good in the UK and to coordinate implementation of UK Sustainability Reporting Standards by the UK government and under the rules of the FCA for listed companies, respectively (DBT 2025a). These Committees include a range of representatives, including preparers, accounting and audit providers, users of sustainability reports, academics, the Bank of England, DBT, FCA, FRC, HM Treasury and other government departments, and the UK Endorsement Board (UKEB 2026).11

11 The UK Endorsement Board is a UK National Standard Setter for international accounting standards. It influences the development of high-quality standards and decides their adoption for use in the UK.

iii. Build capacity and competency across the market

Challenge: Limited practical implementation guidance and widespread skills shortages make it challenging for entities to translate sustainability requirements into high-quality, decision-useful information. Without clear support, entities may misinterpret expectations, omit material issues, or produce low-quality disclosures – these risks are amplified in jurisdictions where sustainability reporting is nascent or managed primarily by non-finance functions, or in smaller entities.

ACCA's *Sustainability reporting: track your progress to create decision-useful information* (Machado et al. 2025) found that in China the biggest challenge in developing / implementing processes to create and understand sustainability information was lack of skills / capabilities to analyse data (22% of respondents).[12]

The same research found that 45% of global respondents agreed that 'guidance from regulators / standard setters would best help manage challenges in creating and using sustainability information'; this was the joint most frequent survey response (ACCA Media Design 2026). It was the most frequent response in China (42%).

Targeted guidance, training and capacity-building bridge the gap between technical standards and real-world implementation, enabling consistent application, confidence in disclosures and improved quality, while upskilling professionals across finance and other teams addresses skills shortages.

Specific recommendations

- **Provide guidance to support consistent implementation:** publish practical guidance, templates and examples of leading market practice to illustrate how to meet key disclosure requirements.
- **Create a central information hub:** develop a dedicated webpage to host resources that assist with implementation, in one publicly accessible location, for preparers, auditors and other stakeholders.
- **Mandate structured training and certification:** require key stakeholders, such as preparers, board members and assurance providers, to undertake sustainability reporting training and obtain certification, where appropriate.
- **Strengthen capacity across the finance and accountancy profession:** encourage professional bodies, standard setters and other agencies to upskill finance and accountancy professionals through training, continuing professional development (CPD), workshops and practical resources.

12 In the UK the most frequently reported challenge was 'too difficult to connect sustainability and financial data' (ACCA Media Design 2026).

ACCA's Sustainability Hub is a platform for sustainability reporting insights and guidance to help professional accountants enhance their knowledge and skills in sustainability reporting (Machado et al. 2024).

ACCA's report on the *Professional accountants at the heart of sustainable organisations* (ACCA 2021) explores the future of the accountancy profession, examining the drivers of change shaping sustainable organisations and the next decade of work for finance professionals as well as the capPrabilities and the skills most prized.

Practical examples

UK perspective – creating a central information hub

The IFRS Knowledge Hub (IFRS 2026) provides preparers with guidance on the ISSB Standards. Its content was informed by the TCFD Knowledge Hub, previously the central repository for related recommendations, resources, case studies and online courses.

Hong Kong SAR perspective – mandating training for directors

The *Corporate Governance Guide for Boards and Directors*, issued by Hong Kong Exchanges and Clearing Limited in May 2025, designates 'Corporate governance and environmental, social and governance (ESG)' as one of five mandatory training areas for directors (HKEX 2025).[13] This requirement applies to both incumbent and newly appointed directors. Under the Listing Rules, directors are expected to refresh and expand their understanding of corporate governance and ESG matters, including emerging issues related to sustainability and climate risk.

For first-time directors, there is a prescribed minimum of 12 to 24 hours of mandatory training, depending on their prior experience. In addition, all directors must undertake annual training; however, an annual minimum number of hours for this requirement is not specified.

13 The other four areas are: 'Board and directors' duties', 'Listing Rules and Hong Kong law compliance', 'Risk management and internal controls' and 'Industry and business updates'.

iv. Leverage digital tools and enhance data quality

Challenge: Relying on outdated or fragmented tools for data collection and analysis can reduce the efficiency, accuracy and transparency of sustainability disclosure and assurance, heightening the risk of errors and undermining trust, particularly for global entities with complex supply chains.

Advanced digital tools – including data analytics, automation, and monitoring – can enhance the quality, reliability and traceability of information, making disclosures more accurate and assurance processes more straightforward, while strengthening stakeholder confidence. Developing simple, open-access digital tools can be helpful for entities who don't have the resources to develop tools in-house.

Only 25% of respondents in ACCA's report *Sustainability reporting: track your progress to create decision-useful information* (Machado et al. 2025) claimed that their organisation's systems / processes were ready to collect and use sustainability information for both internal and external purposes; 6% were ready to collect and use it internally and 57% were either partially or not ready.[14]

14 12% responded as 'Other / Don't know' or 'Not applicable'.

Specific recommendations

- **Harmonise digital collection and reporting of data** as much as possible to minimise compliance costs and the reporting burden and maximise use and value of data collected.
- **Promote digital tools and platforms:** support the development of integrated sustainability data platforms to improve data quality, accessibility and consistency.
- **Support SMEs with digital tools:** provide open-access tools and resources to help smaller entities meet sustainability reporting requirements without disproportionate burden.

Practical example

HongSAR – supporting SMEs with GHG emissions

A website has been developed that hosts a digitised climate and environmental risk questionnaire, which comes in three different versions to cater for reporting entities of varying size and sophistication. Also available on the website are GHG emissions calculation and estimation tools with clear methodologies and data sources, which incorporate local and mainland elements in the calculation and estimation modelling.

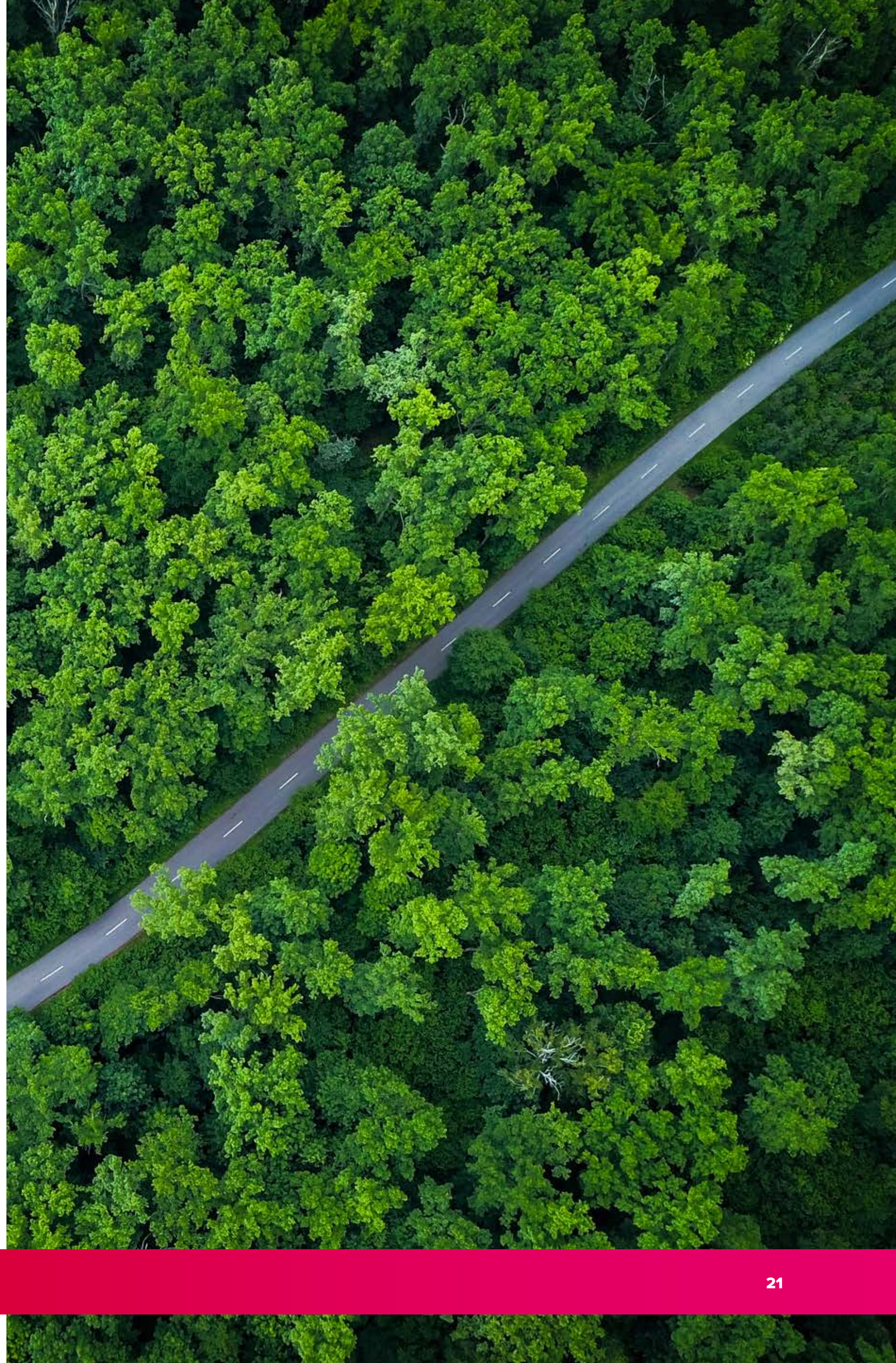
v. Publish a clear roadmap with defined milestones

Challenge: Delays in defining timelines, standard-setting processes and mandatory requirements create uncertainty for preparers and assurance providers, hindering their ability to plan, align and build capacity for future sustainability disclosure and assurance. Without transparent processes and clear milestones, the market risks inconsistent practices, duplicated effort and slower progress toward high-quality reporting.

Publishing a detailed roadmap with signposts allows entities to anticipate requirements, develop expertise and implement systems in advance, reducing uncertainty, improving readiness, and supporting more consistent and credible disclosures. To avoid the cost and confusion seen in jurisdictions where expectations have shifted following the publication of key milestones, the roadmap should be released only once key milestones are sufficiently firm, minimising the need for later revisions.

Specific recommendation

- **Publish a clear roadmap**, including timelines, milestones and deliverables for the development and implementation of sustainability disclosure and assurance standards. Identify key short-term milestones.
- **Coordinate internationally where feasible**, align roadmaps across jurisdictions to enhance consistency and reduce cross-border challenges (eg joint initiatives such as the UK-China EFD could coordinate the publication of a joint roadmap).



Practical example: Hong Kong SAR perspective – publishing a roadmap on sustainability disclosure

In December 2024, the Hong Kong SAR government launched a roadmap on sustainability disclosure. It sets out Hong Kong SAR's approach in requiring publicly accountable entities (PAEs)[15] to adopt the sustainability disclosure standards fully aligned with those issued by the ISSB. It also provides a pathway for large PAEs to adopt the ISSB Standards fully no later than 2028. An extract of the roadmap with key milestones can be seen below (The Government of the Hong Kong SAR 2024).

Timeline on the implementation of sustainability disclosure standards in full alignment with the ISSB Standards in Hong Kong

i Disclosure of sustainability-related information
ii Climate-related disclosures
iii Fully aligned with ISSB Standards
iv Issuance date subject to the timing of publication of the final standards by the relevant international organisations
v Issuers that are Hang Sang Composite LargeCap Index constituents

15 HKICPA uses the same definition of PAEs as set out in IFRS Foundation 2024.

2.2 Sustainability disclosure

Challenge: Without alignment to a global baseline, entities risk facing fragmented and inconsistent disclosure requirements, increased administrative burdens and reduced transparency and comparability for investors. Divergent disclosures make it harder for users to assess sustainability-related risks and opportunities consistently, undermining the usefulness of sustainability information across and within jurisdictions.

The ISSB Standards provide a clear internationally recognised baseline and should be used as a foundation for local sustainability disclosure requirements – this reduces regulatory uncertainty, promotes comparability, lessens compliance costs and helps investors make more informed decisions.

Specific recommendations

- **Adopt and build on a global baseline**, supported by robust due process and an inclusive approach. Region and jurisdiction-specific standards and frameworks should be substantially consistent with global standards and jurisdictional modifications minimised.
- **Be pragmatic** in a way that supports interoperability and equivalence to maximise global consistency and comparability.
- **Ensure alignment of requirements within jurisdictions**, for example between stock exchange and government, regulator and standard setter requirements.

Practical example

UK perspective – adopting and building on the ISSB Standards

The DBT proposed minimal amendments to the ISSB Standards in its consultation, which closed in September 2025. There were six proposed changes – including removal of the mandatory use of the GICS in IFRS S2; change of the reference to SASB materials in IFRS S1 and IFRS S2 from '*shall refer to and consider*' to '*may refer to and consider*'; removal the effective date clauses in IFRS S1 and S2; amendment of two transition reliefs; and a change in the application of transition reliefs to mandatory requirements (DBT 2025b).

ACCA's response to the DBT consultation on the exposure drafts of UK SRS S1 and S2 can be found here (ACCA 2025b).

2.3 Sustainability assurance

i. Clarify terminology, expectations and scope

Challenge: Inconsistent terminology and unclear expectations can erode confidence in sustainability assurance and the underlying disclosures. Preparers and users may be uncertain about the differences between assurance types, their comparability with statutory audits, and the level of confidence provided. Without consistent use of terms such as 'limited and reasonable assurance', expectation gaps may widen and assurance markets may develop unevenly.

Clear regulatory guidance with explicit definitions of scope, boundaries, assumptions and exclusions is essential to ensure credible assurance, protect users, and maintain trust in both disclosure and assurance.

The expectation gap is also a problem in financial audit, and this could be considered and extrapolated for the context of sustainability assurance. ACCA advocates that all stakeholders contribute towards reducing the expectation gap in audit and has produced a report on this (ACCA 2019).

It includes some key recommendations for standard setters, regulators and policymakers regarding financial statement audit that could be extended and amended for sustainability assurance, including the following.

- Regulators and standard setters should inform the public about any changes to existing audit regulations or standards and explain the rationale for those changes. This will allow the public to be better informed about the existing requirements and about any evolution that takes place.
- Audit regulators should support innovation by audit firms to enhance audit quality and avoid instilling a 'box-ticking' approach.
- Standard setters should be responsive to audit-quality issues, by updating standards and providing implementation support.
- Policymakers should be mindful of the link between the knowledge gap and evolution gap components when implementing new policies and regulations to satisfy public demand.

Specific recommendations

- **Clarify sustainability assurance terminology:** define 'limited assurance' and 'reasonable assurance' in line with ISSA 5000 and provide guidance on the type and level of work required.
- **Protect key assurance terms** in the long-term mandate so that only practitioners who consistently define and uphold competency, independence and quality standards may use terms such as 'limited assurance'.
- **Bridge the expectation and understanding gaps:** provide guidance and education materials to support preparers, users and assurance providers. This should also help increase the understanding that sustainability assurance is distinct from statutory financial audit.
- **Adopt a proportionate, risk-based approach** to assurance, focusing assurance on specific information rather than requiring blanket coverage of all sustainability disclosures.
- **Use clear visual cues in disclosure**, encourage using markers (eg asterisks) to indicate which disclosures are assured and at what level, avoiding statements that imply all information is assured.

'Clear regulatory guidance with explicit definitions of scope, boundaries, assumptions and exclusions is essential'

ii. Use ISSA 5000 and provide implementation support

Challenge: Progressing without clear and consistent assurance standards risks market fragmentation, uneven quality and confusion among providers and users, potentially leading to disputes over disclosure interpretation, which undermine trust and confidence. Selecting high-quality, internationally recognised assurance standards, combined with robust implementation support, is critical to fostering market confidence.

Clear disclosure requirements and adherence to strong ethical codes and quality-management practices for assurance help ensure consistent interpretation, maintain integrity and build trust between preparers, assurance providers (both accountants and non-accountants) and users.

Specific recommendations

- **Align national standards with ISSA 5000:** use it as a foundation to reduce market fragmentation and enhance consistency.
- **Ensure clarity and reliability in disclosure requirements:** develop unambiguous disclosure standards so they can be assured reliably .
- **Draw on strong ethical and quality-management frameworks:** require adherence to the IESBA Code of Ethics and entity-level quality management (eg the International Standard on Quality Management (ISQM 1)). This requirement should cover all assurance providers (ie both accountants and non-accountants).
- **Establish mechanisms to resolve interpretation queries:** provide guidance, capacity building, frequently asked questions (FAQs), and explore other appropriate mechanisms for preparers and assurance providers to raise and resolve interpretation questions quickly and efficiently. This may use the FAQs released by the IAASB and IESBA (IIAASB and IESBA Staff 2025).

'…adherence to strong ethical codes and quality-management practices for assurance help ensure consistent interpretation, maintain integrity and build trust.'

Practical example

UK perspective – basing national standards on ISSA 5000

In November 2025, the FRC issued the ISSA (UK) 5000, General Requirements for Sustainability Assurance Engagements (FRC 20205c), which provides UK companies, investors and assurance providers with consistent, internationally aligned assurance standards for voluntary use in sustainability assurance engagements.

The main modification to ISSA 5000 was the inclusion of a safeguard that prohibits the use of direct assistance by internal auditors in sustainability assurance engagements – this is consistent with an existing prohibition for audits of financial statements in the UK. Other amendments were made, for example including references to 'other assurance providers' and ISSA (UK) (FRC 2025c).

The standard states that those conducting sustainability assurance engagements in accordance with ISSA (UK) 5000 are subject to the provisions of the IESBA Code of Ethics and operate under a robust quality-management system (eg ISQM (UK) 1 or equivalently demanding).

ACCA and Chartered Accountants Australia & New Zealand are collaborating and have planned a series of practical guides for some of the key requirements of ISSA 5000. The first in this series was released in July 2025 and is a case study focusing on materiality (Diolas 2025).

iii. Facilitate a diverse and efficient market of assurance providers

Challenge: A market dominated by a few large firms, or only a specific type of firm, limits competition and diversity and isn't appropriate, given the breadth of sustainability areas that may need to be assured. Concentration reduces the range of skills and perspectives needed to address the complex, multidisciplinary nature of sustainability topics. For example, the UK market remains heavily concentrated among the Big Four, while in China domestic providers dominate and international firms are less active.

Ensuring an open and efficient market with diverse, qualified assurance providers – including mid-tier firms and non-accountant specialist consultancies – is critical for resilience and credibility. Regulatory frameworks should also facilitate cooperation between statutory auditors and sustainability assurers, and allow group-level assurance across jurisdictions to enhance consistency, avoid duplication and improve efficiency.

'The UK market remains heavily concentrated among the Big Four, while in China domestic providers dominate and international firms are less active.'

ACCA supports a profession-agnostic approach to sustainability assurance as it recognises the broad and deep expertise required for the diverse and technical topics covered by sustainability reporting. The primary goal is to ensure high-quality assurance, which requires expertise in both assurance techniques and the relevant subject matter, including its measurement and evaluation. We are supportive of a profession-agnostic approach for sustainability assurance providers as long as there is a level playing field with regard to regulation.

Specific recommendations

- **Promote plurality and competition in the assurance market:** create clear conditions that allow a broad range of qualified providers – including mid-tier audit firms and specialist sustainability consultancies – to participate without unnecessary barriers.
- **Facilitate collaboration between statutory auditors and sustainability assurance practitioners:** establish frameworks that allow reliance on each other's work where quality standards are met.
- **Enable group-level assurance across jurisdictions:** permit assurers to cover subsidiaries in different jurisdictions to reduce fragmentation and costs and maintain comparability of sustainability information within multinational groups.

iv. Establish an oversight regime for sustainability assurance providers

Challenge: Without a robust oversight regime, sustainability assurance providers risk divergence in competence, ethics and independence, undermining credibility and trust.

Establishing a well-designed oversight regime is essential, ensuring consistent quality, setting clear expectations and promoting accountability. Such a regime encourages assurance providers to uphold high professional standards, supports the development of leading market practices and strengthens confidence in sustainability assurance.

Specific recommendations

- **Establish a robust oversight regime for sustainability assurance providers**, who will assess, approve and monitor providers, ensuring the quality of assurance work. The oversight regime should be administered by a suitable authority and the benefits of having it should outweigh the costs of running it. The oversight regime should also be equipped to register, inspect, penalise or deregister providers for non-compliance using proportionate mechanisms.
- **Adopt a phased implementation approach:** consider starting with voluntary registration, transitioning to mandatory oversight as the assurance market and provider capacity mature.
- **Communicate clearly and transparently:** define the role, remit and assessment criteria of the oversight regime, including scoring or inspection mechanisms, so providers understand expectations.

Practical example

UK perspective – establishing a robust oversight regime

The DBT has confirmed that it will establish an oversight regime for assurance of sustainability-related financial disclosures, operated by the FRC. The regime will include the registration of sustainability assurance providers, setting the registration criteria, monitoring their performance and, where necessary, taking proportionate enforcement action when they perform poorly. Alongside this, the regime will also include capacity-building activities, such as issuing guidance and sharing best practice, to promote high standards for sustainability assurance engagements across the market.

ACCA's response to the DBT consultation on developing an oversight regime for assurance of sustainability-related financial disclosures can be found here (ACCA 2025c).

ACCA's report on *Sustainability Assurance – Rising to the Challenge* provides an overview of the current landscape for sustainability assurance and an introduction to relevant requirements of standards and guidance issued by the IAASB (Diolas and Rogdaki 2023). It also provides insights on the key challenges that those in the accountancy profession currently face in practice, and touches on the relevant skills and competences needed for undertaking sustainability assurance engagements.

Useful resources.

ACCA resources

[Sustainability reporting: track your progress to create decision-useful information]

[Response to DBT consultation on UK SRS S1 and S2]

[Sustainability reporting in ASEAN: an overview of current developments]

[Closing the expectation gap in audit]

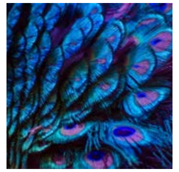
[Principles of Good Corporate Reporting]

[Response to DBT consultation on developing an oversight regime for assurance of sustainability-related financial disclosures]

[Professional Accountants at the Heart of Sustainable Organizations]

[Sustainability Assurance – Rising to the Challenge]

[Sustainability Hub]



[A case study: Demystifying materiality in accordance with ISSA 5000 | ACCA Global]

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ACCA's global themes.

Providing the accountants that society needs and enables sustainable business is core to ACCA's DNA:

We at ACCA believe that the accountancy profession has a vital role to serve the public interest and enable sustainable organisations. Fulfilling this role requires educated and appropriately skilled, ethically sound and highly motivated professionals with robust career prospects. ACCA's global policy priorities and activities to achieve them is equipped through skills, relevant policies, regulation and standards, and the profession's role is well leveraged to drive sustainable business.

BRIDGE THE ACCOUNTANCY SKILLS GAP

Build accountancy capacity so that businesses, the public sector and economies have access to skills and expertise to thrive.

Call to action for policymakers:

- Widen access to the accountancy profession through inclusive educational, vocational and workplace policies that allow anyone to develop the accountancy skills needed.
- Develop and grow the accountancy profession across all sectors, championing sustainability and technology skills to ensure the profession meets market needs.

DRIVE SUSTAINABLE BUSINESS

Drive policies, regulations and standards that |deliver prosperous, ethical, sustainable organisations and economies.

Call to action to policymakers:

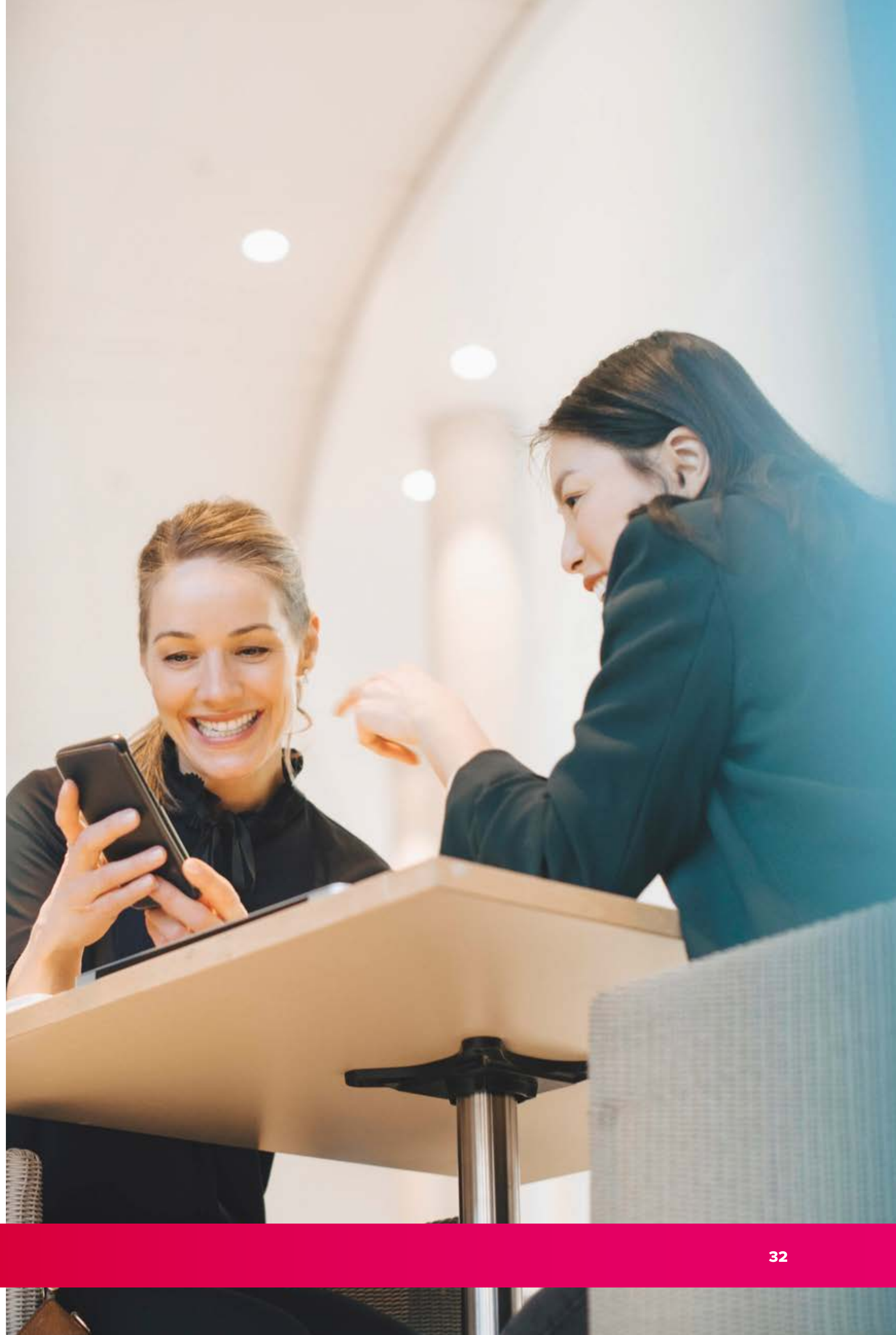
- Drive the adoption of policies and regulations related to sustainable practices and ethical decision-making which reinforce corporate responsibility and enable the transition to net zero while fostering diverse and inclusive workforces.
- Drive the adoption of international standards which draw on global best practice, enable harmonisation across jurisdictions, facilitate international trade and maintain accountability and trust.

CHAMPION THE PROFESSIONAL ACCOUNTANT

Champion a refreshed understanding of the vital contribution of professional accountants in a changed world.

Call to action to policymakers:

- Champion and draw on the insights of professional accountants to influence policy linked to audit, tax, public sector reform and easing the SME regulatory burden, as well as sustainability and technology risks and opportunities.
- Champion the role of professional accountants in creating and delivering value in the public interest – from entrepreneurship to organisations of all sizes and sectors – through their ethical, sustainable and innovative contribution to business and society.



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