

18 December 2023

# ESMA's Letter to IAASB Regarding the Exposure Draft: Proposed International Standard on Sustainability Assurance ("ISSA") 5000, General Requirements for Sustainability Assurance Engagements

## 1.0 Background

The Authority would like to draw your attention to ESMA's comment letter on [ISSA 5000, General Requirements for Sustainability Assurance Engagements \("ED-5000"\)](#), which was shared to the IAASB and made available on ESMA's website on 29 November 2023:

- [Comment Letter on ISSA 5000](#)

The [Corporate Sustainability Reporting Directive](#) ("CSRD")<sup>1</sup> in the EU establishes the regulatory framework for reporting sustainability information, outlining responsibilities, scope, and key requirements for various companies and groups. The [European Sustainability Reporting Standards](#) ("ESRSs") specify detailed requirements for reporting sustainability information. Starting from the 2024 financial year, a first group of companies must adhere to these rules, publishing their sustainability reports in 2025. The CSRD initially mandates limited assurance on these reports, transitioning to reasonable assurance in subsequent years. Compliance with ESRSs necessitates an external assurance opinion from statutory auditors, audit firms, or other independent assurance providers.

## 2.0 Overview of the letters

ESMA welcomes the IAASB's efforts for the timely development of ED-5000 to support the performance of high-quality sustainability assurance engagements. ESMA considers that an internationally recognised sustainability assurance standard, incorporating principles and providing clear guidance for consistent application across reporting frameworks and assurance providers, can significantly improve the quality of assurance and enhance user confidence in sustainability information. Furthermore, ESMA encourages the IAASB to release ISSA 5000 by no later than the conclusion of 2024.

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<sup>1</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

ESMA also agrees with the overarching approach of developing a comprehensive, profession agnostic, stand-alone standard encompassing the entire process from acceptance to reporting, and suitable to any sustainability assurance engagement. However, ESMA believes that the existing ED-5000 could be improved by incorporating specific requirements and methodologies from other International Standards on Auditing (“ISAs”) or providing clear guidance to facilitate its application by all types of assurance service providers to ensure a common understanding and effective implementation of ED-5000, irrespective of the professional background of the providers.

### **3.0 Contacts**

Should you have any queries relating to the above, kindly contact the Authority on [transparency@mfsa.mt](mailto:transparency@mfsa.mt).