



# Assurance of sustainability disclosures

UK Finance response to  
Department for Business and Trade  
consultation

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# Introduction

UK Finance is the collective voice for the financial services industry. Representing around 300 firms, we act to enhance competitiveness, support customers, and facilitate innovation.

UK Finance is pleased to respond to the UK government's consultation on developing an oversight regime for providers of sustainability-related assurance.

## Key Messages

- We support the proposal to create a registration regime for sustainability assurance, as this provides quality, consistency, comparability and choice. It is also important the quality of sustainability reporting matches that of financial reporting.
- An opt-in approach is a proportionate way to implement the regime.
- A profession-agnostic approach will ensure that the registration regime has flexibility to accommodate different skills required to conduct sustainability assurance.
- Both firms and individuals should be able to register as sustainability assurance providers.
- The Audit, Reporting and Governance Authority (ARGA) should encourage assurance providers to be proportionate.

# Question responses

## A registration regime for UK sustainability assurance providers

### 1. Do you agree or disagree with the government's core proposal to create a voluntary registration regime for sustainability assurance? Provide justification.

We support the proposal to create a registration regime for sustainability assurance.

Over recent years, regulatory expectations have increased for financial services firms and their clients to report on sustainability issues, including reporting aligned with the Taskforce on Climate-Related Financial Disclosure (TCFD), EU Corporate Sustainability Reporting Directive (CSRD) and potential incoming UK Sustainability Reporting Standards (SRS). Expectations to assure the quality of this data have increased in parallel.

As the Financial Reporting Council's (FRC's) [market study on assurance of sustainability reporting](#) in October 2024 found, users of sustainability assurance tend to find it difficult to determine the suitability of assurance providers and to assess their quality. A registration regime could help address this challenge by enhancing transparency.

We support the proposals for the following reasons:

- **Quality, consistency and comparability:** Registration has the potential to increase quality by setting eligibility criteria, monitoring performance and taking enforcement action to address poor performance. We would therefore seek UK Government support in implementing a framework that standardises and provides guidelines to assurance service providers that would bring consistency and alignment across the industry and across multiple regulatory frameworks.
- **Choice:** The FRC's market study noted that firms tend to choose from a small number of assurance providers. A registry of quality assurance providers could help improve choice for users of assurance services.
- **Importance:** As firms are increasingly expected to link their sustainability reporting with financial reporting (for example, as indicated by [work underway](#) at the International Financial Reporting Standard (IFRS)), it is all the more important that the quality of sustainability reporting assurance matches expectations for financial reporting.

### 2. In your view, what are the advantages and disadvantages of the opt-in approach?

Overall, we think the opt-in approach is a proportionate way to implement the regime.

#### Advantages:

- Allows firms to self-identify as providing sustainability assurance services.

- Provides a ready-made, quality-assured list of firms providing sustainability assurance services, for the benefit of users.
- Avoids creating onerous, non-voluntary regulatory expectations for the sector.

**Disadvantages:**

- Poor performers that do not self-identify as sustainability assurance providers will not be subject to the regime and its accompanying quality checks. It will therefore be important to publicise the regime and raise awareness among users of sustainability assurance providers.

Over time, the Government could consider setting out a clear pathway toward mandatory registration to ensure assurance services are all of a common, high standard. If registration becomes mandatory, this requirement will need to be phased in, with timing linked to any future requirement for mandatory assurance of disclosures.

**3. Do you agree or disagree with the government taking a profession-agnostic approach to sustainability assurance? Provide justification.**

We agree. As the consultation sets out, a profession-agnostic approach will ensure that the registration regime has flexibility to accommodate different skills required to conduct sustainability assurance. UK Finance member firms rely on a range of different legal, accounting, audit, valuation and other technical skills as part of internal and external sustainability assurance processes.

**4. Do you agree or disagree that both individuals and firms should be able to be registered as sustainability assurance providers? Provide justification and explain whether any specific requirements are needed to ensure appropriate accountability.**

We agree. Allowing both individuals and firms increases the likely pool of assurance providers and thus could help to improve choice available to users of sustainability assurance services.

**5. In broad terms, what are the main principles that ARGA should consider when developing a registration regime for sustainability assurance providers?**

ARGA should consider principles consistent with those underpinning the regime for auditors of financial statements and under Section 166 of the Financial Services and Markets Act, which provide for suitably qualified (through professional qualifications or experience) and “skilled persons” to offer specific services.

**6. How should ARGA work with other organisations when developing a future registration regime?**

We would encourage DBT and ARGA (when it is formed) to work with all other relevant organisations on a future registration framework. This would ensure that there is a consistent and cohesive approach for assurance providers, including any assessment, evaluation and monitoring.

**7. Do you agree or disagree that the UK’s registration regime should recognise ‘sustainability assurance providers’ as being capable of providing high-quality assurance over multiple reporting standards (that is, TCFD, UK SRS, ESRS)? Provide justification.**

We agree. Having clarification on the areas of expertise of each assurance provider will support users in selecting the right provider for their needs. Many UK Finance members and many FTSE 100 corporates operate in different jurisdictions and hence need to meet requirements relevant in these jurisdictions. It is therefore important that sustainability assurance providers understand the major reporting standards such as UK SRS, ESRS and US requirements and can nimbly provide assurance across these requirements.

**8. Do you agree or disagree that sustainability assurance providers must follow UK-equivalent standards to ISSA 5000? Provide justification and, if you disagree, indicate whether any other standards are considered appropriate.**

We agree. ISSA 5000 provides a robust and consistent standard for assurance providers to follow.

**9. How should ARGA exercise its proposed functions in respect of sustainability assurance standard setting in the future?**

**Integration with financial reporting:** Sustainability-related disclosures increasingly intersect with financial reporting, - particularly for financial institutions who already connect climate-related risk and financial risk information in Annual Reports, or use financial information in calculating sustainability-related estimates (examples include financed emissions estimates, scenario analysis and climate-related expected credit loss (ECL) estimates). As UK SRS increases the requirement to disclose connected information across sustainability-related and financial reporting, ARGAs should ensure that assurance standards minimise conflicts across these domains. For example, where different assurance providers are engaged across financial and sustainability-related reporting, ARGAs should mandate clear boundaries and explicitly recognise the dependencies sustainability assurance providers place on statutory auditors. Coordination between these parties must be a core requirement to prevent unnecessary cost, duplicated effort, and most importantly, the potential for conflicting conclusions that could undermine trust in corporate reporting.

**Managing assurance overreach:** ARGAs should encourage assurance providers to be proportionate, instead of making preparers mandatorily do every voluntary requirement even where these are not mandatory according to regulation (at increased cost and assurance fees

for the firms). Mandatory assurance requirements should be set out explicitly, so there no ambiguity for preparers or assurers on what is required of them.

**10. What factors should ARGA consider when developing its approach to enforcement. Provide justification.**

See response to question 6.

## Looking ahead

**11. Do you agree or disagree that assurance of UK SRS disclosures is desirable in the long term? Explain your view and also indicate whether there are any implementation approaches (for example, timelines for phasing-in requirements) or alternative measures to regulation that the government should consider.**

Assurance of UK SRS disclosures has the potential to increase the credibility of such disclosures, although it will also add to costs for reporting firms – which could be substantial especially for smaller firms.

Proportionality and materiality considerations should be applied when considering mandating any assurance requirements if introduced. Many firms already seek assurance on key metrics to underpin decision-making (in most cases this is limited assurance). A move to mandatory limited assurance for such metrics could be feasible, but mandating reasonable assurance would not. Even a move to mandatory limited assurance, if executed, should be gradual.

Meanwhile, mandating wider disclosure assurance would potentially impair the ability of organisations to meet UK SRS requirements according to a more ambitious timeline. Assurance takes several months and typically runs in parallel with disclosure collation. More assurance would therefore require extended timescales, potentially putting delivery of disclosures over the short term at risk, or more consultation resource – which would materially increase costs for firms.

If Government or regulators opt to require assurance of sustainability disclosures, this should be done in a phased manner with timelines set out in advance — and should not be implemented before at lowest 2-3 years from mandatory application. This will give preparers time to build capability.

The Government should consider how any assurance requirements for SRS disclosures align with or complement CSRD assurance requirements. The assurance cost to preparers of both CSRD and UK SRS disclosures will be very significant, for arguable very little value add, given similarities in reporting requirements.

We would expect Government or regulators to undertake further consultation, including to assess whether limited or reasonable assurance is more appropriate from a preparer and user perspective.

**12. Provide evidence where assurance providers have been excluded from or where you anticipate future barriers to competing for CSRD assurance engagements, due to a lack of UK registration regime or other reasons. Where possible, include quantitative estimates of the scale of impact on UK companies.**

No reply.

**13. Provide evidence where the non-audit services cap has been a barrier to accessing or providing high-quality sustainability assurance. Where possible, include quantitative estimates of the scale of impact.**

We recommend excluding voluntary sustainability assurance from the non-audit services cap. Including it may disincentivise use of statutory auditors, leading to fragmented assurance and increased costs. Clear guidance and monitoring of market impact are needed.

**This response was submitted on 17 September 2025.**

**For any questions about this response, please contact:**

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