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Sustainability Snapshot

THREE MONTHS TO ISSA 5000

Is South Africa's assurance profession ready?

The clock has been running since September 2024, when the International Auditing and Assurance Standards Board (IAASB) approved International Standard on Sustainability Assurance (ISSA) 5000, the General Requirements for Sustainability Assurance Engagements. ISSA 5000 covers the full sustainability reporting suite at both limited and reasonable assurance levels. With roughly three months until the standard takes effect for reporting periods beginning from 15 December 2026, the question is whether South Africa's assurance profession is built to deliver it credibly and on time.

The standard will reach every entity that obtains sustainability assurance, listed or not. This note focuses on JSE-listed issuers, and on the Top 40 in particular, because they face the sharpest stakeholder scrutiny from investors, ratings agencies and regulators. Their readiness is the visible benchmark for the rest of the market.

> The gap between today's sustainability assurance practices and what ISSA 5000 will require is no longer theoretical — it is now measurable.

About this issue

April's snapshot, a supplement to the SAICA Sustainability Information Paper, positioned King V as the governance scaffolding for ISSB adoption and the era of mandatory disclosures. This note examines the layer beneath it: assurance – the part of the architecture that determines whether a sustainability disclosure is merely published or actually trustworthy. On the evidence below, the shortfall between what South African assurers do today and what ISSA 5000 will require of them is structural, and three months is not long enough to close it.

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Why current assurance practices are not ready for ISSA 5000

The capability gaps in Scope 3, climate scenarios and governance oversight

Four urgent actions companies, assurers and regulators should take now

What ISSA 5000 demands

ISSA 5000 has been developed by the IAASB to be applied by any competent practitioner to sustainability information prepared under any framework, including IFRS S1 and S2. "Competent" here is a defined construct: the practitioner must comply with the IESBA Code, belong to a firm that applies ISQM 1 (or a regime at least as demanding) and, at engagement-leader level, possess the sustainability subject-matter qualifications, assurance skills and capacity the engagement requires. It is profession-agnostic and framework-neutral. It addresses both limited and reasonable assurance and covers all non-financial information, not just greenhouse gas numbers. Critically, once effective it replaces ISAE 3000 (Revised) for sustainability engagements and withdraws ISAE 3410 for greenhouse gas statements. Those are the two standards on which South African sustainability assurance practice currently rests.

> "The ground beneath every existing sustainability-related engagement is about to move.

Background

ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information) was first issued by the IAASB in 2003 and revised in 2013. It was designed as a catch-all standard for any assurance engagement that fell outside the financial statement audit, from compliance reports to internal control attestations. As corporate sustainability reporting grew through the 2000s and 2010s, ISAE 3000 became the default standard practitioners reached for when asked to assure environmental, social and governance disclosures, simply because nothing more specific existed. Its principles-based architecture has shaped how South African companies scope, plan and document sustainability engagements.

ISAE 3410 (Assurance engagements on greenhouse gas statements) followed in 2012, narrowing the lens to GHG emissions specifically. It introduced the discipline of distinguishing Scope 1, 2 and 3 emissions for assurance purposes, set expectations for testing estimation methods and emission factors and codified the difference between limited and reasonable assurance in a carbon-data context.

ISSA 5000's core requirements are demanding. Practitioners must demonstrate competence across the relevant subject matter, exercise professional scepticism, understand the entity's materiality process, gather sufficient evidence (including for forward-looking information such as targets and transition plans) and handle group engagements where components report under different regimes.

It does not stand alone. The International Ethics Standards Board for Accountants' (IESBA) International Ethics Standards for Sustainability Assurance (IESSA), issued in January 2025 and effective on the same date as ISSA 5000, governs ethics and independence – including the sharpened question of independence where the same firm provides both the financial audit and the sustainability opinion.

Locally, the Independent Regulatory Board for Auditors' (IRBA) SAAEPS 1 (South African Assurance Engagements Practice Statement) has given the profession a head start by requiring the same engagement-acceptance discipline ISSA 5000 now formalises. Since reporting periods from 15 December 2020, registered auditors have had to test the rational purpose, subject matter and criteria appropriateness of every sustainability engagement before engaging it. Its post-implementation experience is the most South Africa-specific evidence we have of where early engagements struggle. The international and local frameworks now point the same way; ISSA 5000 raises the bar above what either has demanded before.

South African readiness

So where does the profession stand?

On the demand side, assurance uptake is low and rising slowly. The Integrated Reporting and Assurance Services (IRAS) 2025 update found that just under a quarter of JSE-listed companies (56 of 234) obtained independent third-party assurance over their FY2024 sustainability disclosures, up marginally from roughly a fifth in 2021.

Where assurance is conducted, it is limited assurance over a small set of selectively marked indicators, not the disclosure as a whole. For example, Anglo American's FY2024 report carried external assurance over just five indicators. Reasonable assurance is, for practical purposes, absent, and Scope 3 emissions and forward-looking information sit largely outside of assurance mandate scopes. The gap between this and what ISSA 5000 and IFRS S2 expect is wide.

On the supply side, the market is concentrated. The same IRAS data shows 12 providers conducting all 56 engagements, with accountancy firms doing roughly three-quarters of the work and specialist consultancies sharing the rest. The talent the standard assumes (eg, climate scientists, environmental engineers and social specialists) is also scarce.

SAICA on the International Standard on Sustainability Assurance 5000

SAICA welcomes the release of ISSA 5000, which aligns with organisational priorities to advocate for the integrity of sustainability reporting and audit committee accountability, particularly as adoption is progressing faster than readiness.

The standard is effective for assurance engagements on sustainability information for periods beginning on or after 15 December 2026, with early application of ISSA 5000 permitted, as outlined in the Basis for Conclusions.

The SAICA Chairperson of the Sustainability Technical Committee (STC), Prof Yvette Lange, provides an update on IAASB implementation and guidance materials for practitioners, and updates members on the IRBA process.

Watch the update

> The challenge is no longer whether sustainability assurance will happen, but whether South African firms have the governance capacity, specialist skills and institutional coordination to deliver it at scale.

The large audit firms are investing in this area and mid-tier firms face a difficult build-versus-buy decision while boutique consultancies, that specialise in this space, usually have the skills but not always the scale. Voluntary early adoption of ISSA 5000 is not yet visible among JSE issuers, who are mostly running parallel ISAE 3000 engagements on a "transition next year" plan that assumes capacity, both internally and out in the marketplace of providers, that may not exist.

King V and ISSA 5000 intersect directly on independence and combined assurance. King V Principle 12 (Assurance) assumes a combined assurance model in which management, internal audit, specialist functions and external providers coordinate to safeguard the integrity of external reports. In practice that coordination is uneven, and ISSA 5000's effective date precedes the first full King V reporting cycle (financial years commencing on or after 1 January 2026), so FY2026 disclosures will be the first real test of both at once. Layer IESSA's independence requirements on top, particularly where one firm signs both opinions, and the combined assurance model is being asked to do more than it currently does while being overseen by audit committees that may be under-skilled for the task.

The capability gaps

Theme	Key findings	Evidence
Assurance uptake	Just under a quarter of JSE-listed companies obtain independent third-party assurance over sustainability disclosures. Movement since 2021 is incremental.	IRAS 2025: 56 of 234 (23.93%) for FY2024, up from 19.57% in 2021. Alexforbes–CIPC 2025 Sentiment Survey: 68.8% of organisations report on sustainability; only 28.4% feel ready for mandatory requirements.
Coverage breadth	Where assurance is conducted, it is limited assurance over a set of selectively marked indicators, not the whole disclosure. Reasonable assurance is, for practical purposes, absent.	The worst cases include Anglo American FY2024: five indicators externally assured (fatalities, TRIFR, GHG emissions, freshwater withdrawals, Level 4–5 environmental incidents). Standard Bank FY2025: annual integrated report unassured; sustainability disclosures report carries limited assurance over selected information only.
Standards in use	ISAE 3000 (Revised) dominates; ISAE 3410 is used for GHG; AA1000AS appears with specialist providers. Voluntary ISSA 5000 adoption ahead of the effective date is not yet visible among JSE issuers.	IRAS 2025 confirms ISAE 3000 dominance among accountancy firms; AA1000AS is more prominent with specialists. Standard Bank, FirstRand and Anglo American all cite ISAE 3000 and ISAE 3410 in FY2024–FY2025 assurance statements.
Scope 3 and forward-looking information	Scope 3 emissions (especially Category 11), climate scenario analysis and transition plan trajectories are typically unassured or carry inherent-limitation paragraphs and carve-outs.	Sasol FY2025 assurance scope excludes most Category 11 detail. Anglo American's externally-assured KPIs exclude Scope 3 entirely. Early CSRD assurance analysis (KPMG, IAASB) converges on "Scope 3 carries materially higher inherent limitations than Scopes 1–2".
Provider landscape	Accountancy firms dominate but a specialist tier holds a real share, particularly in mining. The talent pool is small and engagement costs are high.	IRAS 2025: 12 providers conducted all 56 engagements – Auren, BDO, Deloitte, ERM, EY, Gripp Advisory, IBIS, IRAS, KPMG, Nexia SAB&T, PwC and RSM SA. Accountancy firms 76.79%; specialists 23.21%. Average engagement: R400,000 to nearly R2 million.
Governance and skills	Boards do not have the sustainability skills the disclosure regime now assumes. Internal preparedness for assurance is low and cost is cited as the primary deterrent.	Just Share June 2025: 25 of 487 JSE top 40 director positions (5%) held by directors with a sustainability-related qualification; over half of the top 40 have no such director. Alexforbes–CIPC 2025: only 28.4% of organisations feel ready for mandatory reporting.
Standards transition	Most issuers reference IFRS S1, S2 and King V but disclose they are still assessing or transitioning. None has stated full ISSB compliance. ESG metrics drive incentive pay across most of the Top 40 even though the underlying data is largely unassured.	Standard Bank FY2025 is "assessing the requirements of King V". PwC SA benchmarking of 13 JSE companies: none has stated full ISSB compliance. 93% of the top 40 link short-term incentives (STIs) to ESG metrics; 88% link long-term incentives (LTIs).

The readiness problem has a clear shape. Scope 3 measurement and verification is the most prominent gap. Most JSE assurance scopes exclude Scope 3 entirely, and where it is disclosed, it carries limitation carve-outs. Category 11 (use of sold products) is acutely difficult for fossil-fuel-exposed issuers, and it is precisely the category IFRS S2 will push into scope for material emitters. The methodology to assure it at any meaningful level barely exists.

Climate scenario analysis is the second gap. IFRS S2 requires issuers to test the resilience of their strategy against scenarios. Very few current engagements assure those narratives at all, and the profession does not have a settled methodology for doing so. Forward-looking transition plans are the third gap. Assurance over targets and trajectories is methodologically immature globally, but the standard will still expect practitioners to form a view.

Two further gaps run beneath those, quieter but equally consequential. The first is that non-financial data has no equivalent of the Internal Controls over Financial Reporting (ICFR) framework that financial data has spent decades building. There is some guidance. In 2023, the Committee of Sponsoring Organisations of the Treadway Commission (COSO) issued supplemental guidance to its Internal Control – Integrated Framework (ICIF-2013) for organisations to achieve internal control over sustainability reporting (ICSR). ICSR attempts to apply the traditional 17 internal control principles to non-financial metrics so they are managed with the same rigour as financial statements. The second is that group considerations bite when subsidiaries report under different regimes, leaving the group practitioner to reconcile incompatible bases.

Control dimension	Financial reporting (ICFR)	Sustainability/non-financial (ICSR)
Control activity	Reconciling a bank statement to the general ledger.	Reconciling utility bills with carbon emission metrics.
Data integrity	Ensuring invoices match authorised purchase orders.	Validating the sensors and ensuring raw IoT sensor data for emissions is securely tracked, for example.
System access	IT general controls (ITGCs) restricting enterprise resource planning systems access.	Access controls preventing unauthorised changes to ESG software
Materiality	Evaluating thresholds that sway investor decisions.	Evaluating thresholds for climate-related risks.

Underpinning all of it is a governance gap that the data makes uncomfortable. Just Share's June 2025 analysis found that only 25 of 487 director positions across the JSE top 40 boards are held by directors with a sustainability-related qualification and over half have no such director at all. Yet 93% of the top 40 already tie short-term incentives of top management to ESG metrics. Performance pay rests on data that is assured only at the limited level over selected indicators. That is the credibility exposure ISSA 5000 readiness will bring into the open.

What needs to happen

The timeframe to implementation is short, but four things need to happen now:

Readiness assessment

preparers should commission an assurance readiness assessment this quarter. The companies that discover their Scope 3 data cannot be assured should discover it with months in hand to remediate, not weeks.

Cross-disciplinary teams

assurers must invest in cross-disciplinary teams. A financial auditor with a two-day sustainability course is not a sustainability assurance professional, and mid-tier firms cannot defer the build-versus-buy decision any longer.

Registration and CPD clarity

IRBA and SAICA must clarify the registration and CPD framework for sustainability assurance practitioners. The question of who is qualified to sign an ISSA 5000 opinion remains under-defined and the profession-agnostic nature of the standard makes the question more urgent. SAAEPS 1's post-implementation findings should feed into that framework.

Audit committee scrutiny

audit committees must scrutinise scope and level decisions. Limited assurance over five indicators is not reasonable assurance over a full disclosure and the difference is one an audit committee should be able to explain to shareholders. Given the board-skills data, committees should also ask honestly whether they have the expertise to oversee what they are signing off.

> The market is moving toward mandatory sustainability assurance faster than companies are building the governance, skills and assurance capacity needed to support it. That gap is now becoming measurable.

The keystone

Assurance is where the governance framework meets the disclosure standard. It is the keystone that locks the two together. A sophisticated governance framework and a rigorous reporting standard are only as credible as the assurance that sits between them. The current evidence is sobering: a quarter of issuers assured, a handful of indicators in scope, reasonable assurance almost nowhere, Scope 3 mostly excluded and one in 20 directors formally qualified to oversee any of it. For issuers who are not in the top 40, three months is nowhere near enough, and they will be in trouble when the first ISSA 5000 cycle lands. For a majority of the top 40, three months is enough to start closing that gap honestly, but not enough to pretend it does not exist.

IRBA Adopts the International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements

On 29 January 2026, the Independent Regulatory Board for Auditors (IRBA) formally adopted the International Standard on Sustainability Assurance (ISSA) 5000 through Board Notice 690 of November 2004. The standard sets out the general requirements for sustainability assurance engagements and is prescribed for use by auditors in South Africa for reporting periods beginning on or after 15 December 2026, with early adoption permitted.

In the statement issued by IRBA on the 23 February 2026 , it was emphasised that "the objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes".

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