

Meeting: IESBA
Meeting Location: New York
Meeting Date: September 18-22, 2023

Agenda Item

2

Sustainability – Common Issues

Objectives of Agenda Item

1. To consider:
 - (a) A presentation from the International Accreditation Forum (IAF);
 - (b) The Task Force’s report-back on recent outreach activities; and
 - (c) Common issues relevant to both Work Stream 1 (Independence) and Work Stream 2 (Ethics).

Task Force Composition

2. The Task Force comprises of two work streams:

Work Stream 1 (Independence)	Work Stream 2 (Ethics)
<ul style="list-style-type: none"> • Mark Babington, Chair, IESBA Member • Jens Poll, IESBA Member • Channa Wijesinghe, IESBA Member 	<ul style="list-style-type: none"> • Christelle Martin, Chair, IESBA Member • Vania Borgerth, IESBA Member • Richard Huesken, IESBA Member • Sung-Nam Kim, IESBA Member
Supported by: <ul style="list-style-type: none"> • David Clark, IESBA Technical Advisor • Masahiro Yamada, IESBA Technical Advisor 	Supported by: <ul style="list-style-type: none"> • Chris Twagirimana, IESBA Technical Advisor • Kristen Wydell, IESBA Technical Advisor

Activities Since the Last IESBA Discussion

3. After the June 2023 IESBA meeting, the Task Force met in person and via video conference to prepare the agenda materials for this meeting.
4. Close coordination between the two Boards continued to take place both at the staff level and task force level via their liaison members. The focus of the coordination is particularly on the proposed

terms and definitions used by both Boards, ensuring that they are aligned to the furthest extent possible. In August 2023, the IAASB released its [proposed ISSA 5000](#)¹ for exposure.

5. During Q2 2023, IESBA representatives also discussed with, and sought views from, a broad range of stakeholders on the project via outreach, conferences and other events. Among other matters:
 - Staff met with IAF representatives to discuss IAF and IESBA's roles in respect of sustainability, the respective standards frameworks, and opportunities for collaboration.
 - IESBA and IAASB representatives also met with ISO representatives in August and September 2023 to discuss technical matters on the standards being developed by each body relevant to sustainability assurance engagements.
6. The Task Force has been engaging with the [Sustainability Reference Group](#) (SRG) and seeking their input to the draft proposed text via virtual meetings and emails.
7. In August 2023, WS1 and WS2 circulated by email the first complete set of the profession-agnostic ethics and independence standards to the IESBA for their advanced comments ahead of the September 2023 meeting.
8. In September 2023, the Task Force will provide a high-level overview of the feedback from the roundtables and the Task Force's proposals regarding the ethics and independence standards for sustainability reporting and assurance to the CAG representatives.
9. The IESBA will be briefed on the main outcomes of these and other outreach meetings at its September 2023 meeting.

Presentation from the IAF

10. Mr. Emanuele Riva, IAF Chair, and Mr. Matt Gantley, IAF Chief Executive, will give a presentation on the IAF including its role in accreditation in the sustainability field and the opportunities for collaboration with the IESBA.

Common Issues

Title of the New Part 5

11. The Task Force proposes that the new Part 5 be titled "International Ethics and Independence Standards for Sustainability Assurance".
12. This proposed title takes into account the following:
 - The standards cover both ethics and independence standards and will have global application.
 - As the standards are profession-agnostic, therefore there is no reference to professional accountants.
 - Despite the proposed independence standards in Part 5 only scope in sustainability assurance engagements that meet certain criteria, the ethics standards in that Part will apply

¹ Proposed International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements

to all sustainability assurance engagements. Therefore, the title only mentions “sustainability assurance” without mentioning of the scope for independence standards.

Numbering of the Standards Under Part 5

13. The Task Force considered the following two options regarding the numbering of the new standards under Part 5 of the Code: 1000 or 5000.
 - Reasons for the “1000” option include that it follows the sequential numbering of the extant Code (which currently ends with section 990).
 - Reasons for the “5000” option include that it aligns with the establishment of a new Part 5, provides for additional space for potential future standards between Parts 4B and 5, and creates a parallel with ISSA 5000.
14. In light of the above, the Task Force proposes that the provisions under Part 5 be numbered following the “5000” option.
15. The Task Force is also of the view that the numbering between Parts 1 to 4-A of the Code and Part 5 should be aligned to the furthest extent possible. This approach will help demonstrate Part 5 is equivalent to and of the same high bar as audit. It will also facilitate adoption and implementation for PAs, particularly if they perform audits of the financial statements and sustainability assurance. This means, inter alia, that:
 - Whenever a paragraph in the extant Code is not relevant to Part 5, then it is “intentionally left blank” in Part 5 – see, for instance, equivalent paragraphs 300.2 in **Agenda Item 4-C** and 400.2 in **Agenda Item 3-A**.
 - Whenever a new paragraph is added to Part 5, then “a”, “b”, etc. is added – see, for instance, paragraphs 100.1a in **Agenda Item 4-C** and 400.3a to 400. 3g in **Agenda Item 3-A**.

Title of the Code

16. The Task Force discussed whether the title of the Code should be changed to include a reference to sustainability assurance and/or the fact that part of the Code will also apply to practitioners who are not professional accountants.
17. As part of its consideration, the Task Force has taken into account the following:
 - Changing the title of the Code will require legislative changes in certain jurisdictions where the Code is adopted by reference to its current title.
 - The extant Code has an established title and brand that is important to preserve.
 - Including reference to ethics and independence standards for sustainability assurance as part of the title would make it unnecessarily long.
18. In light of the above, the Task Force proposes not to change the title of the Code.

Action Requested

19. IESBA members are asked to:
 - (a) Consider the presentation from the IAF;
 - (b) The report-backs on recent outreach activities on the project; and

- (c) Discuss and provide input on the common issues.

Material Presented

Agenda Item 2-A

Sustainability Common Issues – Presentation