

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

## Agenda Item

# 3

### Sustainability – Workstream 1

#### Objectives of Agenda Item

1. To consider and provide input on draft international independence standards for sustainability assurance engagements in Part 5 of the Code.

#### Activities Since June 2023

2. Informed by the previous discussions with the IESBA and stakeholders, including participants in the global Roundtables in March and April 2023, Workstream 1 (WS1) held a 3-day in-person meeting in July and a virtual meeting in August to develop the draft independence standards in Part 5. The draft standards incorporate the [sections](#) WS1 presented for discussion and reference at the June 2023 IESBA meeting.
3. While developing the draft standards, WS1 took into consideration the most recent developments in the International Auditing and Assurance Standards Board's (IAASB) [Proposed International Standards on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements](#) that was approved for public disclosure in June 2023.
4. After its July in-person meeting, WS1 emailed a preliminary draft of the standards to IESBA members and asked for their advance comments, especially on the changes proposed since June 2023. WS1 considered all the feedback received by August 14 and responded to Board members about how WS1 proposed to address the non-editorial comments in the updated draft posted for discussion in September 2023.
5. WS1 also asked for input from the IESBA Sustainability Reference Group (SRG) regarding:
  - (a) Management activities in the context of sustainability assurance services; and
  - (b) Non-assurance services provided by sustainability assurance practitioners to their assurance clients.
6. WS1 will present the key independence issues and WS1's proposals to CAG Representatives in early September 2023. WS1 will report back to IESBA members on the feedback received from the CAG.

#### Matters for Consideration

7. **Agenda Item 3-A** includes the draft international independence standards for sustainability assurance engagements for IESBA members' first read. The document is in mark-up from the 2024 version of Part 4A of the Code, which incorporates the latest revisions to the Code. For ease of comparison, the proposed changes since the June 2023 IESBA meeting are highlighted in yellow.

The grey boxes in the document provide explanations for the most recent changes and the matters for the IESBA's consideration in relation to the relevant subsections/titles.

8. The proposed newly defined terms in relation to the independence standards for sustainability assurance engagements are included in the revised Glossary in **Agenda Item 3-B**. The changes are in mark-up from the 2024 version of the Code. The key changes since the June 2023 IESBA meeting are highlighted in yellow. The document is a joint WS1 and WS2 paper that includes proposals from both workstreams.
9. **Agenda Items 3-A** and **3-B** incorporate:
  - (a) IESBA members' advance comments; and
  - (b) The feedback from SRG members received after the advance consultation with the IESBA on the preliminary draft (i.e., proposed changes to paragraph 400.30 A3 and Subsection 603).

### **Action Requested**

10. At the September 2023 IESBA meeting, the WS1 Chair will present for the IESBA's consideration the proposed changes to the draft standards since the June 2023 IESBA meeting.
11. IESBA members are asked to:
  - (a) Consider the WS1 Chair's presentation; and
  - (b) Discuss and provide directional feedback on the proposed changes.

### **Next Steps**

12. Subject to the IESBA's discussion, WS1 will continue the coordination with WS2 and SRG, as well as with the IAASB's Sustainability Task Force, and present a revised draft of the International Independence Standards for second read and approval for exposure in December 2023.

### **Material Presented**

#### *For Discussion*

Agenda Item 3-A	Draft International Independence Standards for Sustainability Assurance Engagements (For First-Read)
Agenda Item 3-B	Proposed Revised Glossary