

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

Agenda Item

4

Sustainability – Ethics Considerations – Work Stream (WS) 2

Objectives of Agenda Item

1. To consider the key issues identified by WS2 on the development of ethics standards for sustainability reporting and assurance.
2. To provide feedback to WS2's views and proposals as well as first read of the proposed text including the draft proposed revisions to the glossary.

Matters for IESBA Consideration

3. The issues paper (**Agenda Item 4-A**) provides an overview of the key issues identified by WS2 that require the IESBA's consideration, including:
 - Options for communicating to a broad group of stakeholders that the IESBA Code can be applied by all preparers of financial and non-financial information;
 - Whether to include new separate sections in the Code to specifically address sustainability reporting-related ethics issues;
 - Revised scope of the ethics standards under the new Part 5 to include all sustainability assurance engagements;
 - Whether to include equivalent Sections 230, 321 and 350 in Part 5 of the Code;
 - The extent of the circumstances that should be covered by the new requirements for communicating NOCLAR or suspected NOCLAR to the auditor or the sustainability assurance practitioner. Refer to **Agenda-Item 4-D** for an overview of the proposed changes and the WS2's rationale;
 - Definitions of "sustainability information" (refer to **Agenda Item 4-F** for a marked-up version from June 2023) and "professional activity". Refer to **Agenda Item 4-E** for the proposed revised Glossary.
4. The draft proposed texts (**Agenda Items 4-B and 4-C**) include further explanations of the above issues and the WS2's rationale for its proposals. The draft proposed text also indicates if a proposed revision was the result of comments raised by Board participants.

Action Requested

5. IESBA members are asked to share views on:
 - (a) WS2's proposal for communicating that the IESBA Code can be applied by all preparers of information;

- (b) Proposed revisions to Parts 1-3 of the Code to include ethics standards for sustainability reporting;
- (c) WS2's proposal not to develop a separate section in the Code for sustainability reporting;
- (d) WS2's revised scope of the ethics standards for sustainability assurance under the new Part 5;
- (e) WS2's proposal not to include equivalent Sections 230, 321 or 350 in Part 5;
- (f) WS2's proposals regarding communicating NOCLAR or suspected NOCLAR to the auditor or sustainability assurance practitioner under Parts 3 and 5 of the Code;
- (g) Remaining proposed ethics standards for sustainability assurance under the new Part 5 of the Code; and
- (h) WS2's proposals regarding the definitions of "sustainability information" and "professional activity".

Material Presented

For discussion

Agenda Item 4-A	Sustainability (WS2) – Key Issues and WS2 Views and Proposals
Agenda Item 4-B	Sustainability (WS2) – Ethics for Sustainability Reporting – Proposed Text – First Read
Agenda Item 4-C	Sustainability (WS2) – Ethics for Sustainability Assurance – Proposed Text – First Read
Agenda Item 4-D	Sustainability (WS2) – Presentation – Communication Provisions under NOCLAR in Parts 3 and 5
Agenda Item 4-E	Proposed Revised Glossary (Mark-up)
Agenda Item 4-F	Sustainability (WS2) – Definition of "Sustainability Information" (Mark-up from the June 2023 Version) with Explanations