Sustainability – Proposed Questionnaire for Targeted Outreach

About the International Ethics Standards Board for Accountants (IESBA)

The IESBA is an international independent standard-setting board. Its mission is to serve the public interest by setting ethics standards, including auditor independence requirements, which seek to raise the bar for ethical conduct and practice for all professional accountants through a robust, globally operable *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code).

Translated in about 40 languages, the Code is adopted or used as basis for national ethics standards or ethics codes of professional accountancy bodies in about 130 jurisdictions. It is also adopted by the 32 largest international networks of accounting firms (the Forum of Firms) for transnational audits.

*Learn more about the IESBA at [www.ethicsboard.org](http://www.ethicsboard.org).*

What is the Purpose of this Questionnaire?

1. Stakeholders are invited to respond to this questionnaire to inform the work of the IESBA’s Sustainability Working Group.\(^1\) The Group is undertaking extensive stakeholder outreach to:
   - Understand how the Code is being used by individuals and firms who are involved in reporting and providing assurance on sustainability-related information.
   - Understand the specific activities that professional accountants in business and in public practice (including auditors) are undertaking in relation to the production, reporting and assurance of sustainability information with a view to identify/respond to the most pressing ethics (and independence) issues.
   - Inventory stakeholder suggestions about potential aspects of the Code that could be more specific in relation to sustainability reporting or assurance, thereby laying the groundwork for the Board’s anticipated need for prompt standard-setting action under its Strategy and Work Plan 2024-2027.

*How to Participate in IESBA’s Stakeholder Outreach?*

2. **Stakeholders interested in engaging with the Sustainability Working Group should contact [communications@ethicsboard.org](mailto:communications@ethicsboard.org).** In addition, stakeholder can also submit a written response to the questions in this document via email.

---

\(^1\) Stakeholders are asked to consider the six sets of questions and are encouraged to respond to the set that is most relevant to their role. The questionnaire sets out questions for:
- Investors, Analysts and Rating Agencies, and Other Users of Sustainability Reports, ESG Information.
- Those Charged with Governance, Organizations that Prepare their Own Sustainability Reports (PAs and Non-PAs) and Professionals/ Organizations that Prepare Sustainability Reports for Others (PAs and Non-PAs).
- Professional/ Organizations that Provide Assurance on Sustainability Information (PAs and Non-PAs).
- Regulators and Audit Oversight Authorities.
- Standard-setters (including Global and Jurisdictional-level).
- Others, including Influencers/ Advocates, Policy Makers, Researchers and Academics.
Background

A Changing Landscape – Increasing Demand for Sustainability Reporting and Assurance

3. Financial markets have seen an accelerated growth in the disclosure of sustainability information driven largely by a major shift in investors’ capital allocation to businesses perceived as more sustainable, viewed through the environmental, social and governance (ESG) prism. As market demand for sustainability information continues to expand rapidly, there is a pressing public interest need to ensure that such information is reliable, comparable, trustworthy, and not misleading. In this regard, the applicability of high-quality ethics (and independence) standards cannot be overstated.

4. Increasingly, sustainability reporting and assurance is being provided by non-professional accountants. Investors and other users of sustainability reporting may be ambivalent as to who carries out this work, but they are very clear that they have the same high expectations that the work is carried out to rigorous technical and ethics standards.

5. Many regulators and standard setters are prioritizing as a matter of urgency the development of new regulations and standards governing sustainability disclosures and assurance thereon in response to this public interest need. Increasingly, stakeholders are centering on ethics as they focus on the essential components for ensuring the reliability, accuracy, and trustworthiness of sustainability data/information.

Preparing and Presenting Sustainability Information

6. The principles-based provisions in the Code set out Part 1 – Complying with the Code Fundamental Principles and the Conceptual Framework and Part 2 – Professional Accountants in Business apply to all professional accountants when preparing and presenting sustainability information.²

Providing Assurance on Sustainability Information

7. The Code, including the independence provisions in Part 4B – Independence for Assurance Engagements Other than Audit and Review Engagements apply to all professionals (including non-PAs) who provide assurance on sustainability information in accordance with the IAASB’s International Standard on Assurance Engagements (ISAE) 3000 (Revised).³

A. Questions for Investors, Analysts and Rating Agencies, and Other Users of Sustainability Reports, ESG Information

- What are users’ sustainability reporting needs? What are the top three matters that you would like to see covered?

---

² In particular, see:
- Section 110, The Fundamental Principles
- Section 120, The Conceptual Framework
- Section 210, Conflicts of Interest
- Section 220, Preparation and Presentation of Information
- Section 230, Acting with Sufficient Expertise
Sustainability – Proposed Questionnaire for Targeted Stakeholder Outreach

IESBA Meeting (June 2022)

Agenda Item 2-B

Page 3 of 5

• What is sustainability information used for? How are you using sustainability-related information for capital allocation decisions?
• Do you believe that the same level of assurance that applies to financial information should apply to sustainability information? Who in your organization should be responsible for appointing the assurance provider?
• Who in an organization do you believe should be responsible for appointing an assurance provider? Should the approach vary for entities that are public interest entities versus non-public interest entities?
• Where do you access reports? Digital or print?
• By way of example, are there any organizations that you deem to be high quality sustainability reports? What works and what doesn’t work with what is available today? Any other challenges? Other risks, or concerns?

B. Questions for Those Charged with Governance (TCWG), Organizations that Prepare their Own Sustainability Reports (PAs and Non-PAs) and Professionals/Organizations that Prepare Sustainability Reports for Others (PAs and Non-PAs)

• What is the purpose of sustainability reporting in your organization?
• What is the content and format of the reports?
• What is the standard or benchmark used to prepare them?
• What topics are covered?
• How are the reports disseminated?
• Who is the report for?
• How are the reports prepared? What technologies are used? What organizational controls are in place?
• Who is preparing reports? What are their skills and expertise? Adherence to Code of Ethics such as IESBA Code?
• What are the potential conflicts of interest that might arise?
• What is the level of assurance that your organization is receiving now? Who in your organization is responsible for appointing the assurance provider? Any other challenges?

C. Questions for Professional/Organizations that Provide Assurance on Sustainability Information (PAs and Non-PAs)

• What assurance standards are used (e.g., ISAE 3000 Revised)?
• In providing assurance, is there adherence to fundamental principles of ethics and independence provisions such as those in the IESBA Code? Is Part 4B of the Code used?

---

Section 260, Responding to Non-Compliance with Laws and Regulations
Section 270, Pressure to Breach the Fundamental Principles

ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information
• What information is available about the assurance provider’s compliance with ethics and independence standards?
• Where is that information (is it in assurance report)?
• How is compliance with ethics and independence standards monitored and enforced?
• Who is the intended audience for the assurance report? How is the assurance report delivered? Is the assurance report publicly available?
• What information is provided to TCWG about the assurance engagement? Please list any other service that are provided.
• What processes are in place to monitor changes in relationships and other activities that might impair the independence of the assurance team?
• What challenges are you facing as an assurance provider? Have you identified threats to the fundamental principles of ethics (e.g., integrity, professional competence, and due care) and independence and how are you addressing them?

D. Questions for Regulators and Audit Oversight Authorities

• Who in an organization do you believe should be responsible for appointing an assurance provider? Should the approach vary for entities that are public interest entities versus non-public interest entities?
• Compliance with a Code of Ethics, such as the IESBA Code help professional accountants to act ethically (i.e., act with integrity, be objective and competent etc.) and maintain a public interest mindset. This in turn helps in ensuring that the outcome of their professional activities (i.e., any information that is prepared or presented) is reliable, impartial, trustworthy, and not misleading.
  o Who in your jurisdiction regulates the production and reporting of mandatory sustainability information?
  o Is there any regulation around the provision of assurance on sustainability information on a voluntary basis?
  o Is there a Code of Ethics/ Code of Conduct that preparers of sustainability information are required to comply with? How are preparers held accountable to acting ethically?
  o How is compliance with that Code of Ethics monitored and enforced? What are the consequences of intentionally (or unintentional) reporting misleading or unsubstantiated sustainability information?

• Compliance with independence standards helps individuals involved in assurance engagements act ethically (e.g., be objective, act with integrity), and exercise professional skepticism. This helps in enhancing the quality and credibility of the information upon which they opine.
  o Who in your jurisdiction regulates mandatory assurance of sustainability information?
  o What are the ethics and independence standards that apply in your jurisdiction when providing assurance on sustainability information?
  o How is compliance with ethics and independence monitored and enforced?
Are there specific activities, relationships, or interests that you believe will compromise a sustainability assurance provider’s independence? Why?

Do you believe that there are actions that might be appropriate safeguards to address these independence concerns?

E. Questions for Standard-setters (including Global and Jurisdictional-level)
- How have you considered professional ethics (e.g., integrity, objectivity professional competency and due care) in progressing your project/initiative?
- To what extent have reference to appliable ethics provisions been made?
- Are there specific communication requirements with TCWG about:
  - The production and presentation of sustainability information (between preparer and TCWG).
  - Significant matters relating to the sustainability assurance engagement (between assurance practitioner and TCWG).

F. Questions for Others, including Influencers/ Advocates, Policy Makers, Researchers and Academics
- Have you considered the relevance of professional ethics such as the International Code of Ethics for Professional Accountants (including International Independence Standards) in progressing your sustainability reporting or assurance initiatives?
- By way of example, are there any organizations that you deem to be high quality sustainability reports? What works and what does not work with what is available today?
- To what extent should accountancy education cover:
  - Sustainability reporting?
  - Communication and technology-related skills?
  - Professional ethics, including for example, fundamental principles of ethics such as those set out in the Code?