

Meeting: IESBA

Meeting Location: Hybrid

Meeting Date: March 14-16, 2022

Agenda Item 2

Emerging Issues and Outreach Committee (EIOC) Update

Objectives

1. To:
 - Receive a presentation from a representative of the International Organization of Securities Commissions (IOSCO) titled, *IOSCO Update on Sustainability and ESG-related Initiatives*.
 - Consider:
 - (a) A recommended way forward to progress the IESBA's ESG initiative; and
 - (b) Suggested topics for the EIOC's consideration in 2022.

EIOC Members

2. Members comprise:
 - Vania Borgerth, Chair
 - Mark Babington, IESBA member
 - Laurie Endsley, IESBA member
 - Hironori Fukukawa, IESBA member
 - Marta Kramerius, IESBA Technical Advisor

Observer:

 - Gaylen Hansen, Chair, IESBA Consultative Advisory Group (CAG)

Activities since September 2021 Meeting

3. The EIOC met twice via video call to develop the agenda meeting materials.

IESBA-National Standards Setters (NSS) Liaison Group Meeting

4. In October 2021, the IESBA- NSS Liaison Group received an update on and discussed national developments of international relevance regarding the reporting of non-financial information, and the provision of assurance thereon, via a "tour de table."¹
5. Among others, the following key matters were raised during the NSS meeting and have been

¹ The NSS received updates from representatives of: Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Japan, the Netherlands, New Zealand, South Africa, United Kingdom, and the United States.

considered by the EIOC in developing its recommendations.

- Sustainability and ESG are a key focus area for NSS strategies and work plans.
- There was great support for the launch of the International Sustainability Standards Board (ISSB). Some NSS expressed support for IFAC's [building blocks approach](#), and suggested that there is also a need to have local sustainability standard boards.
- Many jurisdictions reported that they have already adopted mandatory climate disclosure requirements for certain entities (i.e., the largest companies).
- Some jurisdictions are considering whether they should develop local guidance to assist firms and assurance practitioners in applying the IAASB's ISAE 3000 (Revised)² that is currently applicable when providing assurance on ESG information.

IOSCO Roundtable

6. The IESBA Chair presented jointly with IAASB Chair, Tom Seidenstein, and IFAC CEO, Kevin Dancey at an IOSCO-hosted roundtable on the topic of audit and assurance of sustainability-related disclosures on February 16, 2022. The purpose of the roundtable was to discuss the state of play in sustainability assurance and a way forward that takes into account both actual and perceived challenges, as well as opportunities in relation to audit and assurance of sustainability disclosures. Over 140 senior representatives encompassing a wide range of stakeholders, including investors, issuers and preparers, asset managers and asset owners, audit firms, ESG data providers, credit rating agencies, standard setters; and securities regulators participated in the event.

External Presentation

7. During the EIOC session, IESBA members will be briefed by an IOSCO representative on:
 - The work of IOSCO's Task Force on Sustainable Finance, specifically insights and observations from IOSCO's fact finding, and the recommendations in IOSCO's recently issued reports, namely:
 - The June 2021 report titled, [Sustainability-related Issuer Disclosures](#).
 - The June 2021 report titled, [Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management](#).
 - The November 2021 report titled, [ESG Ratings and Data Products Providers](#).
 - The key takeaways from IOSCO's February 2022 roundtable on the topic of audit and assurance of sustainable-related disclosures, and
 - IOSCO's planned next steps with respect to sustainability/ ESG reporting and assurance.

Presentation

8. During the meeting, IESBA members will receive a presentation that will set out, among other matters:
 - (a) The EIOC's recommendations and proposed timeline in relation to ESG; and

² International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

- (b) Suggested topics that might form part of the EIOC 2022 agenda.
- 9. The slide deck which the EIOC Chair will present is provided at **Agenda Item 2-A**. The **Appendix** in the slide deck is provided for informational purposes only, and is a compilation of the ESG-related issues that have been identified to-date and a summary of the relevant provisions in the extant Code that are applicable in responding to them. The EIOC is of the view that this material might be relevant to the work of a future ESG Working Group.

Material Presented

Agenda Item 2-A Slide Presentation: Recommendations for a Way Forward for ESG and EIOC

Action Requested and Way Forward

- 10. IESBA members are asked to discuss and agree:
 - (a) The EIOC's recommendations and proposed timeline in relation to ESG; and
 - (b) The topics that should form part of the EIOC's 2022 agenda.
- 11. Provided that IESBA members support the EIOC's recommendations and suggestions, the Board will be asked:
 - (a) To establish a new Working Group to progress the IESBA's ESG-related initiatives, and
 - (b) To provide directional input to inform the mandate of the newly formed ESG Working Group.