

Sustainability Work Stream 2

March 2023 CAG Meeting

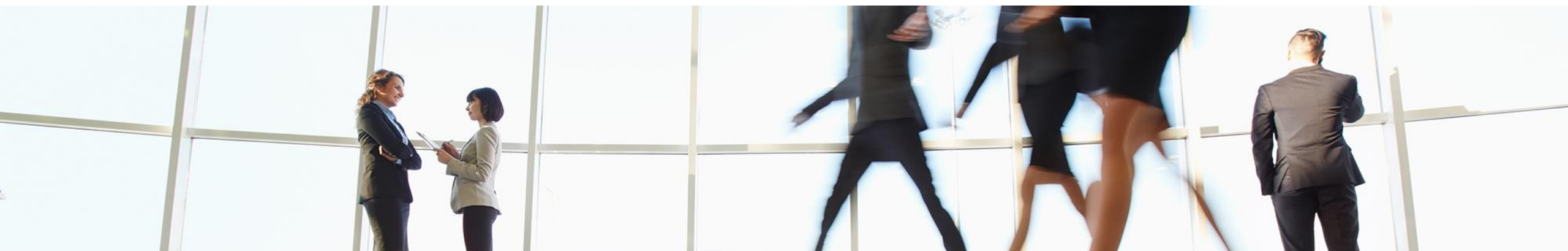
Christelle Martin, IESBA Member and WS2 Chair

Objective

To consider:

- ✓ An update on IESBA's global sustainability roundtables
- ✓ An update on IESBA-IAASB coordination





Update on Global Roundtables



Update on Global Roundtables

In-person Roundtables:

Date	Location
March 24 (Friday)	Paris, France
March 30 (Thursday)	Sydney, Australia
April 3 (Monday)	Singapore
April 6 (Thursday)	New York, USA

Virtual Roundtables:

Date (<i>TBC</i>)	Time zone
April 12/13	Morning CET
April 12/13	Morning ET



Update on Global Roundtables

Format and length:



In-person RTs

Full-day event from 10 am to ~4:15 pm, including:

- Keynote speakers
- Breakout session – ethics and independence standards for sustainability reporting and assurance & use of experts
- Report-backs for breakout sessions
- IAASB sustainability project update

Virtual RTs

3-hour event, including:

- Breakout session – ethics and independence standards for sustainability reporting and assurance
- Brief report-back

Update on Global Roundtables

Targeted participants:

- Investors and TCWG
- Regulators and standard-setters
- Assurance service providers
 - From the accountancy profession
 - From other professions
- Preparers
- Financial sector organizations
- Academia



Update on Global Roundtables

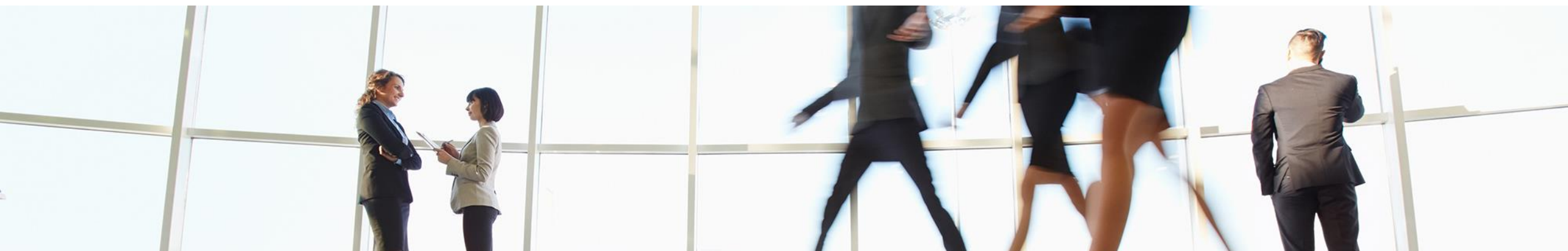
IESBA is looking for participants' input on strategic issues:

- Presentation of profession-agnostic ethics and independence standards for sustainability assurance
- Potential development of profession-agnostic ethics standards for sustainability reporting
- Ethics and independence issues concerning sustainability reporting and assurance



Questions/ Comments





IESBA-IAASB Coordination



IESBA-IAASB Coordination

- Close coordination between IESBA and IAASB on matters of mutual interest, such as proposed definitions
 - ❖ Concepts used by both Boards should be aligned to the furthest extent possible
- Key definitions requiring closer coordination include “sustainability information”



Sustainability Information – 2 Approaches



IAASB approach:

- Process-oriented
- Generic & makes no reference to ESG matters
- Encompasses reporting activities but may be too technical to be fully appreciated outside the assurance context

WS2 proposed approach:

- Overarching definition that can be more understandable by stakeholders that are not assurance practitioners from the accountancy profession
- More specific and better differentiated from ISAE 3000 (Revised), which may be seen as too generic and technical

Sustainability Information – Other Definitions

ISSB

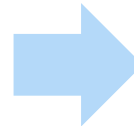
Sustainability will be described in the ISSB's General Sustainability-related Disclosures Standard (S1) as the ability for a company to sustainably maintain resources and relationships with and manage its dependencies and impacts within its whole business ecosystem over the short, medium and long term. Sustainability is a condition for a company to access over time the resources and relationships needed (such as financial, human, and natural), ensuring their proper preservation, development and regeneration, to achieve its goals.

ISSB

Sustainability-related financial information [means] Information that gives insight into sustainability-related risks and opportunities that affect enterprise value, providing a sufficient basis for users of general purpose financial reporting to assess the resources and relationships on which an entity's business model and strategy for sustaining and developing that model depend.

EFRAG

'Sustainability matters' means environmental, social and human rights, and governance factors, including sustainability factors defined in point (24) of Article 2 of Regulation (EU) 2019/2088



Point (24) of Article 2 of [Regulation \(EU\) 2019/2088](#):

'sustainability factors' mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

Sustainability Information – Working Draft



- ❖ EFRAG’s draft definition was used as the starting point since it is broader and not linked to a specific perspective relating to single vs double materiality
- ❖ Desired key attributes that WS2 has taken into account in developing the draft definition:
 - Broad reference to the typical ESG factors (environmental, social, governance) without examples so definition can be all-encompassing
 - Reference to historical information as well as forward-looking information
 - Framework-neutral (notably in terms of single/double materiality)
 - ISSB’s reference to “*over the short, medium and long term*” in the description of the concept of “sustainability” was also used
 - Reference to jurisdictions’ specificities – the term “*specific information*” intends to cover particular factors, relevant materiality, etc.

Sustainability Information – Working Draft

WS2 – Working draft:

Sustainability information

Information relating to environmental, social and governance factors, including policies, performance, plans and goals, that are relevant to an organization's activities or impacts over the short, medium and long term.

This also includes any specific information designated as such by the applicable reporting framework in the particular jurisdiction.



Questions/ Comments





www.ethicsboard.org



[@Ethics_Board](https://twitter.com/Ethics_Board)



[@IESBA](https://www.linkedin.com/company/iesba)

 **YouTube** [@IESBA](https://www.youtube.com/iesba)