

IESBA

International
Ethics Standards
Board for Accountants®

Sustainability – IESSA Adoption, Implementation & Capacity Building

IESBA June 2024 Board Meeting

Presented by IESBA Staff

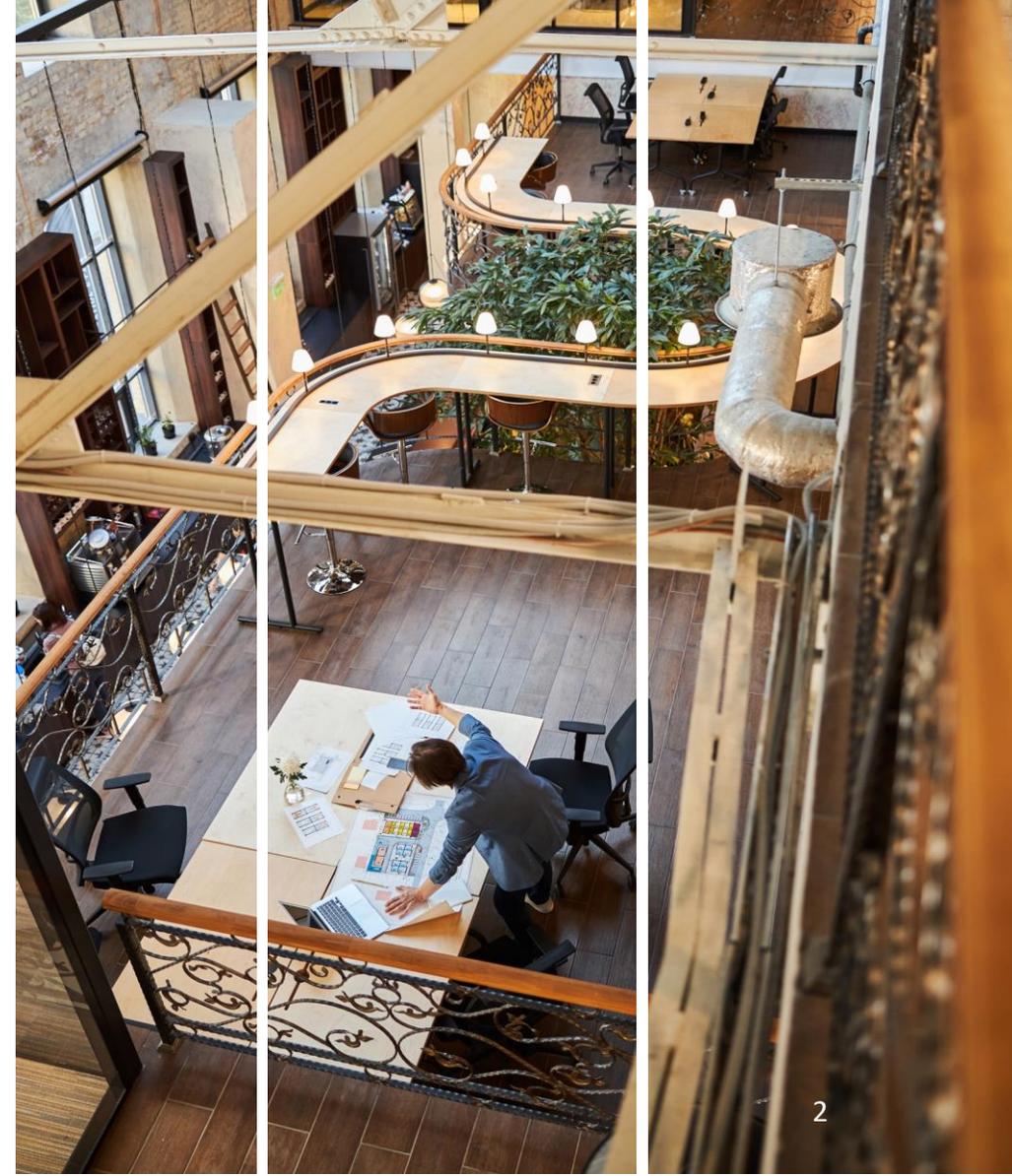
New York, June 10-13, 2024

We Heard Calls for Capacity Building

- Concerns raised (esp. from PAs, PAOs, regulators) mainly about non-PAs' capacity to apply and implement the IESSA as intended and consistently:
 - Suggestions for more guidance and capacity building with respect to non-PAs

E.g. IOSCO “We believe profession-agnostic standards should provide, **or be supplemented by**, clear guidance suitable for use by all types of assurance providers, including guidance on key definitions and terminology”

- Related concerns about lack of enforcement regime for non-PAs and level playing field
- Several stakeholders highlighted importance of IESBA-IAF strategic partnership and collaboration



IESBA-IAF Collaboration Will be Critical

- Capacity building for IAF constituents essential
 - Regulators might be more likely to adopt IESSA for all SAPs
- IAF addressing IESSA adoption and implementation as part of five-day workshop
 - IAF developing “Link Document” to describe differences, shared points and minimum global baselines re IAF/ISO requirements vs IESSA (IAF will seek IESBA feedback)
- Potential meeting between IAF representatives and IESBA staff July 15 in London to further explore collaboration re capacity building
- IAF National General Assembly in October might provide an opportunity to promote IESBA/IESSA
- IAF input on IESSA implementation guidance critical



IAF's IESSA submission:

Commends the profession-agnostic and framework-neutral approach

Suggested refinements to address competencies, some terminology, and organizational models

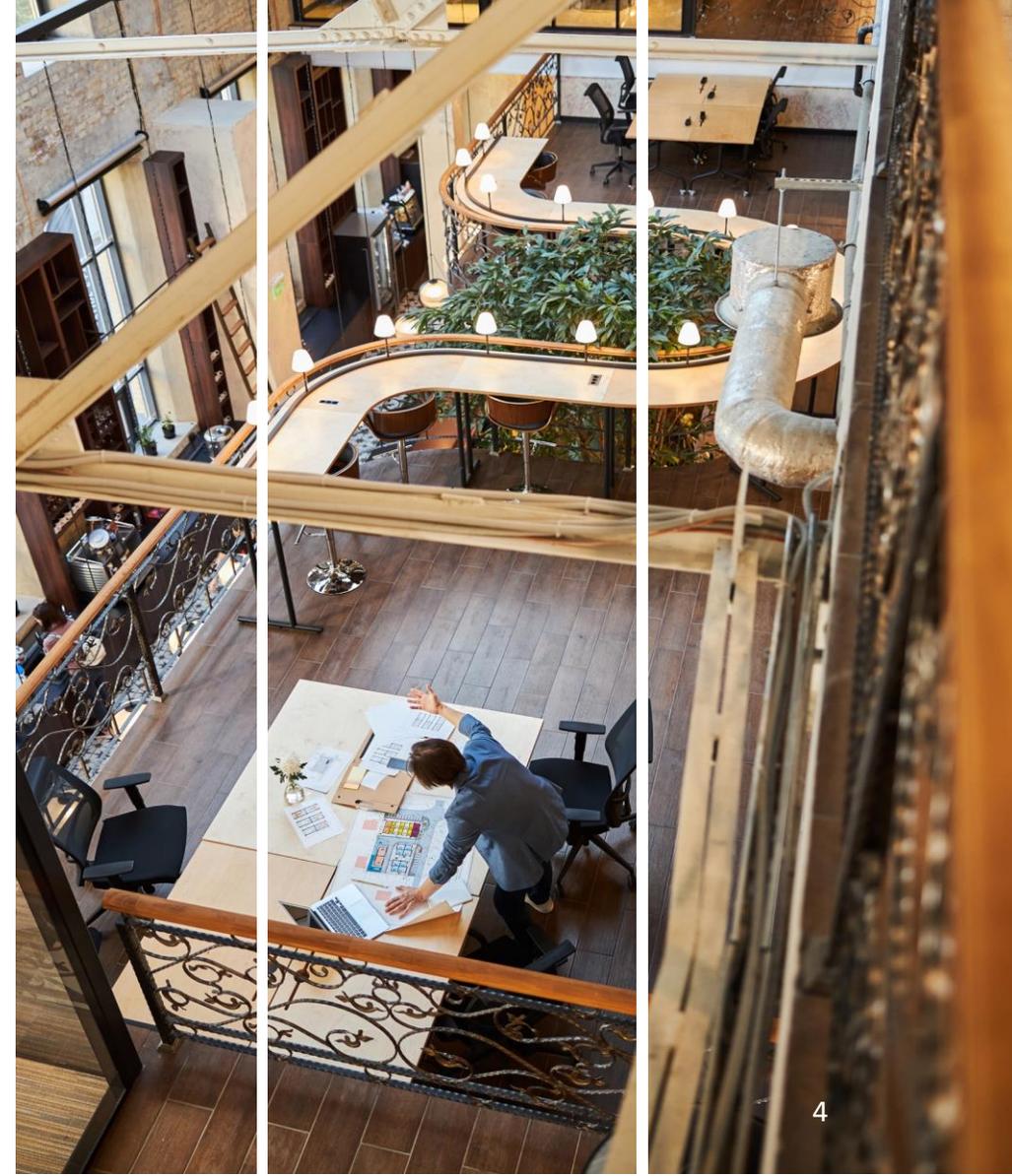
Suggest consideration and recognition of other codes of practice

Agree with Sections 5406 and 5407 with suggested refinements

Agree with the approach to NAS (regarded as similar to IAF approach)

Pilot IESBA Staff Support for GIF Program

- Get It Fair (GIF) program enables Italian Conformity Assessment Bodies (CABs) to provide:
 - ESG risk ratings
 - Assurance on sustainability reporting
- GIF program has adopted IESBA Code (and IESSA when finalized) with IFAC copyright agreement
 - Announced at the Diligentia Forum ESG2030 in April
- IESBA staff assisting GIF to build capacity through development of materials and training support:
 - General overview of the IESBA and the Code
 - Detailed content on IESBA Code as part of an accreditation module and exam



Coordination with Regulators and Others Important

- Outreach to regulators and legislators essential to successful adoption of IESSA
- Many jurisdictions still determining whether:
 - To impose mandatory sustainability reporting and assurance
 - Sustainability assurance open to PAs & non-PAs or only PAs
 - SAPs can use just ISSA 5000 or ISO as well
 - IESSA should be adopted for SAPs
- HK Accounting and Financial Reporting Council raised question re whether IESBA will provide adoption guidance to jurisdictions
- Coordination with IAASB on capacity building important
- UNCTAD (ISAR, Africa, Latin America) webinars and continued dialogue



ISSB Encouraging Collaboration with IESBA

- Initial engagements with ISSB on capacity building, e.g.,
 - IESBA Member Vania Borgerth's participation in IOSCO-ISSB technical training workshop in April in São Paulo, Brazil
 - IESBA Chair's meeting with Ravi Abeywardana, Director, Strategic Affairs and Capacity Building, at IFRS-ISSB in April; further meeting in July in London
 - In response to market feedback, ISSB's primary focus over next 2 years will be on implementation support and capacity building for IFRS S1 and S2
 - Encouraged active IESBA participation in jurisdictional consultations
 - Highlighted IFRS Foundation Partnership Framework for Capacity Building
- ISSB recently announced >20 jurisdictions representing >50% of global GDP taking steps to use or fully align to S1/S2



ISSB Encouraging Collaboration with IESBA

- ISSB [Jurisdictional Guide](#) released in May highlights:
 - Jurisdictions' progress to consistent & comparable sustainability information
 - Approaches to use/adopt ISSB standards (full, partial, permission to use)
- An accompanying [Regulatory Implementation Programme](#) details:
 - ISSB tools, education materials, and approach to capacity building
 - A framework for collaboration between ISSB and IOSCO's Growth and Emerging Markets Committee



IESBA members are asked for views and suggestions on:

- The nature and extent of, and possible approaches to, IESBA support for capacity building in relation to adoption and implementation of the IESSA for PAs and non-PAs, having regard to resource constraints
- Approaches to regulatory engagement that can more effectively promote the IESSA and increase adoption rates





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