

**Meeting:** IESBA

**Meeting Location:** New York

**Meeting Date:** September 16-20, 2024

## Agenda Item

# 2

### Sustainability

#### Objectives of Agenda Item

1. To consider the significant comments raised by [respondents](#)<sup>1</sup> to the Exposure Draft, [Proposed International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#) (Sustainability ED), and the Task Force's responses.
2. To provide input and direction to the Task Force<sup>2</sup> on its proposed revisions to the ED (1<sup>st</sup> Read post-ED).

#### Activities Since June 2024

3. At its June 2024 meeting, the IESBA discussed, on a preliminary high-level basis and subject to the full analysis of the ED comments, certain key matters raised during the outreach campaign that took place in Q1 and Q2 and a sample of ED comment letters. The discussion included matters for coordination between the IESBA and IAASB regarding sustainability assurance.
4. The Sustainability Reference Group (SRG) held a meeting in June where the IESBA representatives provided an overview of the outreach campaign and the main outcomes of the IESBA June 2024 meeting. Comments from the SRG members were taken into consideration by the Task Force when developing its proposals.
5. The Sustainability Coordination Working Group composed of IESBA and IAASB Staff met several times during this period to discuss IESBA Staff's and IAASB Staff's proposals to their respective Task Forces and ensure aligned outcomes. The IESBA and IAASB Chairs, the Chairs of the respective Task Forces and Staff held a coordination meeting in July, ahead of the Task Force in-person meeting, to discuss matters relevant to both Boards.
6. The Task Force held an in-person meeting in July as well as virtual meetings to develop the agenda material for this meeting. During the meetings, the Task Force considered all comments from respondents to the ED and the SRG, and developed revisions to the proposals in the ED in response to the ED comments and outreach feedback, taking into account the IESBA's preliminary views in June as well as the outcome of the July IAASB-IESBA coordination meeting.

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<sup>1</sup> Refer to Appendix 1 of **Agenda Item 2-B** for a list of the respondents.

<sup>2</sup> Work Stream 1 analyzed the comments and formed the proposals relating to the independence provisions for sustainability assurance-related standards. Work Stream 2 analyzed the comments and formed the proposals relating to the ethics provisions for sustainability assurance- as well as reporting-related standards.

7. In July, WS1 held a virtual information session with the IESBA members to provide an overview of the proposed changes relating to independence considerations applicable to group sustainability assurance engagements, including group and value chain components, and using the work of another practitioner related to group and value chain components. IESBA members' comments on the proposed changes were provided in writing and considered by the Task Force when developing its proposals for the IESBA September 2024 meeting.

#### **Matters for IESBA Consideration**

8. **Agenda Item 2-A** sets out the proposed revisions to the ED based on the Task Force's analysis and proposals presented in Agenda Item 2-B.
9. **Agenda Item 2-B** includes:
  - The analysis of the significant comments provided in the 89 comment letters;
  - The Task Force's responses to the main issues raised by the respondents;
  - The Task Force's proposals regarding revisions to the ED arising from the significant comments raised by the respondents; and
  - Matters for IESBA's consideration related to the Task Force's responses to comments and the Task Force's proposals.

#### **IESBA September 2024 Meeting**

10. During its September 2024 Meeting, the IESBA will:
  - On Day 1, consider the common issues between Work Streams 1 and 2, followed by those matters under coordination with the IAASB.
  - On Day 2 and 3, consider the other significant matters and the Task Force's proposals.
  - On Day 3, hold a joint Sustainability plenary session with the IAASB members to consider the outcomes of the joint meeting of the IESBA and IAASB Chairs, Task Force Chairs and Staff from the two Boards held the previous day in relation to the matters of coordination.
  - On Day 4, consider the Task Force's responses to feedback received from the IESBA and the joint plenary session on selected issues.

#### **Next Steps**

11. In Q4, the Task Force plans to conduct further outreach with key stakeholders, including:
  - IFAC Small and Medium Practices (SMP) Advisory Group
  - Forum of Firms
  - Committee of European Auditing Oversight Bodies (CEAOB)
  - Stakeholder Advisory Council
12. Subject to the outcome of the IESBA's discussion in September and the Q4 outreach, the Task Force plans to seek the Board's approval of the final pronouncement at the December 2024 IESBA meeting.

## Material Presented

### *For Discussion*

- Agenda Item 2-A Proposed Revised Text (Mark-up from ED)  
Agenda Item 2-B Summary of Significant Comments on ED and Task Force Proposals

### *For Reference*

- Agenda Item 2-C.1 Reference Material – Comments to ED Q1  
Agenda Item 2-C.2 Reference Material – Comments to ED Q2  
Agenda Item 2-C.3 Reference Material – Comments to ED Q3  
Agenda Item 2-C.4 Reference Material – Comments to ED Q4  
Agenda Item 2-C.5 Reference Material – Comments to ED Q5  
Agenda Item 2-C.6 Reference Material – Comments to ED Q6  
Agenda Item 2-C.7 Reference Material – Comments to ED Q7  
Agenda Item 2-C.8 Reference Material – Comments to ED Q8  
Agenda Item 2-C.9 Reference Material – Comments to ED Q9  
Agenda Item 2-C.10 Reference Material – Comments to ED Q10  
Agenda Item 2-C.11 Reference Material – Comments to ED Q11  
Agenda Item 2-C.12 Reference Material – Comments to ED Q12  
Agenda Item 2-C.13 Reference Material – Comments to ED Q13  
Agenda Item 2-C.14 Reference Material – Comments to ED Q14  
Agenda Item 2-C.15 Reference Material – Comments to ED Q15  
Agenda Item 2-C.16 Reference Material – Comments to ED Q16  
Agenda Item 2-C.17 Reference Material – Comments to ED Q17  
Agenda Item 2-C.18 Reference Material – Comments to ED Q18  
Agenda Item 2-C.19 Reference Material – Comments to ED Q19  
Agenda Item 2-C.20 Reference Material – Comments to ED Q20  
Agenda Item 2-C.21 Reference Material – Comments to ED Q21  
Agenda Item 2-C.22 Reference Material – Comments to ED Q22  
Agenda Item 2-C.23 Reference Material – Comments to ED Q23  
Agenda Item 2-C.24 Reference Material – Comments to ED Q24  
Agenda Item 2-C.25 Reference Material – General Comments  
Agenda Item 2-C.26 Reference Material – Overarching Comments

**Action Requested**

13. IESBA members are asked to:

- (a) Consider the significant comments raised by respondents to the ED and the Task Force's proposals in **Agenda Items 2-A and 2-B**; and
- (b) Provide input and direction to the Task Force on its proposals.