

## Continuing with the Development of Global Ethics and Independence Standards for Sustainability Reporting and Assurance

Market demand for sustainability information has risen substantially and rapidly in recent years as there is a growing public expectation that corporate citizens must play their part in securing a sustainable future. As such, sustainability information is increasingly being used to support capital allocation or other decisions by investors, customers, workers, government agencies and other stakeholders.

In June 2022, the IESBA took timely action to develop fit-for-purpose, globally applicable ethics and independence standards as a critical part of the regulatory infrastructure to support transparent, relevant and trustworthy sustainability reporting. This recognizes the foundational role of ethics and independence in the production, reporting and assurance of sustainability information. Importantly, this strategic commitment sets up the IESBA's ethics and independence standards as the third pillar to trustworthy sustainability reporting and assurance, alongside the standards being developed by the International Sustainability Standards Board (ISSB) and the International Auditing and Assurance Standards Board (IAASB).



The coordinated development of interoperable global baseline standards addressing sustainability reporting and assurance has been explicitly supported by the international regulatory community.<sup>1</sup> In response to those high expectations, the IESBA has been moving at pace to lay the groundwork for the development of robust international ethics and independence standards for sustainability reporting and assurance.

### Projects Approved

In early December 2022, the IESBA approved two new projects that will deliver the following:

<sup>1</sup> See, in particular, the July 2022 Financial Stability Board [roadmap](#) addressing financial risks from climate change; and the September 2022 [statement](#) from the International Organization of Securities Commissions (IOSCO) expressing support for the IAASB's and IESBA's plans to develop profession-agnostic global assurance, ethics and independence standards addressing sustainability assurance.

### **Sustainability Project**

- Profession-agnostic independence standards for use by all *sustainability assurance* practitioners
- Specific ethics provisions relevant to *sustainability reporting and assurance*

As part of the project, the IESBA will determine the format, structure and packaging of the profession-agnostic ethics and independence standards for sustainability assurance so they not only set a high ethics bar but also can be adopted and applied by assurance providers from any profession.

### **Experts Project**

- Specific ethics and independence provisions addressing the *use of experts* by organizations as well as in the context of audit and assurance engagements (including sustainability assurance)

## **Resources and Coordination**

The projects will be carried forward by two separate task forces – the Sustainability Task Force and the Experts Task Force. The Sustainability Task Force will in turn have two workstreams: Workstream 1 will focus on the independence issues relating to sustainability assurance; and Workstream 2 will focus on the ethics issues relating to both sustainability reporting and assurance.

The IESBA has also established a Sustainability Coordination Committee (SCC) which will be responsible for overseeing the coordination of the work on the Sustainability project and between the Sustainability and Experts projects. The SCC will also engage in timely coordination and engagement with IOSCO, IAASB, ISSB and other key stakeholders, including the users of sustainability information.

At a more technical level, the IESBA has appointed a Board member to act as liaison to the IAASB's Sustainability project, and vice versa. In addition, the project staff from the two Boards will maintain close coordination with each other.

## **Stakeholder Outreach**

As it has been preparing the groundwork, the IESBA has been proactively engaging in outreach, collecting views and insights from diverse stakeholders on the emerging ethics and independence issues relating to sustainability reporting and assurance. To make further timely progress, the IESBA will hold a series of four global roundtables in March and April 2023 in Europe, Middle East and Africa; Asia; Oceania; and the Americas. The IESBA will be seeking feedback on key issues from a broad range of stakeholders, including investors and other users of sustainability information; those charged with governance; regulators and oversight bodies; preparers; national standard setters; sustainability assurance providers from within and outside the accountancy profession; and those in charge of the adoption, implementation, and enforcement of the IESBA's standards. Further details about the timing and locations of the roundtables will be released in January 2023.

## **Timeline**

To meet the objective of delivering coordinated global baseline standards for sustainability reporting and assurance, the IESBA has set an ambitious timeline, aiming to approve the exposure drafts in Q3/Q4 2023, and the final standards in Q4 2024.

## Key Contacts

Gabriela Figueiredo Dias, IESBA Chair ([gabrieladias@ethicsboard.org](mailto:gabrieladias@ethicsboard.org))

James Gunn, Managing Director, Professional Standards ([jamesgunn@ProfStds.org](mailto:jamesgunn@ProfStds.org))

Ken Siong, Program and Senior Director ([kensiong@ethicsboard.org](mailto:kensiong@ethicsboard.org))

## About the IESBA

The IESBA is an independent global standard-setting board. The IESBA's 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).

The IESBA believes a single set of high-quality ethics standards enhances the quality and consistency of services provided by professional accountants, thus contributing to public trust and confidence in the accountancy profession. The IESBA sets its standards in the public interest with advice from the IESBA Consultative Advisory Group (CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

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