

Briefing Note
Prepared by the Staff of the IESBA®
March and April 2023

*International Ethics Standards Board for
Accountants®*

Global Sustainability Roundtables



International
Ethics Standards
Board for Accountants®

About the IESBA

The [International Ethics Standards Board for Accountants](#)® (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).

The structures and processes that support the operations of the IESBA are facilitated by the International Foundation for Ethics and Audit™ (IFEATM).

I. INTRODUCTION

Background

1. Market demand for sustainability information has risen substantially and rapidly in recent years as stakeholders increasingly recognize and expect that corporate citizens must play their part in securing a sustainable future. As a result, sustainability information is increasingly being used to support capital allocation and other decisions by investors, customers, workers, government agencies and other stakeholders.
2. The major shift in capital allocation to sustainable investments has given rise to significant concerns within the global regulatory community, not only about the consistency and comparability of sustainability information on environmental, social and governance (ESG) matters but also about the reliability of such information given the risk of issues such as “greenwashing.”¹ As a result, legislation or regulation has been or is being developed in a number of major jurisdictions requiring (a) the disclosure of sustainability information according to specified reporting frameworks, and (b) assurance to be provided so that the information is reliable and credible.
3. Given these developments, the IESBA publicly committed in June 2022 to taking timely action to develop fit-for-purpose, globally applicable ethics (including independence) standards as a critical part of the infrastructure needed to support transparent, relevant and trustworthy sustainability reporting. This recognizes the fundamental role of ethics in underpinning public trust in the production, reporting and assurance of sustainability information. Importantly, this strategic commitment sets up the IESBA's ethics (including independence) standards as a pillar to trustworthy sustainability reporting and assurance, alongside other global sustainability-related standards such as those being developed by the International Sustainability Standards Board (ISSB) and the International Auditing and Assurance Standards Board (IAASB).



¹ Greenwashing is the misrepresentation of the extent to which an entity's products, services or activities are sustainable. See also October 2022 IESBA Staff Publication, [Ethics Considerations in Sustainability Reporting, Including Guidance to Address Concerns About Greenwashing](#).

4. In early December 2022, the IESBA approved two new projects that will deliver the following:
 - (a) [Sustainability Project](#)
 - Profession-agnostic ethics and independence standards for sustainability assurance engagements
 - Specific ethics provisions for sustainability reporting
 - (b) [Use of Experts Project](#)
 - Specific ethics and independence provisions addressing the use of experts by organizations as well as in the context of audit and other assurance engagements (including sustainability assurance)
5. 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 exposure drafts by Q4 2023 and the final standards by Q4 2024.

Objective of the Global Roundtables

6. The objective of the IESBA's global sustainability roundtables is to obtain stakeholders' input to key ethics and independence issues relating to sustainability reporting and assurance as well as the related topic of the use of experts. Among other matters, participants will also be asked to exchange views on a number of strategic matters to help inform the IESBA's deliberations regarding the scope and direction of its new standards.
7. The IESBA is looking to engage with 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 (both within and outside the accountancy profession); and academics.

Background Information

8. The Appendix ([page 8](#)) contains the general agenda for the roundtables.
9. [Supplement 1](#) provides a high-level overview of the IESBA Code, including the fundamental principles and conceptual framework, as well as the Code's structure. This material is provided to assist those who are not familiar with the Code and its architecture.
10. [Supplement 2](#) provides background information regarding key issues for discussion in relation to sustainability assurance and reporting.
11. [Supplement 3](#) provides background information regarding key issues for discussion in relation to the use of experts.

II. QUESTIONS FOR ROUNDTABLE PARTICIPANTS

12. At each roundtable, participants will be asked to exchange views on the following questions during the two breakout sessions.

I. Sustainability Reporting and Assurance (See [Supplement 2](#))

Profession-agnostic Ethics and Independence Standards for Sustainability Assurance Engagements

1. Is it in the public interest for the IESBA to set ethics (including independence) standards for sustainability assurance engagements that are equivalent to those for audit engagements? If not, why not?
2. What are the key ethics (including independence) challenges or threats faced by sustainability assurance practitioners when providing assurance on sustainability information?
3. Are there any ethics or independence questions that might arise if the financial statement auditor also performs the sustainability assurance engagement for the same entity?
4. The IESBA is considering the following three options for the presentation of the profession-agnostic ethics (including independence) standards for sustainability assurance (See Supplement 2):

Option A Integrate the sustainability-specific ethics and independence provisions into the existing Parts 1 – 4A of the Code, retaining the references to professional accountants, audit clients and other audit-related terms but adding references to other sustainability assurance practitioners and sustainability assurance-related terms.

Option B Integrate the sustainability-specific ethics and independence provisions into the Code but within a new Part 5 of the Code, drafted in profession-neutral language.

Option C Develop a separate standalone Code focused on sustainability assurance engagements only, drafted in profession-neutral language.

Which option would most effectively meet the IESBA’s objective of delivering profession-agnostic ethics (including independence) standards for sustainability assurance that can be readily and widely adopted and implemented?

5. Do you believe all sustainability assurance practitioners should establish systems of quality management to meet the same (or equivalent) quality management requirements, including with respect to ethics and independence?

Related to the above question, auditors are required to establish systems of quality management, including to monitor compliance with ethics and independence requirements, for audit engagements. What might be the key challenges for other assurance service providers in establishing these systems if regulators require the same standards of ethics and independence for all sustainability assurance practitioners?

6. What assistance could the IESBA provide sustainability assurance practitioners who are not familiar with the Code to help them apply the new standards effectively?

Reporting on Sustainability Information

7. What are the key ethics issues relating to sustainability reporting that undermine, or might undermine, public trust in the sustainability information disclosed by organizations?
8. What role should senior management or those charged with governance of an organization play in ensuring that the sustainability information disclosed by their organization is trustworthy?
9. The IESBA is assessing the level of market demand for ethics standards for preparers of sustainability information who are not professional accountants.
 - (a) Are local legislators or regulators in your jurisdiction planning (or have they done so already) to require preparers of sustainability information to comply with ethics standards? Are they pursuing the legislative route or using the corporate governance regime to do so?
 - (b) Would there be support for the IESBA to develop ethics standards for those preparers who are not professional accountants? What key conditions should be in place for those standards to be effectively adopted and implemented with respect to those other preparers?

II. Use of Experts by Professional Accountants for Sustainability Reporting and Assurance Engagements (See [Supplement 3](#))

10. How are experts used in sustainability reporting or assurance? Are the example definitions for experts in Supplement 3 appropriate in this context?
11. Is the proposed approach in Supplement 3 to address the ethical (including independence) expectations regarding the use of experts appropriate? If not, why?.
12. What are the considerations for a professional accountant in assessing the significance of the expert's work to the accountant's work?.
13. For assurance engagements, if the external expert's work is significant to the professional accountant's work, what key relationships and circumstances between the external expert and the assurance client should be assessed by the PA from an independence perspective? Consider, for example:
 - Financial interests
 - Loans and guarantees
 - Business relationships
 - Family and personal relationships
 - Recent service with a client
 - Serving as a director or officer of a client
 - Employment with a client
14. For non-assurance engagements, if the external expert's work is significant to the professional accountant's work, what key relationships and circumstances between the external expert and the client should be assessed by the PA from an objectivity perspective?

15. Should the proposed approach focus on the:

- Individual expert?
- Expert's team? and/or
- Expert's organization?

IESBA SUSTAINABILITY ROUNDTABLE

AGENDA

Welcome	Welcome and opening remarks – Ms. Gabriela Figueiredo Dias, IESBA Chair	10.00 – 10.10
Remarks	Remarks from selected organizations	10.10 – 10.35
Presentation	Outline of IESBA Sustainability and Experts projects and objectives of the roundtable – IESBA Sustainability Task Force Representative	10.35 – 10.50
	<i>Break and participants moving to assigned breakout rooms</i>	10.50 – 11.00
Breakout	Ethics and Independence Standards for Sustainability Reporting and Assurance	11.00 – 13.00
	<i>Lunch</i>	13:00 – 13.45
Report-back	Report back from breakout discussions on “Ethics and Independence Standards for Sustainability Reporting and Assurance” and open session	13.45 – 14.15
	<i>Participants moving to assigned breakout rooms</i>	14.15 – 14.20
Breakout	Use of Experts	14.20 – 15.20
	<i>Break</i>	15.20 – 15.30
Report-back	Report back from breakout discussions on “Use of Experts”	15.30 – 15.45
Presentation	IAASB’s Sustainability Project – Update	15.45 – 16.05
Closing remarks	IESBA Sustainability Task Force Representative	16.05 – 16.15



**International
Ethics Standards
Board for Accountants**

529 Fifth Avenue, 6th Floor, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.ethicsboard.org