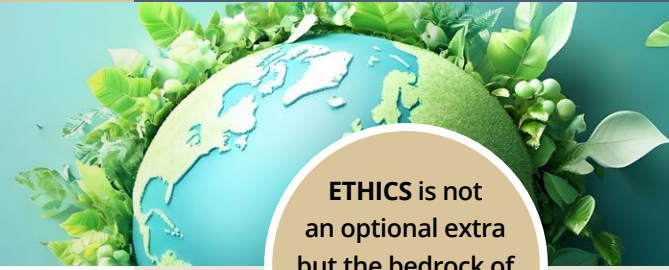




Ethics for Sustainability Reporting

FACT SHEET JANUARY 2025



ETHICS is not an optional extra but the bedrock of the accountancy profession

WHAT ARE THE IESBA'S ETHICS STANDARDS FOR SUSTAINABILITY REPORTING?

The International Ethics Standards Board for Accountants® (IESBA®) has revised its Code of Ethics to include specific, fit-for-purpose ethics provisions for preparers of sustainability disclosures in the public interest.

Ethics underpins the **accountancy profession's license to operate** and the sustainability of firms

KEY CHARACTERISTICS

Builds on the **robust Ethical Framework** in the IESBA Code of Ethics

Enhances the existing ethics provisions in the IESBA Code of Ethics to be **fit-for-purpose** for sustainability reporting

For **PROFESSIONAL ACCOUNTANTS (PAs)** (but can be used by non-accountant preparers)

FRAMEWORK-NEUTRAL

Compatible with all sustainability reporting frameworks¹

It is central to the evolution and **success** of sustainability reporting globally

This publication provides an overview of the IESBA's Sustainability Reporting-related Revisions to the *International Code of Ethics for Professional Accountants™ (including International Independence Standards™)* (the IESBA Code of Ethics).

WHY WERE THE SUSTAINABILITY REPORTING ETHICS PROVISIONS DEVELOPED?

Significant public concerns about **greenwashing** and other **unethical behavior** in relation to **corporate sustainability disclosures** prompted the **IESBA** to issue revised **ethics standards** to help ensure that such disclosures are transparent, relevant and trustworthy for investors and other stakeholders.

The rapidly changing ecosystem of global and national sustainability standard setting results in increased challenges, complexity and uncertainty in preparing sustainability information and creates unique risks to ethical behavior, including from:

- Novel sustainability reporting frameworks
- Qualitative and forward-looking nature of sustainability information
- Immature systems, controls and data sources, potentially including data obtained from the value chain
- Complexity of sustainability matters and emerging sustainability fields
- Employer pressure or investor demands or expectations to meet sustainability goals or targets
- Opportunities for "greenwashing" or "greenhushing"

¹ For example, the IFRS Sustainability Disclosure Standards, European Sustainability Reporting Standards (ESRS), Global Reporting Initiative (GRI) and Integrated Reporting.

CONFLUENCE OF FACTORS FOR THE PERFECT STORM

MANDATORY reporting

Business OPPORTUNITIES

INVESTOR DEMAND

EMERGING fields

COMPLEXITY

SUBJECTIVITY of disclosures

IMMATURE SYSTEMS

NOVEL reporting

WHO WILL BE IMPACTED BY THE IESBA'S SUSTAINABILITY REPORTING ETHICS STANDARDS?

Preparers, Reporting Entities, Investors, Regulators, Customers, Suppliers & Employees

Quality sustainability information depends on the appropriate **mindset and conduct** of **preparers**. Preparers are the **'first line of defense'** against **greenwashing and other unethical conduct** resulting from increased subjectivity, inducements, wrong incentives, pressure, and conflicts of interest.

The sustainability reporting-related ethics provisions in the IESBA Code of Ethics address these risks and **foster greater public and institutional trust in corporate sustainability disclosures** by:

- **Enhancing** the IESBA Code of Ethics' existing framework for the **specificities of sustainability reporting**
- Setting up **robust** and specific **conduct norms** for the **preparers of sustainability disclosures**, addressing risks for **investors** (e.g., greenwashing), the **reporting entities**, and **other stakeholders**
- Offering a **global ethical baseline** to support and activate any sustainability reporting standards/rules



GREENWASHING AND OTHER UNETHICAL BEHAVIOR

Misleading conduct in sustainability reporting can involve intentionally misrepresenting or omitting information, such as through "greenwashing" or "greenhushing." PAs must avoid such practices amidst pressure to manipulate sustainability information to meet specific sustainability goals or targets, avoid regulatory penalties, or misrepresent an entity's sustainability efforts.

Opportunities for greenwashing:

- Immature systems/controls, potentially also within the value chain
- Complexities in the value chain make it difficult to collect reliable data
- Governance arrangements not yet in place

Incentives and pressures to greenwash:

- Heightened market expectations to demonstrate meaningful progress towards net-zero goals
- Internal pressures to meet sustainability targets or demonstrate optimism in opportunities, risks or impacts

Ease of rationalizing greenwashing:

- Immature or new reporting will not be scrutinized closely
- Sustainability information is more qualitative and subjective
- Sustainability information is not as important as financial information



The IESBA's sustainability reporting ethics provisions build on the IESBA Code of Ethics' existing fundamental principles, conceptual framework and robust ethics standards, which together guide PAs to address ethics issues that might arise when preparing sustainability information, including through:



WHAT IMPACTS WILL THE IESBA'S SUSTAINABILITY REPORTING ETHICS PROVISIONS ACHIEVE?



Combatting greenwashing and other unethical behavior in the public interest

- Clear requirements for PAs to act with integrity, objectivity, and professional competence and due care, and to exercise appropriate professional judgment and discretion when preparing or presenting sustainability information.
- Clear provisions to deal with biasing incentives, conflicts of interest and undue pressure to meet sustainability targets, demonstrate excessive optimism, or to “greenwash” or “greenhush” information.



Supporting capital markets with high-quality, ethically prepared sustainability disclosures

- The IESBA Code's ethical guardrails for the preparation and presentation of sustainability information promote consistency and integrity across the supply chain for sustainability reporting, thereby increasing public trust and confidence in corporate sustainability disclosures, leading to better informed investment decisions.



Same level of trust in sustainability information as financial statements

- Robust ethics standards for sustainability reporting increase the reliability of sustainability reporting as they do for financial reporting, and facilitate integrated reporting.

15 DECEMBER 2026

EFFECTIVE DATE

The new standards will be effective from **December 15, 2026**, with early adoption permitted and encouraged.



View IESBA's Sustainability Reporting and Assurance [focus page here](#).



ABOUT THE IESBA

The IESBA sets high-quality, international ethics (including independence) standards as a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets, and economies worldwide.



Find out more about the IESBA at www.ethicsboard.org

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