

Meeting: IESBA
Meeting Location: Virtual
Meeting Date: November 1, 2022

Agenda Item

1

Sustainability

A. Objectives

1. To:
 - (a) Agree to an approach for developing profession agnostic ethics and independence standards for sustainability assurance engagements.
 - (b) Consider other matters that are relevant in developing sustainability-related revisions to the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code).

The IESBA's November 1 deliberations will inform the development of the project plan(s) for its sustainability-related workstreams.

B. Highlights of the September 2022 IESBA Meeting

2. At its September 2022 meeting, the IESBA discussed potential pathways and areas of focus for developing proposed sustainability-related revisions to the Code. As part of this discussion, the IESBA considered the responses to the sustainability-related questions in the IESBA [Strategy and Work Plan \(SWP\) 2024-2027 Survey](#) and the Working Group's¹ preliminary recommendations. IESBA members also noted the International Organization of Securities Commissions' (IOSCO) [September 15, 2022 statement](#) which called for "...high-quality, global assurance and ethics (including independence) standards that are profession-agnostic and can support limited, and ultimately, reasonable assurance of sustainability-related information."
3. Noting the growing trend of stakeholders seeking assurance of sustainability-related information, whether on a voluntary basis or to meet regulatory requirements, and to make capital allocation decisions, the IESBA determined that sustainability assurance must be underpinned by the same high standards of ethical behavior and independence that apply to audits of financial information.

¹ The Working Group comprise:

- Mark Babington, Chair
- Vania Borgerth, IESBA member
- Laurie Endsley, IESBA member
- Christelle Martin, IESBA member
- Jens Poll, IESBA member

In addition to IESBA Staff, the Working Group receives technical support from IESBA Technical Advisor, Keith Billing.

4. Among other matters IESBA members exchanged views about:
- The importance of IESBA coordinating with regulators and other standard setters to ensure that there is a robust system of quality management, oversight, and enforcement in place for *all* sustainability assurance practitioners (not just those who are professional accountants (PAs)).
 - The potential pathways to developing profession agnostic ethics and independence standards for sustainability assurance engagements. IESBA members considered the following two potential approaches.²
 - *Integrating sustainability-related revisions into the existing Code* that apply to PAs when undertaking audit and review engagements (i.e., Part 4A), **and** *developing a guidance document* for sustainability assurance practitioners who are not PAs.
 - *Developing a stand-alone set of ethics and independence standards* leveraging relevant material in the Code).
 - Whether there is a need to modernize or enhance the Code to address the evolving role of CFOs who are increasingly involved in preparing and presenting sustainability information, and whether certain aspects of the IESBA staff publication on greenwashing should be incorporated into the Code.
 - How best to address questions about the ethics (and independence) obligations for experts (who are not PAs) who are involved in preparing or assuring sustainability information. In addition, there was a view that the use of experts should be dealt with more broadly (not only in the context of a sustainability project) because there are different types of experts used in reporting, auditing, and assuring financial and non-financial information.
5. IESBA members agreed to have a virtual meeting in advance of its in-person November/December meeting to discuss the following sustainability workstreams:
- (a) In relation to calls for profession agnostic ethics and independence standards for sustainability assurance engagements:
 - (i) Sustainability-related clarifications and enhancements to the International Independence Standards for PAs.
 - (ii) A stand-alone guidance document to assist sustainability assurance practitioners other than PAs apply the Code in its entirety for sustainability assurance engagements.
 - (b) Revisions to Parts 2 (for PAIBs) and 3 (for PAPPs) of the Code to address ethics-related issues that might arise when undertaking sustainability-related tasks and activities.
 - (c) Revisions to address ethics and independence issues that might arise when experts work alongside PAs (in business and in public practice). The workstream will involve a holistic review of: (i) independence considerations for external experts used in audit and assurance, and (ii)

² The IESBA held an indicative vote and majority support was given to integrating the sustainability-related provisions into the extant Code and as noted at paragraph 5, the IESBA agreed to hold a special meeting to consider potential drafting approaches.

ethics considerations regarding the use of experts in preparing and presenting information, including sustainability information.

6. The Working Group's recommendations set out in Section D of this paper are intended to support the IESBA in meeting the aspirations of its stakeholders that the Code continues to develop in a way that works alongside the standards developed by the International Sustainability Standards Board (ISSB) and the International Auditing and Assurance Standards Board (IAASB), to support high quality sustainability reporting and assurance, both carried out to high standards of ethical behavior and independence.

C. Activities Since Last IESBA Discussion

7. The Working Group met via video conference to prepare the agenda materials for this meeting.

Issuance of Staff Publication

8. The [Staff Publication](#) addressing the topic of "greenwashing" in sustainability reporting was released in October 2022. The publication is intended to help PAs, especially those in business, navigate ethics situations or challenges that might lead to reporting misleading or false sustainability information. The guidance may also be useful to other professionals involved in such reporting, and other stakeholders, including regulators and oversight bodies, policymakers, investors, those charged with governance (TCWG), national standard setters, professional organizations, accounting firms, government and non-profit organizations, and academia.

IESBA Acknowledged in Financial Stability Board Progress Report

9. On October 13, 2022, the Financial Stability Board (FSB) published a [progress report](#) and recommendations for supervisory and regulatory approaches to climate-related risks along with calls for continued progress on disclosures. The report includes a clear recognition of the IESBA's work as being relevant in the context of the creation of an appropriate framework and infrastructure for sustainability reporting and assurance. It looks at the progress made by the ISSB in setting the global baseline reporting standard, as well as the work being done in support of disclosure and assurance standards by the IESBA, the IAASB and the International Organization of Securities Commissions (IOSCO).

Targeted Stakeholder Engagement, Including IAASB-IESBA Coordination

10. The Working Group presented to the IESBA Consultative Advisory Group (CAG) shortly after the September 2022 IESBA meeting. The IESBA will be briefed on the key outcomes of the CAG discussion during the upcoming November/ December IESBA meeting.
11. The Working Group and the IESBA Staff have continued to engage with key stakeholders, including, among others, the IAASB, IOSCO, ISSB, and the Global Reporting Initiative (GRI). In addition, the Chair of the IESBA, the Working Group Chair and senior IESBA staff have discussed the Board's current thinking in relation to the development of ethics (including independence) standards in relation to its sustainability initiatives at several meetings, public conferences, and events. The inputs from

these various stakeholder interactions are being considered by the Working Group in developing the sustainability project plan, including the timeline.

Roundtables

12. The Working Group recognizes the need for standard setting activities related to the sustainability workstreams to be informed by all stakeholders, including service providers who are not PAs.³ Accordingly, Working Group members are already in discussions with parties with whom IESBA might collaborate to support the delivery of a number of global round tables to: (i) inform the approach that is taken to develop advance its sustainability-related workstreams (either at the end of Q1/ beginning of Q2 2023); and (ii) inform the development of the EDs/ final pronouncement.
13. To ensure buy-in from sustainability assurance providers who are not PAs, the Working Group believes that at least one of the roundtable events should target non-PAs. In anticipation of this engagement with non-PAs, the Working Group is already reviewing other standards used by service providers who are not PAs. The insights obtained from this review is intended to inform the work of the future Task Force. To-date, the Working Group's observation is that many of those standards or frameworks are procedural in terms of their focus with little or no material covering ethics or independence.

IAASB-IESBA Coordination

14. The IESBA and the IAASB staff continue to work closely to identify matters that might warrant coordination in progressing the Boards' respective projects. These matters are being considered in developing the sustainability project plan. In this regard, the Working Group notes that arrangements are being made for a representative of the IAASB to brief the IESBA at its November/December 2022 meeting. Similarly, the IESBA Working Group Chair is planning to brief the IAASB on the progress of IESBA's initiatives on December 8, 2022.

D. Issues and Working Group Recommendations

Developing Sustainability-related Revisions to the Code's Independence Provisions

15. Responsive to calls from the FSB, IOSCO, and other stakeholders, IESBA has committed to prioritizing its efforts to develop profession agnostic ethics and independence standards for sustainability assurance engagements.

Illustrative Drafting Options to Consider

16. Following the IESBA's indicative direction in September 2022, the Working Group has developed illustrations of **four** potential options to be considered in drafting profession-agnostic ethics (including independence) standards for sustainability assurance engagements (i.e., **Agenda Items 1-B.1 to 1-B.4**). Paragraph 18-19 sets out an option that was considered, but not pursued by the Working Group. These four options set out in this paper were informed by the suggestions made by IESBA meeting participants in September 2022, including the majority view that the project plan should focus on the development of material in or anchored in the extant Code.
17. The Working Group has carefully considered the pros and cons of each option and has expressed a

³ Also, see paragraphs 30-32 of this paper.

preference for Option 2 and 3. These pros and cons are summarized in the table below.

	<i>Involves integrating sustainability-related revisions into Part 4A</i>			<i>Stand-alone Part 4A*</i>
	Option 1	Option 2	Option 3	Option 4
Description	Involves the use of “sustainability assurance engagements” without amending the definition of “audit” as used in extant Part 4A.	Based on extant model – the term “audit” is extended to include “sustainability assurance engagements” in addition to “review” engagements	Builds on existing drafting convention, but with use of a general term “engagement” to cover “audit, review and sustainability assurance engagements”. Approach also uses other more general terms (e.g., “practitioner”). <i>(Proposed ET-GA revisions not yet considered.)</i>	Involves developing a new Part 4A* based on revisions to extant Part 4A to address independence only for “sustainability assurance engagements.” Will be positioned before Part 4B. Approach is similar to Option 1, but without any references to “audit”.
Pros/Cons	Pro: Retains extant material for audits of financial statements. Con: Involves some duplication as there is need to refer to terms covering both ‘audit’ and ‘sustainability assurance’ in the same	Pro: Retains extant drafting convention (i.e., audit = x) and thereby is less of a visible change for PAs. Con: Less clarity for sustainability assurance practitioners who are not PAs.	Pro: Referring to a generic term “engagement” is clearer than having the term “audit engagement” cover “audit, review and sustainability assurance engagements” and might be less confusing	Pro: Approach might be clearer for sustainability assurance practitioners. Cons: It might not be evident (without mark-ups) that the independence standards for audit and sustainability assurance

Involves integrating sustainability-related revisions into Part 4A	Stand-alone Part 4A*
<p>provisions can make for some long-winded sentences and paragraphs.</p>	<p>for practitioners who are not PAs. Cons: Will need to consider whether the newly revised definitions arising from ET-GA could be adapted in a manner that does not reverse the IESBA's decisions as part of the ET/GA project (e.g., revised definitions of engagement team, audit team, group audit team).</p> <p>engagements are the same. There is risk that over time the new Part 4A* might become unaligned with Part 4A, or at least create an ongoing additional resource demand to update 2 handbooks.</p>

Other Option Considered, but Not Pursued by Working Group

18. Consideration was given to also developing a new standalone section or part in the Code using the drafting approach set out in Section 800, *Reports on Special Purpose Financial Statements that Include a Restriction on Use and Distribution (Audit and Review Engagements)* whereby the provisions in that new section/ part would explain how a firm should modify the requirements in Part 4A for sustainability assurance engagements.
19. The Working Group is not bring that approach forward for the following reasons:
 - Section 800 sets out certain modifications (often exemptions) when applying Part 4A. However, the Working Group and the Board has determined that sustainability assurance must be underpinned by the same high standards of ethical behavior and independence that apply to audits of financial information. Therefore, it is the Working Group's view that setting out exemptions for sustainability assurance practitioners from the principles and requirements in Part 4A, that would in effect "lower the bar" and would not be appropriate.
 - Sustainability-related modifications would include describing how to adapt certain terms in Part 4A, for example instructing a sustainability assurance practitioner to apply Part 4A but substitute "sustainability" where it says "audit" and "sustainability related information" where it

says, "financial statements" and to give more specific examples. In essence, that would amount to a variant of Option 2 (i.e., extend the definition of audit to include sustainability). The Working Group is of the view that from a user perspective it would be easier to navigate revised Part 4A or a new Part 4A* that embeds the sustainability-related changes (as covered by the options described above).

Planning Committee Members Initial Views on Options 1 to 4

20. In finalizing the materials for the November 1 Board meeting, the Working Group Chair presented the materials to the Planning Committee. Some Planning Committee members expressed concerns about the various options being put forward. In particular, some expressed a view that most of the options would not be user friendly for non-PAs who might be put off by:

- The extant title of the Code which expressly refers to PAs.
- Having sustainability-related material alongside material for "audits of financial information" that might not be relevant to them.
- Having to navigate material in Parts 1 to 3 of the Code that is directed to PAs and decide on what is relevant to them.

The Working Group believes that outreach with non-PAs would help assess these concerns and inform an approach to address them.

21. In addition, there was a view that in developing sustainability-related material IESBA needs to retain the flexibility to develop its approach, to reflect changes that may occur within the market, which is currently dynamic and fast moving.

- A question was raised whether a standalone "Code" for sustainability assurance engagements would provide the IESBA with such flexibility and might also help be clearer that the standards are profession agnostic, assuaging regulatory concerns that having in place PA-centric sustainability standards could result in barriers being put up for non-PAs to enter the sustainability assurance market.
- It was noted that such a standalone/ separate Code would still be issued by the IESBA (i.e., a Board for accountants), although it was recognized that it is for legislators or regulators to determine who should comply with the IESBA's standards.
- There was a view that integrating sustainability-related independence provisions into Part 4A or as a stand-alone Part 4A* in a profession-agnostic manner scopes in non-PAs into a Code for PAs. Accordingly, it was suggested that there is a need to also consider whether the title of the Code would need to be changed in conjunction with moving these options forward.

22. It was suggested that in developing the project plan, the Working Group should seek to retain sufficient flexibility to address issues that are raised during the planned targeted engagement with stakeholders. In response to the Working Group's concern that a move to develop a separate Code for sustainability assurance engagements would require the material in the extant Code to be leveraged and potentially duplicated, some Planning Committee meeting participants pointed to the extant Code, noting that topics like NOCLAR, conflicts of interest and inducements are addressed in Parts 2 and 3, albeit on a lesser scale, and that certain topics in Part 4A are mirrored in Part 4B.

23. The Working Group believes that developing a new handbook/ Code would raise a number of

potential challenges for many jurisdictions that will be unable to adopt or use material that is not within or anchored to the well-established extant Code. This is an important public interest consideration that will need to be carefully considered by the IESBA, given that a key objective for the sustainability project is to drive high quality, globally operable reporting and assurance that is underpinned by high standards of ethics and independence.

Issues Identified in Developing Illustrative Drafting Options

24. In developing the illustrative drafting options, the Working Group identified a number of issues that will need to be considered as part of the sustainability project. Detailed comments/ notes are provided within **Agenda Items 1-B.1 to 1-B.4** to indicate the Working Group's observations to-date, the most significant of which are summarized below.
25. The Working Group notes that the following matters will need to be considered by the future Task Force, irrespective of which option is chosen.
 - Establish sustainability-specific definitions (e.g., sustainability information, sustainability assurance engagement). Timely IESBA-IAASB-ISSB coordination will be needed to align definitions where appropriate (i.e., where the same terms are being used).
 - Revise/ adapt certain existing definitions so that they remain relevant in a sustainability assurance engagement context.
 - Reframe certain terms so that they are more generic to a wider range of types of engagements beyond just audit.
 - Consider how the revised quality management standards are dealt with in ISSA 5000 and determine whether there are implications for the Code.
 - Add examples of factors for evaluating the extent of public interest in sustainability aspect of an entity.
 - Consideration of an appropriate independence period for sustainability-related information.
 - Consider how IAASB's ISSA 5000 deals with group sustainability assurance engagements, including whether there are any consequential changes to ISA 600 (Revised) and determine implications for the Code.
26. The Working Group notes that Option 3 would likely involve extensive revisions to certain defined terms that are being revised as part of the ET-GA project (e.g., audit team, engagement team, group audit team). This matter will require careful IESBA consideration.

Guidance for Non-PAs

27. Appendix 1 to this paper sets out an initial outline that will be used in developing the proposed guidance to support service providers who currently are not required to apply the Code's overarching requirements, including the fundamental principles and the conceptual framework. The proposed title for the publication is, *Guidance for Using Ethics and Independence Standards in Sustainability Assurance Engagements*. It is the Working Group's view that the IAASB's input and support for the Guidance document is essential and that the document should be exposed together with the IESBA's sustainability Exposure Draft.
28. In developing the draft outline for the document, the following has been considered:

- The various topics covered in the IESBA Code, both ethics and independence requirements, with particular focus on the section titles, and topic headings within each section.
 - The topics covered in ISAE 3000 (Revised) and ISAE 3410, in particular the material related to relevant ethical requirements.
 - The [proposed structure for ISSA 5000](#) and the [approved project plan](#) that formed part of the IAASB's September 2022 meeting materials.
 - Views from stakeholder outreach and ethics and independence challenges that might arise in a sustainability assurance engagement. The matters that are presented in [brackets] are not currently dealt with in the Code and would need to be developed by the Sustainability Task Force before it is addressed in a guidance document.
29. Working Group members discussed who should author the guidance document, and who should be the target audience. There was a strong view that the IESBA Board should author document to elevate its authority. Although this would be guidance, and not standards, it would be providing a framework to support the application of ethics and independence standards and should be seen as an important addition to the debate. Working Group members believe the document should target non-PAs in the sustainability assurance space, some of whom may be facing first time compliance with detailed ethical requirements, as well as jurisdiction-level regulators and standard setters.

Potential Area for Outreach

30. Research⁴ indicates that sustainability assurance is often being provided by consultants or others, and not by independent PAs who are required to have the combination of skills, qualifications, experience, and the professional ethical obligation to act in the public interest. This is especially the case in China, Hong Kong, India, Indonesia, New Zealand, Singapore, South Korea, U.K. and U.S.
31. Visibility on the specific ethics (and independence) standards that are being used by non-PAs who perform sustainability assurance engagements might:
- Inform the sustainability-related enhancements made to the Code.
 - Be useful in developing the guidance for non-PAs, especially in determining the tone, style and structure for the document, to ensure that it is a useful resource in supporting non-PAs in applying the Code.
32. A review of the sustainability assurance reports produced by non-PAs might help in identifying the professional requirements, or requirements imposed by law or regulation or the ethics and independence standards that are being applied. Initial discussions suggest that these professional requirements are mainly procedural in nature and are not focused on ethics and independence in the same way that the extant Code is, and that might not be in the public interest. A statement that identifies these professional requirements is a required element of the assurance report under ISAE 3000 (Revised).⁵

⁴ For example, see [State of Play in Sustainability Assurance](#) by IFAC and AICPA-CIMA (July 2021)

⁵ Paragraph 69 of ISAE 3000 (Revised) sets out the elements of the assurance reports and expressly requires assurance reports to include "a statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as the

Matters for IESBA Consideration

1. IESBA members are asked to consider the illustrative options set out in **Agenda Items 1-A.1 to 1-A.4** and indicate a preferred approach.
2. IESBA members are asked to express views on the proposed outline for developing the Guidance for non-PAs. Views are sought on:
 - Whether there are certain elements/ topics that should be deleted or whether there are additional ones to be added.
 - The sequence of the elements/ topics in the draft outline.

Other Matters

Revisions to Address Ethics in Sustainability Reporting

33. The Working Group had a preliminary discussion about potential enhancements that might be made to Parts 1 to 3 of the Code. In addition to providing additional sustainability-related context and examples as appropriate, the Working Group believes that consideration of the following might help in addressing potential gaps in the Code:
 - A review of the types of threats to the fundamental principles of ethics that might arise when undertaking sustainability-related tasks and activities, and the types of actions that might be appropriate safeguards.
 - Whether the Code should reflect the different considerations and mindset required to achieve sustainability-related objectives.
 - Whether ethics responsibilities should vary based on a PAIB's role and seniority in an employing organization.
 - How best to leverage the existing material in the Code to develop a new Part 3 section that would apply to PAPPs that are engaged to assist their clients in sustainability-related tasks and activities related to reporting and assurance readiness.
 - Expand on ethics material to assist PAs in exercising discretion and professional judgment when a general-purpose framework is not used to prepare sustainability information.

Resources and Timing

34. There is an open question as to how many Task Forces will be needed to take these workstreams forward. Two options are available. Shortly after the September 2022 IESBA meeting deliberations, the Planning Committee held a preliminary discussion about how best to allocate resources to progress the work streams set out in paragraph 5.

provisions of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as the provisions of the IESBA Code related to assurance engagements.”

35. Planning Committee meeting participants expressed a preference for option 1 set out below.

Option 1	Option 2
<p>Three separate standard-setting projects:</p> <ul style="list-style-type: none"> • Task Force 1: Workstreams A • Task Force 2: Workstream B • Task Force 3: Workstream C 	<p>Two separate standard-setting projects:</p> <ul style="list-style-type: none"> • Task Force 1: Workstreams A and B • Task Force 2: Workstream C

36. Among other matters, the Planning Committee meeting participants considered the following:

- Workstream A (i) and (ii) will need to be taken together so that the IOSCO's vision of profession-agnostic independence standards for sustainability assurance engagements can be considered in a holistic and integrated manner.
- Workstream C will involve a consideration of issues that go beyond the use of experts in sustainability reporting and assurance. It will address questions about the ethics and independence of experts more broadly, including those involved in: (i) the preparation and presentation of any information, and (ii) performing audits, reviews, or any other assurance engagements.
- To ensure that timely coordination and joint thinking considering the accelerated timeline anticipated for the various workstreams, proactive and frequent interactions among the various Task Forces and staff will be critical.
- Roundtables are an effective way of getting multi-stakeholder input to inform a way forward to address challenging issues (see paragraphs 12-13 and 30-32).

37. **Agenda Item 1-A** provides an overview of the various project activities, including a suggested timeline. Subject to any views from IESBA members during the November 1 meeting, the Working will finalize a project plan for IESBA's approval at its next meeting.

38. The suggested timelines for finalizing the various workstreams will be agreed to as part of the sustainability project plan that the Board anticipates finalizing in December 2022. However, on a preliminary basis, it is the Working Group's view that reasonable efforts should be made towards finalizing proposed revisions arising from all the workstreams concurrently.

Matters for IESBA Consideration

3. IESBA members are asked to provide any views that might be relevant to developing the sustainability project plan.

Materials Presented

Agenda Item 1-A Sustainability Slide Presentation

Illustrative Drafting Options to Consider

Agenda Item 1-B.1 Sustainability – Option 1

Agenda Item 1-B.2 Sustainability – Option 2

Agenda Item 1-B.3 Sustainability – Option 3

Agenda Item 1-B.4 Sustainability – Option 4

Guidance for Using Ethics and Independence Standards for Sustainability Assurance Engagements

Prepared by the IESBA

A. Introduction

1. Stakeholders need to be able to trust that auditors and assurance providers are independent of their clients and of management. Therefore, in addition to complying with the Code's fundamental principles of ethics, professional accountants in public practice are required to comply with the International Independence Standards when performing audits, reviews, or other assurance engagements. This includes sustainability assurance engagements.
2. To rely on an assurance practitioner's report, there must be confidence that the firm's professional judgment was not compromised, and that the practitioner was not influenced in a way that would threaten their integrity, objectivity, or professional skepticism. Therefore, it is also in the public interest that assurance practitioners who are not professional accountants in public practice performing sustainability assurance engagements be independent.
3. Assurance practitioners who provide assurance on sustainability information of public interest entities (PIE) are subject to additional independence requirements to meet stakeholders' heightened expectations.

Add call out box with revised PIE definition

B. Purpose of this Document

4. This publication is issued by the IESBA. It is intended to assist professionals who are not professional accountants comply with the *International Code of Ethics for Professional Accountants, (including International Independence Standards)* (the Code) <link> when conducting sustainability assurance engagements. The sustainability-related revisions to the International Independence Standards (IIS) are set out in [Part 4A/ Part 4A*] and are drafted in a profession-agnostic manner. Proper application of the IIS require knowledge and understanding of Parts 1 to 3 of the Code.
5. This publication is intended to highlight the provisions in the Code that apply to sustainability assurance engagements and covers relevant ethics- and independence- related provisions.
6. This document does not amend or override the Code, the text of which alone is authoritative. Reading this document is not a substitute for reading the Code. The document is not intended to be exhaustive and reference to the Code itself should always be made.

C. Overall Objective of the Sustainability Assurance Practitioner

D. Definitions, Key Terms and Concepts

- [Sustainability information]
- Sustainability assurance engagement
- Sustainability assurance engagement leader

- Sustainability assurance engagement team]

Include an explanation about defined terms and whether there are any that should be ignored

E. Key Requirements and Guidance

- *Ethics Standards for Sustainability Assurance Engagements*
 - *The Fundamental Principles and the Conceptual Framework*
 - *Professional Judgment, Inquiry Mind and Professional Skepticism*
 - *Reasonable and Informed Third Party*
 - *Acting with Sufficient Expertise*
 - *Conflicts of Interest*
 - *Pressure to Breach the Fundamental Principles*
 - *Professional Appointments*
 - *Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers*
 - *Custody of Client Assets, [Including Sustainability Related Data]*
 - *Fraud, Non-compliance with Laws and Regulations, and Other Illicit Activities*

F. Independence Standards for Sustainability Assurance Engagements

- *Independence Responsibilities*
- *Period During Which Independence is Required*
- *Prohibition on Assuming Management Responsibilities*
- *Other Prohibited Activities, Including Relationships, Services, and Financial interests*
- *Fees and Other Types of Remuneration*
- *Inducements, Including Gifts and Hospitality*
- *Actual or Threatened Litigation*
- *Family and Personal Relationships*
- *Serving as a Director or Officer of a Client*
- *Employment and Temporary Personnel Assignments with a Client*
- *Long Association of Personnel (Including Engagement Leader Rotation)*
- *Quality Management, Supervision, Including Compensation and Evaluation Policies*
- *Special Considerations for Firms with Large or Complex Legal Structures (i.e., Network Firms)*

G. Documentation of Independence for Sustainability Assurance Engagements

H. Communication with Management and Those Charged with Governance

I. [Communication About Ethics and Independence in the Assurance Report]

J. Appendix – FAQs

Boilerplate language about IESBA and about the IESBA Code on first page without deemphasizing the introductory material and the discussion about the purpose of the document.

Who is 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). [From page 1 of Handbook]

The IESBA develops and issues, under its own standard setting authority, the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("the Code"). The Code is for use by professional accountants around the world. The IESBA establishes the Code for international application following due process. [from Handbook Preface]

About the IESBA Code

The Code sets out high quality standards of ethical behavior expected of professional accountants for adoption by professional accountancy organizations which are members of the International Federation of Accountants (IFAC), or for use by such members as a basis for their codes of ethics. The Code may also be used or adopted by those responsible for setting ethics standards for professional accountants in particular sectors or jurisdictions and by firms in developing their ethics and independence policies. [from para 100.3 of IESBA Code]

The Code establishes five fundamental principles to be complied with by all professional accountants. It also includes a conceptual framework that sets out the approach to be taken to identify, evaluate and address threats to compliance with those fundamental principles and, for audits and other assurance engagements, threats to independence. The Code also applies the fundamental principles and the conceptual framework to a range of facts and circumstances that accountants might encounter, whether in business or in public practice. [From para 100.4 of IESBA Code]