



Meeting: Stakeholder Advisory Council (SAC)

Meeting Location: New York

Meeting Date: November 4–5, 2024

Agenda Item 1B

Shaping Coordinated Adoption and Implementation Strategies for Maximum Use and Impact of New Sustainability Standards

Introduction

1. At the April 2024 SAC meeting, SAC members provided advice and views on the public interest issues requiring significant decisions by the IAASB and the IESBA on their respective sustainability projects. SAC members also provided views relevant to the global adoption and implementation (A&I) of the two Boards' respective standards.
2. The objectives of this Agenda Item are for the SAC to:
 - (a) Consider an update on the IAASB and IESBA sustainability projects and initial thinking on A&I of the respective sustainability standards; and
 - (b) Provide advice and views on the Matters for SAC Consideration on the respective Boards' approaches to A&I.

Please note that this cover note is intended to be read together with the accompanying presentation – see **Agenda Item 1B.1**.

Status of the IAASB and IESBA Sustainability Projects

3. At the April 2024 SAC meeting, SAC members considered an update on the IAASB's and IESBA's respective sustainability projects.¹ The following sections provide an update on, and the current status of, these projects.

The IAASB's ISSA 5000

4. The IAASB approved International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* at its September 2024 Board meeting.
5. Throughout the development of ISSA 5000 and in particular during finalization of the standard post exposure draft (ED), the IAASB closely coordinated with the IESBA on topics of common interest, where alignment was important to ensure the interoperability of the IAASB and IESBA standards as a robust package to support the consistent performance of quality sustainability assurance engagements. Key topics of coordination included definitions and terminology, quality management and relevant ethical requirements, group sustainability assurance engagement concepts and

¹ [Stakeholder Advisory Council meeting April 2024](#)

principles, including group and value chain components, and using the work of a component practitioner or another practitioner, as well as using the work of practitioner's external experts.

6. The IAASB will be presenting the approved ISSA 5000 together with a Basis for Conclusions and other due process documentation, to the Public Interest Oversight Board (PIOB) for certification by December 2024.
7. The final approved text of the standard is available on the [IAASB September 2024 meetings webpage](#) (see Agenda Items 2-B.1 APPROVED and 2-B.2 APPROVED for the requirements and application materials respectively).

The IESBA's Sustainability and Experts Standards

8. The IESBA issued the following Exposure Drafts on January 29, 2024:
 - [Proposed International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) \(IESSA\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#) (IESBA Sustainability ED); and
 - [Using the Work of an External Expert](#) (IESBA Experts ED).(Hereinafter collectively referred to as "IESBA Sustainability and Experts EDs".)
9. At its September 2024 meeting, the IESBA considered a full analysis of the significant matters raised by respondents on the IESBA Sustainability and Experts EDs and a first-read draft post-ED of the proposed IEISSA, sustainability reporting-related revisions to the extant Code, and Experts standards, as well as key matters of coordination between the IESBA's and IAASB's respective sustainability projects.
10. The IESBA will consider revised drafts of the proposed Sustainability and Experts Standards with a view to approving them at its December 2024 meeting.
11. The IESBA will submit the approved IESBA Sustainability and Experts Standards to the PIOB for certification in mid-January 2025.

Interoperability and Joint Launch of the SSB Sustainability Standards

12. ISSA 5000 and the IESBA Sustainability and Experts Standards are inextricably linked and form integral components of the global sustainability standards infrastructure. ISSA 5000² is premised on the basis that sustainability assurance practitioners are subject to the provisions of the IESBA Code³ related to sustainability assurance engagements (which will incorporate the IEISSA and Experts standards), or requirements that are at least as demanding. As highlighted above, the two Boards undertook extensive coordination activities to ensure that the respective sustainability standards will be aligned and interoperable.
13. A joint launch of ISSA 5000 and the IESBA Sustainability and Experts Standards is anticipated for mid to late January 2025, demonstrating the interconnectedness and interoperability of the suite of

² See ISSA 5000, paragraph 6.

³ *International Code of Ethics for Professional Accountants (including International Independence Standards)* or professional requirements.

standards. **Appendix 1** sets out further details regarding the launch, including the proposed implementation materials which the IAASB and IESBA plan to publish at that time.

Summary of the IAASB and IESBA A&I Support Activities

IAASB

14. The IAASB is developing *ISSA 5000 Implementation Guide* and other materials to support A&I of the standard. The guidance will be published when ISSA 5000 is launched alongside the IESBA's Sustainability and Experts Standards.
15. The IAASB is also planning to develop further A&I materials to be published progressively. When ISSA 5000 is launched, some materials, such as a General Fact Sheet will be issued along with the Implementation Guide. These will be followed by video and social media communications as well as detailed technical content shared through webinars and further non-authoritative support materials.
16. The IAASB is planning extensive outreach throughout 2025, in coordination with the IESBA, with key stakeholders and stakeholder groups. This outreach will leverage global and regional stakeholder events, both in person and virtual, to reach a broad spread of regions globally. The IAASB also plans to work with existing stakeholder groups, building on the outreach conducted throughout the development of ISSA 5000.
17. The IAASB's initial thinking on A&I is set out in **Appendix 1**.

IESBA and its A&I Working Group

18. The IESBA is developing guidance materials to support A&I of its Sustainability and Experts Standards, with an initial set to be published when the standards are launched alongside the final ISSA 5000. The IESBA is also planning to develop an Implementation Guide(s) and further A&I materials which will be progressively published during 2025. The IESBA also plans to undertake extensive outreach activities during 2025, in coordination with the IAASB as detailed above.
19. The IESBA's initial thinking on A&I is set out in **Appendix 1**.
20. At its June 2024 meeting, the IESBA agreed to establish a working group to develop a strategic approach to support A&I and capacity building for the IESBA's standards (IESBA A&I Working Group).⁴
21. The IESBA A&I Working Group consists of five IESBA members, supported by a technical advisor and IESBA staff. The Working Group will promote A&I of all IESBA standards, with an initial focus on the IESBA's Sustainability and Experts Standards, and develop a coordinated approach to monitoring A&I. The key pillars and strategy of the Working Group include advocacy and engagement, capacity building through collaboration, and monitoring progress.
22. The IESBA A&I Working Group's work will be coordinated with, and complement, the A&I work undertaken by both the IAASB and IFAC. Recognizing the opportunity to collaborate with other key stakeholders and achieve synergies, the Working Group will also seek to further develop partnerships with various organizations, including the International Sustainability Standards Board (ISSB), the International Accreditation Forum, United Nations Trade and Development, and the Pan-African Federation of Accountants.

⁴ [IESBA Meeting June 2024 Minutes](#).

23. The IESBA will consider the Working Group's Terms of Reference at its December 2024 meeting. The ToR will be accompanied by an action plan that builds on the IESBA's initial thinking on A&I detailed in **Appendix 1**.

Matters for SAC Consideration

1. *What should the IAASB and IESBA be doing to encourage jurisdictional adoption of both ISSA 5000 and IESSA?*
2. *What factors will dictate success on adoption for both ISSA 5000 and IESSA?*
3. *What messages and advice would you give to the IAASB and IESBA in communicating with stakeholders on adoption and implementation in your community?*
4. *What implementation materials are needed to support practitioners, regulators and other stakeholders, taking into account the IAASB's and IESBA's initial thinking on adoption and implementation for their respective standards?*

Material Presented

For Discussion

Agenda Item 1B.1 Presentation: Sustainability Adoption & Implementation

APPENDIX 1

IAASB and IESBA Initial Thinking on A&I of Sustainability Standards

The tables below set out the IAASB's and IESBA's initial thinking on A&I of their respective sustainability-related standards for the joint launch, additional implementation materials to be developed and published progressively during 2025, and planned engagement with broad stakeholder groups.

A. Joint Launch and Accompanying Materials

Joint Launch and Accompanying Materials		
A joint launch of the IAASB and IESBA sustainability related standards is planned for mid to late January 2025. This will include press release(s) and social media posts, and a plan for the International Foundation for Ethics and Audit (IFEA) webpage to have a landing page dedicated to sustainability, which will direct users to the IAASB and IESBA's respective websites to obtain more detailed information and materials.		
Material	IAASB	IESBA
Standards	ISSA 5000	<ol style="list-style-type: none"> 1. IESSA 2. Other Revisions to the Code Relating to Sustainability Assurance and Reporting 3. Revisions to the Code on <i>Using the Work of an External Expert</i> (Experts)
Basis for Conclusions (BfC)	<p><i>ISSA 5000</i></p> <p>Technical document to assist firms and practitioners in developing their methodologies and for other stakeholders, for example, regulators, in understanding the IAASB's rationale for key decisions in finalizing the standard.</p>	<p>Separate Basis for Conclusions for each of:</p> <ol style="list-style-type: none"> 1. IESSA and Other Revisions to the Code for Sustainability Assurance and Reporting 2. Experts <p>Technical documents to assist firms, practitioners and other stakeholders, for example, regulators, in understanding the IESBA's rationale for key decisions in finalizing the standards.</p>

Joint Launch and Accompanying Materials		
Fact Sheet(s)	<p><i>ISSA 5000 General Fact Sheet</i></p> <p>To set out an overall summary of the structure and content of the new standard. The purpose is to provide stakeholders with an easy-to-use reference source to facilitate their high-level understanding of the newly released standard and general context for their detailed reading and analysis of the standard.</p>	<p><i>Overarching Fact Sheet</i></p> <p>To set out a summary of the IESBA's package of standards; the IESSA; Sustainability Reporting; and Experts. The purpose is to provide stakeholders with an easy-to-use reference source to facilitate their high-level understanding of how the newly released standards interrelate, and their key characteristics such as framework-neutral and profession-agnostic.</p> <p><i>Specific Fact Sheets</i></p> <p>To address each set of standards individually; the IESSA; Sustainability Reporting; and Experts. These fact sheets are intended to be concise, easy-to-read, factual reference sources that provide a high-level summary or overview of content.</p>
Implementation Guide	<p><i>The ISSA 5000 Implementation Guide</i></p> <p>This is designed to be more than the typical “first time implementation guidance” that would ordinarily be developed for designated IAASB standards that have been completed, because the IAASB expects the Guide to have a longer ‘shelf life’. As the standard is completely new and it deals with the emerging area of sustainability assurance, there is a broader range of stakeholders that are interested in ISSA 5000 including non-accountant assurance practitioners. The Guide will provide guidance material on specific topics that have been identified through outreach, and Task Force and Board deliberations as challenging or requiring further clarification.</p> <p>The Guide also will highlight the scope, context and objectives of the new standard, and explain key concepts, the</p>	<p>Refer to Table B below.</p>

Joint Launch and Accompanying Materials		
	practitioner’s responsibilities and the functioning of, and relationship between, key requirements.	
At a Glance	Addressed in the General Fact Sheet detailed above.	To provide a more detailed overview of the IESSA and Experts standards. The “at a glance” documents will walk stakeholders through the standards, highlighting the key provisions.
Videos	Short video series on what stakeholders need to know about ISSA 5000.	Short video series on what stakeholders need to know about the IESSA and Experts.

B. Additional Implementation Materials

Additional Implementation Materials		
	IAASB	IESBA
Implementation Guide	Refer to Table A above.	<p><i>IESSA Implementation Guide</i></p> <p>The IESSA is completely new, and there is a wide range of interested stakeholders, including non-accountant assurance practitioners.</p> <p>The Guide will highlight the scope, context and objectives of the new standard, and explain key concepts, the practitioner’s responsibilities, and key requirements, including material on specific topics, for example, non-compliance with laws and regulations, group engagements and the determination of components, and using the work of another practitioner.</p> <p>The IESBA is considering developing separate guides for PAs and non-accountant assurance practitioners. The latter guide will include greater detail and potentially leverage/repurpose existing material on the Code.</p>

Additional Implementation Materials		
Frequently Asked Questions (FAQs)	Updating existing FAQs and supplementing with additional FAQs.	New FAQs to address key matters in the standards that have been identified through outreach, Task Force and Board deliberations as challenging or requiring further clarification for: <ol style="list-style-type: none"> 1. IESSA and Other Revisions to the Code for Sustainability Assurance and Reporting 2. Experts
Joint Guidance / FAQs	The IAASB and IESBA will be alert to the opportunity to develop joint FAQs on matters of common interest under both sets of standards, for example, in relation to the matters of coordination that have been highlighted in the Cover Note.	
Webinars	Technical webinars – to provide deeper technical content and present the materials included in the Implementation Guide through another medium. The recorded webinars will target specific topics and would be available on an on-going basis on the IAASB's website after initial release.	Technical webinars to provide educational and training guidance on technical matters and to address the 'why' and 'how' on selected topics.
IAASB and IESBA Web Pages	The IAASB's webpage on <i>Understanding International Standard on Sustainability Assurance 5000</i> will be updated progressively as the hub for communicating the A&I materials and resources to support stakeholders in using ISSA 5000.	Further develop the IESBA's Sustainability Focus page on its website to become a hub for the IESBA's implementation and capacity building tool-kit explained herein
Presentation material	A standard slide deck for use by stakeholders in their A&I activities.	A standard slide deck for use by stakeholders in their A&I activities.
Other Non-Authoritative Support Material	Non-Authoritative Material, including specific fact sheets as needed, on: <ul style="list-style-type: none"> • Scope and applicability of ISSA 5000 (aimed at jurisdictions) • Quality management relevant to sustainability assurance 	To be determined in coordination with the IESBA's A&I Working Group.

Additional Implementation Materials		
	<ul style="list-style-type: none"> The assurance report, including illustrative reports based on fact patterns 	

C. Stakeholder Engagement and Staying Connected

The IAASB and IESBA plan to leverage and build on existing contacts and to reach key stakeholder groups to encourage adoption of ISSA 5000 and the IESBA Sustainability and Experts Standards, and to support well informed implementation of the respective standards.

	IAASB	IESBA
IFAC	Liaise with IFAC as they carry out their adoption and roll-out plan for ISSA 5000, the IESSA and Experts to their member bodies, as well as on the translation of the standard and other materials.	
Reporting standard setters	Continue to consider developments relating to global sustainability reporting standards, including ISSB and Global Reporting Initiative, as well as major regional standards such as the European Sustainability Reporting Standards in Europe. The IAASB and IESBA are already engaging with ISSB, including on how materials can be promoted through the ISSB knowledge hub.	
Regulators	Outreach with international regulators (e.g., International Forum Independent Audit Regulator and International Organization of Securities Commission) and regional and jurisdictional regulators (e.g., European Commission, Committee of European Auditing Oversight Bodies, national securities regulators and national or regional assurance oversight authorities). These stakeholders provide unique public interest perspectives on how and what may be required for effective performance of engagements.	
Jurisdictional and National Standard Setters (NSS)	<p>The IAASB and IESBA's respective NSS groups are the bodies that will adopt or advocate for the adoption of ISSA 5000 and the IESBA Sustainability and Experts Standards. In addition, these bodies have a wealth of knowledge, experience and expertise that are invaluable to the IAASB and IESBA.</p> <p>Possible partnerships with certain NSS to assist with the development on non-authoritative guidance. In addition, NSS will be part of an 'early feedback' mechanism to share information regarding any A&I challenges different jurisdictions are facing with the IAASB and IESBA as ISSA 5000 and the IESBA Sustainability and Experts Standards are being considered for adoption by those jurisdictions and subsequently implemented when conducting sustainability assurance engagements.</p>	

	IAASB	IESBA
Reference Groups	Engage with the IAASB's two reference groups to seek their input during the development of certain implementation support materials. The reference groups will also provide an 'early feedback' mechanism regarding A&I challenges.	Continue to engage with the IESBA's Sustainability Reference Group to provide valuable input into the development of implementation and support materials.
Professional bodies	Engage with professional bodies representing both professional accountant and non-accountant assurance practitioners representing regions across the world in order to raise awareness of the new standards with those practitioners, support the educational work of professional bodies in those regions and any related certification programs they may develop.	
Other Stakeholders	Seek to leverage opportunities to outreach with other stakeholders in the sustainability eco-system, including users of sustainability information, such as investors, analysts, lenders and non-governmental organizations to raise awareness and gain feedback on the effectiveness of implementation of ISSA 5000 and IESSA.	A stakeholder engagement plan is being developed by the IESBA's A&I Working Group.