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## INDEPENDENT REGULATORY BOARD FOR AUDITORS

### COMMITTEE FOR AUDITOR ETHICS

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#### **IESBA Initiates Public Consultation on the First Comprehensive Suite of Global Standards on Ethical Considerations in Sustainability and Assurance**

Johannesburg / 12 February 2024

The International Ethics Standards Board for Accountants (IESBA) has issued, for public comment, the following two Exposure Drafts (EDs) on the first comprehensive suite of global standards on ethical considerations in sustainability and assurance:

- [\*International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) \(IESSA\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting ED\*](#); and
- [\*Using the Work of an External Expert ED\*](#).

These are especially relevant in a context where sustainability information is increasingly important for capital markets, consumers, corporations and their employees, governments and society at large. Additionally, new providers outside of the accounting profession are progressively playing a prominent role in sustainability assurance.

#### **IESSA and Ethics Standards for Sustainability Reporting ED**

This ED is structured as follows:

- Chapter 1: Proposed IESSA (New Part 5).
- Chapter 2: Proposed Revised Glossary.
- Chapter 3: Proposed Consequential and Conforming Amendments Resulting from IESSA.
- Chapter 4: Proposed Revisions to Parts 1 to 3 of the Extant Code to Reflect Sustainability Reporting Considerations for Professional Accountants.

It proposes a clear framework of expected behaviours and ethics provisions for use by all sustainability assurance practitioners, regardless of their professional backgrounds, as well as professional accountants involved in sustainability reporting.

The goal of these standards is to mitigate greenwashing and misleading reporting, and to elevate the quality of sustainability information, thereby fostering greater public and institutional trust in sustainability reporting and assurance.

#### **Using the Work of an External Expert ED**

The proposed new sections 390, 290 and 5390 establish an ethical framework to guide professional accountants or sustainability assurance practitioners, as applicable, in evaluating whether an external expert has the necessary competence, capabilities and objectivity to use their work for the intended purposes. The proposals also include provisions to aid in applying the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) conceptual framework when using the work of an external expert.

### **IESBA Webinars and Other Resources**

Stakeholders are encouraged to register for the following IESBA online events:

- Webinar for the Using the Work of an External Expert ED:
  - Date and Time: 22 February 2024 at 14h00 SAST  
[Registration Link](#)
- Webinars for the Sustainability ED:
  - Date and Time for Webinar 1: 27 February 2024 at 16h00 SAST  
[Registration Link](#)
  - Date and Time for Webinar 2: 6 March 2024 at 03h00 SAST  
[Registration Link](#)

All of these webinars will be available on the [IESBA YouTube Channel](#), following the sessions. They will provide useful information on the proposals in the EDs for participants from all stakeholder groups, including regulators, preparers of sustainability information, sustainability assurance practitioners from all backgrounds and investors.

In addition, the IESBA has indicated that it will provide fact sheets and other explanatory materials about the EDs.

### **Relevance for South Africa**

The Independent Regulatory Board for Auditors (IRBA) adopted the IESBA Code, published in 2018, following the issue of proposed amendments on exposure in South Africa, together with South African enhancements. Its Committee for Auditor Ethics (CFAE) will consider these proposed revisions to the IESBA Code for incorporation into the IRBA Code of Professional Conduct for Registered Auditors (Revised April 2023) (IRBA Code). While Part 2: *Professional Accountants in Business* is a component of the EDs, the IRBA has not adopted this section.

In accordance with the provisions of Section 10(1)(a) of the Auditing Profession Act No. 26 of 2005 (the Act), the IRBA may, by notice in the Government Gazette and pursuant to the provisions of Section 4(1)(c) of the Act, publish, for public information and comment, an amendment to the IRBA Code. Accordingly, a Board Notice to the same effect will be published in the Government Gazette for public comment, for a minimum period of 30 days.

## **Request for Comments**

We invite registered auditors, sustainability practitioners, investors and others to submit to the IRBA, for its consideration, any comments regarding the [\*Using the Work of an External Expert ED\*](#) and/or the [\*IESSA ED\*](#) by **8 April 2024** and **19 April 2024**, respectively, as the IRBA prepares our response to the IESBA. Comments, in Word and PDF formats, should be sent to [standards@irba.co.za](mailto:standards@irba.co.za).

Alternatively, comments may be submitted directly to the IESBA through its [website](#), and that process closes on **30 April 2024** and **10 May 2024**, respectively.

The EDs are available in a PDF format and may be downloaded from the [IRBA website](#).

Should you have any further queries, please do not hesitate to contact the Standards Department by emailing [standards@irba.co.za](mailto:standards@irba.co.za).

**Imran Vanker**

**Director: Standards**

### ***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*

*The statutory responsibilities of the CFAE are to assist the IRBA to determine what constitutes improper conduct by registered auditors by developing rules and guidelines for professional ethics, including a code of professional conduct; interact on any matter relating to its functions and powers with professional bodies and any other body or organ of state with an interest in the auditing profession; and provide advice to registered auditors on matters of professional ethics and conduct.*